

**ANWR: JOBS, ENERGY
AND DEFICIT REDUCTION
PARTS 1 AND 2**

OVERSIGHT HEARINGS

BEFORE THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

Wednesday, September 21, 2011 (Part 1)

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OVERSIGHT HEARING ON “ANWR: JOBS, ENERGY AND DEFICIT REDUCTION.” PART 1

Wednesday, September 21, 2011
U.S. House of Representatives
Committee on Natural Resources
Washington, D.C.

The Committee met, pursuant to call, at 10:06 a.m. in Room 1324, Longworth House Office Building, Hon. Doc Hastings [Chairman of the Committee] presiding.

Present: Representatives Hastings, Young, Duncan of Tennessee, Bishop, Lamborn, Fleming, McClintock, Rivera, Duncan of South Carolina, Tipton, Labrador, Southerland, Flores, Harris, Landry, Fleischmann, Runyan, Johnson, Markey, Faleomavaega, Holt, Costa, Sarbanes, Garamendi and Hanabusa.

The CHAIRMAN. The Committee will come to order. The Chairman notes the presence of a quorum, which under Committee Rule 3(e) is two Members.

The Committee on Natural Resources is meeting today to hear testimony on an oversight hearing on ANWR: Jobs, Energy and Deficit Reduction. Under Committee Rule 4(f), opening statements are limited to the Chairman and Ranking Member, and the Ranking Member has a previous engagement. When he comes, we will allow him to make his opening statement.

But I will ask unanimous consent that any other Members who want to have an opening statement, that will be in the record as long as they submit it by the close of business today. Without objection, so ordered.

At this time, I will make my opening statement, and then we will go to our distinguished panelists that are here and by remote Governor Parnell. Governor Parnell, good seeing you. Thank you for taking the time.

STATEMENT OF HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

The CHAIRMAN. At a time when our nation desperately needs to create new jobs and cut the staggering national debt, this Committee is uniquely positioned to advance solutions that accomplish both these priorities.

Responsibly harnessing America’s onshore and offshore energy resources will create millions of new jobs and generate billions of dollars in new revenue. And without a doubt, ANWR is the single greatest opportunity for new energy production on Federal land. No single energy project in America can produce more jobs and do more to reduce the debt.

As I stated two weeks ago, I believe that the Joint Select Committee working to find \$1.5 trillion in budget savings should embrace opening ANWR. The Joint Committee should act on ANWR and increase production of the taxpayers’ energy resources across

the board. There is bipartisan support for this in Congress, and now is the time to take full advantage of this job creating, deficit reduction resource.

Section 1002 of ANWR was deliberately and intentionally reserved for the purpose of energy production in 1980 by the Congress and by President Jimmy Carter. It is now wilderness, and it contains 10.4 billion barrels of oil according to some conservative estimates.

While ANWR is 19 million acres total, a plan developing less than 500,000 acres would provide access to the majority of ANWR's energy resources. This means that we can harness the potential of ANWR by using less than 3 percent of its total acreage. Producing this much oil would generate substantial revenue for the Federal Government through leasing and royalties. According to the Congressional Research Service, it could generate over the life of the project between \$150 billion to nearly \$300 billion.

I want to emphasize that this revenue is just from leasing and royalties. It doesn't include the cumulative economic impacts from harnessing ANWR's energy resources. For example, a new energy project means new business spending and new jobs in the construction, transportation and manufacturing sectors.

New jobs mean there are more people contributing to our economy and paying taxes. It improves the health of economies and government budgets at the local, state and Federal levels. Allowing energy production in ANWR is an investment in the U.S. economy worth several hundred billions of dollars.

So we are here today to take an honest and fair look at ANWR's resources and what potential they hold for our country in terms of jobs, revenue and economic growth. We are searching for real solutions to our nation's problems. Unfortunately, there are those who will automatically say no—no to new job creation and deficit reduction—no matter what the advances in technology, and I think that is an important part when we look at ANWR or how small the footprint of operations at ANWR would be.

The witnesses called to testify before the Committee I think exemplify this point. The Majority has invited real people who live and work in Alaska. We have a truck driver who will testify, a tribal leader who will testify, a labor union representative who will testify, and of course we have the bipartisan Alaska congressional delegation, and we have by remote the Governor of Alaska.

On the other side, unfortunately, the Minority has chosen two witnesses that both live in Washington, D.C. Now, I just have to ask the rhetorical question. Which do you think more represents the wants and needs of those that are here because of this hearing?

Given the nation's high jobless rate and the growing debt and deficits, it is time to move forward and create thousands of jobs and generate billions of dollars in new Federal revenue by harnessing the energy potential of ANWR.

And with that, as I said earlier, the Ranking Member, the distinguished Ranking Member, has another engagement that he just couldn't be here, and when he comes, we will allow him to make his statement.

So with that, I want to introduce the first panel of witnesses. We have two-thirds of it. We have the junior senator from Alaska,

Senator Begich. Thank you for being here. And, of course, our colleague on the Committee, Senator Don Young—

[Laughter.]

The CHAIRMAN. Yes. Yes. That is right. Boy, that is really a mistake to elevate him. I apologize for that, Senator Begich, and I apologize to Governor Parnell for giving you—well, maybe three senators would be a pretty good deal.

Mr. YOUNG. No. That is a downgrade. I can tell you right now.

The CHAIRMAN. I will be sure to tell Senator Murkowski that when she comes in.

So with that, thank you all for being here, and with that, Governor Parnell, let me introduce you and allow you to make your opening statement. Thank you very much for taking the time this early in the morning in Alaska. So, Governor Parnell, you are recognized.

[The prepared statement of Mr. Hastings follows:]

**Statement of The Honorable Doc Hastings, Chairman,
Committee on Natural Resources**

At a time when our Nation is in desperate need of new job creation and cutting the staggering national debt, this Committee is uniquely positioned to advance solutions that accomplish both these priorities. Responsibly harnessing America's onshore and offshore energy resources will create millions of new jobs and generate billions in new revenue.

And without a doubt, ANWR is the single greatest opportunity for new energy production on federal land. No single energy project in America can produce more jobs and do more to reduce the debt.

As I stated two weeks ago, I believe that the Joint Select Committee working to find \$1.5 trillion in budget savings should embrace opening ANWR. The Joint Committee should act on ANWR and increased production of the taxpayers' energy resources across the board. There is bipartisan support for this in Congress, and now is the time to take full advantage of this job-creating, deficit-reducing resource.

Section 1002 of ANWR was deliberately and intentionally reserved for the purpose of energy production in 1980 by President Jimmy Carter. It is not Wilderness and it contains 10.4 billion barrels of oil according to conservative estimates.

While ANWR is 19 million acres total, a plan developing less than 500,000 acres would provide access to the majority of ANWR's energy resources. This means that we can harness the potential of ANWR by using less than 3 percent of its acreage.

Producing this much oil would generate substantial revenue for the federal government through leasing and royalties. According to the Congressional Research Service, it could generate \$150-\$296 billion in new federal revenue over the life of production.

I want to emphasize that this revenue is just from leasing and royalties. It doesn't include the cumulative economic impacts from harnessing ANWR's energy resources. For example, a new energy project means new business spending and new jobs in the construction, transportation and manufacturing sectors. New jobs mean there are more people contributing to our economy and paying taxes. It improves the health of economies and government budgets at the local, state and federal levels. Allowing energy production in ANWR is an investment in the U.S. economy worth several hundred billions of dollars.

We are here today to take an honest and fair look at ANWR's resources and what potential they hold for our country in terms of jobs, revenue and economic growth. We are searching for real solution to our Nation's problems.

Unfortunately, there are those who will automatically say no—no to job creation and deficit reduction no matter the advancements in technology or how small the footprint of operations at ANWR would be.

The witnesses called to testify today before the Committee exemplify this point. The Minority has chosen to invite two witnesses that lead Washington, D.C.-based advocacy organizations, which is their rightful choice.

In contrast, the Majority has invited real people who live and work in Alaska. A truck driver, a tribal leader, and a labor union representative are joined by the bipartisan Congressional delegation. They will tell us firsthand what ANWR produc-

tion will mean to them, their neighbors and their communities—the jobs it will create and the economic boost it will provide their state and our entire country.

Given the Nation's high jobless rate and growing debt and deficits, it's time to move forward to create thousands of jobs and generate billions in new federal revenue by harnessing the energy potential of ANWR.

**STATEMENT OF HON. SEAN PARNELL,
GOVERNOR OF ALASKA**

Governor PARNELL. Thank you, Chairman Hastings and Honorable Committee Members. I appreciate the opportunity. To our Alaska congressional delegation, I welcome this opportunity as well. For the record, my name is Sean Parnell. I am Governor of the State of Alaska. Thank you for allowing me just a few moments to make the case for American energy production and why ANWR is a good investment for our country, one that we can no longer afford to ignore.

I would first like to recognize Chairman Hastings. Thank you for your efforts to remove unnecessary regulations and roadblocks to economic growth. Thank you, too, for the time that you invested in coming to our state. In Alaska, we set a goal to increase the throughput of the Trans-Alaska Pipeline System to one million barrels a day from current levels of about 550,000 barrels per day. I have asked other Governors to set increasing production goals as well. This will help grow our nation's economy, make us more energy secure and more energy independent.

Reaching this goal of a million barrels per day through TAPS will take work between the Federal Government and the State of Alaska. The task before us allows us to create jobs. It is to grow our economy. And to boil it down to one simple truth, more American oil and gas production means jobs, and jobs translate into stable communities and a strong nation.

Now, beyond the Beltway, Americans believe that our nation faces an almost insurmountable debt burden, leading some to ask if it is even possible to pay it down. Many thoughtful Americans are alarmed at nearly \$15 trillion in Federal debt, and we are deeply concerned about the future of our great nation, and yet we can regain our economic footing through producing more American energy. America's workforce wins, families win, job creators win and the Federal Government wins more revenue.

Look at the states doing relatively well in this economic downturn. They are America's major energy producers. Alaska is one of those states, yet we are held back from contributing more affordable energy to other Americans by Federal regulators who want to keep Federal lands off limits to oil and gas exploration.

America is blessed with natural resources, both renewable and nonrenewable. We need them all right now. This transition to renewables cannot take place all at once. That is like going from first gear to fifth gear. You risk stalling the engine of our economy by starving it of power. And some of our nation's richest oil reserves, they exist along the Coastal Plain within ANWR. It is accessible, it is extractable, and oil production and wildlife in ANWR are compatible.

Now, oil from ANWR would help meet U.S. demand for the next 25 years or longer. Responsible development of ANWR would create

hundreds of thousands of jobs across our nation in virtually every state because a secure supply of petroleum will create demand for goods and services and lower the cost of doing business.

As you know, the U.S. imports over 65 percent of our nation's annual petroleum needs. These imports cost more than \$150 billion a year to our economy. That figure does not include the military cost and the human cost of imported oil, which are truly incalculable.

So what is this resource we call ANWR? The U.S. Geological Survey estimates that the amount of technically recoverable oil beneath ANWR's Coastal Plain ranges between 5.7 billion and nearly 16 billion barrels. Studies suggest the Coastal Plain could produce a 10 year sustained rate of one million barrels per day.

ANWR? It is a 19 million acre national wildlife refuge. This national refuge is approximately the size of the State of South Carolina. However, exploration and production can come from only a small part of ANWR known as the Coastal Plain. The Coastal Plain was designated by Congress, as the Chairman said, in 1980 as requiring a special study to determine its oil and gas potential and the effects of development on the environment.

In 1987, the Department of the Interior recommended development. Today's technology ensures that the footprint for development in ANWR could be less than 2,000 acres, approximately half the size of Andrews Air Force Base. So think about that. Half the size of Andrews Air Force Base in a land mass the size of South Carolina.

Additionally, technology now allows for almost zero impact exploration through the use of ice roads, ice pads and the like. Protecting the environment is as important to Alaskans and perhaps more important to Alaskans than to all Americans. This great land is our home. We have to be good stewards of air, land and sea to live here.

For most of the year the Coastal Plain is frozen. It has low biological activity. Experience shows that seasonal restrictions and other environmental stipulations can be used to protect caribou during their six week calving season each season. Appropriate restrictions can also protect migratory birds and fish.

Our experience with other North Slope fields shows it can be done. Prudhoe Bay, for example, located 60 miles west of ANWR, has been operating for over 30 years and has produced more than 16 billion barrels of oil so far. Amidst that, the Central Arctic caribou herd at Prudhoe Bay has grown from 5,000 animals in 1975 to over 67,000 animals in 2008.

The Trans-Alaska Pipeline System is a world class oil transportation system and one of this nation's most significant and valuable assets. Every day Alaska oil moves through TAPS to refineries in Washington state and California. But declining production from Alaska's fields is taking its toll on TAPS. The Trans-Alaska Pipeline System is not designed to flow at low rates. Below 550,000 barrels per day, the risk of clogs and corrosion increase. The very real possibility of a midwinter shutdown is an urgent concern.

Bringing new production from ANWR and other Alaska fields is critical to preserve this valuable piece of our nation's infrastruc-

ture. Without increased production, the Trans-Alaska Pipeline is at risk, our economy is at greater risk, as is our national security.

With the oil from ANWR in the Trans-Alaska Pipeline, it is also going to be feasible to develop other marginal fields that otherwise might not be economic. It is all about growing jobs in our economy and about keeping America safe. The Coastal Plain of ANWR is America's best bet for the discovery of significant oil and gas reserves in North America. Many economic benefits would result, not the least of which are the Federal revenues that would be in the billions of dollars.

But a reserve of Alaska oil locked in the ground makes no sense. Americans need jobs and our economy needs a jump start that an impotent Federal Government cannot provide. If the Federal Government persists in blocking oil development in Alaska, it could mean the dismantling of the Alaska Pipeline and the stranding of every last bit of oil that exists in our Arctic.

For millions of Americans out of work and struggling to make ends meet, Federal policy blocking oil development only deepens the wounds. In Alaska, the Federal Administration has blocked exploration in ANWR, blocked exploration in the NPRA and has delayed exploration in the Arctic offshore.

When it comes to ANWR, we have heard people say that it will not impact the price of fuel now because it will take too long to bring on-line. Well, they have been saying that for 20 years, and that is a disingenuous argument. It is time to reduce dependence on oil from unstable, unfree and unfriendly regions of the world.

Let us bring ANWR oil to America and decrease the trade deficit, bring ANWR oil to America and increase American jobs, bring ANWR oil to America and reduce the Federal debt with revenues and taxes from a more vibrant economy.

I thank you, Mr. Chairman.

[The prepared statement of Governor Parnell follows:]

Statement of The Honorable Sean Parnell, Governor, State of Alaska

Chairman Hastings and Honorable Committee Members:

For the record: My name is Sean Parnell. I am Governor of the State of Alaska.

Thank you for allowing me a few moments to make the case for American energy production, and why ANWR is a good investment for our nation, one we can no longer afford to ignore.

I would first like to recognize Chairman Hasting's efforts to remove unnecessary regulations and policies adversely affecting oil and gas development.

I appreciate that he has taken the time to become a nationally recognized subject expert in this area.

In Alaska, we set a goal to increase the throughput of the Trans Alaska Pipeline System (TAPS) to one million barrels a day from current levels of about 550,000 barrels per day. I have asked other governors to set increasing production goals, as well.

This will help grow our nation's economy, make us more energy secure, and more energy dependent.

Reaching this goal of a million barrels per day through TAPS will take work between the federal government and the State of Alaska, where each owns substantial oil and gas resources.

The task before us all is to create jobs, to grow our economy.

To boil it down to one simple truth: More American oil and gas production means jobs. And jobs translate into stable communities, and a strong nation.

Beyond the Beltway, Americans believe that our nation faces an almost insurmountable debt burden, leading some to ask if it is even possible to pay it down, given our current GDP.

Many thoughtful Americans are alarmed at the nearly \$15 trillion federal debt, and they worry about the future of our great nation.

And yet, we can regain our economic footing through producing more American energy.

America's workforce wins, families win, job creators win, and the federal government wins—more revenue.

Look at the states doing relatively well in this economic downturn: They are America's major energy-producers. Alaska is one of those states. Yet, we are held back from contributing more affordable energy to other Americans by federal regulators who want to keep federal lands off limits to oil and gas exploration.

America is blessed with natural resources, both renewable and non-renewable. We need them all right now.

This transition to renewables cannot take place all at once. That's like going from first gear to fifth gear—you risk stalling the engine of our economy by starving it of power.

And some of our nation's richest oil reserves exist along the coastal plain known as ANWR.

It's accessible. It's extractable. And oil production and wildlife in ANWR are compatible.

Oil from ANWR could help meet U.S. demand for the next 25 years—or longer.

Responsible development of ANWR would create hundreds of thousands of jobs across our nation, in virtually every state, because a secure supply of petroleum will create demand for goods and services, and lower the cost of doing business.

As you know, the United States imports over 65 percent of our nation's annual petroleum needs. These imports cost more than \$150 billion a year. That figure does not include the military costs—and the human cost—of imported oil, which is truly incalculable.

What is the resource we call ANWR? And in such a remote location on Alaska's northern edge, how did we first learn that oil was even present?

The U.S. Geological Survey estimates that the amount of technically recoverable oil beneath the coastal plain ranges between 5.7 billion and nearly 16 billion barrels¹. Studies suggest the coastal plain could produce a 10-year sustained rate of one million barrels per day.

ANWR is a 19-million-acre national wildlife refuge. This national refuge is approximately the size of South Carolina. However, exploration and production can come from only a small part of ANWR known as the Coastal Plain of ANWR.

The Coastal Plain was designated by Congress in 1980 as requiring special study to determine its oil and gas potential and the effects of development on the environment. In 1987, the Department of the Interior recommended development.

Today's technology ensures that the footprint for development in ANWR would be less than 2,000 acres—approximately half the size of Andrews Air Force Base (4,320 acres) in a land mass the size of South Carolina. Additionally, technology now allows for almost “zero impact exploration” through the use of ice roads, ice pads, and the like.

Protecting the environment is as important to Alaskans as it is to all Americans. This Great Land is our home, and we have to be good stewards of air, land, and sea to live here.

For most of the year, the Coastal Plain is frozen. It has low biological activity. Experience shows that seasonal restrictions and other environmental stipulations can be used to protect caribou during their six-week calving season each summer.

Appropriate restrictions can also protect migratory birds and fish. Our experience with other North Slope fields shows it can be done.

Prudhoe Bay, for example, located 60 miles west of ANWR, has been operating for over 30 years and has produced more than 16 billion² barrels of oil so far. Amidst that, the Central Arctic caribou herd at Prudhoe Bay has grown from 5,000 in 1975 to over 67,000 in 2008.³

The Trans Alaska Pipeline System is a world class oil transportation system and one of this nation's most significant and valuable assets. Every day, Alaska oil moves through TAPS to refineries in Washington State and in California.

But declining production from Alaska's fields is taking its toll on TAPS.

The Trans Alaska Pipeline is not designed to flow at low rates. Below 550,000 barrels per day, the risk of clogs and corrosion increase. The very real possibility of a mid-winter shut down is an urgent concern.

¹ <http://pubs.usgs.gov/fs/fs-0028-01/fs-0028-01.htm>

² <http://www.alaska-pipe.com/Pipelinefacts/Throughput.html>

³ http://www.anwr.org/images/pdf/Cariboufinal_6-09.pdf

Bringing new production from ANWR and other Alaska fields is critical to preserve this valuable piece of our nation's infrastructure. Without increased production, our economy is at greater risk as is our national security.

With oil from ANWR in the Trans Alaska Pipeline, it will be feasible to develop other marginal fields that otherwise might not be economic. It's all about growing jobs and our economy, and about keeping America safe.

The Coastal Plain of ANWR is America's best bet for the discovery of another giant "Prudhoe Bay-sized" oil and gas field in North America. Many economic benefits would result, not the least of which are the federal revenues that would be in the billions of dollars.

But a reserve of Alaska oil locked in the ground makes no sense when Americans need jobs and our economy needs a jump start that government is impotent to provide.

If the federal government persists in blocking oil development in Alaska, it could mean the dismantling of the Alaska pipeline, and the stranding of every last bit of oil that exists in our Arctic.

For millions of Americans out of work and struggling to make ends meet, federal regulatory policy blocking oil development only deepens the wounds. In Alaska, the federal administration has blocked exploration in ANWR, has blocked exploration in NPR-A, and has blocked exploration in the Arctic offshore.

When it comes to ANWR, we've heard people say that it will not impact the price of fuel now, because it will take too long to bring online. They've been saying that for 20 years. That's a disingenuous argument.

It's time to reduce dependence on oil from unstable, unfree, and unfriendly regions of the world.

Bring ANWR oil to America, and decrease the trade deficit.

Bring ANWR oil to America, and increase American jobs.

Bring ANWR oil to America, and reduce the federal debt with revenues and taxes from a more vibrant economy.

Thank you, and I am available to answer any questions.

The CHAIRMAN. Thank you very much, Governor. I note that it is 6:00 in Alaska and 10:00 here, and I thank you very much for being up this early. Thank you very much for your testimony.

On a personal note, I very much enjoyed the trip that I made to the North Slope along with you and Congressman Young. It certainly reaffirmed what I thought was up there, and it showed me—it re-emphasized to me—what you said about the environmental concerns that everybody has taken on the North Slope. Thank you very much for your testimony.

Governor PARNELL. You are welcome. Thank you.

The CHAIRMAN. Now we will go to our distinguished panel, the congressional delegation from Alaska, and we will start with the junior senator since the senior senator isn't here. So, Senator Begich, you are recognized.

**STATEMENT OF HON. MARK BEGICH, A UNITED STATES
SENATOR FROM THE STATE OF ALASKA**

Senator BEGICH. Thank you very much. Thank you, Chairman Hastings, for the opportunity to testify in front of your Committee on an issue that you will find strong support from all the delegation in regards to the opening of ANWR and most Alaskans. I was born and raised in Alaska, and this is an issue that I think has been around all my life, and the fact is I am very honored and proud to be here with my colleagues to talk about this issue.

Today's hearing is focused on a timely topic. With gasoline prices averaging \$3.65 in the Lower 48 and unemployment around 9 percent, Alaska is here to help. We can offer relief to consumers at the pump, provide well paying jobs in Alaska and the Lower 48 and help our \$15 trillion deficit.

The oil and gas resources of the Coastal Plain of the Arctic National Wildlife Refuge are enormous and conveniently located just 65 miles east of the Prudhoe Bay reserves and infrastructure. The latest estimates from USGS are for about 10 billion barrels of technically recoverable oil. Of course, any natural gas found only will help the economics of the proposed Alaska natural gas pipeline, which could also be a huge job creator for our nation. Over the years there have been competing estimates of how many jobs in Alaska and the Lower 48 supply chain that the development would create. Needless to say, all of them are at least in the tens of thousands of jobs across this nation.

I am proud to co-sponsor Senator Murkowski's bills that would allow responsible oil and gas development in the Arctic refuge. Today, extended reach drilling technology has shrunk drilling pad platforms and prints dramatically. Well pads on the North Slope from the 1970s that covered 65 acres now take less than 10 acres. Drilling cuttings and muds are now disposed of by injection wells.

While development always will have impacts, we can do a good job today of responsibly producing more domestic oil which promotes both our economic and national security. I know today's hearing is about ANWR, but I always want to make sure we don't lose sight of the tremendous potential elsewhere in Alaska. That is a potential I believe we are close to realizing.

The USGS estimates 26 billion barrels of oil and more than 100 TCF of natural gas technically recoverable in the Chukchi and Beaufort. All of this means we are looking at a lot of jobs. The University of Alaska Institute for Social and Economical Research estimates 54,000 jobs can be created from Alaskans working in the Beaufort and Chukchi, including all the support and manufacturing jobs stretching from Alaska to the Lower 48.

Over the 50 year lifespan of these fields, this means \$154 billion—now, let me say that again, \$154 billion—in payroll and \$200 billion plus to the Federal treasury. Their science crews this summer alone employed over 400 folks in the region.

We finally have sustained momentum on exploring these resources, and I have hope that Shell, the first of the leaseholders in exploration process in the Beaufort and Chukchi, will be drilling exploratory wells off Alaska's arctic coast for the first time in nearly 20 years. ConocoPhillips and Statoil are just on the heels with plans of a 2013 and 2014 season.

Shell received approval of the Beaufort exploration plan a few weeks ago. Just yesterday Shell received an air permit, a subject I know this Committee has worked on, for one of their main drill ships and support fleet. Hopefully Chukchi plan will be approved when the Court accepts the supplemental EIS later in the month of October.

Finally, the National Petroleum Reserve-Alaska, NPRA, can also play an important role in keeping enough oil in the Trans-Alaska Pipeline to operate economically while development on these other resources proceeds. We have been pushing the Administration to solve procedural issues with the ConocoPhillips CD5 in the NPRA. We are hopeful for a breakthrough in the next 30 days with hundreds of direct construction jobs for several years to follow.

Mr. Chairman, simply put, Alaska has enormous resources—ANWR, NPRA, Chukchi, Beaufort—to offer a nation hungry for affordable energy and good paying jobs. Thank you for the opportunity to detail out many opportunities that are in front of Alaska and this country. Thank you.

[The prepared statement of Senator Begich follows:]

Statement of The Honorable Mark Begich, U.S. Senator, State of Alaska

Thank you, Chairman Hastings, and Ranking Member Markey for the opportunity to speak to you today.

When it comes to energy, the Alaska delegation and most Alaskans stand united. I am proud to appear with my colleagues, Senator Murkowski and Congressman Young.

Today's hearing is focused on a timely topic.

With gasoline prices averaging \$3.65 in the lower 48 states and unemployment around 9 percent, Alaska is here to help. We can offer relief to consumers at the pump, provide well-paying jobs in Alaska and the Lower 48 and help reduce our \$14 trillion deficit.

The oil and gas resources of the coastal plain of the Arctic National Wildlife Refuge are enormous and conveniently located just 65 miles east of the prolific Prudhoe Bay reservoirs and infrastructure.

The latest estimates from the USGS are for up to 10 billion barrels of technically recoverable oil.

Of course, any natural gas found will only help the economics of the proposed Alaska Natural Gas Pipeline, which could also be a huge job creator for our nation.

Over the years, there have been competing estimates of how many jobs in Alaska and in the Lower 48 supply chain that development would create. Needless to say, all of them are at least in the tens of thousands across our nation.

I am proud to co-sponsor Sen. Murkowski's bills that would allow responsible oil and gas development in the Arctic Refuge.

Today's extended reach drilling technology has shrunk drilling pad foot prints dramatically. Well pads on the North Slope from the 1970s that covered 65 acres now take up less than 10. Drilling cuttings and muds are now disposed of by injection wells.

While development always will have impacts, we can do a good job today of responsibly producing more domestic oil, which promotes both our economic and national security.

I know today's hearing is about ANWR, but I also want to make sure we don't lose sight of the tremendous potential elsewhere in Alaska. That is a potential I believe we're close to realizing.

The USGS estimates 26 billion barrels of oil and more than 100 TCF of natural gas technically recoverable in the Chukchi and Beaufort Seas.

All this means we're looking at a lot of jobs, too.

The University of Alaska's Institute for Social and Economic Research estimates 54,000 jobs created from Alaskans working in the Beaufort and Chukchi Seas, including all the support and manufacturing jobs stretching from Alaska to the Lower 48.

Over the 50-year life of the fields, that means about \$154 billion—billion with a B—in payroll, and \$200 billion to the federal treasury.

Their science crews this summer alone amounted to 400 jobs.

We finally have sustained momentum on exploring these resources. I have every hope that Shell, the first of the leaseholders in the exploration process, will be drilling exploration wells off Alaska's Arctic coast for the first time in nearly 20 years.

ConocoPhillips and Statoil are just on their heels with plans for 2013 and 2014.

Shell received approval of their Beaufort Exploration plan a few weeks ago. Just yesterday, Shell received an air permit—a subject I know this committee has worked on—for one of their main drill ships and its support fleet.

Hopefully the Chukchi plan will be approved when the court accepts the Supplemental EIS in October.

Finally, the National Petroleum Reserve—Alaska (NPR-A)—can also play an important role in keeping enough oil in the Trans-Alaska Pipeline to operate economically while development on these other resources proceed.

We've been pushing the administration to solve procedural issues with ConocoPhillips' CD-5 development in the NPRA. We're hopeful we'll see a breakthrough in the next 30 days, with hundreds of direct construction jobs for several years to follow.

Mr. Chairman: Alaska has enormous resources to offer a nation hungry for affordable energy and good-paying jobs. Thank you for this opportunity to detail some of those opportunities.

The CHAIRMAN. Thank you very much, Senator Begich, for your testimony. As I mentioned when I was up there, certainly what you said was reaffirmed when I went up there and made that trip.

And now I am pleased to recognize the senior senator from Alaska, Senator Murkowski. I should tell you that I inadvertently elevated Congressman Young to a senator, and he immediately disavowed that.

Senator Murkowski, you are recognized.

**STATEMENT OF HON. LISA MURKOWSKI, A UNITED STATES
SENATOR FROM THE STATE OF ALASKA**

Senator MURKOWSKI. Thank you, Mr. Chairman, and to my colleagues and to the Members of the Committee, I offer my apologies for being tardy. I was off campus giving a speech. It did allow me the opportunity, though, to hear Governor Parnell's comments on the radio and to hear yours, Senator Begich.

I appreciate the level of detail that has been laid before the Committee this morning in terms of Alaska's great potential; not only the resources, the revenues, and the jobs that are created. We know the story well and so the opportunity to be able to share that story with our colleagues is important so, Chairman, I appreciate you scheduling this hearing this morning. I appreciate your efforts to come north, see for yourself and help us advance this very important cause.

And as much as I am happy to be here to give my thoughts, I will suggest to you that it is unfortunate that we are still having this discussion about whether to develop the 1002 area in Alaska. I think it should be more appropriate that we discuss when and how to develop this incredible national resource.

I want to say a few words about the Fish and Wildlife Service's so-called Comprehensive Conservation Plan or the CCP. As a threshold issue, I find it both misguided and, as an Alaskan, somewhat insulting when the Federal agencies continue to look for ways to lock up additional wilderness in Alaska when Alaska doesn't want it and when the law plainly says no more.

It couldn't be more clear. Three separate provisions in the Alaska National Interest Lands Conservation Act, ANILCA, made Congress' intent on this matter very clear, and yet our Federal agencies can't help but keep going down this same path toward more wilderness review. And for what? The draft CCP cites a "symbolic" value—

The CHAIRMAN. Senator, could you put the microphone a little bit closer?

Senator MURKOWSKI. Yes.

The CHAIRMAN. Thank you.

Senator MURKOWSKI. How is that? The draft CCP cites a symbolic value of the refuge and states that "millions who will never set foot in the refuge find satisfaction, inspiration and even hope in just knowing it exists."

Well, Mr. Chairman, I would suggest to this Committee that millions more would do well to find jobs. I am not sure who is in charge of quantifying the value of satisfaction inspired by knowing that something exists somewhere, especially set against the hundreds of billions of dollars in Federal revenues that we are consciously foregoing by this exercise.

The draft CCP seems very much at odds with itself beyond just that. After going through the legal gymnastics to try to skirt the no more clause so that considering the Coastal Plain for wilderness review is back on the table, it acknowledges, although begrudgingly, that the 1002 area contains almost 40,000 acres of lands that are not even suitable for wilderness designation, even if such a designation were legal.

So compare that number. You got 40,000 acres within the 1002 area which the Administration concedes is not even eligible for wilderness protection, with the mere 2,000 acres which Congress Young's legislation and my Senate bill would authorize for development within that same area.

Keep in mind that the 1002 has also been subject to exploratory drilling and all of the motorized equipment that attends to that activity in the past, and yet somehow or other we are being asked to believe the irreconcilable argument that drilling now would cause the area to lose its character, even as technology has improved in ways that Congress could not have even contemplated when writing the law.

This year we had unrefuted testimony in the Senate Energy Committee which spoke to the truly amazing technology advancements in seismic acquisition data, the directional drilling, enhanced oil recovery with specific application to the 1002 area, all of which would lend substantial reassurances of a minimally intrusive development program with no lasting impacts if we were only allowed to access.

Members of this Committee, here we are with the Federal Government essentially broke fighting all day, every day, over every scrap of spending cuts and revenue ever conceived when the simple delivery on a decades old promise could render literally hundreds of billions in Federal revenue without so much as raising a tax or cutting a single program. But instead of looking for a responsible path forward toward accessing this resource, the Fish and Wildlife Service looks for ways to lock it up.

So I would suggest to this Committee that we are witnessing a gross misappropriation of resources. When an agency's response to our nation's current debt and jobs crisis is to seek more ways to twist the law just to keep money buried in the ground, our priorities, Mr. Chairman, seem to have spun out of the realm of reality.

As my colleagues have documented in terms of the jobs, the resources and the revenues, Alaska has so much to offer. We just need the ability to be able to contribute. I thank you for the opportunity to be before the Committee and want to pledge my support toward this effort in working with you, Congressman Young and Senator Begich.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Murkowski, for your testimony.

And last, but certainly not least, we will get to our colleague on the Committee and colleague in the House, the gentleman from Alaska, Mr. Young. You are recognized.

**STATEMENT OF HON. DON YOUNG, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ALASKA**

Mr. YOUNG. Thank you, Mr. Chairman. I want to thank my colleagues. Good testimony. Governor, excellent testimony. Everything they have said is in my statement. I will submit it for the record.

But I would like to just emphasize two things. This is long overdue. This Committee has passed this bill 11 times, and it has died in the Senate. We have two Senators going to help us get it passed. Whether the President will sign it I do not know, but it has been said about jobs and dependency.

This oil is 60 miles away from an existing pipeline. We could probably deliver it if we had an emergency and in fact do it, and this Congress has said so, in about three years, much better than any place else, in an area which we have done before. We know what the challenges are. We know the results.

And the idea now, just think about this. We last year spent \$333 billion sending dollars overseas. That is dollars from the working class man. Over the years, we have actually spent \$3.4 trillion sending dollars overseas, \$3.4 trillion from the working man. This is unjust and uncalled for.

ANWR itself is just a large—I have been there. I actually have trampled a lot of the areas, but the area which 1002 is in is basically, and you will hear from witnesses today that live there. You will hear from people that work there. You will hear from people that know how important it is as far as jobs go. But this is not the pristine area people talk about. This is an area that has been explored before by other people.

And I think if I can say one thing, the most resentful thing I can think about is it is just not a loss for America. It is a loss for the people at Kaktovik. We gave Kaktovik approximately 93,000 acres of land for their social and economic well-being, which is right in the middle of ANWR or actually on the edge of ANWR, and yet they can't develop it. They can't have a way to develop their oil on their land because they can't get out. They are landlocked. And that is sort of the twisted tongue approach, and that is wrong.

For the environmental community, you have won in a lot of ways. You have delayed this for many, many years, but you also in this delay have created a better way of drilling. The footprint is very small from where it was when we first had Prudhoe Bay. By the way, Prudhoe Bay was discovered and we developed it in 1973. Actually in 1973 you passed the bill, and we produced the first barrel of oil. We did that because we had an emergency. People were in line. They were shooting one another. By the way, gas was 39 cents a gallon, but there was no gas. Now it is very nearly \$4 a gallon.

If you want to boost this economy, ladies and gentlemen, Members of the Committee and the listening audience, just think about if we had our oil we could control the price—there would be no spikes—and probably drop the price of oil. If we drop the price of

oil \$1, that would be a \$3,000 per family ability to spend that money on something other than gasoline.

Now, I know some of the environmentalists say we have to transfer ourselves into another form of energy. That is well and good, and I support all forms of energy. Yes, we have had some great finds in the Americas. Now, there is a chance the Americas could be, I would say, self-sufficient. I am talking about Brazil, Venezuela, Mexico, Colombia. But their countries too are under question.

And so to have us have this oil available with an infrastructure in place is dead wrong. I am asking this Committee and the President to pass not only this bill, but let us get our country on the move again. Let us put our people to work. Let us not be dependent on those people that are not friendly to us.

It is time that this Congress acts, solves our problem and gets the show on the road. Thank you, Mr. Chairman.

[The prepared statement of Mr. Young follows:]

**Statement of The Honorable Don Young, a Representative in Congress
from the State of Alaska**

Chairman Hastings and Ranking Member Markey, thank you for having a hearing on this topic, which is not only important to Alaska, but the energy and economic security and well being of the nation as a whole.

At a time of high unemployment, high energy prices, and an urgent need to address our national debt, there is no question that this Nation needs the oil and gas that can be produced from ANWR.

Just look at the price of gasoline today. Though, it has fallen from the highs of 2008, the American consumer is seeing a large chunk of their budget left at the gas station. Home heating oil prices have soared similarly, and unless something is done home owners will continue to suffer again this fall when the weather turns cold.

So why are prices soaring? Is it a conspiracy? No, it is just supply and demand. As our economy grows, demand for energy increases. But domestic supply has not kept pace. And as everyone in their high school economics class knows, when demand increases and supply doesn't, prices go up.

Since 1973, the year of the Arab oil embargo that created economic havoc and put drivers into long lines at the gas pump, U.S. crude oil production has declined by nearly half. Today, we are producing here in the U.S. about the same amount of oil as when Harry Truman was President—even though our economy is fifty times larger than it was seven decades ago.

So it should come as no surprise that two-thirds of our oil now comes from foreign sources. Nor should it come as any surprise that last year we spent over \$333 billion to import oil from insecure sources of the world, including the Persian Gulf.

Those who argue against exploration in ANWR are arguing in favor of increasing our reliance on foreign suppliers.

Let's be honest and say that there will be some consequences to exploring and producing in ANWR. But let's also be honest and say that if we import the oil it will arrive in the U.S. in foreign ships that sometimes are not up to our standards. And our environmental safeguards for oil production are much more stringent than theirs are. So if you are really concerned about the environment you should prefer oil to be produced here rather than somewhere else in the world. Just a few short weeks ago news broke of a deal that will partner Exxon and Russia to drill in the Arctic. Do we really trust that Russia can protect the Arctic better than we can?

Although the ANWR region of Alaska encompasses 19 million acres, less than 2000 acres would actually be necessary to tap the region's vast resources though ultra-modern, environmentally sensitive drilling technology, including slant-drilling. To give some perspective on size, if the State of Alaska were a 1,000 page phone book, the 2000 acre drilling area would be equal to one-half of a square inch on one page of the 1,000 page phone book.

ANWR is believed to hold between 6 and 16 billion barrels of oil. The best estimate is that about 10 billion barrels of the oil are recoverable. But it could be much larger, which we will only know through actual drilling. For example, in 1968 the Prudhoe Bay region of Alaska, which is to the West of ANWR, was believed to hold 9 billion barrels of recoverable oil. But that proved to be a gross under-estimate.

So far, Prudhoe Bay has produced 16 billion barrels, and it will continue to produce for many years to come.

If President Clinton, in 1995, had not vetoed legislation that would have allowed exploration and production in ANWR, oil would be flowing today. As a result, we'd be enjoying the economic benefits of the hundreds of thousands of jobs created, increased revenue into the federal coffers, and a more certain energy supply.

The time is past due to open ANWR, and I implore this Committee to proceed with a bill that will accomplish this.

Thank you again for the opportunity to testify.

The CHAIRMAN. Thank you, Mr. Young. I very much appreciate your testimony and I might add your passion, and I think I can say that for all of you from Alaska. I know the history of what you have gone through.

Senator Murkowski, I think you put an exclamation point on that. We shouldn't be arguing about this anymore. We should be figuring out a way to get it done. Senator Begich, thank you very much for your testimony.

And coming from Alaska, thank you very much, Governor Parnell, for participating in this. I know from my perspective I really believe that there is a national security aspect to energy production in this country, and when we have the potential resources in one of the 50 states it is in many respects criminal that we don't utilize that.

So I thank you very much for your testimony, and I certainly am committed to making our country less dependent on foreign energy resources. Thank you very much for being here, and I will dismiss the panel. Governor, thank you very much for being here.

Governor PARNELL. Thank you.

The CHAIRMAN. We will call the next panel as soon as this one vacates the table.

[Pause.]

The CHAIRMAN. I want to thank the second panel. We have with us Mr. Fenton Rexford, who is a council member from the City of Kaktovik, of which I had the pleasure to participate in a town hall gathering last June when I was up there. I appreciated that.

Mr. Tim Sharp, the Secretary Treasurer of Laborers Local 492 out of Fairbanks; Mr. Carey Hall, the ice road trucker for Carlisle Transportation Systems out of Anchorage, Alaska.

And we have Mr. David Jenkins, Vice President for Government and Political Affairs for Republicans for Environmental Protection out of Washington, D.C. and Mr. Gene Karpinski, president of League of Conservation Voters, out of Washington, D.C.

Mr. Rexford, let me go over all of this with you. I didn't say this with our distinguished representatives from Alaska because of the timeframe, but when the green light comes on that means you have five minutes, when the yellow light come on that means you have one minute, and when the red light comes on it means that five minutes have expired.

Now, your full statement will appear in the record. I would like you to try to confine your remarks to that five minutes so that we can have time for questions and answers. I know with the interest shown by this Committee on this subject, I think we will probably have a lot of that.

So, Mr. Rexford, you are recognized for five minutes, and thank you for being here.

**STATEMENT OF FENTON REXFORD, CITY COUNCIL MEMBER,
CITY OF KAKTOVIK, ALASKA**

Mr. REXFORD. Thank you very much, Honorable Chairman Hastings and Members of the Committee. For the record, my name is Fenton Okomailak Rexford. I am currently the Tribal Administrator for the Native village of Kaktovik and also a member of the City of Kaktovik Council, both of which I am representing today.

I also served previously as the president of the Kaktovik Inupiat Corporation, the surface landowner to 92,000 acres of privately owned lands which Congressman Young talked about briefly about being a refuge within the National Arctic Wildlife Refuge.

I was born and raised in the Village of Kaktovik. I intend to grow old there. By the way, Kaktovik is the only community that is within the boundaries of the Arctic National Wildlife Refuge, and I can compare what life was in Kaktovik prior to all the development and discovery of oil and gas in 1968 and our quality of life we have today because of my personal experiences.

I have spent many days and years listening to the people of Kaktovik and to the residents across the North Slope and also the vast majority of us who support responsible development on the Coastal Plain of ANWR, also known as 1002. I am very happy that this Committee is proposing to open the Coastal Plain of ANWR for oil and gas exploration and development and limit the activity to only 2,000 acres, which is less than .01 percent of the size of ANWR.

We all know that the Coastal Plain and the entire national wildlife Arctic National Wildlife Refuge remains extremely important not only to the people of Kaktovik and to the North Slope Borough, but also to the state and also the United States of America. We would not favor development on the Coastal Plain unless we were confident that development can occur without jeopardizing our way of life.

The Inupiat people of Kaktovik used the lands for many years, for many thousands of years, hundreds of years, and consider it being a wilderness is an insult to our people there because we have footprints. We have cabins. We have ice cellars. We have drying cache, places that we store or hunt. They are all over, every 25 miles, before the education was mandated to go to the villages or to the hub of the areas. We had every 25 miles there were people. There were cabins. That is how long it took for dogsleds to travel.

So with that, we would not trade with the development of the Coastal Plain, so that would jeopardize our way of life because we live there and we want to live that way. The Inupiat people of Kaktovik use the lands in and around ANWR to support our traditional lifestyle, which I just stated. The tundra and the Beaufort Sea are our gardens, and we respect and live off of them. As such, we could not support again the development of the Coastal Plain. It really would adversely affect our Inupiat tradition and way of life.

Responsible development of ANWR's Coastal Plain is a matter of self-determination of our people, and we would like for the Con-

gress to open up ANWR so that we are private landowners. We should have the opportunity, like any private landowner, to make development and use the land for benefit. That will benefit us, and it will enable our region continued access to essential services taken for granted by many people of the Lower 48.

Over the nearly 40 years we have watched the oil development in Prudhoe Bay. Because of this, my people know that industry and wildlife can co-exist. Based on our experience, we have strong confidence of the North Slope Borough's ability to protect our natural wildlife environment through the Wildlife Department and resources from adverse impact of permitting agencies, the Planning Department that takes care of planning and zoning, particularly if decisions are made after considering local input regarding resources such as the caribou and polar bear.

Responsible ANWR development means my people will continue to have access to running water and flush toilets, which just happened 11 years ago in the year 2000 we were able in the Village of Kaktovik, able to have running water and be able to flush the toilet, so that is a real benefit for our people for their health.

Responsible development also means access to local schools, health care facilities and professional fire stations, the police department. And for many of my generation our only option for school beyond eighth grade was to attend Indian school in the Lower 48 in Chilocco.

I know I don't have much time, but we really support the development, and I thank you, Mr. Chairman, for allowing me the opportunity, Chairman Hastings, and I thank you very much to listen to the points of view. You can find the rest of the testimony that is written before you.

[The prepared statement of Mr. Rexford follows:]

**Statement of Fenton Okomailak Rexford, City Council Member,
City of Kaktovik, Alaska**

Honorable Chairman Hastings and members of the Committee, thank you for inviting me to testify before you today. My name is Fenton Okomailak Rexford. I am the Tribal Administrator for the Native Village of Kaktovik and a member of the Kaktovik City Council, both of which I am representing today. I am also the President of the North Slope Borough School District Board of Education, and I am currently running for the office of Mayor of the North Slope Borough. I previously served as the President of Kaktovik Inupiaq Corporation, the surface land titleholder to 92,000 acres of privately owned land within the Coastal Plain of the Arctic National Wildlife Refuge.

I am a life-long resident of Kaktovik and I intend to grow old there. I can compare what life in Kaktovik was like prior to oil development on the North Slope to the quality of life we have today because of my personal experience. I have spent time listening to the people of Kaktovik and to the residents across the North Slope and the vast majority of us support responsible development of the Coastal Plain of ANWR. I have had the opportunity to talk to many members of Congress and staff on this issue, with a considerable amount of my time spent in Washington, D.C. I am very familiar with this issue and have been fighting the misrepresentations of the opposition for over 15 years. Therefore, I speak with the institutional knowledge my people, the Inupiat people of the North Slope, the people who live in the Coastal Plain, have about ANWR.

The Coastal Plain of ANWR consists of 1.5 million acres of land and is known as the 1002 area. ANWR itself covers more than 19 million acres of land. The Coastal Plain is a very small portion of this land and, in the pending legislation, Congress proposes to limit development in this area to no more than 2,000 acres—an even smaller portion, less than 0.01% of all of ANWR. We are, therefore, talking about a tiny amount of land within a vast area, most of which is designated as wilderness or refuge. All of this land remains extremely important to the people of Kaktovik

and the North Slope Borough. We would not favor development of the Coastal Plain unless we were confident that development can occur without jeopardizing our way of life.

The Inupiat people of Kaktovik use the lands in and around ANWR to support our traditional subsistence lifestyle. The land and sea are our gardens and we respect them. We subsist off of the land and sea. As such, we could not support development of the Coastal Plain if it would adversely affect our Inupiaq traditional subsistence way of life. Responsible development of ANWR's Coastal Plain is a matter of self-determination for my people. It will enable the entire North Slope region continued access to essential services taken for granted by people from the Lower 48.

Over nearly 40 years, we have watched oil development at Prudhoe Bay. Because of this, my people know that industry and wildlife can coexist. The Central Arctic Caribou herd, which calls the Prudhoe Bay region home, numbered around 3,000 in the 1960's. Today the population is thriving at more than 65,000. The Porcupine Caribou Herd in ANWR now numbers about 169,000. We expect this herd to continue to thrive and do not believe that development of such a small area of land within such a massive region will negatively affect these animals. Based on our past experience, we have strong confidence in the North Slope Borough's ability to protect our natural wildlife environment and resources from adverse impact, particularly if decisions are made after considering local input regarding subsistence resources such as caribou.

Responsible ANWR development means my people will continue to have access to running water and flush toilets throughout the region. The luxury of a flush toilet and running water—things we did not have just a few years ago—decreases our risk of exposure to health hazards such as hepatitis. Responsible development also means access to local health care facilities and professionals. Our region is vast and covers roughly 89,000 square miles, yet we have only eight tiny villages. Our only access to a hospital is 360 air miles from Kaktovik to Barrow, with a flight time of 90 minutes, weather permitting. This trip is expensive, particularly for people in an area with little local economy. Responsible development also will continue to support our local health clinics, which are vital to the continued good health of my people.

Further, development of the North Slope enables our community to sustain a local school. For many of my generation, our only option for school beyond eighth grade was to attend an Indian school in the Lower 48. We are now able to provide our children with a high school education on the North Slope.

Finally, responsible development will continue to provide search and rescue, police and fire protection for our North Slope communities. The weather conditions within the North Slope are harsh and at times life threatening. As we continue to practice our traditional subsistence lifestyle, we take comfort in knowing that if we are misguided in our journeys, our region has the capability of conducting search and rescue missions.

Responsible development of ANWR will not just have important benefits for those lucky enough to live on the North Slope. Development of ANWR also will have important benefits for all Americans. In the past few months, many have called for the federal government to reduce its spending deficit, while creating new jobs and stimulating the American economy. Development in ANWR could help to address all three of these concerns.

Opening ANWR to oil and natural gas development would create more than \$110 billion in federal revenues and royalties over the next 30 years. North Slope oil development at Prudhoe Bay has already contributed more than \$50 billion in federal revenues since 1977. Responsible development on the Coastal Plain would triple that amount. In addition, development of ANWR would result in thousands of new contracts, all across the U.S., for materials and services. The three companies currently producing oil on the North Slope spend money in every one of the 50 states. The additional expenditures related to development of ANWR would in turn create tens of thousands of jobs, many of which could put unemployed Americans back to work in manufacturing facilities, the construction business, and other industries.

Also in recent months, Americans have focused on issues of national security, including imported oil and high gasoline prices. Development in ANWR can help resolve these issues, too. Today, we import more than 60% of our oil, much of it from troubled areas in the Middle East. The U.S. Geological Survey has repeatedly said that the Coastal Plain represents the best chance for a major oil discovery in the United States. In 1998, the USGS predicted that the Coastal Plain contained 5.7 to 16 billion barrels of recoverable oil. The mean estimate is about 10.4 billions—twice the known oil reserves in Texas or about 30 years of imported oil from Saudi Arabia. The USGS revised its estimate in 2005, predicting that new technologies could significantly increase that amount, while also reducing the footprint of the

drilling site and any environmental impacts of drilling. At peak production, ANWR could produce between 650,000 barrels per day and 800,000 barrels per day. This could both reduce our dependence on foreign oil and help reduce gasoline prices. And the more we can reduce the amount of oil produced under troubled, unstable governments, the more our national security would be improved. Development of the Coastal Plain of ANWR is a win-win situation for the American people, particularly for those of use who call this area home.

Chairman Hastings, and Members of the Committee, I thank you for the opportunity to present to you the views of the people of the Village of Kaktovik and the North Slope Borough.

Response to questions submitted for the record by Fenton Rexford

1. As a resident of Kaktovik, hunter, whaler, incorporator of our home-rule government the North Slope Borough, a Tribal administrator for the Native Village of Kaktovik and a member of the Kaktovik City Council, I believe that the oil and gas industry and wildlife can co-exist. The animal species of the North Slope are not harmed by the presence of development. Our rivers are still full of fish and the caribou population has actually increased in number near the present-day development. There needs to be a balance and local stakeholder engagement, but in my experience, the development of oil and gas resources on the North Slope has not had an adverse impact on our wildlife.
2. The majority of Kaktovik residents and the majority of the North Slope residents believe that ANWR can be developed responsibly without adversely impacting our lands and wildlife. We have lived with oil and gas exploration and development for over 30 years, and because of local stakeholder engagement we have protected our lands and wildlife for the benefit of our people.
3. We have come to realize that the survival of our communities depends upon future resource development in our region. Development has empowered our communities to improve the quality of life and standard of living for our Inupiat people. I grew up during an era where children were shipped from their communities to attend school hundreds of miles away. This experience had a negative impact on our society because of the cultural disconnect. With the discovery of oil in Prudhoe Bay our communities were able to build the infrastructure necessary to educate our children locally and provide healthy living conditions for our people; while at the same time, our people and culture depend on food resources of the land and sea. We recognize the necessary balance, and wish others would recognize it as well.
4. There are several. First, an increase in the already exponential cost of living. My community pays **\$4.65 for a gallon of gas**; we have to travel **over 300 miles** to the nearest hospital at a cost of **nearly \$400 for a one-way airplane ticket** because air travel is the only accessible mode available to our community; we don't even get fresh produce because by the time it reaches our community it is rotten. Second, our home-rule government, the North Slope Borough, receives its revenue through taxation of infrastructure on the North Slope. A depressed economy and lack of exploration and development of resources we know are in the ground will have a significant negative impact on the revenues generated by the North Slope Borough to provide public services to our residents. Decreasing the volumes of oil through the Trans-Alaska Pipeline (TAPS) risks a shutdown of the entire pipeline. This would condemn our region and take away our ability to improve our communities and provide jobs for our residents. We will be at high risk of a population out-migration from our communities as talents leave our villages in search of employment opportunities outside of the region. Finally, without development we will not have the revenues to sustain the infrastructure in our communities, including the running water and flush toilets that the people in the lower 48 take for granted.

The CHAIRMAN. Thank you, Mr. Rexford. Like I said, your full statement will appear in the record, and I very much appreciate your oral testimony.

Mr. Tim Sharp, Secretary Treasurer of Laborers Local 942, you are recognized for five minutes.

**STATEMENT OF TIM SHARP, BUSINESS MANAGER/SECRETARY
TREASURER, ALASKA DISTRICT COUNCIL OF LABORERS**

Mr. SHARP. Thank you, Chairman Hastings, and good morning to the Committee. Thank you for both inviting and allowing me to testify on a subject that is important and timely not only to people that I represent and to the people of Alaska, but most, if not all, Americans as well. My oral testimony will be the same as my written remarks.

My name is Tim Sharp. I am the Business Manager of the Alaska District Council of Laborers. I represent approximately 5,000 Alaskan union members who are involved in the construction of roads, bridges, buildings, pipelines, processing facilities, pump stations, gathering centers, as well as workers in the public sector, tourism, manufacturing, maintenance and other miscellaneous industry.

I began working on the North Slope in 1975 at the age of 20 developing the Trans-Alaska Pipeline, Prudhoe Bay, Kuparuk and other satellite fields. I stayed active on the issues that surround development and the infrastructure expansion for both the industry and the workers that I represent in the field today.

I come here today not to be used as a political foil against our President and wish to avoid the appearance of any type of political posturing that seems to be prevalent during an election year in both Houses. I am also not a supporter of the Drill Baby Drill mentality or similarly empty platitudes as all oil and gas development in Alaska should be measured, planned and well thought out with projects that pencil out, are sustainable and aggressively engineered environmentally using the cutting edge science and technology. We live there. It is our home.

That being said, I firmly believe that the development of the Arctic National Wildlife Refuge can meet these criteria. I don't want to engage or argue on the weight or lack of weight of the merit of voluminous mountains of fluff and rhetoric on both sides of this charged issue. Whether you choose to believe it to be the Serengeti plain of America or a cold, desolate, God forsaken, mosquito invested wasteland, there is no all-encompassing absolute that can describe ANWR. The truth is it is neither of the two, and it falls somewhere in the middle.

The picture of the ANWR debate has not really changed in 20 years. However, the frame surrounding the picture has. We are at a time in America where our economy needs an employment jump start. Energy costs only continue to escalate, and foreign dependence on oil seems to make our economy and our businesses vulnerable in a way that I am personally uncomfortable with.

We seem to be caught up in contemplating our navel on process, permitting and politics at a time when it is obvious to most that we have oil in Alaska, development will generate thousands of needed jobs and the leverage and impact the foreign producers could have on us would lessen. Instead, inaction trumps common sense and legitimate need.

Balance those considerations against the possible environmental impact development could have on ANWR. I have personally witnessed herds of caribou gathering around pipelines and modules in Prudhoe Bay to enjoy the only shade in hundreds of miles, or just

to rub up against the pipe just to shake the mosquitos and flies surrounding them. However, let there be no doubt. Even with improved directional drilling and using all tools available to them, there would be some small impact.

The minimal acreage needed for development in ANWR would be a great opportunity for the environmental community and the oil industry to work closely together to show what American technology and ingenuity could do. Where better than ANWR to create an environmental gold standard for oil and gas development?

I also know the varied opinions of some of the Gwich'in and Eskimo people and respect those opinions of some of their leaders. But some of their members are my members as well, and many of them don't believe the responsible development of ANWR will be detrimental in any way to the culture or the lifestyle that they enjoy.

There have been numerous geologic studies done over the years in regards to the amount of oil and gas that ANWR holds. They speak for themselves. But using the most conservative estimates on the amount of the reserves, the amount of energy it would produce for our country, the tens of thousands of good paying jobs that it would generate in Alaska, Washington, Oregon and many other states, it is time to take another look at both the environmental risk versus the economic reward.

I am a strong proponent of alternative energy, but also realistic in terms of the timelines associated with developing it to the point of adequately offsetting the energy needed by most of our petrochemical based industries. I am addressing today the need for political action to offset our dwindling energy reserves in the next five to 10 years, but, equally important, the need for jobs today.

Another study will simply not equate to the leadership we need to see on this issue. Please act, and thank you for your time.

[The prepared statement of Mr. Sharp follows:]

**Statement of Tim Sharp, Business Manager/Secretary Treasurer,
Alaska District Council of Laborers**

Good Morning Chairman Hastings and Committee Members,
Thank you for both inviting and allowing me to testify on a subject so important and timely; not only to the people I represent, and the people of Alaska, but most, if not all, Americans as well. My oral testimony will be the same as my written remarks.

My name is Tim Sharp and I am the Business Manager of the Alaska District Council of Laborers. I represent approximately five thousand Alaskan Union members who are involved with the construction of roads, bridges, buildings, pipelines, processing facilities, pump stations, gathering centers, as well as, workers in the public sector, tourism, manufacturing, maintenance and other miscellaneous industry sectors.

I began working on the North Slope of Alaska in 1975 at the age of twenty developing the Trans Alaska Pipeline, Prudhoe Bay, Kuparuk and other satellite fields. I have stayed active on the issues that surround development, and infrastructure expansion for both the industry and the workers I represent in the field today.

I come here today not to be used as a political foil against our President and wish to avoid the appearance of any type of the political posturing that seems to be prevalent during an election year in both Houses.

I am not supportive of the "Drill Baby Drill" mentality or similarly empty platitudes, as all oil and gas development in Alaska should be measured, planned, and well thought out with projects that pencil out, are sustainable, and aggressively engineered environmentally, using cutting edge science and technology. We live there, it is our home. That being said, I firmly believe that the development of the Arctic National Wildlife Refuge can meet these criteria.

I don't want to engage or argue the weight, or lack of weight, of the merit of the voluminous mountains of fluff and rhetoric on both sides of this charged issue. Whether you choose to believe it to be the "Serengeti Plain of America" or a cold, desolate, God forsaken, mosquito infested wasteland, there is no all encompassing absolute that can describe ANWR. The truth is it is neither of the two. It falls somewhere in the middle.

The picture of the ANWR debate has not really changed in twenty years however, the frame surrounding the picture has. We are at a time in America where our economy needs an employment jumpstart, energy costs only continue to escalate and foreign dependence on oil seems to make our economy and our businesses vulnerable in a way I am personally uncomfortable with.

We seem to be caught up in contemplating our navel on process, permitting and politics at a time when it is obvious to most that we have oil in Alaska, development would generate thousands of needed jobs, and the leverage and impact the foreign producers could have on us would lessen. Instead, inaction trumps common sense and legitimate need.

Balance those considerations against the possible environmental impact development could have on ANWR. I have personally witnessed herds of caribou gathering around pipelines and modules in Prudhoe Bay to enjoy the only shade in hundreds of miles or to rub up against them to shake the mosquitoes and flies surrounding them. However, let there be no doubt even with improved directional drilling and using all tools available to them, there would be some small impact.

The minimal acreage needed for development in ANWR would be a great opportunity for the environmental community and the oil industry to work closely together and show what American technology and ingenuity could do. Where better than ANWR to create an "environmental gold standard" for oil and gas development?

I also know of the varied opinions of both some of the Gwi'chin and Eskimo people and respect the varied opinions of some of their leaders. But some of their members are my members as well and many of them don't believe that responsible development of ANWR will be detrimental to their culture or lifestyle.

There have been numerous geologic studies done over the years in regards to the amount of oil and gas that ANWR holds. They speak for themselves. But using the most conservative estimates on the amount of the reserves, the amount of energy it would produce for our country and the tens of thousands of good paying jobs it would generate in Alaska, Washington, Oregon and many other states, it is time to take another look at both the environmental risk and economic reward.

I am a strong proponent of alternative energy, but also a realist in terms of the timelines associated with developing it to the point of it adequately offsetting the energy needed by most of our petrochemical based industries. I am addressing today the need for political action to offset our dwindling energy reserves in the next five to ten years but equally important the need for jobs today. Another study will simply not equate to the leadership we need to see on this issue. Please act.

Thank you for your time.

**Response to questions submitted for the record by
Tim Sharp, Laborers' Local 942**

October 18, 2011

Tim Charters, Staff Director
Subcommittee on energy and Mineral Resources
1324 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Charters:

This letter is in response to Congressman Hastings' questions to me in a letter dated October 5, 2011.

- (1.) ***Mr. Sharp, can you tell us how your job and the construction jobs of those you represent differ in terms of salary and benefits as opposed to those working in Alaska in non-energy fields such as the food service industry?***

The salaries and benefits generated by those construction jobs from the energy field (oil and gas in particular) are far superior to those in the food service industry. Our basic package per hour rate in Prudhoe Bay is forty one dollars and thirty nine

cents (\$41.39) wage and benefits included. The rates from food and beverage jobs top out at half of that rate and often provide few or meager fringe benefits.

- (2.) *Mr. Sharp, you represent approximately 5,000 members that are responsible for the construction of all aspects of transportation, tourism and manufacturing. Undoubtedly the highest priority for your members is the creations of good-paying, reliable jobs for themselves and their children. Can you tell us what changes you have seen in job creation and the communities of Alaska as the energy industry in Alaska has evolved?*

As you may well know, the large majority of our state's operating budget is financed by taxes on the oil industry's infrastructure, as well as, the gas and oil produced from our oilfields. As a result of the production that has taken place since at least the nineteen seventies (1970's), we have seen huge upgrades in our rural villages, in terms of schools, sanitation, airports, and roads. We have also witnessed similar infrastructure projects throughout the rest of Alaska in highways, public facilities, expansion of our university campuses, bridges, utilities, airports, etc. and the ability to maintain them.

Along with those infrastructure projects has come the awareness that if the wages and benefits are to circulate here in the Alaskan economy for maximum effect, Alaskan workers need to be adequately trained to perform them.

There have been efforts too numerous to mention to accommodate this philosophy, however, between apprenticeship programs, vocational schools, colleges and universities and rural skills training programs, we now have the ability to meet almost any energy industry workforce needs with skilled Alaskans. This has helped build capacity in our state and reversed the need to import workers from the lower forty eight states and Canada.

I hope these short responses answer the questions to your satisfaction. Both questions could be answered in greater detail, with voluminous amounts of documentation for back-up. I trust you will not hesitate to contact me if you wish for more information regarding either question or any others that might arise in the future concerning my testimony.

Thank you again for allowing me to testify on this most important and timely issue.

Sincerely,

Tim Sharp
Business Manager/Secretary-Treasurer
Laborers' Local 942
2740 Davis Road
Fairbanks, AK 99709

The CHAIRMAN. Thank you very much, Mr. Sharp, for your testimony.

Now I am pleased to introduce Mr. Carey Hall, who is an ice road trucker. We will just leave it at that. Mr. Hall, you are recognized for five minutes.

**STATEMENT OF CAREY HALL, ICE ROAD TRUCKER—
COMMERCIAL, CARLILE TRANSPORTATION SYSTEM**

Mr. HALL. Thank you. My name is Carey Hall. I live and work in Alaska. I am a truck driver by occupation. I work on the ice roads hauling freight to and from the North Slope of Alaska. I am an employee of Carlile Transportation. It is an Alaskan owned and based trucking company. We have more than 600 employees, and we have been in business for 30 years.

We move freight all over the United States and specialize in movements and goods and equipment specifically for the oil and gas industry. I am not a gas expert. I am a truck driver. Truck drivers literally and figuratively drive our nation's economy. I see the flow of goods and demand for products, services and workers that the industry creates.

I have been asked to be here to give you my view on the impact of opening ANWR. I would like to explain why I further believe oil and gas development in Alaska is so crucial to my well being, to my family and to our nation.

The oil and gas industry represents the cornerstone of our business. It is not only important to contractors and vendors such as trucking companies, but to all our citizens in the State of Alaska and as a nation. It produces jobs, lots of jobs, and we need jobs.

Prudhoe Bay has operated above and beyond what initial predictions indicated. More recoverable oil and longer duration periods are recovering it due to technology, and efficiency has continued to keep these fields productive. It has been a huge gold mine for jobs, tech relief and economic development in Alaska and nearly every other state in our nation as well.

The need for contracts and supplies and services purchased by the Alaskan oil industry has without a doubt touched every single corner of our nation. Every state in the Nation has been drawn on to provide goods and services for production in Alaska for over 40 years. This has been a benefit economically to every state. I know because I work it.

Incredible lessons of environmental stewardship and safety has also been realized. The ice roads are built, heavily utilized and then they disappear. One would never know that they were ever there. The creation of this infrastructure has allowed new fields to be developed and ultimately supply our nation with oil substantially above and beyond the initial predictions in the early 1970s.

However, we are seeing less and less oil in the pipeline. These finds are thinning out. We don't have the freight loads we once had, and what we are hauling to the oil patches now is just for repair and maintenance of what is already there. New development must be brought on line elsewhere.

ANWR is crucial to keeping oil in our pipeline. The pipeline needs to run at a certain output to even operate. Finds such as ANWR must be brought on line. This one spot in Alaska has more oil potential than any other spot in North America.

Imported oil to the United States is the single largest contributor to our national debt. Opening ANWR is the right step in responsible management of our national debt. No money comes from the Federal Government to develop ANWR, yet the rewards will be plentiful. Our nation needs our energy, and we have the ability to make that happen.

The History Channel has done Alaska a huge favor. The show is not about me. It is not about the company I work for. It is about a remote, rigorous and regulated industry supplying our nation with a much needed commodity. Oil companies pay for the ice roads, and those roads are the basis for my job; good long-term, high paying jobs.

America needs more of these, and we can have them, but ANWR is not a band-aid for our debt solution. ANWR is about careful planning and environmental stewardship and looking to the future. Alaskans, knowing this will be done right, are overwhelming to support this cause.

Thank you for inviting me to speak. I am willing to answer any questions that you may have.

[The prepared statement of Mr. Hall follows:]

**Statement of Carey Hall, Carlile Transportation Systems,
Ice Road Truck Driver-Commercial, Anchorage, Alaska**

My name is Carey Hall and I live and work in Alaska. I am a truck driver by occupation and work on the Ice Roads of Alaska hauling freight to and from the North Slope of Alaska. I am an employee of Carlile Transportation; an Alaskan owned and based trucking company. We have more than 600 employees and have been in business for 30 years. We move freight all over the United States and specialize in movement of goods and equipment specifically for the oil and gas industry. I am not an oil and gas expert and won't act like I am. I am a truck driver. Truck drivers literally and figuratively "drive" our nation's economy. I see the flow of goods and the demand for products, services and workers that this industry creates.

I have been asked to be here to give you a glimpse of what an Ice Road Trucker working in the oil patch industry sees and experiences. I would like to explain why I believe further Oil and Gas development in Alaska is so crucial to my well-being, to my family and to our nation.

The oil and gas industry represents the cornerstone of our business. It is not only important to contractors and vendors such as a trucking company but to all our citizens in the State of Alaska and as a nation. It produces jobs, lots of jobs, we need jobs!

Prudhoe Bay has operated above and beyond what initial predictions indicated. More recoverable oil and a longer duration period of recovering it, due to technology and efficiency has continued to keep these fields productive. It has been a huge "gold mine" for jobs, tax relief, and economic development in Alaska and nearly every other state in our nation as well. The need for contracts of supplies and services purchased by the Alaskan oil industry has without a doubt touched every single corner of our nation. Every state in the nation has been drawn on to provide goods and services for production in Alaska for over 40 years. There has been a benefit economically to every state. I know, because I work it.

Incredible lessons of environmental stewardship and safety have also been realized. The ice-roads are built, heavily utilized and then disappear. One would never even know they were ever there. The creation of this infrastructure has allowed new fields to be developed and ultimately supplying our nation with oil sustaining above and beyond initial predictions in the early 70's.

However, the end is in sight, we are seeing less and less oil in the pipeline. The finds are thinning out. We don't have the freight loads we once had and what we are hauling to the oil patch is for repair and maintenance. New development must be brought on-line elsewhere.

ANWR is crucial to keeping oil in our pipeline. Without ANWR we have the threat of our nation's pipelines—The Trans Alaska Pipeline shutting down. The pipeline needs to run at a certain output in order for it to even operate. Finds such as ANWR must be brought to fruition. This one spot in Alaska has more oil potential than any other spot in North America. Importing oil to the United States is the single largest contributor to our national debt. Opening ANWR is the right step in responsible management off our national debt. No money will come from the Federal Government, yet the rewards will be plentiful. Our nation needs our energy and we have the ability to make that happen.

The History Channel has done Alaska a huge favor. The show is not about me, it is not about the company I work for. It is about a remote and rigorous and regulated industry, supplying our nation with a needed commodity—OIL! That is who developed the Ice Roads—that is who pays to have them built and that is who uses them. The result of this is my job and other just like it. Good—long term—high paying jobs. America needs more of these and we can have them.

I am not a brain surgeon or a rocket scientist, but I can tell you one thing I do know—It is with vigilance and dedication and that oil companies keep working to produce safe practices, regulating the way they work with the natural resources and the environment. It's about jobs—our economy needs them! It's about becoming less dependent on foreign oil and using our own interests to survive. Our nation needs American energy and we have it. Federal land is available in Alaska and environmental safeguards are in place more now than ever before. Beginning with the permitting process and going thru to the final design of a well rig footprint. Which by the way—that old rocker style drill we sometimes see pictured—that is not Alaska. That is old school and new age drilling has a much smaller footprint and very technically advanced leading to cutting edge innovation, efficiency and safety.

I am confident in saying that Alaskan Legislators, the Alaskan Congressional delegation, and every single Alaskan Governor has supported opening ANWR every

single year since the debate began. People care about their own backyard more than they care about their neighbors—that is why Alaskans support ANWR opening—it is our backyard. We know that ANWR will produce tens of thousands of long term jobs; we know that infrastructure will be built; we know that tanker ships will be needed, pipe will be manufactured, and services will be contracted. It happened in Alaska before and has benefited our entire nation for decades. ANWR is not a band-aid for our debt and economy; it is a long term sustainable solution. ANWR is about careful planning, environmental stewardship, and looking to the future. Alaskans know this will be done right and overwhelmingly support this cause.

Thank you for inviting me to speak.

**Response to questions submitted for the record by Carey T. Hall,
Ice Road Trucker, Carlile Transportation Systems, Anchorage, Alaska**

October 19, 2011

Tim Charters, Staff Director
Subcommittee on Energy and Mineral Resources
1324 Longworth House Office Building
Washington, DC 20515

Via email: Amanda.tharpe@mail.house.gov

Dear Mr. Charters,

Please extend my gratitude and thanks to the entire Committee on Natural Resources, for their invitation and hospitality during my first official visit and testimony on “ANWR Jobs, Energy and Deficit Reduction” on September 21, 2011. I also, appreciated the opportunity to review distributed ANWR research materials and hear the other testimonies. As I stated during my testimony, Alaska’s oil production industry is very important to me and the sustenance of my family.

In your letter dated October 5, 2011, there was a two part question for the record requested by Doc Hastings. The question was “Can you tell us what you have seen in your business as a result of lagging domestic energy production, and what you believe would happen to your business if ANWR were to be open to energy development?” In response to the question, my family and I moved back to Alaska in 2005 because my employer Carlile Transportation Systems, Inc. was under contract to haul a huge amount of freight to and from Prudhoe Bay and the North Slope Oil Fields. However, in the past few years the amount of freight, oil production and the number of trips that I have made to the North Slope all have decreased. I am positive that opening ANWR for energy development would stimulate the transportation industry in Alaska, as well as the entire United States economy.

Thank you again for this great platform to share my thoughts and concerns about ANWR. I am eagerly looking forward to hauling in the first load across the ice road in preparation of drilling in ANWR.

Sincerely,

Carey T. Hall
Ice Road Trucker
Carlile Transportation Systems
1800 E. 1st Avenue
Anchorage, Alaska 99501

The CHAIRMAN. Thank you very much, Mr. Hall, for your testimony.

And now I am pleased to recognize Mr. David Jenkins, Vice President for Government and Political Affairs for the Republicans for Environmental Protection. Mr. Jenkins, you are recognized for five minutes.

**STATEMENT OF DAVID E. JENKINS, VICE PRESIDENT FOR
GOVERNMENT AND POLITICAL AFFAIRS, REPUBLICANS FOR
ENVIRONMENTAL PROTECTION**

Mr. JENKINS. Good morning. As you said, I am David Jenkins, Vice President—

The CHAIRMAN. Turn on the microphone if you would. Thank you.

Mr. JENKINS. Good morning. As you said, I am David Jenkins, Vice President of Government and Political Affairs for Republicans for Environmental Protection. I appreciate the opportunity to testify today. REP is a national grassroots organization that is based on the idea that conservation is conservative.

Our members recognize that natural resource stewardship requires a balanced approach. They see oil drilling in Prudhoe Bay and other parts of Alaska's North Slope, and they come to the same conclusion the Eisenhower Administration came to 50 years ago; that protecting the Arctic refuge represents balance. With 95 percent of the North Slope's Coastal Plain available for development, it is hard to argue that stripping away protections for that last remaining 5 percent constitutes a balanced approach.

The great conservative political theorist, Russell Kirk, challenged the conservatives to hoard what remains of natural wealth against the fierce appetites of modern life. Now, the purpose of this hearing today is to explore claims that opening up the Arctic refuge to oil and gas development would create tens of thousands of jobs and generate hundreds of billions in new Federal revenue. One source of these rosy projections is a recent study commissioned by the American Petroleum Institute and conducted by Wood Mackenzie.

Projecting jobs and revenue from developing unproven oil and gas reserves is highly suspect due to the speculative nature of such reserves. For example, the U.S. Geological Survey recently revised its estimates for the NPRA downward by over 90 percent. Beyond the amount of oil, there are many other unknowable factors such as the future price of oil and the availability of oil fields that are less costly to develop.

Even under Wood Mackenzie's assumptions, the job protections seem outside the bounds of reality. The projections suggest that in Alaska alone there would be an additional 60,000 jobs within five years, nearly four times the number of oil and gas jobs that exist statewide today. Are we to believe that drilling this last 5 percent of the Coastal Plain will produce magnitudes, more oil and gas workers than the industry is employing in all the rest of the state combined?

Equally problematic are the Federal revenue projections being tossed around. The revenue projection range cited on this Committee's website of \$150 billion to \$296 billion assumes the discovery of oil in amounts that are at the lower end of probability. It is not fiscally responsible to promote such speculative revenue as an answer to our deficit problem.

The projections appear based on a 2008 CRS report that assumes a corporate tax rate of 33 percent. I hope this doesn't mean that Members of this Committee are committed to such a high corporate tax rate. The CRS and Wood Mackenzie reports also assume oil prices will be around \$125 a barrel. That is \$40 more than today, but without any resulting impact on demand.

The odds of all this playing out to meet the job and revenue projections are probably about the same as me winning the lottery. There is, however, a kernel of truth in that high oil price estimate. Even assuming the highest resource estimates, Arctic refuge pro-

duction would not significantly impact oil prices. The Administrator of EIA made that point before this Committee in March.

It is also worth noting that increases in Alaskan oil production do not have to come at the expense of the Arctic refuge. There are more than five billion barrels of proven oil reserves on the North Slope available for production, 30 billion barrels of heavy oil at Prudhoe Bay, millions of acres of lease lands not yet developed and significant shale oil formations.

These facts undermine any claim that the future of the Trans-Alaska Pipeline will be in jeopardy without refuge drilling. Ultimately, however, this is really a discussion that should be more about values than numbers. There are places across our nation that possess unique ecological, spiritual and societal values. If coal were found tomorrow beneath El Capitan in Yosemite National Park would we blast it to smithereens or would we pass it along to future generations unimpaired?

The Arctic refuge is no less of an iconic natural resource. The refuge lands were protected by the Eisenhower Administration as an impact landscape that stretches from the Brooks Range to the Beaufort Sea. The refuge's Coastal Plain is its biological heart, and it is disingenuous to claim that oil exploration can be done there with minimal impact.

As I conclude, I would ask you to keep in mind traditionally conservative values such as prudence, humility, reverence and stewardship. Kirk, who President Reagan described as the prophet of American conservatism, warned: The modern spectacle of vanished forests and eroded lands, wasted petroleum and ruthless mining is evidence of what an age without veneration does to itself and its successors.

We already have enough reminders that we live in an age without veneration. We should not let exploitation of the Arctic refuge become just another one. Thank you.

[The prepared statement of Mr. Jenkins follows:]

Statement of David E. Jenkins, Vice President for Government & Political Affairs, Republicans for Environmental Protection

Good Morning, I am David Jenkins, vice president of government and political affairs at Republicans for Environmental Protection. I appreciate the opportunity to testify today.

Republicans for Environmental Protection is a national grassroots organization dedicated to resurrecting the Republican Party's great conservation tradition and strengthening its commitment to the responsible stewardship of our environment and natural resources.

REP is based on the idea that conservation is conservative and we work to advance the original conservative philosophy that compels us to be good stewards of our great American heritage.

REP is involved in many important issues, but none have generated the level of member engagement that our work related to the Arctic Refuge has.

While our members are dedicated conservationists, they also recognize that natural resource stewardship requires a balanced approach. I think that sense of balance is one of the reasons REP members are so dedicated to keeping the entire Arctic Refuge protected from development.

They see the oil drilling in Prudhoe Bay and in other parts of Alaska's North Slope, they know that vast expanses of Alaska's Arctic have also been made available for development—and they come to the same conclusion the Eisenhower Administration came to 50 years ago—that protecting the Arctic Refuge represents balance.

With 95 percent of the North Slope's coastal plain available for oil and gas development, it is hard to argue that stripping away the protections for that last remain-

ing 5 percent represents a conservative or balanced approach to natural resource stewardship.

The great conservative author and political theorist Russell Kirk once pointed out that “*Nothing is more conservative than conservation.*” In his seminal book *The Conservative Mind* he wrote:

“The resources of nature, like those of spirit, are running out, and all that a conscientious man can aspire to be is a literal conservative, hoarding what remains of culture and of natural wealth against the fierce appetites of modern life.”

The purpose of this hearing today is to explore claims that opening up the Arctic Refuge to oil and gas development would help our economy by creating tens of thousands of jobs and new federal revenue in the hundreds of billions.

One source of these rosy projections, not surprisingly, is a recent study commissioned by the American Petroleum Institute and conducted by Wood Mackenzie energy consulting.

Before even looking at the specifics of their claims, it is worth noting that any exercise that purports to project jobs and revenue from developing “unproven” oil or gas reserves should be taken with a grain of salt.

Estimates of “unproven” reserves, oil that geologists estimate might be in the ground and recoverable using existing or reasonably foreseeable technology, are highly speculative.

For example, the United States Geological Survey (USGS) recently revised its estimates for the National Petroleum Reserve-Alaska (NPR) downward from 10.6 billion barrels to 896 million barrels—roughly 10 percent of its 2002 estimate.

Beyond the amount of oil that may or may not be in the ground, there are many other unknowable factors, such as the price of oil and the availability of oil fields that are less remote and costly to produce.

Even under the Wood Mackenzie assumptions, the job projections seem far outside the bounds of reality. The projections suggest that in Alaska alone there will be an additional 60,000 jobs within 5 years. That would be pretty incredible since in all of Alaska, with 95% of the North Slope already open to development, a recent assessment by the Alaska Department of Labor showed only 16,468 oil and gas extraction jobs—and that number includes oil service/support jobs. Even after accounting for their multiplier effect, are we to believe that drilling this last 5% of the coastal plain will produce magnitudes more oil and gas workers than the entire industry is employing in all the rest of the state combined?

It is also worth noting that increased oil production does not always translate into more jobs. Since 2006, the top 5 largest oil companies have actually cut their work forces by 11,200 employees. That is despite the fact that this country is producing more oil and gas than at any other time in our history and oil companies have been reporting record profits.

Equally problematic are the revenue projections to the U.S. Treasury being tossed around. To say that these projections rely on many questionable assumptions is an understatement.

First of all the revenue projection range cited on this committee’s website of \$150 billion to \$296 billion assumes the discovery of oil in amounts that USGS estimates have a lower probability of being found (0.5 and 0.05). How on earth is it fiscally responsible to promote such highly speculative revenue as an answer to our deficit problem?

The revenue projections are based on a 2008 Congressional Research Service (CRS) report that assumes a corporate tax rate of 33 percent. I hope that this doesn’t mean that the Republicans on this committee are committed to maintaining such a high corporate tax rate for the next 30 years.

Even with a tax rate assumption of 33 percent, the numbers do not hold up to scrutiny. Recent studies have found that oil companies pay closer to 18% in taxes on profits.

The CRS and Wood Mackenzie reports also assume a 50/50 split in royalty revenue even though the state of Alaska under current law gets 90 percent of such revenue, and that the price of a barrel of oil, which today sits around \$86 per barrel, will be around \$125 per barrel.

These studies also appear to use a static model to estimate the impacts to a dynamic economy. While they project oil prices that are significantly higher than today, nowhere do they assume any corresponding impact on consumer demand.

The odds of all of this playing out to meet the job and revenue projections touted on the committee website are probably about the same as me winning the lottery.

There is, however, a kernel of truth in the high oil price estimate.

The amount of oil estimated to exist underneath the Arctic Refuge, even if you assume the highest possible estimates, is not enough to significantly impact the price of oil or improve our nation’s energy security.

The Administrator of the Energy Information Administration (EIA) testified before the committee on this point back in March, saying:

“Long term, we do not project additional volumes of oil that could flow from greater access to oil resources on Federal lands to have a large impact on prices given the globally integrated nature of the world oil market and the more significant long-term compared to short-term responsiveness of oil demand and supply to price movements. Given the increasing importance of OPEC supply in the global oil supply-demand balance, another key issue is how OPEC production would respond to any increase in non-OPEC supply, potentially offsetting any direct price effect.”

Given the daily fluctuation in oil and gasoline prices based on a wide range of factors, any price impacts from Arctic Refuge oil would not rise above the statistical noise level.

The most recent EIA report (2008) analyzing the potential of Arctic Refuge oil production to impact crude oil imports found that the maximum range of possible reduction would be between 2 and 6 percent during the five years of peak production from 2025–2030.

Ultimately, however, this is really a discussion that should be more about values than numbers.

There are certain places across our nation that possess unique values—values that I believe are far more significant than the finite mineral or energy resources that may or may not lie beneath. I am speaking of ecological, spiritual and societal values.

If a large coal deposit were found tomorrow beneath El Capitan in Yosemite National Park, would we blast it to smithereens or would we pass it along to future generations unimpaired?

The coastal plain of the Arctic Refuge is certainly no less of a unique and iconic natural treasure than El Capitan. The Refuge lands were protected by the Eisenhower Administration as an intact landscape that stretches from the Brooks Range to the Beaufort Sea.

The refuge is one of the few remaining lands where the original American wilderness can be experienced on an epic scale—mountains, rivers, plains, seacoast and abundant wildlife. Containing a rare convergence of six distinct ecosystems, the Arctic Refuge is the “crown jewel” of the National Wildlife Refuge System.

With nearly 200 species of birds from all 50 states, including tundra swans, snow geese, golden eagles and peregrine falcons, using the refuge to rest, feed, and/or raise young, is there any doubt that the Republican bird lover who founded our wildlife refuge system, Theodore Roosevelt, would consider the Arctic Refuge invaluable?

The Refuge’s coastal plain is its biological heart.

It is disingenuous to claim that oil exploration can be done on the coastal plain with a small footprint and minimal impact. According to the USGS, any oil beneath the coastal plain is scattered in small pockets across its entire expanse. Oil development would necessitate a massive spider web of pipelines throughout the area.

As we know from the track record of existing North Slope operations, such pipelines are highly prone to corrosion and leaking. Having them stretch across such a remote and difficult-to-access area would be a disaster waiting to happen.

Even considering the latest drilling technologies, oil development in the Arctic Refuge would dramatically alter its character and destroy the values it was protected to preserve.

It is also worth noting that increases in Alaskan oil production do not have to come at the expense of the Arctic Refuge.

In addition to more than 5 billion barrels of proven oil reserves on Alaska’s North Slope that are already available for drilling, there are over 30 billion barrels of heavy oil remaining to be produced from Prudhoe Bay, millions of acres of leased state and federal lands that have not been developed, and significant oil shale formations that have been discovered beneath state lands near the pipeline.

To claim that the future of the Trans-Alaska Pipeline (TAPS) will be in jeopardy without oil drilling in the Refuge one has to somehow overlook a lot of other oil on the North Slope and a judge’s determination that the pipeline can function with a throughput of as little as 200,000 barrels per day.

In a floor speech earlier this year, Alaska state senator Gary Stevens—a Republican—cautioned against trying to scare people with shaky predictions about the future of TAPS. He said:

“Today, DNR is predicting over 600,000 barrels a day will be shipped through TAPS. So the court found that TAPS can operate at least down to 200,000. The physical life of TAPS is virtually unlimited if properly maintained.”

As I conclude, I would like to ask that you consider some other values that we too often lose track of. I am referring to the traditional conservative values that

were the very foundation of conservative thinking, such as prudence, humility, reverence, and stewardship.

Conserving our remaining wild, unique and ecologically vital natural environments represents a practical application of these conservative values. Russell Kirk, who President Reagan described as "the prophet of American conservatism" warned: "The modern spectacle of vanished forests and eroded lands, wasted petroleum and ruthless mining, national debts recklessly increased until they are repudiated, and continual revision of positive law, is evidence of what an age without veneration does to itself and its successors."

We already have enough reminders that we live in an age without veneration; we should not let the exploitation of the Arctic National Wildlife Refuge become another one.

Thank you.

The CHAIRMAN. Thank you very much for your testimony, Mr. Jenkins.

And last we will recognize Mr. Gene Karpinski, President of League of Conservation Voters. Mr. Karpinski?

**STATEMENT OF GENE KARPINSKI, PRESIDENT,
LEAGUE OF CONSERVATION VOTERS**

Mr. KARPINSKI. Thank you, Mr. Chairman. Thank you for your time today. I appreciate the opportunity to testify before this panel. I am the President of the League of Conservation Voters. I am proud to say, by the way, that that organization is an organization that has a number of prominent Republicans on its board, including our Vice Chairman, Mr. Gerry Bowling, who is serving this great body, our honorable Chairman, Teddy Roosevelt, IV, who used to be the chair of our board, and people like Larry Rockefeller as well.

All of those folks on our board and many others in our organization have for years and years and years opposed drilling in the Arctic National Wildlife Refuge. I would agree with something that Senator Murkowski said earlier. It is too bad we are having this conversation yet again today.

And, Mr. Chairman, I agree with something you said, which was "reducing our debt will require creative thinking and new approaches." This is neither. This is not creative. It is not new. It is the same old, same old. I have been working on these issues for more than 30 years. To correct the record, I live in Virginia, not D.C., but I have been working in this town for 30 years, more than 30 years.

One of my main goals has been to make sure, quite frankly, that we do not drill in the Arctic National Wildlife Refuge. It is a special place with special beauty. Some places make no sense to drill. I have been there. It is an incredible place. We shouldn't touch it. We should keep our hands off. So, yes, I agree we need creative thinking and new approaches. This is not that.

My testimony puts some detail on some of these points. I want to make a few points though. There are number of reports being thrown around, many which are government reports, some of which are just baseless, unsubstantiated reports. There is a lot of comment today about a new report by Wood Mackenzie. One of their footnotes, Mr. Chairman, says, and I quote, "We do not guarantee the fairness, completeness or accuracy of the opinions in this report." That is their footnote to their report.

Then we learn that it is funded by the oil industry. Funded by the oil industry with oil industry facts that even they in their footnote say we don't guarantee the accuracy. That is not the way to make decisions on policy, so, sadly, it is baseless, unsubstantiated by their own data.

A couple of the specifics. All kinds of claims about let us be clear. We need more jobs in this country. We need more money to reduce the deficit. But there is a better way. They make all kinds of claims about how much money will be raised, but they are based on false assumptions about how much oil, double the conservative estimates. The price per barrel is not in square with the facts. The tax rate they assume for oil companies doesn't square with the facts, and they assume there will be a 50/50 split with the feds and the state, which is not the way it is today.

So a number of facts that they say just don't square with the reality. They also claim a huge number of jobs will be created. There is no doubt some jobs will be created by destroying this beautiful place. We are against that. But if you look at the number of jobs they claim, according to the Department of Labor just under 17,000 jobs have been created for the entire 95 percent of the North Slope that is already being developed, so the additional jobs they suggest again make no sense.

Finally, Mr. Chairman, there is a better way. We need more jobs. We need to cut the deficit. There are a lot of good proposals out there we hope you will support. Mr. Markey has led an effort to increase royalties for drilling offshore. That would bring in tens of billions of dollars, \$53 billion, over the next 25 years.

There are many proposals on the table to cut oil subsidies, which will bring over \$40 billion over the next 10 years. If you want to raise revenue, that is real revenue at a time when the oil companies are making record breaking profits, nearly \$1 trillion in the last 10 years from five big oil companies. That is where the money is. That is who we should take it from. If you are serious about the deficit reduction, let us tax the oil companies much more than they are today and take away those subsidies that they don't really need.

Finally, we do need to create new jobs. There are many opportunities in a new energy economy to move forward with the wind, solar. Not every solar plant works. We now know that very well. But wind and solar and efficiency. These are the jobs of the future, 2.7 million jobs in that industry. The solar industry has doubled its jobs in the last couple years. Those are the growing industries. That is the future. We should be there.

Finally, you can argue maybe if you thought there might be oil, as David said, in Yosemite or in Rocky Mountain National Park or in Zion or a whole set of places, but we hope you and we would say no, that makes no sense to drill in those kinds of places. Some places are too special, too serious. We should not drill there.

We have opposed drilling in the Arctic National Wildlife Refuge for all the time we have been around. We will continue to oppose that, and we think and we hope with bipartisan support on our side we will continue to win that battle.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Karpinski follows:]

Statement of Gene Karpinski, President, League of Conservation Voters

Thank you for the opportunity to submit testimony to the U.S. House of Representatives Natural Resources Committee on the topic of drilling for oil in America's Arctic National Wildlife Refuge. My name is Gene Karpinski, and I am the president of the League of Conservation Voters, a national non-profit organization that works to turn environmental values into national priorities. I am glad to be here to talk about a place that, even nearly ten years after standing on the vast expanse of rolling tundra that makes up the Arctic Refuge's Coastal Plain, still remains clear and alive in my mind. I have spent much of my career fighting to protect this sacred place and I will not stop fighting until it is permanently protected.

Although this hearing is billed as one that aims to address some of the most pressing issues of our time—"jobs, energy and deficit reduction"—I am disappointed to say that today we are engaged in nothing more than political theater. Drilling in the Arctic Refuge is and always will be a political hot potato that has been voted on 20 times in the past 30 years, in the House of Representatives alone. Over and over again, pro-drilling members of Congress have trotted out our nation's last great wilderness place as a panacea for everything from the budget deficit and high unemployment to providing heat for the poor, relief to hurricane ravaged states, support for our troops and health benefits to coal workers.

Through it all, every attempt to drill the Arctic Refuge has ultimately failed because of the continued strong support of the American people who see this never-ending political spectacle for what it is—a kowtow to the wealthiest corporations in the world, the only ones who will actually benefit from opening the Arctic Refuge to drilling.

Today's theater might well be a comedy if it weren't for the fact that our country is facing real problems that deserve real solutions. Drilling in the Arctic Refuge is not a real solution for jobs, energy or deficit reduction. Instead the projections highlighted by Chairman Hastings and American Petroleum Institute's recent Wood MacKenzie report are wildly speculative and borderline baseless. Numbers like \$150 to \$300 billion make good sound bites until they collapse under the microscope. In fact, Wood MacKenzie included this disclaimer in the footnotes of its study based on these numbers: "We do not guarantee [the] fairness, completeness or accuracy of the opinions in this report."

To begin with, no one actually knows how much oil might be found in the Arctic Refuge but the federal government's Energy Information Administration has estimated that there is a 95 percent probability that 5.7 billion barrels of oil are technically recoverable from small pools spread out throughout the 1.5 million acre Coastal Plain—to peak at a level of 510,000 barrels per day in 2028. That's far from the 1.45 million barrels a day that Chairman Hastings and others have trumpeted. What's more, factor in variables such as economic viability with production costs on land that has absolutely no existing infrastructure and sits above the Arctic Circle and those numbers continue to fall.

From there, revenue estimates are based on assumptions such as \$125 per barrel oil prices throughout the entire life of the oil field, a 50/50 state/federal revenue split even though the 1959 Alaska Statehood Act explicitly locked in a 90/10 state/federal revenue split, and a 33 percent tax rate that in reality is closer to 18 percent.

Jobs are the first word on everyone's lips these days in Washington, and not surprisingly, drilling in the Arctic Refuge has been held up as the answer to this problem as well. Yet the number of jobs attributed to drilling in the Arctic Refuge by that same Wood MacKenzie report are just as overblown and exaggerated as their revenue estimates.

The fact is that across the country, the top five largest oil companies have been cutting thousands of jobs while raking in record profits. And the big five oil companies have reported profits—not revenues, profits—of \$952 billion dollars over the past decade. They're reaping in these profits while receiving billions of dollars in taxpayer subsidies every year. That's ludicrous. So instead of contemplating yet another giveaway to Big Oil as we're doing in this hearing, what we should be talking about is cutting these special tax breaks and subsidies that go to the world's most profitable companies. Ending Big Oil's unfair tax breaks would cut the deficit by more than \$36 billion over the next decade. And repealing the provision that allows Big Oil to drill offshore without paying any royalties would save taxpayers \$53 billion over the next 25 years. That's real money.

It also makes no sense to open up a pristine area like the Arctic National Wildlife Refuge when the oil companies are choosing not to drill on millions of acres they're already leasing. In fact, they're not exploring for or producing oil on 22 million acres out of the 38 million acres of federal land they're currently leasing. That means that

nearly 60 percent of land the oil companies control is just sitting idle. So instead of opening up and irreversibly damaging the Arctic Refuge, we should encourage oil companies either to drill on the leases they already hold or return that land to the American people—and we can encourage them to do that by assessing a fee on non-producing leases, as President Obama has proposed.

We should be focusing on solutions that provide long-term sustainability for our nation. Now is the time to transition our nation's energy policy away from capital-intensive, risky, and often highly polluting energy sources. Moving toward a clean energy future will bring new jobs across a diverse group of industries that will make our nation more competitive and our economy more secure and sustainable. The clean energy economy offers more opportunities and better pay for low- and middle-skilled workers than the national economy as a whole. And, unlike oil drilling, these jobs do not undermine other successful industries, such as the active outdoor recreation economy, which alone generates \$730 billion in total economic activity, \$88 billion in annual state and federal tax revenue, and supports 6.5 million U.S. jobs.

There are real solutions out there if Congress has the guts to put aside this partisan charade and get down to the business of creating jobs, building a smart energy future and finding ways to cut spending and raise revenues that make sense for real Americans not corporations. When the Joint Select Committee on Deficit Reduction was first announced in August, I had high hopes that this was the beginning of a new era of coming together to work toward real solutions. As you, Chairman Hastings, wrote in a September 6th op-ed in Fox Nation: "Reducing our debt will require creative thinking and new approaches that include both spending cuts and raising new revenue." Mr. Chairman, opening the Arctic Refuge to drilling is neither new nor creative—nor an actual solution.

I am pleased to be sitting here today alongside David Jenkins of Republicans for Environmental Protection. I will never forget one of the most essential and historic votes we have seen in defense of the Arctic Refuge. It wasn't that long ago—six years in fact—and more than 20 Republicans members of Congress stood up together with their Democratic colleagues to say that Arctic Refuge drilling had no place in the federal budget. This is not a Democratic issue or a Republican issue—it is an issue of legacy and common sense.

I believe that this bipartisan agreement still stands true today. We can all agree that no matter how bad our problems may seem to be, there are some places that define what it means to be American and the Arctic Refuge is one of those places. Fifty years ago, the Arctic Refuge was set aside for "its unique wildlife, wilderness, and recreational values," to be passed onto future generations as it has been for generations before.

As U.S. Supreme Court Justice William O. Douglas wrote: "The Arctic has a call that is compelling. The distant mountains make one want to go on and on over the next ridge and over the one beyond. The call is that of a wilderness known only to a few. This is not a place to possess like the plateaus of Wyoming or the valleys of Arizona; it is one to behold with wonderment. It is a domain for any restless soul who yearns to discover the startling beauties of creation in a place of quiet and solitude where life exists without molestation by man."

The Gwich'in people, who call the Arctic Refuge's Coastal Plain the "sacred place where life begins," rely on this place for their culture and their livelihood. As Americans, we must all look toward the northeast corner of Alaska and remember that if we are to teach our children and our grandchildren what it means to be American—we must first teach ourselves how to preserve those parts of us that define who we are. The Arctic National Wildlife Refuge stands as a symbol of the soul of a nation that refuses to give up on itself.

The CHAIRMAN. Thank you, Mr. Karpinski, and thank you all very much for your testimony. We will now begin the round of questioning, and I recognize myself for five minutes.

I want to make an observation because we sometimes can't see the forest because of the trees when we talk about American energy. I am very much, and I think probably most people at least on my side of the aisle, in favor of an all-of-the-above energy approach. I think the more diversified our portfolio is of energy production is best for the consumers, recognizing always at the end of the day that the market is going to determine what the consumer is going to buy.

Now, having said that, in my district, by the way, my district is a big hydropower producer. It is one of the largest wind producers in the country. It has a nuclear power plant. So I am familiar with alternative sources of energy. But to ignore the vast potential resources that we have of oil, natural gas and coal doesn't make sense from a standpoint of what is affordable energy.

And that is really where the debate ought to be because Alaska is sitting on the potential resources of huge resources that we ought to take advantage. I alluded to this at the end of my opening statement about a national security issue. The world, if we haven't noticed, is not getting what I would say more and more peaceful, but yet most of the energy is controlled by those that are antagonist to us.

So at some point, and I painfully remember the 1970s when OPEC turned off the spigot. I don't think we want to get ourselves in that situation again. By the way, we were only importing about one-third of our crude in the 1970s. Now we are importing close to 60 to 65 percent. It is just the opposite.

So when we talk about studies and who is right and who is wrong, Mr. Karpinski, you alluded to the fact that the study that you alluded to was by the oil industry. If you are talking about hyperbole, you made a statement in your opening statement that we are about to destroy this place. Now, nobody is talking about destroying ANWR in any stretch of the imagination. In fact, Mr. Rexford I think said that he lives up there, for goodness sakes. If anybody should know, he would be the one.

So with that, Mr. Rexford, you had to I guess shorten your oral statements. Let me give you an opportunity, a minute or so if you wouldn't mind, to say what you think would be the benefits to your community up there in Kaktovik.

Mr. REXFORD. I really appreciate the opportunity again, Mr. Chairman. The benefits that I want to elaborate more about is that we all know that the infrastructure in Prudhoe Bay is depreciating. The oil that is going to the pipeline is getting less and less.

When the North Slope Borough was formed in 1972, our founding father, Eben Hopson, was very creative. When he was in the State Legislature he wrote the laws for making a home rule government, and we were able to tax. These tax dollars were able to provide us schools. Many of us had to go to Chilocco, Oklahoma, near Norman. Many of us had to go to Oregon, Chemawa, Oregon, five miles north of Salem. So going many thousands of miles and being away from home when you are the age of 16, 15 years old.

In 1982, our first graduate from high school in 1982 in Kaktovik, so we were able to build schools, able to build clinics, roads, streets, lights. And these are just fairly recent. I mean, many of our villages still need new infrastructural services, providing services, picking up garbage, paving the streets or making runways. Those kind of things are taken for granted in the Lower 48.

The best benefit to have for the North Slope Borough would be protecting the wildlife with the Wildlife Department.

The CHAIRMAN. Mr. Rexford, I only have 25 seconds, and I want to ask the other two witnesses a very quick question. Thank you.

Mr. REXFORD. OK.

The CHAIRMAN. Mr. Sharp and Mr. Hall, I just want to ask you one question. You do not work for the oil companies. Is that correct?

Mr. HALL. No, I don't.

The CHAIRMAN. Mr. Sharp?

Mr. SHARP. No, sir, I don't.

The CHAIRMAN. No. And I think that is the important point here because the oil industry is a robust industry, but it has to have, in order to thrive, a robust support industry, which you represent with your testimony is that support industry, that is not factored in many times with the job creation. I just want to emphasize that point and thank you for being here.

Next I will recognize the gentleman from New Jersey, Mr. Holt, for five minutes. Mr. Faleomavaega for five minutes.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I do want to thank you for calling this hearing, very important and timely, and to suggest that this has been almost a broken record for the last 20 years that we have been dealing with this issue, a very important issue at that.

I am very happy that we have Mr. Rexford here testifying. I just wanted to know what is the sentiments of our Alaska Native tribes toward the idea of drilling ANWR?

Mr. REXFORD. Could you repeat that?

Mr. FALEOMAVAEGA. This may be unfair because you are only representing your tribe. What is the sentiments of the other tribes in Alaska concerning the issue of ANWR?

Mr. REXFORD. Yes. We have heard a lot from the Gwich'in, the ones that are over the Continental Divide, and we respect their opinion. We have lived and worked. I mean, we are neighbors. I wish they would do the same and respect our opinion and have the opportunity to again in private lands, the 2,000 acres. We are locked in. We cannot develop or even touch our land without Congress' approval or the Senate.

So the vast majority of us on the North Slope support opening ANWR. Seventy percent of Alaskans also support the opening of ANWR and development.

Mr. FALEOMAVAEGA. Thank you. I will consult further with Chairman Young concerning this issue. Do you know what percentage of oil that the American consumer gets from Alaska each year? Of the total amount of oil that we get, how much comes from Alaska?

Mr. YOUNG. Twenty percent. It was up as high as 35 percent at one time, but the pipeline is way down now. That is our biggest problem, and that is also the way our people are being taxed because they are paying \$4 a gallon for gas now instead of \$2 a gallon.

Mr. FALEOMAVAEGA. It is my understanding we currently import well over \$700 billion worth of imported oil from foreign countries. I understand also we recently held a hearing that from Venezuela alone we purchase over \$42 billion a year of oil coming from Venezuela alone. Very interesting in terms of that.

The Alaska Pipeline was built in the 1970s. What is the status of the technology from that time until now? Has it been proven that the technology was very unsafe for the transportation and the

extraction of oil from that time from Prudhoe Bay to this time, or has it been proven that the technology has served very well in bringing that oil from Alaska? Does anybody care to comment on that? Maybe I am asking the wrong panel.

VOICE. Go ahead.

Mr. JENKINS. I can try. One thing that strikes me is all the problems that have been there on the North Slope with respect to the pipelines. You know, the USGS, when it talks about oil potential in the Arctic refuge, says that those oil pockets are being scattered throughout the whole entire Coastal Plain, so in order to access that you would have to have quite a spider web of pipelines running across there.

And back in 2006 we had the big spill up there with the corrosion in the pipeline, and there have been a lot of corrosion problems in the pipelines since. At the time of that 2006 spill, Senator Murkowski was exasperated at a Senate hearing, and she said for years we have been saying that oil production in Alaska is the gold standard, but our faith has been shattered. She said shattered.

And so here we are a few years later, and everybody is claiming that somehow we are going to be able to develop the Arctic National Wildlife Refuge somehow with absolutely no impacts, and I just don't think the facts bear that out.

Mr. FALEOMAVAEGA. In fairness to Senator Murkowski, she is not here to comment on this, but I just wanted to as a matter of has the technology improved from 30 years ago when we started extracting and transporting the oil coming from Alaska? That is my question.

Mr. SHARP. Mr. Chair? You bet I would like to answer that if I could.

Mr. FALEOMAVAEGA. Please.

Mr. SHARP. Yes. First of all, I would like to also add a little comment. It would be a great thing for all of you to come up and see what this gentleman just referred to as the big spill, OK, because you would look up and say this is all there is?

We represent the people that cleaned up the big spill. There were a number of weeks of work. The corrosion that is talked about on the pipeline has more to do with deferred maintenance than engineering, which is a whole separate issue.

Mr. FALEOMAVAEGA. Sir, I have 13 seconds left. I just want to add another comment.

Mr. SHARP. The directional drilling for ANWR—

Mr. FALEOMAVAEGA. Yes.

Mr. SHARP.—has made the impact very small.

Mr. FALEOMAVAEGA. The biggest import of oil that we get also comes from Canada, and the way they extract the oil, the way they provide the oil to supply us, I really wonder if the technology is the same in terms of how we are applying the standards in our country.

Mr. Chairman, my time is up. I thank you.

Mr. YOUNG [presiding]. I thank you. And may I compliment the panel. Fenton, thank you for coming down. You live there, and you say 92,000 acres. I thought it was 96,000.

Mr. REXFORD. Yes. It is over 92,000 acres.

Mr. YOUNG. Under the Settlement Act, you were allowed to develop that under your social and economic well being, but you can't do it unless you have an ability to move the oil. Is that correct?

Mr. REXFORD. Well, it has to be an act of Congress, both the House and Senate.

Mr. YOUNG. I don't think it has to be an act of Congress on you. It has to have the right to move the oil. We will talk about that later, Fenton. I will go back through that law.

Mr. Hall, how much do you weigh?

Mr. HALL. I weigh 280 pounds.

Mr. YOUNG. Two hundred and eighty pounds. The reason I ask that, I want to stress this again. If Mr. Hall was to pluck one hair—I don't think he has that much on his head, but if he did have it on his head, one hair—that is the size of the 1002 area. That is the size of the 1002 area. That is how much land we are talking about.

Mr. Jenkins, have you been to ANWR?

Mr. JENKINS. Several people on our staff and our members have. I have not.

Mr. YOUNG. No, no. Have you been there?

Mr. JENKINS. I have not been afforded the opportunity, but I—

Mr. YOUNG. OK. Second, how can you say it is a sacred area when Mr. Rexford lives there? That is his area. Why is it sacred to you, and he wants to drill?

Mr. JENKINS. It is an intact ecosystem that stretches from the—

Mr. YOUNG. Wait a minute. It is not an intact ecosystem. The DEW line was there. It was developed. Do you realize that? There has actually been wells drilled there.

Mr. JENKINS. Yes. There have been a couple.

Mr. YOUNG. You are aware of that?

Mr. JENKINS. There have been a couple.

Mr. YOUNG. But it is sacred?

Mr. JENKINS. There were a couple wells drilled, and there are tracts that still remain today from the seismic activity.

Mr. YOUNG. OK. Now, how do you sit there and say this is a sacred area for you? Do you believe in the first Americans?

Mr. JENKINS. I believe that—

Mr. YOUNG. Do you believe in the first Americans?

Mr. JENKINS. In the first Americans? Well, I know they exist, yes.

Mr. YOUNG. You know they exist. Do you believe they have a right?

Mr. JENKINS. Yes, they have a right, and all Americans have a right.

Mr. YOUNG. Then why don't you let him develop his field?

Mr. JENKINS. The Congress set those boundaries the way they set them.

Mr. YOUNG. And they left 1002 out under Jimmy Carter on the Alaska National Lands Act to be developed.

Mr. JENKINS. Actually they forbid Congress from developing it.

Mr. YOUNG. No, they did not. They said that Congress had a right to develop it.

Mr. JENKINS. I mean until an act of Congress.

Mr. YOUNG. An act of Congress.

Mr. JENKINS. Right.

Mr. YOUNG. Now, read your laws a little carefully because that is the way it was set out. We gave these people the land.

You know, I would be very happy if we could just allow the Kaktovik people to develop their own lands in the 1002 area. Would you support that?

Mr. JENKINS. Well, you would have to look and see what the impacts would be to the area surrounding that.

Mr. YOUNG. No, no, no, no, no. Would you support their right?

Mr. JENKINS. The right per se, yes, but—

Mr. YOUNG. You would.

Mr. JENKINS.—look, these lands, the public lands, the public lands that are part of ANWR—

Mr. YOUNG. They are their lands.

Mr. JENKINS. They are their lands.

Mr. YOUNG. Yes.

Mr. JENKINS. But it is surrounded by public lands that belong to the American people.

Mr. YOUNG. Oh, so the public takes priority over private lands? The government takes priority over private lands? Is that your belief?

Mr. JENKINS. No, but the reason—

Mr. YOUNG. Well, then let them develop their lands.

Mr. JENKINS. Look, the whole property rights ethic that is a conservative ethic is borne out of a notion of stewardship, the belief that people who own their own property will take better care of it. Now, when we are talking about a public estate—

Mr. YOUNG. Wait a minute. Stop. Stop. Stop. I am not going to debate you on that. You think the government takes better care of the land by locking it up?

Mr. JENKINS. Public lands are not locked up. There are certain areas—

Mr. YOUNG. They are locked up. You show me where else. Everybody says 95 percent of the land in the State of Alaska on the Coastal Plain is open for drilling. Do you know where the oil is?

I have said this many times. I have been arguing this over the years. You don't hunt rabbits on a pool table just because it is green. And that is what you are saying.

Mr. JENKINS. What about all the other leases that are on the North Slope that are not developed?

Mr. YOUNG. The other leases. Where are the other leases? We want to see what is happening. We can't get anything done because the Administration won't issue the permits correctly. And we are talking about ANWR. We are talking about 1002, 2,000 acres of land. The footprint will be that size period.

It will put Mr. Sharp's people to work. It will allow Kaktovik to do their job. It will give Mr. Hall an opportunity to have his son, who is in the military right now, to finish his education and his kids go to school and provide a living for his family.

And you are sitting in Washington, D.C., you and your friend, who has made a fortune out of this job—

Mr. JENKINS. A fortune?

Mr. YOUNG. A fortune. He has made a fortune. Yes, I happen to know where you are. Washington, D.C. You are sitting around here not letting those people do as they should.

Now, I think you ought to be ashamed of yourself. I think you really should be ashamed.

Mr. KARPINSKI. Mr. Chairman?

Mr. YOUNG. I am not answering you. I am not asking you a question.

Mr. KARPINSKI. You talked about me.

Mr. YOUNG. Just keep quiet. So I am just suggesting one thing right up here. Mr. Hall needs that job. Mr. Sharp has to put his people to work. And, after all, Mr. Mr. Rexford optimally should have the right to develop the lands we gave him. With that my time is up.

Mr. HOLT. I thank the Chair. Much has been said this morning about the composition of the panel, and the Chair of the Committee made a point that there were various representatives from Alaska, elected and otherwise, here. He said that some other witnesses come from outside of Alaska.

I just wanted to remind the Members that the title of today's hearing is ANWR: Jobs, Energy and Deficit Reduction. There is talk about the national economy, the national energy picture, and the title is about the Alaska National Wildlife Refuge. So I think it is indeed appropriate.

Another point was made of the fact that the Majority invited a witness from the TV show Ice Road Truckers, but given some of the claims we have seen this morning maybe the better show would be Myth Busters.

Let me raise a couple of points, the most recent point. Mr. Jenkins and Mr. Karpinski, we have heard a lot that only 2,000 acres would be disturbed by the drilling. There was an analogy made some years back in this Committee when a similar claim was made that this is like saying the area of the table is the area of its legs.

Is it in fact the case that only 2,000 acres would be disturbed? Is there no impact, for example, from the ice roads? Mr. Jenkins? Mr. Karpinski? Does either of you have anything to say on that?

Mr. KARPINSKI. Yes. Let me go back on one point too because obviously beauty is in the eye of the beholder, and different people can see the same place and say different things.

I just wanted to quote from the Gwich'in people in response to Mr. Young earlier, the Gwich'in people who call the Arctic Refuge Coastal Plain "the sacred place where life begins." That is their quote, how they describe it, and they rely on this space for their culture and—

Mr. YOUNG. If I may? If I may? Would the gentleman yield to me? Because that is my home.

Mr. HOLT. I would like to let—

Mr. YOUNG. Yes. And then I would like you to yield.

Mr. HOLT. I would like to let the witness finish, and as time allows I would be happy to yield to the Chair. The witness was in mid-statement. Please.

Mr. KARPINSKI. Clearly the extent to which there is oil there, it is not in one central place. It is deposited in many places throughout the plain, and therefore you have to connect the roads.

Your analogy to the table makes total sense. The impact on the place would be much more, clearly much more than the 2,000 acres that are claimed. If Mr. Markey were here, he has this great visual of the spider web that would have to connect all these places if in fact we ever went there. Let us hope we don't.

Mr. HOLT. Before yielding to Mr. Young—

Mr. YOUNG. I will use my own time.

Mr. HOLT. All right. Thank you. Much has been made of how this will help bring down the deficit, the money that will come to the U.S. Treasury. If it is a 50/50 split, over the next 10 years, which is what we are talking about in all of the deficit discussions here in Washington, it appears to me that it is on the order of \$3 billion. If it is not a 50/50 split, if it is a 90/10 split, then it is about \$600 million. I think we are walking into an Alaskan fiscal bear trap here.

Let us turn to, Mr. Karpinski, the other point that has been made this morning about how important this is for gas prices. Would you care to give us an estimate in the minute that remains what effect this might have on gas prices in the next say 10 years or next 20 years?

Mr. KARPINSKI. You know, the data suggests that it might have an impact of pennies a gallon 15 years from now, so it is basically no impact in the short term and an incredibly nominal impact in the long term.

There are ways to have an impact on gas prices by reducing our dependence on oil, but that would mean, for example, you talk about technologies. The best new technology is the automobile. We will have a new automobile in the next 10 to 15 years that will reduce our dependence on oil, save us money at the pump and go further on a gallon of gas. Those are the kinds of technologies we should be investing in rather than this.

Mr. HOLT. I think it is worth pointing out that OPEC, for example, could completely wipe out any of those penny savings with a one day flooding of the market or withholding of oil. My time has expired. I thank the Chair.

Mr. YOUNG. I just want to comment on the Gwich'in. Gwich'in is 400 miles away from this field. The Gwich'in people are a very small minority group. They say they are against the wells, drilling. In fact, they are developing some of their own oil land. So when you say the Gwich'in, that is my tribe. I live there. You don't. Eighty percent of those people support it. You have one or two that don't, and that is who everybody listens to. That is the sad part.

So don't give me this Gwich'in stuff and a sacred area. That is not their area. They are Athabascans. There is a great deal of difference between Athabascans and the Inuits. Now, they work together, but I can tell you Doyon, which is a Gwich'in group, they support it. So don't get into my backyard and start messing around with my backyard.

Mr. Gosar?

Mr. FLEMING. Fleming.

Mr. YOUNG. Excuse me?

Mr. FLEMING. Fleming.

Mr. YOUNG. Fleming. Excuse me. I am sorry.

Mr. FLEMING. Yes, sir. Thank you. Thank you. Yes. Mr. Karpinski, I heard you make some statements, really discrediting statements to this Wood Mackenzie study here.

Actually I think a couple of our panelists and, of course, it is very detailed. It has a tremendous amount of data. It must have taken a lot of time, a lot of people to do this. The title of it says or your discredit was that it couldn't guarantee the accuracy of its results or something. I am paraphrasing.

Mr. KARPINSKI. I quoted their footnote. We do not guarantee the fairness, completeness or accuracy of the opinions in this report.

Mr. FLEMING. OK. The title is U.S. Supply Forecast, 2012 to 2030. Sir, when a weatherman forecasts the weather can he be 100 percent accurate every time with that?

Mr. KARPINSKI. Of course not.

Mr. FLEMING. Did you hear me? I didn't hear you.

Mr. KARPINSKI. I said, "Of course not."

Mr. FLEMING. Oh, OK. Of course not. OK. Thank you. So the truth of the matter is this is simply a forecast. The outcome, the fairness or whatever can never be guaranteed because it is a forecast. That is all it is.

But I have been looking around on the dais here. I can't find your data. Where is your data, sir?

Mr. KARPINSKI. Can I go back to the data from the report first?

Mr. FLEMING. Just answer me.

Mr. KARPINSKI. Sure.

Mr. FLEMING. Just answer my question. Where is your data, sir?

Mr. KARPINSKI. The Department of Labor was the facts on the North Slope.

Mr. FLEMING. Where is it? I don't see it. Where is it?

Mr. KARPINSKI. It is in the Department of Labor, the U.S. Geological Survey data.

Mr. FLEMING. Wait. Before you come in and dispute something that has been presented to us, shouldn't you bring your data and your facts?

Mr. KARPINSKI. Frankly, sir, I did not bring the copies of the government reports with me, but they are all Energy Information Administration, U.S. Geological Survey, Department of—

Mr. FLEMING. But that is not here for us to discuss.

Mr. KARPINSKI. They are public information. I didn't realize I had to carry the—

Mr. FLEMING. I would submit, Mr. Chairman, that we ask the members of the panel to submit that information into the record and to underline the part that you feel is accurate and where it disagrees with this.

Let me go on. Let me go on. You mentioned that the evil oil money—

Mr. KARPINSKI. Do you want me to answer your question about what I dispute?

Mr. FLEMING. No, sir. I only have limited time. I am sorry.

Mr. KARPINSKI. I thought you asked me that question.

Mr. FLEMING. I only have limited time. This was paid for you say by the evil oil money?

Mr. KARPINSKI. I didn't use the word evil. I said the oil industry, and I said—

Mr. FLEMING. The oil industry.

Mr. KARPINSKI. You said evil. I did not say that.

Mr. FLEMING. What is your point of saying that it is paid for by the oil industry?

Mr. KARPINSKI. The oil industry has a clear interest, an economic interest in doing this drilling. Therefore, when they produce that document and they pay for that document that is important to be public information. But I did not use the word evil. That was your word.

Mr. FLEMING. That is my word.

Mr. KARPINSKI. OK.

Mr. FLEMING. That is fair. That is my word.

Mr. KARPINSKI. To be clear on the assumptions they made in terms of what the price per barrel of oil is to make the assumptions that they use does not square with the facts. The assumption they use on how much oil is available—

Mr. FLEMING. That is not my question. We will get that data later.

Mr. KARPINSKI. But you earlier—

Mr. FLEMING. All I am saying is you weren't prepared. Next time bring your data. If you want to dispute something that has been presented to us, bring your own data.

Mr. KARPINSKI. With all due respect, I cited the reports in my testimony.

Mr. FLEMING. Just speculating in front of us today, sir, is just—

Mr. KARPINSKI. I don't need to have them physically with me, Mr.—

Mr. FLEMING.—simply not accurate.

Now, who supplies the funding for the Land and Water Conservation Fund?

Mr. KARPINSKI. A lot of it is from the Federal Government, matched by states.

Mr. FLEMING. Land and Water Conservation Fund. Where does that money come from?

Mr. KARPINSKI. In part there is a dedicated fund, and sometimes it gets—

Mr. FLEMING. From where?

Mr. KARPINSKI. Offshore oil and gas drilling.

Mr. FLEMING. OK. It comes from the oil and gas, the same evil people that supplied this document here for us. Well, I thank you for that.

Let us see. How much time do I have left?

VOICE. A minute 15.

Mr. FLEMING. OK. Let me get down to some statements here about what we are talking about that comes from the Wood Mackenzie.

In their analysis they found that U.S. policies which encourage the development of new and existing resources could by 2030 increase domestic oil and natural gas production—I believe that should be natural; it says national. Natural gas production by over 10 million, support an additional 1.4 million jobs in a time when we are stuck above 9 percent unemployment and the President

can't seem to get it down, and raise over \$800 billion of additional government revenue.

Now, this takes into consideration a number of administrative hold-ups, including Gulf of Mexico production, Keystone Pipeline and additional bureaucracy on that natural gas. Natural gas is big in my district, which is Haynesville shale. We are continually fighting back against efforts to slow that down.

Even if the results were 50 percent in terms of revenue and jobs of this, we would still be close to a million jobs, if not more, and \$400 billion of revenue. So if this study is even close to being accurate we are still talking about tons of jobs and lots of money, sir.

So I guess my point here today is why quibble over the accuracy of this report? It is obvious that development of ANWR would produce a tremendous amount of jobs in a time, sir, that we need jobs, in a time when we need the revenue. I believe my time is up. I yield back.

Mr. YOUNG. The good lady from Hawaii, Ms. Hanabusa? Who is next? I keep track of who came in here first, so you are up, lady, whether you want to be or not.

Ms. HANABUSA. Thank you. Thank you, Mr. Chair. Mr. Rexford, I would like to understand the history of—bear with me. First of all, you are the past president of the Kaktovik—am I saying that right—is it Inupiat Corporation.

Now, what I am trying to understand is before the Settlement Act your tribe was able to select lands. Am I also correct on that?

Mr. REXFORD. No.

Ms. HANABUSA. You were not able to select lands—

Mr. REXFORD. No.

Ms. HANABUSA.—before the Settlement Act?

Mr. REXFORD. In 1971 with the Alaska Native Claim Settlement Act we were provided the opportunity to—

Ms. HANABUSA. And that is when you selected the lands?

Mr. REXFORD. Yes.

Ms. HANABUSA. But initially, according to what I understand, you were not given the rights to the subsurface initially, the subsurface mineral rights. Is that also correct?

Mr. REXFORD. All village corporations only own the surface lands. The regional corporation, Arctic Slope Regional Corporation, owns the subsurface.

Ms. HANABUSA. OK. That is what I am confused about. But right now can your tribe or your corporation develop the subsurface mineral rights if Congress approves it, or is it the regional corporation that has that right?

Mr. REXFORD. The subsurface belongs to the regional corporation. We own the surface.

Ms. HANABUSA. OK. Mr. Rexford, can you tell me what the relationship between the regional corporation is to the corporation that you were the president of?

Mr. REXFORD. The regional corporation is our—like all the seven other villages, it is our mother corporation that takes care of all of our shareholders. Just the shareholders, we have 110 out of 4,000 or more or maybe 10,000 that ASRC looks after or helps.

Ms. HANABUSA. Can you also tell me whether the regional corporation has any kind of ‘veto rights’ over your rights on the lands that you own the surface rights to?

Mr. REXFORD. Yes. I am not an expert with Arctic Slope Regional Corporation business. We just take care of our surface rights. I would defer that to ASRC on the work that they do for us.

Ms. HANABUSA. And what is the name of your regional corporation?

Mr. REXFORD. Arctic Slope Regional Corporation.

Ms. HANABUSA. I saw in your testimony you are running for mayor of some kind of North Slope. Is that related to this?

Mr. REXFORD. Yes. It is the North Slope Borough, 89,000 square miles, a little larger than the size of Minnesota.

Ms. HANABUSA. Oh. And you will be mayor of it?

Mr. REXFORD. Yes, I hope so.

Ms. HANABUSA. Bear with me, because I am really very interested in the relationship between the regionals, as well as the tribe itself.

So you said the regional corporation is the one that has a say as to whether the subsurface mineral rights would be developed and not the tribe that has the surface rights?

Mr. REXFORD. Yes. The regional corporation, from my understanding, would have to get permission or talk with the surface landowner before anything can happen. We have come to an agreement with the ASRC to help develop that land.

Ms. HANABUSA. Oh, great. So that was my next question. So your regional corporation has said OK, the 92,000 acre surface corporation should develop the subsurface rights. That has been taken care of?

Mr. REXFORD. Yes.

Ms. HANABUSA. OK. So the only thing now standing in your way of doing it is whether or not Congress is going to approve it? Is that correct?

Mr. REXFORD. That is correct.

Ms. HANABUSA. Thank you. So everybody that has a say is on the same page, and that is what I wanted to establish. Thank you very much, Mr. Rexford.

Mr. REXFORD. Thank you.

Ms. HANABUSA. Thank you, Mr. Chair.

Mr. YOUNG. I thank the good lady. We are going to have a little discussion about this later and we will check the law. They have worked together well.

I still say because of the Land Claims Act itself they have a right of that land, because they selected it before this oil was ever developed, of developing the land for the social and economic well being, being the subsurface or surface. I don't think it takes an act of the Congress to let the Kaktovik drill their oil, but they happen to be here, and here is the rest of the ANWR area, the 1002 area.

So if they had a way to get the pipeline across the rest of the refuge we can probably develop it without an act of Congress, but you can't do that because of the other status. The compatibility test doesn't hold up.

Ms. HANABUSA. Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Duncan?

Mr. DUNCAN OF TENNESSEE. Thank you very much, Mr. Chairman. I didn't know I was going to be called on at this time, but thank you.

You know, I have mentioned here before I represent the Great Smokey Mountains or a big part of the Great Smokey Mountains National Park, and that is about not quite 500,000 acres. ANWR is 19.8 million acres, 35 times the size of the Great Smokies. We get about nine to 10 million visitors a year, and they come there and think it is huge, and yet ANWR is 35 times the size.

I guess I am one of the very few Members who has been up to Prudhoe Bay twice. I have been to Kaktovik twice. It is amazing. The first time I went up to Alaska, I had a man in the Anchorage Airport tell me—he said if you see anything up there taller than two feet, it was put there yesterday by a man. There are many, many miles where you don't see anything at all. To drill on 2,000 or 3,000 acres is so minuscule. People can't even comprehend it.

We were told in the mid 1990s that it would mean a million barrels a day coming down here. President Clinton vetoed it. The main argument against it at that time was it would take seven or eight years to get that oil to market and it wouldn't—I really believe we can do it much faster than that, but they had that argument. But just think if we had gone ahead and done it at that time. We would have had that oil coming in here right when those gas prices were hitting many places in the country \$4 a gallon.

Now, I know we have a Secretary of Energy who said that we should be paying the same price for gas that they pay in Europe, \$8 or \$9 a gallon. But if you want to talk about putting the final nail in the coffin of the small towns and the rural areas, drive these gas prices up to \$8 or \$9 a gallon because people in those small towns and rural areas have to drive further distances on average to get to work.

The thing that concerns me the most, I have noticed over the years that almost all these environmental radicals come from very wealthy or very upper income families. But I will tell you who they end up hurting. They end up hurting the poor and the lower income and the working people by destroying jobs and driving up prices. And that is exactly what would happen if we let these gas prices go way up. And then to say that it would only mean a few pennies difference? Well, I really question that.

I think we don't have to produce all of our oil. If we started producing a little bit more I think OPEC and some of these other oil producing nations would get so concerned that they would start bringing their prices down. And that is what we need to be trying to do is bring these prices down instead of driving them up several more dollars a gallon so that people won't drive as much. In addition to that, even if it only brought prices down just by a little bit at least if we started producing more oil we wouldn't see gas prices go to \$5 or \$7 or \$8 a gallon, as they might if we just limit production.

We have groups in every part of the country. These groups, they don't want you to cut any trees. They don't want you to dig for any coal. They don't want you to drill for any oil. They don't want you to do anything. And they always throw out solar and wind. Well, I wish that some of these people that want to limit our energy to

solar and wind, I wish they would limit their energy production in their own congressional districts to solar and wind. Their whole economy would shut down from it in all probability.

I am told now that the estimates are we could produce as much as 1.45 million barrels a day coming down to this country. I think it would make a significant difference, and it would help a lot of lower income people in this country and it would help our economy tremendously. I yield back the balance of my time.

Mr. YOUNG. I thank the gentleman. Mr. Costa?

Mr. COSTA. Thank you very much, Mr. Chairman. Council Member REXFORD, what is the population of Kaktovik these days?

Mr. REXFORD. It is a little bit under 200. I mean 300. I am sorry.

Mr. COSTA. I see. It hasn't probably changed too much in the last couple decades, has it?

Mr. REXFORD. Our population is increasing. We have housing shortages. Families are doubling and tripling up. So our population is growing, yes.

Mr. COSTA. I was in your community in 1992, and I enjoyed having the opportunity to spend some time there. I find this conversation about ANWR interesting. Obviously a lot of politics have been discussed here today.

But the fact of the matter is what is the distance from ANWR, which is the proposed site for drilling, the footprint that some describe as the size of Andrews Air Force Base—I have heard it described about the size of Los Angeles International Airport—from the pipeline at Prudhoe Bay in distance?

Mr. REXFORD. The main pipeline, from Kaktovik it is 90 miles, but when you look at the border for the nearest oil field, the Badami Oil Field that Exxon owns and leases or leased from the state, it is only like from the border maybe 10 miles, 15 miles from the Arctic National Wildlife Refuge.

Mr. COSTA. So the distance that you would have to drive from the proposed site to connect the pipeline would be within 60 miles or less?

Mr. REXFORD. Yes. It will be a lot less than that. Yes.

Mr. COSTA. And that would be your transmission to send the oil down to Prudhoe and all the way down to the Valdez?

Mr. REXFORD. Yes. I think the central part of the 1002 to Flaxman Island or the border on Staines River of Arctic National Wildlife Refuge is about 40 miles.

Mr. COSTA. You know, obviously people want to make their point. I guess I will make mine. First of all, I think that we need to use all the energy tools in our energy toolbox. We have a bipartisan bill that would do that that I think talks about a robust renewable portfolio, but at the same time takes advantage of our oil and gas reserves that exist within the United States, both onshore and offshore.

I guess there is a lot of myth busting to take place here. I was interested to hear Mr. is it Kalpinski—

Mr. KARPINSKI. Karpinski.

Mr. COSTA. Karpinski.—and Mr. Jenkins, the analogy used about if coal were determined to be found under El Capitan. I used to represent Yosemite National Park, and I can assure you if there was coal found under El Capitan we wouldn't be going after that.

But I think it is a real unfair comparison to talk about that and ANWR. ANWR is not the Brooks Range, the poster child that you bring out all the time, and I know it has been a good, successful fundraiser for several decades, the beautiful Brooks Range with the deer and the elk and the grizzly bears and the salmon. That area was set aside to be protected and should be protected.

It is I think correspondingly like the other parts of Alaska that are protected under the wilderness law. That is not ANWR. It is an Arctic plain. It is an area that is an Arctic desert. Now, I don't need you to make the point. I was there. You have not been there.

Mr. KARPINSKI. Excuse me, sir. I have been there. I camped on the Canning River.

Mr. COSTA. Yes.

Mr. KARPINSKI. And so I have been there and I was on that plain. It is one of the most amazing experiences I have ever had to do that kind of thing. I have been there. Excuse me.

Mr. COSTA. Well, we can agree to disagree. If you cannot drill there safely, and this is where the comparative analysis gets lost because we are talking about drilling at 2,000 and 6,000 feet of ocean depth where the costs are much greater and the risks are much higher. And that is the comparative analysis we ought to be using.

If you can't drill safely in the footprint on ANWR that is being proposed, you can't drill safely anywhere in America. You just ought to stop. We just ought to forget it. I mean, there is a whole different agenda—I disagree with the agenda—on why you don't want that area disturbed.

And let us just be frank about it. I mean, we have created this myth that in fact we are going into the Brooks Range. We are not. We have created this myth that we are going to irrevocably change that area any more than we have changed Prudhoe Bay. I mean, I represent Kern County, a large oil production area in California. We have 25 platforms off the coast of California. That gets ignored.

You know, reasonable people without political agendas ought to be able to come to some conclusion. If you can't drill there safely, you can't drill anywhere in America safely. Thank you, Mr. Chairman.

Mr. YOUNG. I thank the gentleman. Thanks for going to Alaska and actually visiting Alaska.

Mr. Duncan from South Carolina?

Mr. DUNCAN OF SOUTH CAROLINA. Thank you, Mr. Chairman, and thank you guys for traveling back east to be part of this. Mr. Hall, I am not going to ask you how much you weigh, but I want to say I enjoy the show. Be careful out there. You guys have some challenges. I appreciate you coming today to talk with us.

Mr. Karpinski, what do you think is a fair price for Americans to pay for a gallon of gasoline?

Mr. KARPINSKI. Excuse me. A fair price?

Mr. DUNCAN OF SOUTH CAROLINA. What do you think Americans should pay for a gallon of gasoline? That is a simple question.

Mr. KARPINSKI. I think the current prices are—we subsidize some of the price. I don't know that it is a fair price, depending on all the technologies to get there and who pays for what. Frank-

ly, we would like to see prices lower and technologies better so we can go farther on a gallon of gas.

Mr. DUNCAN OF SOUTH CAROLINA. A price, a number, a dollar figure. What do you think personally is—

Mr. KARPINSKI. I don't have a particular number. I used to pay 33 cents a gallon.

Mr. DUNCAN OF SOUTH CAROLINA. OK.

Mr. KARPINSKI. So prices will go up. It is a commodity we are going to have less and less of. The solution to our energy problem is to reduce our dependence. We can actually all agree. We want to reduce our dependence on—

Mr. DUNCAN OF SOUTH CAROLINA. Secretary Chu said that before—

Mr. KARPINSKI. We need new technologies to go further on a gallon of gas. That is how we solve this problem, not by drilling in special, beautiful places. That is how we solve this problem.

Mr. DUNCAN OF SOUTH CAROLINA. The reason I ask you that, I wanted to see what you thought in relation to what Secretary Chu said before he was elected or appointed Secretary of the Department of Energy. He thought we ought to pay European prices, and he said \$7, \$8 a gallon for gasoline was fair for America.

My wife sent a text message last night, Mr. Chairman, that said Hickory Point gas station in Clinton, South Carolina, where we live, gas was \$3.11! She was excited. \$3.11 a gallon! I sent her one back. I said "OMG. Please fill up."

Mr. KARPINSKI. Sir, 20 years from now we shouldn't be using gas.

Mr. DUNCAN OF SOUTH CAROLINA. She said this. Hold on, sir.

Mr. KARPINSKI. We shouldn't be paying anything for a gallon of gas.

Mr. DUNCAN OF SOUTH CAROLINA. She said this, sir. She said isn't it pathetic that we think that that is cheap? This is a real life dialogue between my wife and I about \$3.11 a gallon gasoline in this country, and we are thinking that is cheap.

Mr. YOUNG. Would the gentleman yield?

Mr. DUNCAN OF SOUTH CAROLINA. Yes, sir.

Mr. YOUNG. I appreciate that because we are paying \$8 in Fort Yukon, Alaska. If you think that doesn't smart, believe me. You can't even drive a snow machine with that price. So thank you.

Mr. DUNCAN OF SOUTH CAROLINA. That is amazing, Mr. Chairman. We are blessed in this country with the energy resources, and I firmly believe that energy is a segue to job creation and that is what this hearing is about is about jobs. Increased U.S. domestic energy production means jobs. There is no doubt about it.

Look at the economies where there are energy-driven state economies—Texas, North Dakota and Alaska. Unemployment is low. Revenues are high. More Americans working will mean fewer Americans relying on the government services and a lessened burden on state, local communities, state government. Energy is definitely a segue to job creation. Alaska is doing well, as you guys can see.

Mr. Karpinski, are you a member of Ducks Unlimited?

Mr. KARPINSKI. Ducks Unlimited? No. National Wildlife Federation.

Mr. DUNCAN OF SOUTH CAROLINA. Ducks Unlimited?

Mr. KARPINSKI. No.

Mr. DUNCAN OF SOUTH CAROLINA. Quail Unlimited?

Mr. KARPINSKI. Quail? No.

Mr. DUNCAN OF SOUTH CAROLINA. Rocky Mountain Elk Federation?

Mr. KARPINSKI. No.

Mr. DUNCAN OF SOUTH CAROLINA. Quality Deer Management Association?

Mr. KARPINSKI. No.

Mr. DUNCAN OF SOUTH CAROLINA. Conservationists have given more money—hunters, fishermen, others have given more money—to set aside land for conservation than a lot of other organizations that are out there that hold themselves up as conservational organizations. I want to make that point very, very clear.

Mr. KARPINSKI. Mr. Duncan, that is why—

Mr. DUNCAN OF SOUTH CAROLINA. The ANWR area was set aside in 1980.

Mr. KARPINSKI.—Theodore Roosevelt, IV, is on our board.

Mr. DUNCAN OF SOUTH CAROLINA. The ANWR area was set aside in 1980 by Jimmy Carter. President Carter then and Congress set aside Area 1002 for oil and natural gas development.

Around that same time—1978, 1980—the Department of Energy was created to lessen our dependence on Middle Eastern oil. They knew that we needed to have domestic energy production to lessen our dependence on countries who may not be friendly to the United States. We have the resources here in this country. We recognize that area as an area that had oil and natural gas resources at that time.

We heard the Governor say that there is capacity in the pipeline. Let us just drill the oil. Let us drill the natural gas. Let us reach those resources. Send them to the Lower 48 to be refined where the refineries are.

I want to ask Mr. Rexford. It is interesting in your comments that you said the benefits that you would receive in your area, water and flush toilets from having the revenues from these areas that would benefit your community. Thank you for saying that.

You all understand that the revenues are there. The oil and natural gas resources are there. Thank you for bringing your perspective to this Committee to really bring it home on what it means to the livelihood of the Native Alaskans. Thank you.

Mr. Chairman, I yield back. Thank you.

Mr. LAMBORN [presiding]. I would now like to recognize the representative from California, Mr. Garamendi.

Mr. GARAMENDI. Thank you, Mr. Chairman. This issue has been kicked around for near on 50 years, and during that period of time the American people, through their representatives, have recognized an extraordinary value in wilderness.

There are indeed sacred places and there are indeed in this planet on which we live places that may have resource potential, but they also have potential of simply being what they are. Undeveloped. Natural. A place for wildlife and mosquitoes, but not a place where we would extract resources.

ANWR is such a place. It is unique. There is no other place on this planet like ANWR. It doesn't exist. This is it. This is the last

that there is. Is it worth a few days of oil supply for this nation to despoil it? I think not. And thus far the American people have said let us leave it the way it is, the way it came to us. Natural. Undisturbed.

That is something very, very special that the American people have decided over the years not just here, but other places, including the Smokey Mountains, to say let us leave it the way it is. Let us let it be there for all of the future generations in its natural state, for those creatures that have been there for years, including the ducks. Let us leave it there.

And, yes, there are people who live there, and your community is one of them. Oil development is taking place in this region. We know that Shell is exploring offshore. It will soon be exploring offshore, and that will have a dramatic effect on all that we discuss here. There may be transportation facilities as a result of that exploration in this region. There may be offshore oil development in this region. We know that Exxon has just cut a deal with the Russian oil company to explore not so far away. Many things are happening in the Arctic.

And there is one place where things should not happen, and that is ANWR. Now, will this oil be made available for the American public? Maybe, but maybe not. It was 1995 that the original law was changed that allows oil that flows through the Trans-Alaska Pipeline to be exported, and in fact it is exported. How much is going to be exported? We don't know. Not too much today, but you add another 500 million barrels—500,000 barrels—a day and you are going to see more exports. Available to the American public? Not if it is exported.

The oil industry is an international market, and the price is determined on the international market. We pay accordingly. China, India, other countries are increasing their demand. So figure that into the equation.

Some places are scared. Some places should not be developed. I understand the desire of those who live in the area for jobs, but in the long run there are other jobs that could be available, and there certainly will be just to the west of the ANWR is the Prudhoe Bay development, and just to the west of that is an area much, much larger than ANWR that was set aside more than a century ago or nearly a century ago for oil development and oil exploration, and that is underway today.

So why ANWR? So that we can fight an unending battle here over a very special part of this planet? For what? Leave it. Leave it alone. Let it be what it has always been. Natural. Undisturbed. I yield back.

Mr. LAMBORN. The Chair would now recognize Representative Flores of Texas for five minutes.

Mr. FLORES. Thank you, Mr. Chairman. Gentlemen on the panel, I thank you for joining us today. Before I get into the questions, I would like to give you a little bit of my background because I have some understanding of what each of you do, I think.

I am a former oil and gas entrepreneur and an executive. I am also an investor in biofuel technology, an investor in fuel cell technology, and I want to clarify that none of those used government guaranteed loans when I did that. I am the largest residential pro-

ducer of solar power in Brazos County, so I think I have an understanding of both conventional energy resources and also alternative energy resources.

I have driven the Dalton Highway and I have been behind some large trucks for miles on end trying to get around them, but I have been there. I have been to the North Slope. I have been to Prudhoe Bay. I have seen firsthand the peaceful co-existence of wildlife with oil and gas exploration activities in the Prudhoe Bay area.

I have seen an abundant wildlife population that exists in that area, and I have seen also firsthand the dramatic impact of improved technology to reduce the environmental, as well as real estate, footprints that have happened with oil and gas exploration in Prudhoe Bay, and that is one of the things that makes drilling in ANWR worth looking at today.

Early on in one of our hearings here one of the speakers said something about parallel universes. You know, we do have parallel universes. I am hearing it today. On the one hand, in Universe 1 we have the production of safe, secure efficient supplies of domestic energy. We can produce good paying American jobs. We can help balance the Federal budget. We can grow a robust economy and strengthen our national security as part of that process.

On the other hand, in Universe 2 we can rip off the taxpayers by picking winners and losers with projects like Solyndra. We can rip off the taxpayer by freezing their assets that they own under the ground at ANWR and other public lands and off our shores. We can also rip off future generations with continuing huge deficits in our Federal budget, and we can rip off all Americans today by not giving them the chance to have good, middle class jobs.

Here is the current status in the United States of national wildlife reserves. There are 150 plus wildlife reserves in the United States that have 4,400 oil and gas wells on them, and there has been no significant adverse environmental impact to any of those. Closer to home in Texas, not an area I represent, but my neighbor to the southwest, we have the Aransas National Wildlife Reserve that is the home of over 100 plus wells and a growing population of an endangered species called the whooping cranes.

For those of you that want to hypothecate about gasoline prices, let me say that you are way off base. When I exited the drilling business to go into this job to try to improve the future for my children and grandchildren, natural gas was selling at about \$5 an MCF. Today it is about \$3.80 an MCF, and that is because of technology and abundant drilling for this resource in this country. It is not just a few pennies. It is a significant change because supply and demand, the laws of economics, work.

For those of you that think taxes are the solution to balance our budget, why don't we just go to Apple and say we are going to raise your taxes, but in return for raising your taxes we want you to produce more iPads and produce them at a lower cost. The same thing the President said on Monday. We want to raise the taxes on the job creators and have them produce more jobs, more good, middle class jobs. Folks, those dogs don't hunt. We know that.

Mr. Rexford, my question is for you. You said something, and I am going to just take part of the quote. You said you are familiar with this issue, and you have been fighting the misrepresentation

of the opposition for over 15 years. Why don't you walk us through real quickly those misrepresentations?

Mr. REXFORD. Yes. The gentleman to my left here talked about Canning River. Canning River is on the outskirts of ANWR. The border of the Arctic National Wildlife Refuge is on the east bank, and he is traveling on the Canning River. You know, the Canning River is barely in the Arctic National Wildlife Refuge.

One other one that I really want to talk about or didn't get to is polar bears. The U.S. Fish and Wildlife Service, not only in the Arctic National Wildlife Refuge, and the gentleman talked about NPRA. He talked about the state lands that are ready for leasing. The U.S. Fish and Wildlife Service designated polar bear habitat protection, that 20 mile swath. It is like from the State of Washington all the way down to California, from the coastline to 20 miles inland. You know, that is going to be a big hindrance to our people.

You know, I have been born and raised or reared by my folks not to put any people down and respect their opinion. You know, that is just the kind of person that we are in the Arctic Slope. I could say I was bold with Congressman Young when he was asking questions, but the myths are the Porcupine, the Porcupine caribou herd, commingles with the Central Arctic herd. The Teshekpuk herd went through Arctic National Wildlife Refuge about eight years ago. That is near Point Barrow. They commingled with the Porcupine caribou herd.

So saying that the Porcupine caribou herd is going to reduce or decline, millions of other caribou commingle with each other with the Porcupine caribou herd, so the Porcupine caribou herd is not just in that area. The Porcupine herd also goes over in Central, over near Barrow. There are Teshekpuk near Point Barrow. That is over 300 miles away.

Mr. FLORES. Thank you. Mr. Sharp, you represent union personnel, right?

Mr. LAMBORN. Mr. Flores?

Mr. FLORES. Yes?

Mr. LAMBORN. I think I have to cut the questioning short.

Mr. FLORES. Oh, sorry. I yield back.

Mr. LAMBORN. Sorry about that. Now I would like to recognize the Ranking Member of the full Committee for his opening statement. Mr. Markey?

**STATEMENT OF HON. EDWARD MARKEY, A REPRESENTATIVE
IN CONGRESS FROM THE COMMONWEALTH OF
MASSACHUSETTS**

Mr. MARKEY. I thank you, Mr. Chairman, very much, and I apologize for being late to this hearing. Senator Kennedy's daughter, Kara, passed away. The funeral was this morning. It was an absolutely beautiful service for her, and I rushed here as quickly as I could after the completion of that service.

The Super Committee has been charged with reducing our deficit by at least \$1.5 trillion over the last [sic] 10 years in order to begin getting our nation's budget back on track. This Committee has the authority and the responsibility to make recommendations to the Super Committee for ways to reduce the deficit.

In response to this enormous challenge, the Republican Majority is once again looking to drill in the pristine Arctic National Wildlife Refuge in Alaska. Under the guise of reducing the deficit, they are proposing to open up the crown jewel of the Wildlife Refuge System to drilling. Unfortunately, drilling in the Arctic refuge would do very little to reduce our deficit in the next 10 years.

According to the Department of Energy, oil production from the Arctic refuge wouldn't even begin for 10 years. As a result, the Congressional Budget Office has said that drilling in the refuge would only generate \$3 billion during the first 10 years from initial lease sales, which would be a drop in the bucket of the overall reductions which our country needs.

In contrast, the Democratic proposals to ensure oil companies pay their fair share would generate nearly \$60 billion over that same 10 year period, 20 times as much money to reduce the deficit. The oil and gas industry is swimming in profits while our country is swimming in debt. The top five oil companies have made \$71 billion in just the first six months of this year.

But the Republican Majority has opposed repealing unnecessary tax breaks for the oil and gas industry that would generate more than \$43 billion over the next 10 years. The Republican Majority has also opposed ending royalty-free drilling on public lands offshore in the Gulf of Mexico. Closing that loophole could raise \$9.5 billion over the next 10 years.

Incentivizing companies to drill on the millions of acres of public land which they already hold would generate nearly \$1 billion. In fact, oil companies are just sitting on more oil than we could ever get out of the Arctic refuge according to the Department of the Interior. There is more oil under the leases that oil companies already have from the American people that are not being used offshore than they are ever likely to find in the Arctic refuge.

Repealing the royalty giveaway to the Gulf States would generate an additional \$1.9 billion over the next 10 years. Increasing inspection fees for the oil industry, as the BP Commission has recommended, would generate another \$500 million over the next decade. Increasing the royalty rates oil companies pay to drill on public land could generate an additional \$900 million. All told, over the next 10 years these Democratic ideas would reduce our deficit 20 times as much as opening up the Arctic refuge to drilling would produce.

To put it in perspective, if these Democratic ideas were the height of the Empire State Building, the Republican plan to drill in the refuge would occupy the first five floors in terms of solving the deficit problem. We need a plan to begin reducing our deficit in the short term, not shortsighted giveaways of our most pristine areas.

The Republican plan to open up the Arctic National Wildlife Refuge to drilling would not offer us any refuge from red ink. It amounts to little more than an opportunistic giveaway to the oil industry and is a detraction from the real solutions which this Committee should be pursuing in order to reduce the Federal deficit, and we await those hearings that we have in this Committee on that subject. I yield back the balance of my time.

[The prepared statement of Mr. Markey follows:]

**Statement of The Honorable Edward J. Markey, Ranking Member,
Committee on Natural Resources**

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Incentivizing companies to drill on the millions of acres of public land they already hold would generate nearly \$1 billion. In fact oil companies are just sitting on more oil than we could ever get out of the Arctic Refuge—according to the Department of the Interior, there is more oil under the leases oil companies are not using offshore than there likely is in the Arctic Refuge.

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We need a plan to begin reducing our deficit in the short term, not shortsighted giveaways of our most pristine areas.

The Republican plan to open up the Arctic National Wildlife Refuge to drilling would not offer us any refuge from red ink. It amounts to little more than an opportunistic giveaway to the oil industry, and is a distraction from real solutions.

I yield back.

Mr. LAMBORN. OK. Thank you, Representative Markey. I would now recognize Representative Landry for five minutes.

Mr. LANDRY. Thank you, Mr. Chairman. You know, it is amazing because for the amount of money that they want to take away from the oil and gas industry, the oil and gas industry is posed to spend and to invest just in America five times that amount at a time when we want to create jobs.

Mr. Hall, you can finish for a second. Can I ask you? I just want to know. Are you as tired as I am of turning the TV on and hearing how Washington really wants to create jobs? Are you as tired of hearing that song and dance as I am?

Mr. HALL. Yes, I am. I would like to see it happen.

Mr. LANDRY. Me too. I am tired too. In fact, during the President's speech on how he wanted to create jobs I held a little sign up that said Drilling Equals Jobs. Would you disagree that drilling equals jobs?

Mr. HALL. It would equal a lot of jobs.

Mr. LANDRY. So I should have held one that said ANWR Equals Jobs, right?

Mr. HALL. That would be the ticket right there.

Mr. LANDRY. That would be. And we are in need of a lot of jobs today. Is that correct?

Mr. HALL. Desperately.

Mr. LANDRY. OK. Mr. Sharp, would you agree with that as well?

Mr. SHARP. We are ready to go to work. Yes, sir.

Mr. LANDRY. And so if the priority of this country—not what we would like. I mean, there are a lot of things. There are differences. I know, Mr. Hall, you are from Louisiana, right?

Mr. HALL. That is correct.

Mr. LANDRY. So I know that your momma taught you the difference between wants and needs, right, and she always said we are going to get you what you need, and then if there is some left over, we will get you what you want.

Mr. HALL. That is the way on the farm I grew up on.

Mr. LANDRY. Well, I can tell you that what we need in this country is jobs, all right? What we want is we want a utopia world where everything stays just like it was when the country was founded, all right? And that is nice and I appreciate that, but I think we have come a long way in being able to balance the industry with the environment. I really do.

And so I think that if our number one priority in this country is creating jobs then let us get the drilling. Let us get the reducing the cost of our energy, which brings me up to Mr. Gene—I can't see that.

Mr. KARPINSKI. Karpinski.

Mr. LANDRY. I can't see that.

Mr. KARPINSKI. Karpinski.

Mr. LANDRY. You mentioned that drilling is not going to lower the cost at the pump. That is correct? That is what you said?

Mr. KARPINSKI. That is based on an Energy Information Administration study in 2008.

Mr. LANDRY. And so you agree with that study?

Mr. KARPINSKI. Yes.

Mr. LANDRY. OK. So did you support the President tapping into the Strategic Petroleum Reserve?

Mr. KARPINSKI. I think our organization was neutral on that at the time, quite frankly.

Mr. LANDRY. It was neutral? If you don't want us to tap into a natural reserve, and using the fact that it doesn't reduce the cost at the pump, why would tapping into an artificial reserve reduce the cost? Isn't that a bit hypocritical?

Mr. KARPINSKI. I thought I just said we didn't take a position on that, frankly, so I am unaware of the—

Mr. LANDRY. But you take a position on this.

Mr. KARPINSKI. I am stating the government facts on what the impact would be of the drilling.

Mr. LANDRY. But you are using it to support your argument. Is that not correct? I mean, you are using that to—

Mr. KARPINSKI. I am using a government study.

Mr. LANDRY. So how can you take a neutral position on whether or not the President should tap into the SPR, but use the fact, which I dispute that fact. Let me just put that on the record.

Mr. KARPINSKI. I am citing the government data on that.

Mr. LANDRY. I understand. But then why would tapping into the Strategic Petroleum Reserve be any different?

Mr. KARPINSKI. I didn't make that case, so you can ask someone who supported that. I didn't make that case.

Mr. LANDRY. Well, but I am asking you why—

Mr. KARPINSKI. I am making the case—

Mr. LANDRY.—you wouldn't oppose it if, I mean—

Mr. KARPINSKI. I am making the case the reason you don't drill in the Arctic—the reason proffered to drill in the Arctic is somehow it is going to lower the price of gasoline. We know that is just not true.

Mr. LANDRY. Well, wait.

Mr. KARPINSKI. The reason not to drill in the Arctic is because it is the special place that it is.

Mr. LANDRY. That is what you are saying the statistics are, but the President went out there and said that when you increase supply—OK, when you increase the supply—you affect the market. That is basic. I am not going to dispute that.

I just think that there is a natural reserve. It is over there in ANWR. It is in the Gulf of Mexico. I am with Congressman Markey in that there are a lot of reserves in the Gulf of Mexico. We just need to start permitting, OK, so that we can tap into that.

Mr. KARPINSKI. I wish you would be with Mr. Markey on where we actually should find revenues because if we are serious about revenues, the revenues from the oil and gas companies at this moment are there. That is who we should be tapping. That makes much more sense. It does not destroy a beautiful place, and that is where we should go. We support that, and that is the solution that we believe in.

Mr. LAMBORN. OK. Thank you. I would now recognize Representative Markey, the Ranking Member of the full Committee, for five minutes for questions.

Mr. MARKEY. Thank you so, so much. Mr. Karpinski, one of the answers could have been Mr. Landry did not support using the Strategic Petroleum Reserve and so perhaps he doesn't agree with whether or not that infusion of oil actually does lower prices, which would then support your argument, if you wanted to make that, but I guess—

Mr. KARPINSKI. Thank you, Mr. Markey.

Mr. MARKEY.—the real case is that all of the evidence that was pointing toward speculators at that one moment in time driving up the price artificially, whereas the Energy Information Agency is looking over a long period of time in determining that there is a very marginal impact which the Arctic refuge oil would play on the price of oil.

So let me go back to you, Mr. Karpinski and Mr. Jenkins. In terms of this issue of over the next 10 years, which is what we are

tasked to do to reduce the Federal deficit. Is it worth it to drill in the Arctic Wildlife Refuge to find \$3 billion worth of revenues, given the pristine nature of the Arctic Wildlife Refuge and the infinitesimally small amount of money that would be raised as a result of that? Mr. Jenkins?

Mr. JENKINS. Well, obviously we certainly think not. We dispute the estimates that people are throwing around in terms of what kind of revenue and job creation would come from developing the refuge.

You know, it seems like these numbers are based on a—they are not based on reserves that we know are in fact there. They are based on speculative reserves. You know, if you are talking about something as serious as reducing our deficit, you need to hang your hat on something a little more solid than unproven oil reserves that may or may not be in the Arctic National Wildlife Refuge.

But to your point, yes, this is a very special place. It was set aside by President Eisenhower, not Jimmy Carter, as an intact ecosystem, and implicitly in that was the Eisenhower Administration knew that they were going to allow more oil exploration in the Prudhoe Bay area and they saw putting aside the Arctic refuge as representing balance. That refuge included the 1002 area, which is the Coastal Plain, which is the refuge's biological heart.

Mr. MARKEY. So, Mr. Karpinski, the Big Five oil companies made \$36 billion in profits in the last three months of the year, April, May and June, but they spent \$10 billion of their profits buying back shares of their own stock in order to artificially raise the price. They spent \$7 billion issuing dividends to their investors.

Over the next decade, repealing the tax breaks for the oil and gas industry would generate more than 10 times the revenue that we would get by drilling in the Arctic refuge. Do you think that the Super Committee should repeal the tax breaks for the oil industry?

Mr. KARPINSKI. Absolutely. We have stated it on the record many times. I stated it earlier today. Because clearly we do need new revenues and we do want to create more jobs. Drilling in the Arctic National Wildlife Refuge is not a solution to either one of those, but in terms of raising new revenues those five oil companies made nearly \$1 trillion in the last 10 years.

To remove those subsidies and tax breaks for the oil and gas industry makes a lot of sense. As your chart showed, 20 times as much money from those sources at a time when they are making record breaking profits, gouging consumers at the pump. This is the time to take that kind of action, to be serious about deficit reduction and to create—

The other part of the way we reduce our costs here is again the technology. Technology is important. The technologies in the long run, we need to reduce our reliance on oil. The way you do that is with the new technologies in the automotive industry.

I stood there with President Obama three weeks ago when he announced a plan for the next 15 years to have cars go further on a gallon of gas, an effort you have trumpeted for many, many years, Mr. Markey. That is the vision for the future.

We are going to run out of oil. There is no doubt about that. We need to get off of oil, and new technologies can help us do that. All

10 auto companies were there on that podium with the President. This is the way to create jobs for the future.

Mr. MARKEY. Thank you.

Mr. KARPINSKI. Those are the new energy jobs.

Mr. MARKEY. Thank you, Mr. Karpinski.

Mr. Chairman, as you know, the Budget Control Act of 2011 provides that, "Not later than October 14, 2011, each committee of the House of Representatives and the Senate may transmit to the Joint Committee its recommendations for changes in law to reduce the deficit consistent with the goal of reducing the deficit by at least \$1.5 trillion by 2021."

Give the enormity of this task, its importance to our nation's future, it is imperative that the Natural Resources Committee exercise this authority thoughtfully and in an expeditious and transparent manner. The Democratic staff has requested information regarding the process for submission and recommendations to the Joint Select Committee, but has received no response.

I wrote to the Chairman on Monday to formally request that he schedule—I ask unanimous consent that I be given one additional minute like Mr. Flores was granted.

Mr. LAMBORN. We have to keep moving. We have to keep moving.

Mr. HARRIS. Parliamentary inquiry.

Mr. MARKEY. Parliamentary inquiry, Mr. Chairman?

Mr. LAMBORN. If you want to submit something for the record?

Mr. MARKEY. Yes. I have had my staff—

Mr. HARRIS. Parliamentary inquiry. Can I explain my objection? I have not had a chance to answer questions yet. You know, the Ranking Member has been in and out just like I have and has had a chance. I would be more than happy to yield you the minute at the end of my questioning.

Mr. MARKEY. And I appreciate that very much. It is only that Mr. Flores was just given an additional minute and 50 seconds, and I only need like an extra 20 seconds to finish and that was—

Mr. HARRIS. I would be more than happy to yield that at the end of my time.

Mr. MARKEY. When I was listening to the Majority Members, as long as there is a good line of thought going I don't stop people on that minute, but—

Mr. LAMBORN. Well, then, Mr. Markey, I was letting the witness finish a question. Mr. Flores wasn't going on. When he started to go on I gaveled him down.

Mr. MARKEY. Well, I am not even a witness. I am finishing my thought that I had begun before my time had expired, and I am just trying to—

Mr. LAMBORN. Well, you have had 10 minutes so far.

Mr. MARKEY. Again, I guess I can wait until the end of the gentleman's questions.

Mr. LAMBORN. I think that would be the best way to handle it.

Mr. MARKEY. That is fine.

Mr. LAMBORN. OK. And now I would like to recognize myself for five minutes for questions. And, by the way, thank you all for your patience. We are in the home stretch. We will be done in just a few minutes.

Mr. Rexford, can you tell me how many hotels there are in Kaktovik for tourists coming in to visit ANWR? Are there any hotels in your town?

Mr. REXFORD. Yes, we do. We have one brand new one, which is owned by our village corporation, and one smaller.

Mr. LAMBORN. How many rooms are in it?

Mr. REXFORD. Ten.

Mr. LAMBORN. OK. Thank you. Moving on here, do you think that the 2,000 acres that this bill refers to could be developed out of ANWR without injuring the wildlife in this National Wildlife Area Refuge?

Mr. REXFORD. Yes.

Mr. LAMBORN. And do you believe that a 2,000 acre footprint out of 19 million acres would “destroy this place”—and I put quotes around destroy this place—as one of the other witnesses said earlier?

Mr. REXFORD. No, I don't.

Mr. LAMBORN. OK. Thank you. Mr. Jenkins, do you seriously think—wait. First let me preface by some information that Mr. Rexford added earlier in his written testimony.

The Central Arctic caribou herd was around 3,000 in the 1960s. Now it is up to 65,000, about a 22-fold increase. The Porcupine caribou herd is now about 169,000 strong. There are other herds apparently. Do you seriously think, Mr. Jenkins, given that, and we are talking about a wildlife refuge, the Alaska National Wildlife Refuge, that a 2,000 acre footprint would damage the caribou herds or other wildlife in the refuge?

Mr. JENKINS. Well, first I dispute the 2,000 acre footprint part. I don't know if you were here earlier, but the whole analogy of a table and measuring the four legs was used.

You know, the oil exists in the Coastal Plain of the Arctic refuge according to USGS in various pockets that stretch through its entire expanse. If you are going to access that oil, you have to have pipelines to connect that back to wherever you are taking it to.

There is no way that you can access all that and actually bring it to market and actually be within a 2,000 acre footprint. It is just physically impossible, given what USGS tells us about where the oil is.

Now, with respect to the caribou herds, the Central Arctic herd, one, it occupies an area where the Coastal Plain is much larger than the Arctic refuge, but, two, the Porcupine caribou herd does its migration from Canada over to this small part of the Coastal Plain. That Coastal Plain is their refuge where they give birth.

So it is a different situation and it is also a different situation because the refuge on the eastern side of the North Slope is more arid. It is a different type of environment than over in the central and western Arctic to a certain degree.

I would refer you to a letter that 1,000 scientists sent to President Bush some years back all arguing, including the National Academy of Sciences, that oil drilling on the Coastal Plain of the Arctic refuge, which is the refuge biological heart, would indeed adversely impact wildlife. Those are the experts. I am not an expert, but I do trust their opinion. Thank you.

Mr. LAMBORN. OK. I would now yield or now recognize Mr. Harris for five minutes.

Mr. HARRIS. Thank you very much, and I am more than happy to yield to the Ranking Member, but I don't think he is available. He is coming back? If I have time at the end I will be more than happy to yield him a minute.

Let me just ask. Mr. Sharp, let me ask you a question because the testimony from Mr. Karpinski was that this is not going to create jobs or raise revenue. How many jobs do you think—

Mr. KARPINSKI. That is not correct, Mr. Harris.

Mr. HARRIS. I believe you said if what we want to do is create jobs or raise revenue, that is not the way to do it.

Mr. KARPINSKI. That is different than it won't create them.

Mr. HARRIS. Actually, it is exactly the same.

Mr. KARPINSKI. I said in my testimony it will create jobs, but it is not the way to do it, sir.

Mr. HARRIS. I will get to you in a second, believe me. You see, that is the problem. That is the hyperbole that the Chairman talked about. That is why we are told that the stimulus created jobs when we know objectively it didn't. That is why we know that all Republicans are out to push granny off the cliff because of the hyperbole that your side engages in.

Mr. Sharp, how many jobs do you think we could create? What is the range of jobs if we opened up without exception under current—if we allowed this to proceed, how many jobs? What do you think?

Mr. SHARP. Congressman, I—

Mr. HARRIS. I mean local jobs. I don't mean the downstream effect—

Mr. SHARP. Thank you.

Mr. HARRIS.—in the Lower 48 because there are a lot of those.

Mr. SHARP. I appreciate that. There is a seasonal approach and then there is a legacy job approach, depending on how you look at it. In other words, that which maintains the operations of the field over time, assuming it opens up.

I think it was misreported about the 19,000 jobs. In Alaska right now, the whole oil and gas industry has about 13,000 to 14,000 jobs by state Department of Labor figures. That being said, the construction would be huge. It would put a lot of people to work, hundreds of thousands. Let me back up. That would include the downstream side also.

From my local alone during the Trans-Alaska Pipeline in Fairbanks, Alaska, we had 11,000 people on our books. We are one of four pipeline unions, one of 14 building trades unions. If you were to exponentially multiply that out, depending on the engineering and the time that would be needed to do the construction of that oil field—

Mr. HARRIS. Sure.

Mr. SHARP.—times X amount of years, it would be huge.

Mr. HARRIS. Thank you very much. You know, the bottom line is that there are people who are out of work who would have jobs. You know, at some point that is important I hope to both sides of the aisle.

Now, Mr. Karpinski, does the League of Conservation Voters espouse increasing the gas tax as a way of decreasing consumption?

Mr. KARPINSKI. No. We have not been involved in that conversation.

Mr. HARRIS. Good. I am glad you haven't because, you see, you used the word gouge for what the oil companies do, and yet the tax take on a gallon of gas is far greater than the profit.

You are aware of that; that the amount of taxes collected on a gallon of gas at both the state and local level and the Federal level is greater than the profits from oil companies. You are aware of that statistic?

Mr. KARPINSKI. I have seen some data that suggests that.

Mr. HARRIS. Some data? OK. Their profits are 8 percent on the dollar, and a gallon of gas is \$3.50. If you do the math, the state and local tax is more.

So do you also agree that the governments gouge the consumers? It is exactly the same. In fact, it is actually more. Is that a gouging?

Mr. KARPINSKI. The gouge goes to the—as I said earlier—

Mr. HARRIS. It is a very simple question.

Mr. KARPINSKI. No.

Mr. HARRIS. Do you consider that gouging?

Mr. KARPINSKI. Because the gouging goes when the record breaking profits, Mr. Harris—

Mr. HARRIS. Oh I see. When private companies do it, the private companies—

Mr. KARPINSKI. \$1 trillion in the last 10 years, \$70 billion in the—

Mr. HARRIS. Excuse me, Mr. Chairman. Can I ask the witness a question?

Mr. KARPINSKI.—last six months. You asked me a question. I get to answer it.

Mr. HARRIS. Thank you. It is my time, not your time. You had your time. I have my time now.

Now, Mr. Karpinski, so when the government does it, it is not gouging. When a private company does it, it is gouging.

Mr. KARPINSKI. No. That is not what I said.

Mr. HARRIS. I fully understand exactly where your side comes from on this.

Mr. LAMBORN. Mr. Harris? Mr. Harris?

Mr. HARRIS. Yes?

Mr. LAMBORN. Would you like to yield the last minute of your time?

Mr. HARRIS. Yes, but I still have about eight seconds here. I guess you should ask Mr. Karpinski to yield back some of that time.

Mr. KARPINSKI. I thought you had asked me a question.

Mr. HARRIS. Are oil companies the corporations in America that have the largest profit margin?

Mr. KARPINSKI. Profit margin?

Mr. HARRIS. Sure. Yes. Do you know what a profit margin is?

Mr. KARPINSKI. I do understand. I am not—

Mr. HARRIS. I understand in your business you don't have a profit margin because you don't actually—

Mr. KARPINSKI. That is correct. We are a nonprofit. I appreciate that.

Mr. HARRIS. That is right. Do you know what a profit margin is?

Mr. KARPINSKI. Yes.

Mr. HARRIS. Are they the largest?

Mr. KARPINSKI. I do not think they are the largest profit margin. What I am talking about is their record breaking profits that they have made.

Mr. HARRIS. The percent of each dollar that they make. Right.

Mr. KARPINSKI. Record breaking profits that they made.

Mr. HARRIS. Yes. Do you know what the largest company's profit was? Do you know who earned more than Chevron last year, last quarter? Apple Computer.

Mr. KARPINSKI. I understand that.

Mr. HARRIS. In fact, Apple's industry has the largest profit margin, 22 cents on every dollar, as opposed to oil. Now, is your group talking about the gouging that goes on from electronics companies when you go to an Apple store? It is a rhetorical question.

I yield the balance of my time to Mr. Markey.

Mr. LAMBORN. I now recognize the representative from California.

Mr. HARRIS. I yield the balance of my time.

Mr. MARKEY. And I thank the gentleman, but I can wait. I can wait.

Mr. LAMBORN. Representative McClintock? You will wrap up, and if you have a minute for the Ranking Member at some point?

Mr. MCCLINTOCK. Well, if I have a minute left I will be happy to.

The arguments we seem to have heard by the Majority against the notion of drilling in ANWR first is that it is going to take a long, long time to bring this oil to market. Of course, as Mr. Harris has pointed out, the jobs are immediate.

But that line of reasoning reminds me of the story of General de Gaulle who ordered oak trees planted at his provisional headquarters. His adjunct said, "Well, General, it is going to take a century for those oak trees to grow to maturity." General de Gaulle's response was, "Well, then you better not waste any more time."

The other argument that we hear is that the supply that is going to be produced is minimal on a global scale and isn't really worth looking at, and this is the one place we were told by a Member, the one place on the planet we shouldn't be drilling.

The problem, of course, is if you asked him well, how about drilling off the Gulf Coast, the answer is no. How about drilling offshore generally? The answer is no. How about drilling on shore generally? The answer is no. How about developing our vast shale oil reserves that are three times the size of the proven reserves in Saudi Arabia? The answer is no. How about running a pipeline from Canada that is developing its shale oil reserves? The answer is no. So what they are actually arguing is to shut down oil production in the United States.

Councilman Rexford, perhaps you can help me on this. How do we lessen our dependence on foreign oil by prohibiting the development of our domestic supplies?

Mr. REXFORD. I have no idea how that would happen.

Mr. MCCLINTOCK. I have no idea either, and the sad thing is neither do they.

We talked about the drilling footprint, how much land would be the footprint for drilling compared with the size of the total expanse of ANWR. I have been told that proportionally it is a postage stamp on a football field. Is that accurate?

Mr. REXFORD. That sounds about accurate.

Mr. MCCLINTOCK. So that is what we are talking about then? Proportionally, the drilling footprint on ANWR would be as a postage stamp is to an entire football field, but that is the one place we shouldn't be drilling we are told. I find that amazing.

Mr. KARPINSKI, what is your alternative?

Mr. KARPINSKI. A couple things. One is the oil and gas companies have 38 million—

Mr. MCCLINTOCK. No, no. What is your alternative?

Mr. KARPINSKI. You asked me a question. Can I answer it?

Mr. MCCLINTOCK. Yes. I want to know what is the alternative?

Mr. KARPINSKI. The companies already have 38 million acres that they have leased. The first thing, and it is in my testimony. Twenty-two million of those are not being explored enough.

So, number one, in terms of drilling we are not against all drilling. That would be silly. We have never said that. But first go to the leases they already have. Over half of them they are not using. That is number one.

Number two—

Mr. MCCLINTOCK. Well, they are not using—

Mr. KARPINSKI. Can I answer the question?

Mr. MCCLINTOCK. Pardon me. They are not using because they are being blocked by permitting delays that are endless.

Mr. KARPINSKI. In many instances that is not correct. Number two is you reduce your reliance on oil by reducing the demand. Most of the oil is used in our transportation system. We need a new vision of a new future which puts us in a new kind of automobile, which is exactly what the auto companies support.

Mr. MCCLINTOCK. And what is this new kind of automobile? Do you have it in production?

Mr. KARPINSKI. Sure. The simplest version right now are hybrids on the road are much more efficient.

Mr. MCCLINTOCK. And how are we to generate the electricity?

Mr. KARPINSKI. There is a vision that was just laid out with the auto companies standing at the table saying in the next 15 years we are going to go from about 30 miles per gallon to 55 miles per gallon. That is the vision for the future.

Mr. MCCLINTOCK. And how are we to generate the electricity, because when we try to put in new conventional power plants we are told no. When we try to put in nuclear power plants we are told no. We are told the answer is new technology. Is that your response?

Mr. KARPINSKI. First of all, number one, the best way to reduce demand both in terms of electricity and oil is called efficiency. Effi-

ciency. Reducing our use and then building efficiency, automobile efficiency, appliance efficiency. That is the single cheapest, quickest, cleanest, safest way we can reduce demand for electricity and for oil. It is pretty straightforward.

Mr. MCCLINTOCK. It seems to me that with any—

Mr. KARPINSKI. It is pretty easy. You just have to get it done.

Mr. MCCLINTOCK. Reclaiming my time, it seems to me with any commodity when something is scarce it becomes expensive. When it is plentiful it is cheap.

We have been embarking upon a policy of prohibiting development of our energy reserves to the point where they have become scarce. We are told that they are going to disappear anyway. Well, we were told in the 1960s that our oil supplies would be exhausted by the 1980s. We were told in the 1970s that it would be by the 1990s. Now we are being told it will be sometime 20 years from now.

The point is when we look for more oil we find it. The problem is that we have been prohibited even from exploring vast tracts, let alone developing the reserves that we now have. That is the issue, and a new generation is coming along looking at this and saying what in the world are you people thinking? Record unemployment, record increases in energy prices. Why don't you develop the vast reserves we have?

Mr. LAMBORN. Thank you. And now before we wrap up I would like to recognize the Ranking Member to conclude his earlier statement.

Mr. MARKEY. Thank you, Mr. Chairman, very much. We are tasked with the job of making a recommendation from this Committee in terms of where deficit reduction could come from the Committee's jurisdiction. We are going out of session again on Friday and taking off 10 more days, and we will be back in on October 3. We only have 11 days after that to make our recommendation.

So I continue to urge that the Committee employ a vigorous, transparent process to consider any recommendations to the Joint Select Committee. In the meantime, the focus on opening up the pristine Arctic National Wildlife Refuge is misplaced, particularly because there are alternatives which would raise much more revenue to help reduce the deficit by requiring oil companies to pay a fair share for drilling on the public's lands.

I therefore wish to inform you, Mr. Chairman, that the Minority intends to exercise its rights under Rule 11 of the House to call an additional day of hearings with witnesses chosen by the Minority so that this Committee can explore how opening up drilling in the Arctic refuge compares with other alternatives that the Committee could pursue to help reduce our nation's Federal deficit.

Mr. LAMBORN. OK. Thank you. We have concluded our questions. Members of the Committee may have additional questions for the record, and I would ask each of the witnesses to respond to those in writing.

Before we recess, I would like to ask unanimous consent to include two documents in the record, one being a letter from the National Construction Alliance, which is composed of the United Brotherhood of Carpenters and Joiners, as well as the International Union of Operating Engineers, both of whom support

opening ANWR to production, and the second document, which is a letter from State Representative Charisse Millett, and I hope I have that correct—or Miller; I can't read the writing—also supporting opening of ANWR.

If there is no objection, those documents will be included in the record.

Mr. MARKEY. Mr. Chairman, there is no objection on the part of the Minority.

Mr. LAMBORN. Thank you.

Mr. LAMBORN. And if there is no further business, the Committee will stand in recess.

[Whereupon, at 12:43 p.m., the Committee was adjourned.]

[Additional material submitted for the record follows:]

[A statement submitted for the record by the Gwich'in Steering Committee follows:]

Statement of Sarah James, Chair, Gwich'in Steering Committee

Mr Chairman and Members of the Committee, thank you for allowing me a chance to tell you about how the Gwich'in people rely on the Arctic National Wildlife Refuge coastal plain for our livelihood.

I know you are concerned about jobs and the price of gas. We are too. I come from Arctic Village Alaska. There will not be many jobs there until summer, so there is little money. Everything from food to fuel comes in by plane and is expensive. We pay \$10/gal to get gas for our boat or snow machine. I want you to know we understand what it is like to be unemployed and to face high prices.

But the Gwich'in are caribou people. Caribou has provided for us since the beginning of time. Caribou is in our tools, clothing, songs and stories. If you marked on a map where the Gwich'in have always lived and also where the Porcupine Caribou Herd migrates, you would see how we live together. If you came to visit me at my village you would find caribou in every house and freezer in town.

Just as we rely on caribou, the caribou depend on the Arctic Wildlife Refuge Coastal Plain. This is the birthplace and nursery grounds, where every Porcupine caribou calf gets its start in life. Even when deep snows mean the calves are born on Canada side, the mothers will bring their calves to the coastal plain as soon as they can. We call it *Izhik Gwats'an Gwandaii Goodlit*—the Sacred Place Where Life Begins

Oil development here in the birthplace and nursery grounds would hurt the Porcupine caribou and threaten the future of my people. When oil development near Prudhoe Bay got too close, the caribou moved their calving area away, but there was lots of good ground and the herd grew. In the Arctic Refuge the mountains come close to the ocean, and the caribou have nowhere else to go. The biologists believe oil development here would make the herd decline even if the oil companies do everything right. It is not because of oil spills or some other accident. After migrating hundreds of miles and giving birth the cows and their calves are just too sensitive.

We believe we have a right to continue our way of life, and that right is guaranteed by the United States in the International Covenant on Civil and Political Rights, ratified by the Senate, which reads in part “. . .In no case may a people be deprived of their own means of subsistence.”

We do have alternative sources of energy., and we have conservation. We have choices, but the Porcupine caribou don't have a choice. They will go where they have always gone to have their young, and then return to the Gwich'in as they always have.

There are some places so important for other reasons—for the animals, for the Earth and for human rights that they should be respected. The Arctic Refuge Coastal Plain is one of them.

Thank you

[A letter submitted for the record by The Honorable Charisse Millett, Alaska State Representative, follows:]

**Alaska Legislature
Representative Charisse Millett**

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District 30

September 20, 2011

Congressman Doc Hastings
Chairman, Natural Resources Committee
United States House of Representatives
1203 Longworth
House Office Building
Washington, DC 20515

[RE: Written Testimony for ANWR: Jobs, Energy and Deficit Reduction Oversight Hearing]

Congressman Hastings,

Thank you for holding an oversight hearing on the potential for job creation and deficit reduction through responsible oil production in the Arctic National Wildlife Refuge and allowing me to provide written testimony.

The United States has vast traditional energy reserves waiting to be developed that can go a long ways towards reducing the federal deficit and creating new jobs without raising taxes.

The national unemployment rate currently stands at 9.1 percent and the national debt is 14 trillion dollars and rising. Now is the time to take bold steps to get America working again and to raise the money needed to pay down the crushing financial burden before we pass it down to future generations.

Domestic energy production in the United States is looking better than it has in decades. We now produce just over half of our energy needs domestically. Shale oil and gas production is creating new jobs and billions of dollars in new local and state government revenue.

After years of costly delays the EPA finally issued air quality permits to Shell so it can proceed with exploratory drilling in the Beaufort and Chukchi Seas. The estimated reserves indicate it could rival Prudhoe Bay.

According to the U.S. Energy Information Administration the United States has 22.3 billion barrels of oil and 283.9 trillion cubic feet of natural gas of proven reserves.

We have plenty of energy – what we need is the political will to open up areas where we know commercially viable oil and gas reserves exist.

There is no better example of that than ANWR. Congress deliberately set aside the 10-02 Area for future oil and gas production when it created the refuge over 30 years ago.

ANWR holds sizable oil and gas reserves and can help refill the Trans-Alaska Pipeline, a critical piece of our country's energy infrastructure.

I would like to dispel some of the misunderstandings that some Americans may have about ANWR and oil and gas development in the 10-02 Area.

First, if oil was discovered less than 2,000 acres out of 1.5 million acres would be used for oil and gas operations. *That comes to less than one half of one percent* of ANWR. Again, the 10-02 Area was intentionally set aside to meet the nation's energy needs.

Wildlife will not be harmed by oil production in ANWR. The Central Arctic Caribou Herd that migrates through the Prudhoe Bay area is many times larger than it was before oil production began.

ANWR could hold billions of barrels of oil and trillions of feet of natural gas. The potential revenue the federal government could make can run into the billions of dollars.

Jobs. Anywhere between 250,000 and 735,000 new jobs could be created if the coastal plain were developed.

You many have heard that Alaskans do not support opening ANWR. Nothing could be further from the truth. Public opinion polls taken over the past couple of decades have routinely shown that an average of 75 percent of Alaskans support oil development in ANWR. That includes the Alaska Natives who live near the 10-02 Area; Alaska's past and present congressional delegations and a long line of governors.

That broad support is also reflected in the resolutions passed by the Alaska Legislature every two years urging the federal administration and congress of open a tiny portion of the refuge to oil exploration and development.

Right now the focus in Washington D.C. and around the country is on job creation. States that are net energy exporters like Alaska, North Dakota, Texas and Wyoming all enjoy unemployment rates below the national average. The oil and gas industry pays good wages and benefits, pays taxes that fund education, transportation and public safety and also make generous charitable donations.

The successful energy based economies in those states have can be replicated nationally if the administration and members of congress act now to aggressively develop energy resources we know exist.

There are some people who say we need to cut our ties to fossil based fuels and move towards renewable and alternative forms of energy. I wholeheartedly support wind, solar and other forms of renewable energy. They have an important place in our energy portfolio.

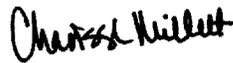
But the fact is none of the available renewable energy technologies are capable of producing anywhere near the amount of electricity and space heat needed for our homes, businesses and public facilities.

That could happen someday but for now we will have to rely on oil, coal and natural gas.

This hearing can be the first step to putting the national economy back on its feet with jobs created through environmentally responsible oil development in the 10-02 Area of ANWR and other oil and gas basins around the country.

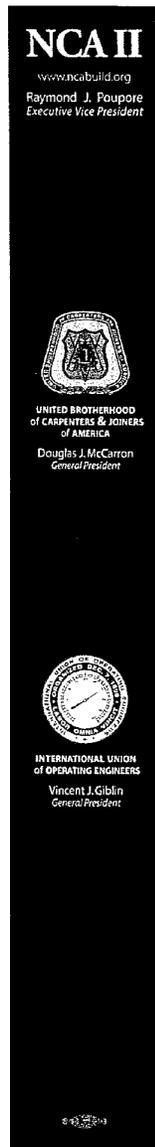
Again, thank you for allowing me to submit testimony to the committee. If I can be of any further assistance on this issue please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Charisse Millett". The signature is written in a cursive, slightly slanted style.

Rep. Charisse Millett

[A letter submitted for the record by the National Construction Alliance II follows:]



NATIONAL CONSTRUCTION ALLIANCE II

HEADQUARTERS: 1634 Eye Street NW, Suite 805 • Washington, DC 20006 • 202-239-4779

September 20, 2011

The Honorable Doc Hastings
1203 Longworth House Office Building
Washington, DC 20515

The Honorable Edward J. Markey
2108 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hastings and Ranking Member Markey:

The National Construction Alliance II agrees with the proposition that drilling and exploration for energy resources in the Section 10-02 area of the Arctic National Wildlife Refuge (ANWR) represents a major opportunity for the American economy. The NCA II – a partnership between two of the nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters – applauds this hearing, which assesses the impact of ANWR development on creating jobs, generating government revenue, and increasing the nation's energy security.

On jobs, studies of the North Slope development have shown that from 55,000 to 130,000 jobs will be created by permitting energy production on 2,000 acres of the 19-million acre Arctic National Wildlife Refuge, or 0.1% of ANWR's total acreage. Many of those jobs will be in the construction sector where the recession has taken a devastating toll. National unemployment in construction reached over 27% in February 2010.

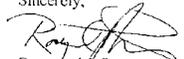
Developing ANWR's resources will generate billions in state and federal revenue from royalty and lease payments, as well as corporate income taxes. These resources can be used to invest in America's failing infrastructure, as Speaker Boehner recently intimated, creating even more jobs for the nation. Some revenue estimates run as high as \$150-billion in corporate income taxes and royalty payments over thirty years of production.

Opening 2,000-acres of the Section 10-02 area of the Arctic National Wildlife Refuge will increase American energy security. U.S. Geological Survey estimates "...found a high probability (95%) that at least 11.8 billion bbl of technically recoverable oil are *present* on federal lands in the 1002 area." This vast oil resource offers America the potential to reduce its reliance on Nigeria, Saudi Arabia, and Venezuela for this critical energy supply.

Opening ANWR will extend the economic life of the Trans Alaska Pipeline (TAPS). Today, the pipeline operates at about 1/3 of its capacity. Operating at that reduced capacity exposes the pipeline to corrosion and damage from water. The Department of Energy's National Technology Energy Laboratory says that, "Failure to replace that declining production in a timely way would render TAPS uneconomic and cripple America's ability to recover the slope's remaining oil resources." That outcome simply must not be allowed to happen.

The National Construction Alliance II wholeheartedly supports drilling and exploration in the 10-02 area of the Arctic National Wildlife Refuge. The Carpenters and Operating Engineers look forward to legislation that will make ANWR development a reality.

Sincerely,


Raymond J. Poupore
Executive Vice President

REGIONAL OFFICE: 100 East Corson Street, Suite 230 • Pasadena, CA 91103 • 626-229-9975

[A statement submitted for the record by The Honorable Niki Tsongas, a Representative in Congress from the Commonwealth of Massachusetts, follows:]

**Statement of The Honorable Niki Tsongas, a Representative in Congress
from the Commonwealth of Massachusetts**

Governor Parnell, Senators Begich and Murkowski, Mr. Sharp, Mr. Hall, Mr. Rexford, and Mr. Karpinski, thank you for your testimony today.

My husband, Paul Tsongas, was instrumental in passing the Alaska Lands Act, one of the most significant land conservation measures in the history of our nation. The vision and importance of that momentous legislation is equally critical today. The Arctic National Wildlife Refuge (ANWR) is a national treasure. It covers over 19 million acres in northeast Alaska and is home to caribou herds, polar bears, muskox, gray wolves, and numerous other animal and plant species unique to the region.

In 1987, and again in 1998, the U.S. Geological Survey (USGS) released reports detailing large amounts of crude oil within the refuge boundaries. However, USGS data indicates that any oil discovered in the Arctic Refuge would be scattered among multiple small fields, rather than concentrated in a single large field. This would make development slow and expensive, and would also expand the area exposed to environmental impacts. According to the U.S. Energy Information Administration, ANWR oil reserves would, at its peak, represent just .4 to 1.2 percent of world oil consumption by 2030, and would have little impact on domestic oil prices. Similarly, ANWR oil would represent just a fraction of daily U.S. oil use, and America would still import tens of millions of barrels per day from overseas. Drilling in this region will neither reduce our nation's dependence on oil and lower the cost of energy, nor supply an amount significant enough to alter our need for foreign reserves.

The United States Congress has consistently—and rightly—re-buffed Republican attempts to drill for oil in ANWR, and I will continue this tradition and oppose any future attempts to degrade this natural wonder. Vast areas of wilderness not only support a healthy environment, but preserve a piece of American history. Drilling in ANWR will provide no solutions to the very real problems facing our country. Rather than consenting to irreversible damage to our national treasures like the Arctic Refuge, we ought to focus on harnessing the power of clean, renewable energy to create high paying jobs, reduce our fossil fuel dependency, and begin to address the threat of climate change.

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OVERSIGHT HEARING ON “ANWR: JOBS, ENERGY AND DEFICIT REDUCTION.” PART 2

Friday, November 18, 2011
U.S. House of Representatives
Committee on Natural Resources
Washington, D.C.

The Committee met, pursuant to call, at 2:11 p.m., in Room 1324, Longworth House Office Building, Hon. Doc Hastings [Chairman of the Committee] presiding.

Present: Representatives Hastings, Young, Lamborn, McClintock, Harris, Markey, Kildee, Holt, Tsongas and Hanabusa.

The CHAIRMAN. The Committee will come back to order.

The Chair notes the presence of a quorum, which, under Committee Rule 3(e), is two Members.

The Committee meets again today to resume its September 21, 2011, hearing on ANWR: Jobs, Energy, and Deficit Reduction. Under Committee Rule 4(f), we will go straight to the witness testimony.

We have seated at the panel our distinguished list of witnesses: Mr. Douglas Brinkley, Professor of History at Rice University; Ms. Sarah Agnus James, Board Chair of the Gwich'in Steering Committee; Mr. Erich Pica, President of the Friends of the Earth; and Ms. Lauren Pagel, Policy Director for Earthworks.

For the record, at our first hearing we heard from two panels, and those panels included Governor Parnell of Alaska; Senator Lisa Murkowski from Alaska; Senator Mark Begich from Alaska; Congressman Don Young from Alaska; Mr. Fenton Rexford of Kaktovik, Alaska; Mr. Tim Sharp of Laborers Local 942 in Alaska, I think it was Fairbanks; Mr. Carey Hall, an ice road trucker; Mr. David Jenkins of Republicans for Environmental Protection; and Mr. Gene Karpinski from the League of Conservation Voters.

For those of you that have not had the privilege or opportunity, whichever way you want to say it, to testify, your full statement will appear in the record. I would ask you to summarize your oral remarks. And the lights in front of you, when you start, the green light comes on. That means you have 5 minutes. When the yellow light comes on, it means you are down to a minute. When the red light comes on, it means you are in trouble. But I would ask you to keep your remarks as close as you possibly can to that. Once again, your full statement will appear in the record.

So, Mr. Brinkley, we will start with you. You are recognized for 5 minutes.

STATEMENT OF DOUGLAS BRINKLEY, PROFESSOR OF HISTORY, RICE UNIVERSITY

Dr. BRINKLEY. Thank you for having me, sir. It is wonderful to be here. I am an historian. I am writing right now a multiple-volume history of the American conservation movement. My first vol-

ume was *The Wilderness Warrior*, which was on Theodore Roosevelt, Gifford Pinchot, and others at the beginning of the 21st century. My second volume that is now next is called *The Quiet World: Savings Alaska's Wilderness Kingdom, 1879-1960*. So I have recently spent quite a bit of time in Alaska, including going to the Arctic refuge camping.

I might add that I was also the Director of the Eisenhower Center. We would collect World War II oral histories of our veterans. I have written on D-Day and the Battle of the Bulge, working on work on Khe Sanh and the marines at Khe Sanh, et cetera. My father served in the Korean War as a ski trooper in Alaska.

And I am very glad to see Mo Udall behind me here, one of the great figures, congressional figures, in American history on wilderness and Alaskan protection. I was hoping to get to meet Mr. Young, but I don't think he is here right now. He is there by the door, by the exit sign. And Mo Udall is there behind me, because Mo Udall had the right idea of what to do to protect Arctic Alaska, as did Dwight Eisenhower.

The Arctic was saved by Ike 50 years ago. He was not known as one of our great conservationist Presidents per se at the time. He was a fiscal conservative. But he pushed for Alaska statehood, very bravely, because back then—Alaska today you think of as a red State—the first two Senators from Alaska were Democrats.

Ike went forward with it, at any rate, for the State. And that is when the Arctic Refuge got created, with the Fairbanks Daily Miner for the Arctic Refuge being created, and it has become Eisenhower's great reserve. We just celebrated the 50th anniversary of the Arctic, and it is like Yellowstone or the Grand Canyon, the Great Smoky Mountains or Big Bend. It is one of the most important treasured landscapes in the United States.

And I am here—the reason I flew in today, left my family and my three kids back in Austin, Texas—I came here today to propose that these kind of meetings probably need to stop. I think we are at the point now that President Obama needs to sign, using the Antiquities Act of 1906, power that Theodore Roosevelt used so effectively to save the Grand Canyon from congressional people who wanted to mine it for zinc, copper, and asbestos, and put the Coastal Plain, what is called 1002, the biological heart of the Arctic Refuge, the great polar bear denning area, the key cornerstone of our marine ecosystem of America's Arctic—Arctic Alaska—and create an Eisenhower national monument. Have an Executive Order by President Obama. I suggest we bypass Congress on this, as it is done consistently. In fact, George W. Bush, our last President, used the Antiquities Act to create the largest national monument in Hawaii, our great maritime national monument. Executive power. And I think the President needs to do that.

We are living in a time of climate change. The Arctic Refuge is home of our charismatic animal, the polar bear. It is also a place that people get some solace in this noisy, hyperindustrialized world. How do you put a price tag on solitude? And the thought at this moment in time in 2011 that we are looking at a 50-year-old reserve and talking about opening it up to Dutch oil companies and British oil companies—there are people right now trying to

mine uranium out of the Grand Canyon—this seems to me to be backwards. We have to move forward in this country.

I am all for oil. I lived for a long while in New Orleans. Petroleum dollars are important. We need to be using the Gulf of Mexico as an industrial zone that we are. But we have to have treasured landscapes, and places like Chesapeake, in my opinion, and Arctic Alaska have earned the designation of being thematic with what American conservation is.

Eisenhower not only saved the Arctic Refuge 50 years ago, but he also is the person in charge of demilitarizing and not having the Antarctica developed. And why we want to call it the Eisenhower National Monument and the Coastal Plain is the country finally do something for Eisenhower instead of just highway signs and parkway signs. It would be a fitting monument.

I got to Anchorage, and there is an Eisenhower statue and a little memorial in there, but the role the U.S. Army has played in Alaska's history, in World War II, in building of the ALCAN Highway and the current U.S. troops there, the incredible role the Federal Government has played in Alaska. I think our country should honor Eisenhower the way North Dakota honored Theodore Roosevelt with Theodore Roosevelt National Park in the Badlands. We should have an Eisenhower National Monument in the Arctic Refuge.

The CHAIRMAN. I thank the gentleman very much for his testimony.

[The prepared statement of Dr. Brinkley follows:]

Statement of Douglas Brinkley, Professor of History, Rice University

No picture book can do justice to the ethereal beauty of the Arctic National Wildlife Refuge (ANWR). I camped there in the summer of 2010 along the Hulahula River. The sky was like another ocean. The nearby mountains were ruins left over from the Ice Age. One afternoon in the Arctic I saw a grizzly climbing up a hill, running at tremendous speed. It was like a time machine had taken me back to the beginning of the world. Everything from the caribou herds to the wildflowers was primordial, uncontaminated, and fresh. Back in 1960 President Dwight D. Eisenhower was a true visionary when he created the Arctic Refuge. To Eisenhower, and his Interior Secretary Fred Seaton, Arctic Alaska—like Antarctica—was too precious a wilderness heirloom to permit destructive oil, gas, military, and mining activity. By saving this remote part of Arctic Alaska, Eisenhower earned his gold-starred place as one of America's great conservation presidents.

To Eisenhower there were some natural places that defined what it meant to be American; the ANWR wilderness in northeastern Alaska is one of those sacred spots. Fifty years ago, our parents' and grandparents' generation—in the Eisenhower era—looked out across Alaska's North Slope wilderness and decided to set the Arctic Refuge aside as protected sanctuary for the abundant wildlife that depended on it. It rapidly became spiritual grounds where U.S. soldiers returned from overseas combat to heal. Outdoorspersons from all over the world come to Arctic Alaska to hunt, fish, and clear their minds from the white noise of hyper-industrialization. Congress, in my opinion, has a moral responsibility to help save Eisenhower's Arctic sanctuary—a wonder like Yellowstone, the Tetons, Big Bend, and the Grand Canyon—for future generations to enjoy.

Last year ANWR celebrated its 50th anniversary as America's premier refuge. But virtually nothing was done to commemorate Eisenhower for his incredible conservation accomplishment as its brave founder. The U.S. Interior Department now has an opportunity to rectify this omission, to honor our 34th president for his extraordinary environmental foresight. Congress should urge President Obama to use the Antiquities Act of 1906 to permanently establish the Eisenhower National Monument out of Section 1002 land within ANWR. The Coastal Plain along the Beaufort Sea is the most important denning habitat for U.S. polar bears in the Arctic Alaska. It is also an essential habitat for wolves, grizzly, and brown bears. Over 130 bird species rely on the coastline, lakes, and rivers of ANWR for nesting, feeding, and

breeding. Throughout the course of a year, at least one avian species from every state (except Hawaii) makes its way to ANWR. Birders from all of the country track the migratory patterns of birds like mallards, tundra swans, red-throated loons, snow geese, and northern pintail ducks on their way to the Arctic. Any loss of habitat in this region will necessarily result in a corresponding loss of opportunities for bird watching and hunting. The Eisenhower National Monument would secure lasting protection for the Coastal Plain's terrestrial and marine wildlife. There are those in the U.S. Congress who believe the Coastal Plain of ANWR should be leased to foreign oil companies like British Petroleum and Royal Dutch Shell. I believe it should remain an unmolested U.S. wilderness sanctuary, public land used for outdoors recreation by world citizens.

As a former director of the Eisenhower Center, World War II scholar, and lover of Wild America, I think it's important that our nation honor conservation heroes. By commending the life and legacy of Eisenhower, declaring the 1002 area of ANWR the Eisenhower National Monument—via executive order—the Obama administration would be preserving one of America's wildest landscapes and honoring the great Supreme Allied Commander of the Second World War who was responsible for Alaskan statehood. Re-designating the Coastal Plain—the “biological heart” of ANWR—is the proper way to nationally honor Eisenhower with something more meaningful than Interstate Highway signs and a parkway in New Jersey.

As president of the United States, Eisenhower pushed for world peace and conservation in a number of imaginative ways. It is Eisenhower who spearheaded the successful global campaign to prohibit military bases, military exercises, and weapons testing in Antarctica. Today the majestic mountains that rise between Reeves Neve on the west, Reeves Glacier on the south, and Priestley Glacier on the north and east in Victoria Land, Antarctica are officially known as the Eisenhower Range.

If Antarctica can honor Eisenhower's conservation legacy with a range, surely the United States can do the same in Arctic Alaska. There are those that argue Section 1002 should be designated Wilderness by Congress. I believe that process is too time consuming and slow. Alaska has already been harder hit by global warming than any other part of the nation. The state's average temperature has risen 4 degrees Fahrenheit in the past fifty years, and there have been major reductions in populations of coastal and marine bird species, seals, and sea lions. President George W. Bush rightfully used the Antiquities Act in 2006 to designate 195,000 square miles of the Pacific Ocean as the Northwestern Hawaiian Islands Marine National Monument when he thought that ecosystem was in peril. President Obama could become a conservation hero for doing the same for Section 1002 of Arctic Alaska.

Let history show that Congresspersons on November 18, 2011—recognizing the need to honor Eisenhower, protect a world-class landscape, and address the global climate crisis—urged the White House to add an additional layer of federal protection in Arctic Alaska. I look forward some day to camping with my wife and three children in the Eisenhower National Monument—a far better name than Section 1002—as the premier attraction in ANWR.

The CHAIRMAN. Next I am pleased to represent Sarah Agnus James, the Board Chair of the Gwich'in Steering Committee. Ms. James, you are recognized for 5 minutes.

**STATEMENT OF SARAH AGNUS JAMES, BOARD CHAIR,
GWICH'IN STEERING COMMITTEE**

Ms. JAMES. I am honored to speak on behalf of this Committee for my nation, which is Gwich'in Nation. I feel real honored to be here. English is my second language, so I will address to you and translate it in my language back to English. I will speak Gwich'in. English is my second language.

[speaking in Native language.]

I say: We came a long ways. We all came a long ways. We still have a long ways to go. On behalf of the elders that cannot be here today, and on behalf of the children that is not yet born, my people have been traveling all over the country trying to tell a story about a special place in the world, which is Iizhik Gwats'an Gwandaii

Goodlit, “sacred place where the life begin.” We do that for our future generation.

Back in 1988, it was alarming to our nation, to our elders. There was going to be a development of gas and oil in the Coastal Plain of the Arctic National Wildlife Refuge. The elders of the Nation called Gwich’in gathered in Arctic Village June 5, 2010. They came together because that is what they did before. They haven’t got back together for about 150 years because there was a border put between them, U.S.-Canadian border. And when they got there, they were very wary that nobody really knows about us or going to hear about us. But the chief, the 15 chief on 15 Gwich’in villages, came up with a resolution and said the only way the world will know about Gwich’in is unless this is in black and white. So they pass a resolution to protect the Coastal Plain of the Arctic National Wildlife Refuge and the birthplace of the Porcupine caribou and the Gwich’in way of life.

It was a hard decision for them because that will bring a lot of people and the interest to that area, but they have made that decision. They also know that they cannot do it by themselves, so they gave us two direction to do it in a good way and teach the world in a good way why we say no to oil and gas development. Even then, the global warming climate change was part of the conversation that went on.

The way of life of caribou is our way of life, just like the buffalo is to the Plains Indians. It is our song, it is our dance, it is our story. Even today, 75 percent of our diet is still wild meat, which make up of mainly caribou, moose, fish, Dall sheep, small animals, and birds and ducks.

We call that place up there, the Coastal Plain, the Arctic National Wildlife Refuge, we call it Iizhik Gwats’an Gwandaii Goodlit. That means “sacred place where the life begin.” For that reason, under the customary and traditional uses of the Porcupine caribou, we draft up an international Porcupine Caribou Commission agreement that it is signed in 1987.

To us, it is human rights. We believe that we were put there by God to take care of that part of the world. That is our responsibility as Gwich’in people. We didn’t come from anywhere, we are not going anywhere, and we are here to stay.

The climate change is real in Alaska, and we have to make this Iizhik Gwats’an Gwandaii Goodlit permanent protection for our future generation.

Thank you very much for listening to me.

The CHAIRMAN. Thank you very much for your testimony.

[The prepared statement of Ms. James follows:]

**Statement of Sarah Agnus James, Chairperson,
Gwich’in Steering Committee**

Mr. Chairman and Members of the Committee:

My name is Sarah James.

I am Neetsa’ii Gwich’in from Arctic Village, Alaska, and I serve as Chairperson of the Gwich’in Steering Committee. Arctic is the northernmost Indian community anywhere. Only the Inuit live north of us—along the Arctic coast.

The Gwich’in are caribou people. Caribou is our main food, it is in our tools and clothes and songs and stories and beadwork. We have lived right here with the caribou for hundreds of generations and will stay right far into the future. There are maybe 7,000 of us, mostly living in 15 small communities and villages scattered

across northeast Alaska and the northwest corner of Canada. We are among the most remote and most traditional people in America.

The Gwich'in Steering Committee was created by resolution of our Chiefs in 1988 at the first gathering of all our people in more than 100 years—the Gwich'in Niintsyaa. Our job is to speak with one voice for all our Gwich'in people on the caribou issue. The Chiefs gave us two directions:

- to tell the world about the caribou and the Gwich'in way of life, and what oil development would mean for the Gwich'in; and
- to do it in a good way.

So, Mr. Chairman, I am especially honored to be here today to carry out this important task for my Chiefs and my people.

We respect the difficult job you have. We know about the problems of jobs and energy. In Arctic Village we only have jobs in the summer, and there are not enough to go around, so we know what it is like to be unemployed and to worry about how to pay our bills. We also know about energy problems. In Arctic Village everything is flown in. If you have a 4-wheeler or snow-machine, you will pay about \$15/gallon for gas. Fuel for electric generators is flown in too, so electricity is really expensive. I'm not complaining, I love my life, but we do know what it means to have a "deficit" when life is expensive. But in the winter you can't just turn out the lights. You have to get the money to pay the bills. Go to town to get a job, or raise taxes. You have to keep the lights on at home.

The idea of waiting to pay the bills for 10 or 15 years while you hope to find oil in the Arctic Wildlife Refuge is backwards. People need to go to work now. Our country, our government needs to fix our schools and roads and towns, and find a way to meet new needs like icebreakers—not 10 or 20 years from now, but now. If it costs more money, we will pay our fair share. To go on pretending you can just cut costs without ruining our country is not telling the truth.

But the question of oil development in the Arctic National Wildlife Refuge is not just about money and oil. It is about the most basic human rights of the Gwich'in.

For the Gwich'in, this is a simple issue:

Oil development in the birthplace and nursery grounds of the Porcupine (River) Caribou Herd would hurt the caribou and threaten the culture and way of life of my people and the viability of our communities.

We know the coastal plain of the Arctic National Wildlife Refuge as *Iizhik Gwats'an Gwandaii Goodlit*, "the Sacred Place Where Life Begins." After migrating 400 miles and giving birth, the mother caribou cannot be disturbed at this time, and our people may not go there then. The cows and their calves will move from place to place to find the cotton-grass and other new green sprouts they need to recover their strength and feed their calves. Depending on weather, the prime area for feeding might change from year to year, especially for the first weeks. Sometimes when snows are deep the caribou are born in Canada, but studies of radio-collared caribou show that as soon as she can, the mother caribou will lead her calf onto the Arctic Refuge's coastal plain. From what we know, every Porcupine caribou gets their start in life right there, at *Iizhik Gwats'an Gwandaii Goodlit*.

When oil development around Prudhoe Bay came close to the calving grounds of the Central Arctic Caribou Herd, the cows and their calves were pushed away onto new calving- and nursery grounds. Because there was lots of good ground, this did not hurt them and those caribou prospered.

The problem for Porcupine caribou is, in the Arctic Refuge the mountains come close to the Arctic Ocean—and the coastal plain is only a few miles wide. There are already more caribou per square mile on the Porcupine caribou calving and nursery grounds than almost any other caribou herd. If the caribou are disturbed they have no-where to go. Caribou biologists believe oil development, or any large-scale disturbance and noise, risks displacement of cow and calve caribou from essential habitats, would likely hurt productivity, leading to declines, and possibly alter migration patterns.

These are the expected and unavoidable effects of oil development even if it is done right. This is not the risk we face if there is a spill or other large industrial accident.

As indigenous people, we have the right to continue our way of life, and that right is guaranteed by the International Covenant on Civil and Political Rights, signed by the President and Ratified by the Senate. Article 1 of that Covenant reads in part:

"In no case may a people be deprived of their own means of subsistence."

The U.S. and Canadian governments signed an international agreement for management and long-term protection of the Porcupine Caribou Herd (Ottawa, July 17, 1987), forming the International Porcupine Caribou Commission (IPCC). The objectives of the agreement were: **"To conserve the Porcupine Caribou Herd and**

its habitat through international cooperation and coordination so that the risk of irreversible damage or long-term adverse effects as a result of use of caribou or their habitat is minimized; To ensure opportunities for customary and traditional uses of the Porcupine Caribou Herd (emphasis added); To enable users of Porcupine Caribou to participate in the international coordination of the conservation of the Porcupine Caribou Herd and its habitat; To encourage cooperation [and] communication among governments, users of Porcupine Caribou and others to achieve these objectives.”

Much of the language used in this international (governments-to-governments) agreement admits and supports the Gwich'in human and cultural rights regarding caribou habitat:

- “Acknowledging that there are various human uses of caribou and that for generations certain people of Yukon Territory and the Northwest Territories in Canada have customarily and traditionally harvested Porcupine Caribou to meet their nutritional, cultural and other essential needs and will continue to do so in the future. . . and that these people should participate in the conservation of the Porcupine Caribou Herd and its habitat;
- “Recognizing that. . . caribou in their large free-roaming herds comprise a unique and irreplaceable natural resource of great value which each generation should maintain. . . so as to conserve them for future generations;”
- “. . . actions for the conservation of the Porcupine Caribou Herd that result in the long-term detriment of other indigenous species of wild fauna and flora should be avoided;”
- [referencing territory covered] “. . . caribou found north of 64 degrees, 30' north latitude and north of the Yukon River which usually share common and traditional calving and post-calving aggregation grounds between the Canning River in the State of Alaska and the Babbage River in Yukon Territory and which historically migrate within the State of Alaska, Yukon Territory, and the Northwest Territories;”
- [under ‘Objectives’] “f. The Parties should avoid or minimize activities that would significantly disrupt migration or other important behavior patterns of the Porcupine Caribou Herd or that would otherwise lessen the ability of users of Porcupine Caribou to use the Herd.

There are other documents that support our claim, but it is the very simple human right to continue to live our lives on our traditional lands that I hope you will remember.

Mahsi'choo (thank you)

The CHAIRMAN. Now I recognize Mr. Erich Pica, President of the Friends of the Earth. You are recognized for 5 minutes.

**STATEMENT OF ERICH G. PICA, PRESIDENT,
FRIENDS OF THE EARTH**

Mr. PICA. Thank you, Chairman Hastings, Ranking Member Markey, and the members of the Committee. I appreciate the opportunity to testify today.

My name is Erich Pica, and I am President of Friends of the Earth United States. Friends of the Earth is a national environmental nonprofit advocacy organization, and we are a member of Friends of the Earth International, which is the world's largest federation of grassroots environmental organizations, with member groups in 76 countries.

Friends of the Earth has worked on environmental, tax, and budget issues for more than 30 years, and I have authored or written multiple reports on tax and environmental budget issues, including our Green Scissors report.

The Joint Select Committee on Deficit Reduction has been tasked with coming up with \$1.5 trillion in budget savings, on top of the \$900 billion of cuts that have been made this year. While I believe that the supercommittee process is deeply flawed, the Natural

Resources Committee has the opportunity to do something positive for the environment and taxpayers. Instead of facing this challenge head on, I believe that the Committee is myopically focusing on increased drilling in the Arctic National Wildlife Refuge with the hopes and promise of increasing Federal revenues.

From the Federal revenue side of the equation, drilling in the Arctic is largely speculative, largely the equivalent of investing—this is the equivalent of investing in either a subprime mortgage or, dare I say, the Greek debt. And here is why. The Congressional Research Service estimates that revenue is simply unrealistic. The \$191 billion over 30 years projection assumes a 50-50 cost split between the State and Federal Government. Current law says that 90 percent of that goes to Alaska, and 10 percent goes to the Federal Government. CRS also assumed a 33 percent tax rate for oil and gas companies. According to the Citizens for Tax Justice and the companies they looked at, no company they looked at paid that rate. And in fact, ExxonMobil, with \$9.9 billion in pretax profits, only paid a .4 percent tax rate over the last 2 years. Finally, the estimate is over 20 years—which begins in 20 years—which is highly speculative.

A better bet is simply ending existing oil and tax giveaways, which would save taxpayers over \$300 billion in the same period without damaging the Arctic. While these tax breaks and tax credits fall outside of this Committee's jurisdiction, increasing oil royalties fall within this Committee's jurisdiction. Submitting legislation to the supercommittee to fix the royalty-free oil and gas leases in the Gulf of Mexico could raise more than \$53 billion. Simply raising royalty rates and taxes on oil companies could raise an additional tens of billions of dollars. The U.S. Currently lags behind countries like Norway, China, Australia, and Nigeria in capturing taxpayer revenue for oil and gas resources.

But this Committee's jurisdiction is not limited to oil and gas resources. There is the 1872 Mining Law, which Lauren is going to testify on. This is a 140-year-old law that allows corporations to essentially take minerals for free off of public lands—gold, silver, copper; some of our most valuable resources. The Committee can also end a \$100-million-a-year loss in the grazing program by either ending the program or simply charging what States and other private ranchers do, which is the fair market value for grazing. And finally, we are still paying for money-losing timber sales.

The savings from reevaluating natural resources and getting the Federal Government's fair share are just the tip of the iceberg. This August, Friends of the Earth, along with Taxpayers for Common Sense, Public Citizen, and the Heritage Institute, a libertarian organization, released the Green Scissors 2011 report, which identified more than \$380 billion in savings over the next 5 years.

I want to commend Congressman Markey for his legislation that I believe was introduced yesterday for taking on some of these subjects. Ending perverse incentives that are destroying our environment is an important step that this Committee can make and a great contribution it can make to the supercommittee. These are not the root problems, though. The root problem is the environmental destruction that is occurring on our public lands and the fact that our government simply is giving away the resources to

corporations to do with what they please. This has to end, and the supercommittee can do something about this with the Natural Resource Committee's help.

Thank you, and I welcome any questions that come along.

The CHAIRMAN. Thank you very much, Mr. Pica, for your testimony.

[The prepared statement of Mr. Pica follows:]

Statement of Erich G. Pica, President, Friends of the Earth

Chairman Hastings, Ranking Member Markey, and members of the committee, thank you for giving me the opportunity to testify before you today.

My name is Erich Pica and I am the President of Friends of the Earth US. Friends of the Earth fights to defend the environment and create a more healthy and just world. We are a member of a federation of grassroots groups working in 76 countries on today's most urgent environmental and social justice issues. Friends of the Earth US has more than 30 years of experience working on tax and budget issues and I personally have authored numerous reports on environment and tax and budget issues, including our Green Scissors report, which identifies wasteful spending that is harmful to the environment.

The Joint Select Committee on Deficit Reduction has been tasked with coming up with \$1.5 trillion dollars in budget savings, on top of the \$900 billion in spending cuts that were agreed to as part of the latest debt ceiling increase. If the Joint Select Committee on Deficit Reduction cannot reach an agreement another \$1.2 trillion dollars in cuts will be implemented automatically. Environmental programs stand among those that will be the hardest hit by these cuts. On behalf of our members and activists, I urge Congress not to accept a bad deal that extends the Bush tax cuts or weakens important parts of our social safety net. It is not too late to press the reset button on this flawed process.

Over the past few months, we have all seen the rise of the Occupy movement in cities across the country and around the world. Friends of the Earth stands in solidarity with this movement, which serves as a reminder of the need for our government—and our budget—to serve people and the planet, not corporate polluters. This continuing public outcry for fundamental economic justice stands in stark contrast to the rhetoric about the “need” to cut social safety nets and environmental protections that has dominated the political discourse for much of the last year.

The growing inequality in the United States and around the world manifests itself not only through disparities of wealth and opportunity, but of political power. In a country where money is speech and corporations are considered people, it is little wonder that the wealthiest seem to hold a tight grip on our political system. In the last decade, the influence of big business has expanded to such an extent that our civil and political systems have largely been captured by corporate lobbyists and campaign donations.

Today, functions that were once the domain of the public sector—from the provision of services, to the protection of our commons, to the fighting of our wars and even the writing of our laws—have been taken over by corporations that put profit before the public interest. There is perhaps no better illustration of this than the use of our public lands and waters. Increasingly multi-national corporations are being given control of our public's lands to exploit them for profit. Opening up the Arctic National Wildlife Refuge for drilling would be one more in a long line of give-away of public lands for private profits.

Drilling the Arctic National Wildlife Refuge to raise revenue is a false solution, and it goes directly against the values of the American people, which overwhelmingly support protecting the Refuge and our natural heritage. There are some places in this country that should be left untouched. Unfortunately, it is too late for many of them. We can still preserve Arctic Refuge, one of the last vast pristine, undisturbed wildernesses left in America.

Efforts to authorize oil production in the Arctic would replace wilderness with oil derricks, roads, long pipelines connected by feeder pipelines, power plants, oil processing facilities, and landfills. It would despoil this wilderness with air pollution (particularly nitrogen oxides and methane, a greenhouse gas), oil spills, drilling wastes and sewer sludge. Both exploration and development would cause direct and cumulative impacts to our natural heritage, as well as to the wildlife and subsistence resources that the Arctic Refuge was established to protect. All of this sacrifice comes for little gain.

The Congressional Research Service has estimated that drilling in the refuge could raise \$191 billion over the 30 year drilling period.¹ While this sounds like a significant amount of money, simply ending existing oil and gas tax giveaways would save taxpayers well over \$300 billion in that same period without any of the damage that would accompany Arctic drilling.

The Congressional Research Service projections are unrealistically optimistic about the revenues that could be raised by drilling. The estimate assumes a 50/50 split of royalties between the State of Alaska and the federal government, but current law under the Alaska Statehood Act has 90% of royalties going to Alaska and only 10% going to the federal government. The Congressional Research Service analysis also assumes an unreasonably high effective tax rate of 33% on oil and gas revenues. A recent analysis by Citizens for Tax Justice found no oil and gas companies that are paying rates that high in the US.² To illustrate, over the past two years ExxonMobil only paid an effective tax rate of .4% on their \$9.9 billion in pretax US profits.³ Finally, drilling in the arctic cannot be a budget solution for today. The bulk of these highly speculative and likely diminutive funds would not be realized until 20 years into a drilling program, when production would be at its peak. And even if Congressional Research Service's estimates turn out to be accurate, it is simply not worth the environmental destruction it would create.

What makes this giveaway particularly egregious is that some are justifying it under the pretense of fiscal responsibility, while the same companies that stand to benefit are currently robbing taxpayers of billions of dollars worth of resources each year. An honest discussion about how to raise revenue from oil and gas production or other natural resources must start with making sure that taxpayers get a fair return on the resources that are already being exploited, not with how to open up even more lands to oil and gas companies at cut rate prices.

We should begin by making oil companies pay for the oil they are extracting in public waters in the Gulf of Mexico. According to the Government Accountability Office taxpayers stand to lose \$53 billion from royalty free leases in the Gulf.⁴

Even when taxpayers are getting some return for our oil and gas resources, we are still not receiving our fair share. That's because even after President Bush increased federal royalty rates for oil and gas, these rates are among the lowest in the world. And all of this is on top of the more than \$10 billion a year in tax incentives that we give to this polluting industry that is helping them produce record profits.

But it is not just oil and gas that is being handed over to corporations for free. The 1872 Mining law allows corporations to take valuable minerals such as gold, silver and copper from our land for free, costing taxpayers over \$300 million every year. Similarly, the federal government actually loses \$100 million a year on its grazing program. That's right: despite the fact that we charge grazing fees, taxpayers would save money—and protect the environment—by simply eliminating grazing on our federal lands. At minimum, we should increase the grazing fees to market prices.

And the programs I mentioned are just the tip of the iceberg. Our Green Scissors 2011 report identifies more than \$380 billion in potential savings over 5 years that could be achieved by eliminating subsidies—many of them corporate handouts—while benefitting the environment. We released this report in partnership with Taxpayers for Common Sense, Public Citizen and The Heartland Institute. Clearly, that is a diverse group with divergent views about the role of government. But we can get past our differences and all agree that these proposals make sense.

Recommendations from Green Scissors 2011 that are under the jurisdiction of this Committee include:

Reforming the 1872 Mining Law: The 1872 Mining Law is perhaps the grandfather of all anti-environmental giveaways. First enacted under President Ulysses S. Grant in 1872, the law was intended to promote western settlement. Yet, 139 years later, this anachronistic law remains unchanged, providing an enormous subsidy to the biggest mining operators in the world like UK-based Rio Tinto. Under the 1872 law, mining companies pay no royalties for the minerals they remove from federal lands and can purchase federal land for \$5 per acre (a weak annual morato-

¹ Congressional Research Service, Possible Federal Revenue from Oil Development of ANWR and Nearby Areas, RL34547, June 2008.

² Citizens for Tax Justice, The Great Myth about the Great Myth about Oil Tax Breaks, <http://tax.com/taxcom/features.nsf/Articles/A276A2A68C3C993B8525783300510DDF?OpenDocument>

³ Citizens for Tax Justice, Congress Should End Oil & Gas Tax Breaks, April 29th 2011

⁴ United States Government Accountability Office, Oil and Gas Royalties: Litigation over Royalty Relief Could Cost the Federal Government Billions of Dollars, GAO-08-792R Royalty Relief, June 5 2008.

rium on purchases has been put in place, but there is no permanent fix). Taxpayers receive nothing for the approximately \$2.4 billion worth of precious minerals such as gold, silver and copper that mining companies extract annually from federal lands. A royalty rate of just 12.5% would return \$300 million to taxpayers annually.

Ending Royalty Free Leases: The federal government gives away oil and gas deposits for free. For years gasoline prices have been at record levels and oil companies have enjoyed sky-high profits, making the subsidization of the industry particularly egregious. The 1995 Deep Water Royalty Relief Act (DWRRA) provided royalty “relief” for leases sold from 1996–2000. According to the Government Accountability Office in 2008 the total cost to taxpayers could exceed \$53 billion in the next 25 years.⁵ Instead of fixing this giant giveaway, Congress widened it in 2005 by providing additional royalty relief in the Energy Policy Act.

Receiving Fair Value for Oil and Gas Royalties: Taxpayers are being cheated out of billions of dollars because of lax oversight by our nation’s royalty collection system and low royalty rates. The Government Accountability Office has targeted the nation’s oil and gas royalty collection for serious criticism, giving it a “high risk for waste” tag this year.⁶ In 2008 the Government Accountability Office found that over the last two years the Department of the Interior had made continual blunders with the collection of company-reported data and offered unreliable sales data that do not reflect market prices for oil and gas. Even when the royalty system is working properly taxpayers are getting less than their fair share. According to a 2007 Government Accountability Office report, despite a recent increase in rates for offshore oil and gas royalties, US rates for oil and gas production are among the lowest in the world, and lower than those of the states.⁷ Royalty rates for oil and gas production on-shore have not been raised in over 25 years. The failure to charge and collect appropriate fees for oil and gas production on public lands is robbing taxpayers of much needed revenue.

Reforming Grazing Fees: In 2009 the United States Forest Service and Bureau of Land Management public grazing programs cost taxpayers \$120 million to operate but collected only \$17 million in fees, costing taxpayers \$103 million. The reason for this loss is because federal grazing fees are lower than the fees charged by almost every state, offering a giant subsidy to a small percentage of ranchers. In fiscal year 2007, federal grazing fees fell to \$1.35 per acre, the lowest amount allowed by law. To put that in perspective, the first uniform federal grazing fee that was established in 1934 was set at \$1.23 per acre. The equivalent, in 2010 dollars, is \$19.81 per acre. Using state formulas to assess grazing fees would save taxpayers \$41 million over 5 years.⁸

Stopping Money Losing Timber Sales: According to the Congressional Budget Office, the United States Forest Service has spent more on the timber program in recent years than it has collected in revenue from the companies that harvest the timber.⁹ In 2008 the United States Forest Service lost \$45 million by selling rights to log roughly 2.5 billion board feet of public timber. The Congressional Budget Office estimated that reducing money for timber sales that lose money could save taxpayers \$276 million over 5 years.

Even with \$380 billion in potential savings, the Green Scissors 2011 report was unable to document all of the savings that could be achieved by protecting the environment. Other key ideas that this committee should explore include:

Increasing Offshore Oil and Gas Inspection Fees: The Deepwater Horizon tragedy in the Gulf of Mexico highlighted the inadequacy of our current safety and response system for oil spills. We badly need to upgrade these systems and we should ensure that industry, and not taxpayers, pays the cost. The No Free Inspections for Oil Companies Act, H.R. 2566 would save taxpayers \$500 million over 10 years by making the oil and gas industry bear some of the costs caused by their industry.

Ending Giveaways to States: The Gulf of Mexico Energy Security Act of 2006 gave 37.5% of revenue from selected offshore leases in federal waters to a select group of states. This arrangement provides some states with a massive financial incentive to support increased oil and gas production and the perpetuation of our fos-

⁵ United States Government Accountability Office, Oil and Gas Royalties: Litigation over Royalty Relief Could Cost the Federal Government Billions of Dollars, GAO–08–792R Royalty Relief, June 5 2008.

⁶ Government Accountability Office, High Risk Series Update, GAO–11–270, February 2011.

⁷ Government Accountability Office, Oil and Gas Royalties: A Comparison of the Share of Revenue Received from Oil and Gas Production by the Federal Government and Other Resource Owners; GAO–07–676R, May 1, 2007.

⁸ Congressional Budget Office, Reducing the Deficit: Spending and Budget Options, Pub. No. 4212, March 2011.

⁹ Congressional Budget Office, Reducing Budget Options Vol 2, Pub. No. 3191, August 2009.

oil fuels based economy. It will also have a significant cost on the rest of the country, costing the Federal Treasury \$150 billion over the next 60 years. We should not be giving away federal resources to a few favored states.

Ending perverse incentives for destroying our environment is an important step for fiscal and environmental stewardship. But the root problems that are plaguing our environment are the same ones that are harming our economy and weakening our nation. Our government is simply too responsive to the wants of powerful corporations at the expense of the majority of Americans. To solve these problems we need to not only end polluter subsidies, but also end of the Bush tax cuts that are largely responsible for our current budget crunch impose a transactions tax on Wall Street traders who have caused much of our current economic crisis, put a stop to offshore tax avoidance, increase taxes for the wealthy, and implement other progressive fiscal policies. Progressive tax, economic and financial policies are not only critical for our environment, but are also fairer and more equitable for our society.

We need to refocus our national conversation on how wealth and power have become increasingly concentrated, not on how we can funnel even more wealth to a chosen few at tremendous cost to us all.

Thank you, and I welcome any questions.

[NOTE: "Green Scissors Cutting Wasteful and Environmentally Harmful Spending 2011" submitted for the record has been retained in the Committee's official files. It can be found at the following site: <http://greenscissors.com/news/green-scissors-2011/>

The CHAIRMAN. Last, we will go to Ms. Lauren Pagel, Policy Director for Earthworks. You are recognized for 5 minutes.

**STATEMENT OF LAUREN PAGEL, POLICY DIRECTOR,
EARTHWORKS**

Ms. PAGEL. Thank you, Chairman Hastings, Ranking Member Markey, and members of the Committee, for the opportunity to speak to you today about the importance of ensuring that mining companies pay their fair share to reduce the deficit and create jobs.

Earthworks is a national conservation organization dedicated to protecting communities and the environment from the destructive impacts of mineral development here in the U.S. and internationally.

These are direct quotes from the 2010 annual reports of the top five hardrock mining companies: "Record underlying earnings"; "record cash flow"; "record revenue"; "record financial results"; "the best financial results in our company's history."

Right now, we are subsidizing these record-breaking profits and allowing a lucrative, well-established industry to fleece the taxpayer out of millions of dollars while externalizing their environmental costs. The antiquated 1872 mining law, as Erich mentioned, still allows mining companies to take minerals from public lands for free with no royalty paid to the taxpayer. Unlike the coal, oil, and gas industries that pay a royalty, gold, copper, silver, and uranium are frequently taken from our forest and other lands by both foreign and domestic mining companies, with no return to the Federal Treasury.

Real and meaningful reform of the 1872 Mining Law is needed to protect both taxpayers and the environment. This reform should include a fair return to the taxpayer, as well as operating and reclamation standards, and the ability to balance mining with other uses. Hardrock mining companies should be required to pay a royalty similar to what other extractive industries pay, a 12.5 percent royalty, which is in the legislation that Mr. Markey introduced recently and would generate about \$300 million a year.

In addition to free minerals, mining companies receive a substantial additional subsidy called the Percentage Depletion Allowance, which allows foreign and domestic companies to deduct from their corporate income taxes a fixed percentage of their mine-specific income. For companies that mine on public lands, this amounts to a double subsidy, because the minerals weren't purchased to begin with; so minerals that were taken for free under the 1872 Mining Law, and then you receive an additional tax deduction on that.

The depletion allowance is an exceptional tax break for U.S. mineral producers. The oil and gas industry has something similar, and it is beyond what is granted to other private industries. Repealing the depletion allowance for hardrock mining would save the taxpayer almost \$800 million a year.

We also support a reclamation fee on all hardrock mining. We must find a way to begin the tremendous task of cleaning up the hundreds of thousands of abandoned mines that litter the Western United States. With a \$50 billion price tag for cleanup, and 40 percent of the headwaters of Western watersheds polluted by mine waste, a dedicated source of funding is long overdue. A \$200 million reclamation fee similar to the one that is in Mr. Markey's new legislation, H.R. 3446, would clean up mines and also create at least 13,000 jobs. A steady stream of abandoned mine land funding will also allow us to also stop spending money generated by the coal industry to clean up the mess that the hardrock mining industry makes, savings taxpayers an additional \$100 million a year.

Unfortunately, abandoned mines are not the only liability held by U.S. taxpayers for the mining industry. Existing mines are likely to produce even more polluted streams and scarred land, and billions of dollars in inadequate financial assurances have been identified.

Perpetual water pollution is one of the most serious consequences of large-scale industrial mining operations and one of the most costly postclosure expenditures. The problem is exacerbated by two loopholes in the Clean Water Act that allow mining companies to dump their waste directly into streams, wetlands, and lakes. By closing these two loopholes, we can prevent these long-term pollution problems. This coupled with reforming the way that financial assurances are calculated can ensure that mining companies pay for the cost of doing business and American taxpayers do not.

It is past time for taxpayers to stop directly subsidizing multibillion-dollar mining companies with royalty-free mining and massive tax breaks. We also need to stop the indirect financing of these companies that allow them to foist their environmental costs of extraction onto taxpayers and communities. American taxpayers and communities that live with these pollution issues each day deserve better.

Free minerals, abandoned mines, subsidies, loopholes for major environmental laws, and inadequate bonding have created an unsustainable situation in this country. It is time to repurpose these billions of dollars and put that money toward deficit reduction, job creation, and cleaning up our Nation's polluted land and waters.

Thank you.

The CHAIRMAN. Thank you for your testimony.

[The prepared statement of Ms. Pagel follows:]

Statement of Lauren Pagel, Policy Director, Earthworks

Thank you Mr. Chairman, Ranking Member Markey and Members of the Committee for the opportunity to speak to you today about the importance of ensuring that mining companies pay their fair share and internalize the costs of doing business.

Earthworks is a national conservation organization dedicated to protecting communities and the environment from destructive mineral development, here in the United States and internationally. We work closely with broad coalitions of local government, Native Americans, citizen groups and other conservation organizations to improve the policies governing hard rock mining and oil and gas development.

Record Profits

In 2010, the top five hardrock mining companies with operations in the United States—made a total profit of \$29 billion. Rio Tinto, who operated the Bingham Canyon mine in Utah, defined last year by “record underlying earnings” and “record cash flow.” Freeport McMoran, who operates seven copper mines in the Southwestern United States said that this year yielded “the best financial results in our company’s history.”

With precious metals prices near all time highs, big mining companies are enjoying astounding profits. Newmont Mining of Denver—the largest producer in the United States and operator of three mines that are among the nation’s ten biggest sources of toxic pollution—saw profits double from 2008 to 2010, to \$1.8 billion last year. At Barrick Gold Co. of Toronto—the world’s largest gold producer, profits for the second quarter of 2011 were \$1.2 billion, up 35 percent over 2010.

Free Minerals

The 1872 Mining Law is one of the last remaining dinosaurs of the old West. Signed by President Ulysses S. Grant over 135 years ago, this law still governs hardrock mining on federal public lands. The law covers hardrock mining on 270 million of acres of publicly owned lands—mostly in the Rocky Mountain West and Alaska.

This antiquated law allows mining companies to take hardrock minerals from public lands with no royalty paid to the taxpayer. Unlike the coal mining industry, which is required by the Surface Mining Control and Reclamation Act (SMCRA) to pay an 8% or 12.5% royalty, gold, copper, silver and uranium are frequently taken from our forests and other lands by both foreign and domestic mining companies with no return to the federal treasury.

The United States is the only country in the world that does not charge a royalty for minerals taken from federal lands, and claims are on the rise. From 2005 to 2010, the number of mining claims on public lands rose by 74%.

Hardrock mining companies should be required to pay a royalty similar to what other extractive industries pay—a gross proceeds royalty, based on the value of the mineral minus the smelting costs. A 12.5% royalty on the minerals taken from public lands could generate as much as \$300 million a year.

Real and meaningful reform of the 1872 Mining Law must contain several other key principles in addition to a royalty:

1. The elimination of patenting of federal lands—the sale of mineral bearing public lands for \$5/acre, or less.
2. The ability of land managers to deny mining activities on federal lands where conflicts exist with other, more important resource values.
3. Comprehensive reclamation requirements for all mining, with particular consider to protecting water resources that could be polluted by mining.
4. Adequate financial assurances in place to cover the costs of reclaiming mines.
5. A reclamation fee charged on all hardrock mining in the United States, regardless of its location, that funds an abandoned mine program.

Double Subsidies

In addition to taking minerals from public lands for free, the hardrock mining industry also receives a substantial additional subsidy called the Percentage Depletion Allowance (PDA). The depletion allowance allows both foreign and domestic mining companies to deduct from its corporate income taxes a fixed percentage of its mine specific income. The rationale for this deduction the value of its asset (the mineral in the ground) declines as mining progresses.

For companies that mine on public lands, this amounts to a double subsidy, because the minerals weren’t purchased, they were freely taken under the 1872 Min-

ing Law. The Percentage Depletion Allowance is like winning a free car in a sweepstakes and then having the car manufacturer pay you for the fact that the price of the car decreases when you drive it off the lot.

The PDA applies nationwide to mining operations on private and public lands, and constitutes an exceptional tax break for U.S. mineral producers beyond those granted to other private industries. The tax break that Newmont (the world's second largest gold mining company) took under this deduction alone totaled \$151 million in 2010. Repealing the percentage depletion allowance would save the taxpayer \$3.8 billion over 5 years.

Taxpayer Liability for Abandoned Mines

In 1993, Earthworks assessed the scope of the abandoned mine problem and estimated that there are over 550,000 abandoned mines in the U.S., mostly in the West. To date, there is still no comprehensive inventory of abandoned hardrock mines, and funds to clean up these sites remain limited because there is no dedicated funding source—unlike with coal mines. The cost to clean up these abandoned sites is staggering. According to the Environmental Protection Agency (EPA), total clean-up costs could exceed \$50 billion.

Western communities face significant burdens associated with these old mines. According to the Environmental Protection Agency, at least 40 percent of the stream reaches in the headwaters of western watersheds are polluted from mining—much of it from abandoned mines. Many of these abandoned mine sites have significant acid mine drainage problems, which can persist for thousands of years if left untreated. Downstream communities pay the costs to clean up water polluted from abandoned mines for household use. Polluted waters affect recreation, agriculture, and impact property values. Fish and wildlife resources are also negatively impacted.

Abandoned uranium mines pose the added threat of radiation. Surface and underground uranium mining produces waste, which contain naturally occurring radioactive materials in addition to the heavy metals found in most hardrock mine waste. When these toxic materials become exposed to the environment through mining activities, they can be mobilized in air and water. Continued exposure to radioactive materials such as radium and thorium cause serious health problems. The EPA estimates there are at least 4,000 abandoned uranium mines in 14 western states, with most situated in Colorado, Utah, New Mexico, Arizona, and Wyoming.

The single largest obstacle to the restoration of abandoned hardrock mines is the lack of funding. In states like Montana—where revenues exist from a state severance tax and the state is authorized to restore abandoned mines with revenues from the coal abandoned mine land fund—there is a small stream of revenue (on average about \$3.5 million) available to remediate only a few small sites a year, but it is not enough to address the serious problems posed by the 6,000 inventoried abandoned mines across the state, and the estimated 3,700 miles of rivers and streams polluted by harmful metals, primarily from abandoned mines. In other states, such as California and New Mexico, there are few sources of funds available to correct this pervasive problem in old mining districts. As a result, the number of abandoned mine lands that cause safety or environmental hazards far outweigh the funding available to restore them.

Unlike the coal mining industry, which is required by the Surface Mining Control and Reclamation Act (SMCRA) to pay into an Abandoned Mine Land Fund via a reclamation fee, the hardrock mining industry pays no such fee. A steady-stream of long-term funding for hardrock AML clean up, similar to the SMCRA program, is essential to dealing with the scope of the problems western states face from abandoned mines.

As part of its FY2012 budget, the Obama administration has proposed a 1% reclamation fee on all hardrock mining, similar to the fee paid by coal mines. This fee would generate \$200 million per year to fund abandoned mine restoration, creating an estimated 13,000 jobs per year.

Current and Future Taxpayer Liability

While abandoned mine sites litter the landscape of the western United States, currently existing mines are likely to produce even more polluted streams and scarred lands. In modern mining, reclamation bonds and similar forms of financial assurance are intended to guarantee that if a mining company is unable or unwilling to clean up after a mine closes, funds will be available to remedy and prevent pollution at the site.

American taxpayers today are potentially liable for more than \$12 billion in clean-up costs for currently operating hardrock mining sites. Because mining companies are inadequately insured to pay for cleaning up their toxic pollution, the public is

left footing the enormous costs. According to GAO, from 1997 to 2008, four federal agencies—BLM, the Forest Service, EPA, and OSM—had spent at least a total of \$2.6 billion to reclaim abandoned hardrock mines on federal, state, private, and Indian lands.

Perpetual water pollution is one of the most serious consequences of large-scale industrial mining operations and one of the most costly post-closure expenditures. This problem is exacerbated by two loopholes in the Clean Water Act that allow mining companies to dump their waste directly into streams, wetlands and lakes. Hardrock mines produce millions, sometimes billions of tons of waste. The production of one gold ring produces 20 tons of mine waste. Mine waste and tailings frequently contain toxic chemicals such as arsenic, cadmium, and lead.

The first loophole is found in EPA and Army Corps of Engineers regulations that state that Clean Water Act protections do not apply to what the Corps calls “waste treatment systems.” This exclusion allows mine developers to build a dam across the mouth of a valley and dump their wastes into the waters behind the dam because these waters have become part of a “waste treatment system” and are no longer considered to be a river, lake, or wetland deserving of protection. This legal fiction—that waters impounded by mine developers are no longer waters—defeats the very purpose and spirit of the Clean Water Act.

During the Bush administration, EPA and the Army Corps of Engineers created a second dangerous loophole that has allowed mining corporations to call mining waste “fill material” and therefore bypass pollution standards—even though the waste includes toxic chemicals. Because of these two loopholes, it has become a common industry practice for mines to use our lakes, streams, and other waters as cheap toxic waste dumps.

By closing loopholes in the Clean Water Act, we can prevent some of the long-term pollution problems associated with many open pit mines. This, coupled with reforming the way that financial assurances are calculated, will ensure that each mining companies cost of doing business is internalized and American taxpayers are not left to foot the bill for clean up of dozens of mine sites with inadequate reclamation bonds. We must protect the public from further liability in the event a company cannot meet its environmental obligations.

Conclusion

It’s past time for taxpayers to stop directly subsidizing multibillion-dollar mining companies with royalty-free mining and massive tax breaks. We need also stop indirectly subsidizing these multinational corporations by allowing them to foist the environmental costs of extraction onto taxpayers and communities.

Taxpayers and the communities that live with these pollution issues each day deserve better. Free minerals, abandoned mines, tax deductions, loopholes from major environmental laws and inadequate bonding have created an expensively unsustainable situation in this country. Hundreds of billions of dollars of taxpayer resources have been gifted to the mining industry by the 1872 Mining Law. And billions more are essentially given away each year—money that could be used to create jobs to clean up our nation’s waters and lands.

Earthworks recommends Congress end the subsidies for the mining industry, starting with real and meaningful reform of the 1872 Mining Law. Any law that gives away community property while allowing mining to occur in sacred and otherwise special places is long past due for an overhaul. We also encourage the Obama administration to prevent future expensive environmental liabilities by closing loopholes in the Clean Water Act that allow mine waste dumping in our nations waters, and by strengthening current bonding standards under the Federal Land Management and Policy Act.

We encourage the Joint Select Committee on Deficit Reduction to move forward with a reclamation fee on all hardrock mining operations. The steady-source of funding created by this fee will go a long way in reducing the current taxpayer burden for this liability. We also hope that the Select Committee will repeal the Percentage Depletion Allowance for nonfuel (hardrock) minerals, which will help decrease the deficit by almost \$800 million a year.

The CHAIRMAN. Ms. Pagel, I want to take this opportunity to clarify the topic of the hearing for you and the public who may be watching or listening to the broadcast of this hearing. Our invitation to you and other witnesses indicated the topic of the hearing is: ANWR: Jobs, Energy, and Deficit Reduction.

The other testimony that we have received, albeit some more than others, at least tangentially is related to the topic at hand; however, other than the header, I know that your testimony doesn't even mention ANWR a single time. At best, I question the pertinence of your testimony on the subject matter of this hearing.

So that being said, I will just remind the witnesses and the Members to stay on the topic, which, of course, is: ANWR: Jobs, Energy, and Deficit Reduction.

With that, we will enter into the question period. I recognize the gentleman from Massachusetts Mr. Markey.

Mr. MARKEY. Thank you, Mr. Chairman, very much.

I might interject at this point that I heard Ms. Pagel, as I did Mr. Pica, endorse the legislation which I introduced with Mr. Holt and Mr. Grijalva that calls for a larger collection of revenue from the oil industry and the mining industry as an alternative to drilling in the Arctic Refuge. I think that is directly pertinent because they both offered an alternative to the proposal which the majority has before the Committee. I think that is right on point. In fact, as we heard earlier, upwards of \$300 billion can be collected from going down that route, whereas only \$600 million can be collected from the route that the majority is proposing over the next 10 years.

So I think that is right on the money, and it just kind of deals with the oil industry and the mining industry, as they right now get away without paying their fair share of the dues to live in our country, while putting the burden on others and asking for a sacrifice to be made by, in this instance, an area of our country which has often been compared to the African Serengeti. So I think it is right on point.

Maybe, Professor Brinkley, you can put this in perspective for us, this question of what it is that we receive because we would try to preserve this area from having oil and other natural resources be drilled for on this location.

Dr. BRINKLEY. Well, I come at this as somebody who loves America. We sing a song "America the Beautiful," and we choose treasured landscapes in this country, and we protect them with our lives. Theodore Roosevelt used to say, "The Europeans can keep the Louvre and Westminster Abbey, but we have the Tetons, we have redwood California, we have the Grand Canyon."

Arctic Alaska is a very significant landscape to the psyche of the American people. When you study U.S. history, wilderness is something to be treasured and preserved, particularly in the 20th century, because it reestablishes the American spirit.

Many soldiers, people that were veterans from Vietnam, go up to the Arctic Refuge with backpack on to hike. Recreation dollars for the Arctic Refuge, people—myself included—camping up there. Ecotourism, as I write about in a book I recently did, *The Quiet World*, with people at Denali Lodge. Nobody thought people were going to come to Mount McKinley. Nobody though people were going to come to see glaciers of the Inside Passage. Ecotourism is a huge industry for Alaska. To talk about saving of the Arctic is to talk about the money of the Arctic, and more as more, as the world shrinks, you are going to have people looking for true wildernesses. The Arctic Refuge is called the last wilderness.

Incidentally, it has always been called the Arctic Refuge until the oil lobby started calling it ANWR, because it sounds like Anwar Sadat or some country in the Middle East. Do you want to drill ANWR? Yes. Do you want to molest Eisenhower's great wildlife reserve? No.

So it is the way the issues frame. But what I have found odious over the past 50 years are people that have been saying that there is no biological heart to the Arctic Refuge, that it is a wasteland, there is nothing there; a few caribou rubbing their bellies against pipes. And I know in particular Mr. Young knows better than that, because I know he is a trapper and spent time up there.

The question becomes: What price? How buyable are Americans? How low do we get when we start taking our key heirlooms and we start selling them to Dutch Royal Shell or British Petroleum? BP's recent report has walrus living in the Gulf of Mexico. Do we think that they know how to drill up in the Arctic? They don't.

We have had spill on the tundra. This is a very fragile and special ecosystem, and the Arctic and Antarctica are world heritage centers. There is going to be drilling that goes on up there. But when we have our Nation's largest wildlife preserve, the crown jewel of 500 wildlife reserves, and to be even suggesting in 2011, in a time of climate crisis, that we are going to drill, drill, drill the Arctic Refuge, it has become a political issue, and I think it needs to be taken out of the Committee, taken out of Congress, and I think President Obama needs to sign an Executive Order creating a national monument for further Federal protection within the Arctic Refuge.

Mr. MARKEY. Thank you, Professor. Thank you for raising Moe Udall's name. The first day he was here as Chairman was my first day on the Committee, 35 years ago.

Dr. BRINKLEY. They are a great American family, the Udall family.

Mr. MARKEY. So thank you so much for raising his name and memory because it means a lot to so many of us on the Committee.

Thank you, Mr. Chairman.

The CHAIRMAN. The time of the gentleman has expired.

In response to my friend, I just remind you that this is an extension of an earlier hearing, which was ANWR. The gentleman could have correctly brought up what he brought up in his remarks this morning when, in fact, we did have a Subcommittee hearing of the Energy and Minerals Subcommittee, where, in fact, that testimony would have been pertinent. But this is this testimony about ANWR.

Mr. MARKEY. If I may, Mr. Chairman, just to say I felt that we needed this hearing so that the deficit reduction aspect of that hearing that we have already had was properly inserted into the record.

The CHAIRMAN. I just tell the gentleman that the hearing—one can read into whatever one wants on a direction of where developing the resources in ANWR would go, but the hearing was on ANWR.

Mr. MARKEY. Deficit reduction.

The CHAIRMAN. But the hearing was on ANWR.

With that, I will recognize the gentleman from Alaska Mr. Young.

Mr. YOUNG. Thank you, Chairman, and thanks for having this hearing. I will tell you if you ever want to see an exercise in futility, it is this hearing. That side has already made up its mind. This side has already made up its mind. And the—I call it garbage, Dr. Rice, that comes from the mouth—

Dr. BRINKLEY. Dr. Brinkley. Rice is the university.

Mr. YOUNG. I will call you anything I want when you sit in that chair.

Dr. BRINKLEY. Pardon?

Mr. YOUNG. You just be quiet. You be quiet

Dr. BRINKLEY. You don't own me. I pay your salary. I will tell you right now—

The CHAIRMAN. If the gentleman will suspend, I will remind Members—

Dr. BRINKLEY. I work for the private sector. You work for the taxpayers.

The CHAIRMAN. Mr. Brinkley, you were invited here for testimony, and we look forward to your testimony. You got the time to say what—

Dr. BRINKLEY. He called me garbage and called me Mr. Rice. I needed to correct the record.

The CHAIRMAN. Mr. Brinkley, we see a lot of people here, and from time to time we make faux pas. Nobody is perfect here. But to interrupt breaks the comity—we are going to have disagreements here. You have already seen that.

Dr. BRINKLEY. He called me Mr. Rice and used “garbage” in the word Mr. Rice. You would do that if somebody said that to your name, too.

The CHAIRMAN. Mr. Brinkley, I have been called a lot of things in my time.

Dr. BRINKLEY. I wouldn't call you that. You are a good Congressman.

The CHAIRMAN. Mr. Brinkley, do you want to continue sitting at this panel?

Dr. BRINKLEY. Yes.

The CHAIRMAN. OK, then, please follow the rules.

Mr. Young.

Mr. YOUNG. What I am suggesting, Mr. Brinkley—

Dr. BRINKLEY. Thank you.

Mr. YOUNG. You say you have been up there. You have camped one time. How many people ever visited the Arctic Wildlife Refuge last year?

Dr. BRINKLEY. Not many.

Mr. YOUNG. Not many. We have sort of an elitist group who are going up there, an elitist group.

Now, I have been all over that area.

Dr. BRINKLEY. I know you have.

Mr. YOUNG. And I know what I am talking about. The Arctic Plain is really nothing. You say it is not the heart. It is not the heart. It is not the heart. It is part of the most desolate part of the area. And what hurts me the most is you sit there in the Rice Uni-

versity, when the people support drilling for their good and good of this Nation, as a college professor in an ivory tower.

You can go up and you camp and spend your time, and I hope you spend a lot of money. But the reality is this area should be drilled. I have been fighting this battle for 39 years. It was set aside for drilling, not by the oil companies, but by Henry "Scoop" Jackson, by Ted Stevens, by the Administration, because they knew the potential was there. And we did put the safeguards in there that the Congress have to vote on it.

Now, you can go on all the pontification you want. That refuge is 19 million acres. Nineteen million acres. We are talking about less than 3,000 acres, a little tiny thing. It is like the hair on your head. You pull one hair, you are not going to miss it. And this country is starving itself because we are buying foreign oil.

To say that we don't need the Arctic Wildlife Refuge is wrong. And I am listening to the people that live there, not the people that live 400 miles away, not the people that live in Fairbanks, not the people that say they represent a certain group, when they do not. I am not saying that. I am saying let's listen to the people that live there. Seventy-six percent of Alaskans support it, and everybody that I know of on that coast, other than a small group of people, say it is the right thing to do because they know it can be done.

It is 74 miles from the pipeline, 74 miles of pipe.

Mr. Chairman, again, thank you for the interruption. I made a mistake when I said "Mr. Rice" because I heard the Rice University, and that can get in my mind. But like I say, when we are here, we are the ones that ask the questions, and you answer the questions. You may not work in the private sector.

Dr. BRINKLEY. I do work in the private sector.

Mr. YOUNG. By the way—I am not asking you a question yet. You may not. But when you think about it a moment, you made a comment about me is why I am really pissed right now, is because you, in fact, said that I wasn't here. I was over on the Floor voting.

Dr. BRINKLEY. I know you were.

Mr. YOUNG. OK. Then don't mention my name.

I yield back the time.

Dr. BRINKLEY. I mentioned your portrait is behind me.

The CHAIRMAN. The gentleman yields back his time.

The Chair recognizes the gentleman from New Jersey, Mr. Holt.

Mr. HOLT. Thank you, Mr. Chairman.

Ms. James, could you tell us again the name that the Gwich'in call the region, the wildlife refuge region, both in the Gwich'in language and in a translation, please?

Ms. JAMES. Iizhik Gwats'an Gwandaii Goodlit. That means "sacred place where the life begins."

Mr. HOLT. Where the life begins. I think that highlights the significance that this is more than a local issue. There is much more that derives from this than the entertainment of a few elite people, I think. This is, I think, a national treasure.

Mr. Pica, we have heard it over and over again and as recently as a few minutes ago that this area is visited by so few people, and it really should be a local issue. What do you have to say to that? And maybe it helps to keep in mind what Mr. Brinkley said earlier

about the so few people who were visiting Yosemite; these so few people who were visiting. It was only a little over 120 years ago that anybody went through the Grand Canyon, it was so few people that visited Glacier, and on and on.

Would you comment, please?

Mr. PICA. These are Federal lands. The Federal taxpayer and the Federal Government has a right to preserve these lands and to protect these lands how the majority of Americans feel they need to protect it. And there are some places in this country and there are some places globally that should not be exploited for natural resource extraction, and that includes oil and gas.

Everywhere where oil and gas drilling occurs, there are spills, there are leaks, there is significant damage that occurs. The Arctic National Wildlife Refuge is one of those places where I think we can say we don't need to damage any more places.

Mr. HOLT. And I would like to give both you and Ms. Pagel an opportunity to address this concern that somehow you are off topic. Isn't what we are talking about here whether lands that belong to the American people should be given to private exploitation without royalty, without recompense?

Mr. PICA. Precisely. If I look at how much oil royalties the State of Alaska is getting, it far exceeds what the Federal Government is getting right now. So if we want to talk about what is fair for the taxpayer, we need to talk about what the Federal Government is getting for those areas that are currently open for exploitation and exploration, and it is far below even what the State of Alaska is getting.

Mr. HOLT. Ms. Pagel.

Ms. PAGEL. I agree that there are some places that just shouldn't be mined or drilled, and this is one of those places, and that my testimony was about there are alternatives. I want to reduce the deficit and create jobs for this country just as much as anyone else. There are ways to do that that don't necessarily involve exploiting places that are sacred to some.

Mr. HOLT. Mr. Brinkley and Ms. James, earlier today a Subcommittee of this Committee considered an Alaskan energy bill that would allow 10,000 acres of impact to the Coastal Plain for every 100,000 acres of leased land in the refuge. In other words—and maybe you are not familiar with this, but perhaps you could comment on it. The question is just how small is the footprint, how much environmental damage would be done if this place—if these treasures were allowed for private exploitation.

Ms. JAMES. To my people, they need to acknowledge it is not as safe for my birthplace, a sacred place where the life begin. That is how we see it. When there was an oil spill in Prince William Sound, one of our elders said the water is dead. And it has been happening. From that day, we call that day the water died. We are very cautious about those things that happen, and what we see, and what we hear and what weather is doing. We live there for thousand of years with caribou. Caribou is like—they are in our heart, and we are in their heart. We take care of each other for thousands of years. There is no place in the world that is as safe as that place.

The CHAIRMAN. The time of the gentleman has expired.

The gentleman from Maryland Mr. Harris is recognized.

Dr. HARRIS. Thank you very much, Mr. Chairman.

Mr. Chairman, reading over the testimony, I kind of share your pessimism that the testimony is pertinent to ANWR. But since the testimony opens the door for such kinds of questions, I am going to ask Mr. Pica—I know we had a State Senator in Maryland, very well known, by the same last name. I find your written testimony very interesting because actually the first page sounds like kind of a manifesto, I guess, against American capitalism. So I suppose you take the position against it.

But the last sentence of the first page says, In the last decade, the influence of big business has expanded to such an extent that our civil and political systems have largely been captured by corporate lobbyists and campaign donations.

Now, is it your opinion or the opinion of Friends of the Earth that Solyndra absolutely epitomizes that relationship; the debacle about Solyndra and corporate donation connections and things like that?

Mr. PICA. Friends of the Earth actually opposed the loan guarantee program when it was first created in 2005. We had predicted that the process would be open for manipulation, regardless of which party occurred.

Dr. HARRIS. Even if it is an Administration that promised a change, and we are not going to let lobbyists do anything, so your opinion—I guess you kind of share the opinion made on this side of the aisle that Solyndra is really that kind of problem.

Mr. PICA. I haven't seen all the testimony. I haven't been privy to it. But I do believe that this was a bad program to begin with. And this was a 2005 program when it was created.

Dr. HARRIS. Sure. But the loan was administered in 2009, is that correct, the Solyndra loan guarantee? The 2005 program was greatly expanded by the stimulus plan, and, in fact, it was a result of the stimulus plan that the money eventually was guaranteed. Is that correct?

Mr. PICA. I am not familiar.

Dr. HARRIS. Let us go on to the next paragraph in your testimony, because it says, "Today functions that were once the domain of the public sector, from the provision of services, to the protection of our commons, to the fighting of wars, have been taken over by corporations."

Do you really think that our soldiers and sailors who are overseas fighting wars are taken over by corporations? Do you really think that we fight wars with corporations, not with young men and women, Americans going overseas, trying to do the best they can? Do you realize the implication of the words you put down on paper here?

Mr. PICA. I do believe that the Blackwater incidents that occurred in the Middle East is a prime example of where we have had privatization of what should be the State Department security forces.

Dr. HARRIS. Well, thank goodness you don't imply that that is our soldiers and sailors.

Now, you also say that—in here you say, "Even if the Congressional Research Service's estimates on what we could gain from

this turn out to be accurate, simply not worth the environmental destruction it would create.” You don’t say it could create, might create. One hundred percent chance of a spill or something.

Could you just very briefly outline, because I don’t have much more time, what the environmental destruction that it would create? You used the word “would.”

Mr. PICA. Yes. Every pipeline that we know of leaks. The Keystone XL pipeline or the Keystone 1 pipeline, a brand new pipeline, has leaked over a dozen times.

Dr. HARRIS. How large are those leaks?

Mr. PICA. They are fairly substantial leaks.

Dr. HARRIS. Can you compare them to the natural leaks of oil in the United States?

Mr. PICA. I don’t have those statistics.

Dr. HARRIS. Could I ask you to look into that since you bring that up as part of your testimony? Can I ask you to look into that and just compare those two? Thank you.

Dr. HARRIS. Let me get, because you bring up the Keystone XL—what is your opinion about the Keystone XL pipeline project?

Mr. PICA. The President made the right decision in delaying that pipeline. The process of environmental review was fundamentally flawed.

Dr. HARRIS. Is that because it was done by the State Department, or 3 years just wasn’t long enough?

Mr. PICA. I think the documents that Friends of the Earth exposed with the State Department demonstrated that the relationship between TransCanada, the company Cardinal-Intrex actually violated the intent of the National Environmental Policy Act.

Dr. HARRIS. Is Friends of the Earth going to oppose the pipeline that is going to be built westward to the Canadian ports so the oil can be shipped—

The CHAIRMAN. If the gentleman would suspend just for a moment. The Keystone pipeline, again, is not subject of this, too. I know that sometimes we get off tangentially.

Dr. HARRIS. I know, Mr. Chairman, but as your point is, I mean, you know, I was led there. I didn’t wander. I was led.

Is the Friends of the Earth going to oppose that pipeline as well?

Mr. PICA. Yes.

Dr. HARRIS. So you just basically don’t want the oil to be extracted anywhere because you have to ship it somehow.

Mr. PICA. We believe the tar sands need, the arboreal forests that are in Alberta need to preserve their biological rich area. They are perhaps one of the most biological rich areas comparative to the tropical rainforest down in Brazil and South America.

Dr. HARRIS. They sure are rich. And, you know, oil is part of the biology, and Canada is lucky they are using it.

Thank you, Mr. Chairman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. Grijalva is recognized for 5 minutes.

Mr. GRIJALVA. Thank you, Mr. Chairman.

Mr. Pica, just a couple of quick questions. I wasn’t terribly disturbed by that paragraph.

The CRS is projecting in their study more revenue from taxes than from royalties. Why is that?

Mr. PICA. Because the CRS is looking at the corporate business tax rate, which is 33 percent. And we just know through studies and through the amount of tax deductions and tax loopholes that are currently in the Tax Code that that is just not a realistic estimate coming from the Congressional Research Service.

Mr. GRIJALVA. We have been subsidizing the oil and gas industry for how long?

Mr. PICA. The Tax Code was originally created in 1911. About 2 years after that was when the oil and gas industry burrowed its first tax credit into the Tax Code. It was a Percentage Depletion Allowance. So for nearly 100 years, the U.S. Government has been providing some sort of subsidy to the oil and gas industry for exploitation and exploration of oil and gas resources in America.

Mr. GRIJALVA. Despite the claims made by the proponents of drilling in the refuge about the revenue that would be generated, the Congressional Budget Office projects that taxpayers would only see \$3 billion over the first 10 years. In addition, Alaskan State officials have often said they will sue to recover 90 percent of drilling revenues if the refuge was open. That means that if they were successful, the taxpayers would receive about \$600 billion.

So I think it is not just about the subsidies. There are other things at stake here. But if that is the main proponent argument, it is full of holes. There is no net return for the taxpayer if it was to happen.

So does the industry, given what has happened in the last two or three quarters, really need subsidies to drill? That is the question, if you don't mind.

Mr. PICA. I would say given their multibillion dollars in profits—I think they have almost a trillion dollars in profits over the last 10 years—I would say they don't need the incentives to drill.

Mr. GRIJALVA. Just one general question for all the panelists, and I appreciate you taking your time on a Friday.

This Committee has recommended, the majority, drilling in the refuge to be part of the supercommittee's recommendation for revenue generation. Your reaction to that recommendation, if you don't mind, beginning with Dr. Brinkley.

Dr. BRINKLEY. Well, it is an awful idea. And I need to correct the record, because C-SPAN is covering this, and there was a misstatement made by the Congressman who has yet again left, doesn't stay, blows smoke, and then leaves. But Ted Stevens had been for the creation of ANWR in 1960. Ted Stevens was a lawyer for the creation of the Arctic. It is only when oil was found there—

The CHAIRMAN. The gentleman will suspend.

Mr. GRIJALVA. But I am on the clock.

The CHAIRMAN. The gentleman will suspend. I will give the time back to you.

I just want to say, Mr. Brinkley, people come and go from Committee meetings all of the time, and to suggest that there is not a reason that one Member leaves for a good reason that you don't know about, I think, is disrespectful, at best.

Dr. BRINKLEY. I was just disappointed.

The CHAIRMAN. Disrespectful, at best. So I would appreciate if you would respond to the questions that Members are giving you.

You will see Members walk in and out of here all the time. Everybody has—

Dr. BRINKLEY. He misstated Ted Stevens' record. I was trying to correct it.

The CHAIRMAN. You referenced a Member that was sitting here.

Dr. BRINKLEY. Because he is the one who misstated. If we don't correct the record now, when is it going to get corrected?

The CHAIRMAN. You could have made the observation rather than elaborating on the whereabouts of people. You need to be respectful of people because they come and go all the time.

The gentleman probably had what, 3-1/2 minutes or so when I interrupted.

Mr. GRIJALVA. Five.

The CHAIRMAN. Nice try. I will give you another 2 minutes in the red when it goes.

Mr. GRIJALVA. The general question, with the majority of the Committee recommending to the supercommittee that drilling in the refuge would be a revenue generator that they would like to see the supercommittee make as part of the recommendation, Dr. Brinkley, it is an awful idea.

Dr. BRINKLEY. It should have nothing to do, the supercommittee, with the Arctic Refuge. It is our Nation's number one premier wild-life refuge. Just because we hit low economic times is not the time to start opening up treasured landscapes. And this happens in history time and again. There was an effort by Congress to mine the Grand Canyon for zinc, asbestos, and copper when the economy gets bad. We have to be a tougher people than that.

Mr. GRIJALVA. Let me give your fellow panelists a chance.

Ms. James.

Ms. JAMES. Yes. Thank you for asking me that question, because to us, sacred place where the life begin is no other place in the world that needs to be protected. It is a special place that needs to be protected, and there shouldn't be any gas or oil development there because it belongs to all of us Americans. And so far, since 1988, Americans have spoken loud and clear repeatedly, battle after battle, spoke out very clearly that they don't want no gas and oil development there. Let us give those Americans a chance of what they wanted. And that is what the land is for. It is a public interest land for the voters.

Mr. GRIJALVA. Thank you.

There were over a million comments. I don't think those should be readily ignored as we go through this process.

Mr. PICA, if you don't mind.

Mr. PICA. Absolutely not. If the supercommittee is looking to get revenue, they should be looking at drilling into the Tax Code. There are tens of billions of dollars—I think we have a \$100 billion in tax breaks, if they were repealed.

Ms. PAGEL. Absolutely not. I think that there are better ways, and those are the ways that we need to look at. In my testimony I have laid out at least a couple of billion dollars a year in savings. The legislation, H.R. 3446, that was just introduced, lays out another couple billion. We need to think about the long term and fairness. There are industries that are not paying now that can afford to. We need to look at that first.

Mr. GRIJALVA. There are other issues that—environmental, cultural, that are critical and should not be ignored.

But I wanted to concentrate on the money side because that seems to be the primary argument. One could surmise that—I don't know if this has as much to do with energy independence and economy as it does with the timing, the political expediency because of the times that we are in.

Just for the record, Mr. Chairman, thank you. There are more private contractors in security in Iraq and Afghanistan than there are uniformed American men and women. I just thought I would put that in the record. Thank you.

The CHAIRMAN. The time of the gentleman this time did expire.

The gentlelady from Massachusetts Ms. Tsongas is recognized for 5 minutes.

Ms. TSONGAS. Thank you, Mr. Chairman.

As I am listening to the debate, it is bringing back a lot of memories, because I remember in 1980 when my husband was a relatively newly elected United States Senator, he was very proud to work on the Alaska Lands Act and work with then-Senator Ted Stevens. I remember so clearly when finally that Act was voted on and signed into law. It was quite a moment to celebrate. But I think we also knew that it was—we were not locking the door on Alaska, the beautiful landscape there that has been protected. And here we are in very dramatic and difficult economic times in our country. We know we have to deal with our debt and deficit. We know we have to deal with our dependence on fossil fuels and foreign oil in particular. And so Alaska is again at the forefront.

But as we hear this testimony from all of you how you value so much the extraordinary landscape, the sacred place that you call it as well, we are faced with trying to find a balancing act. And it comes—whatever we may get out of it in the near term, it obviously comes with great cost.

And so one of the issues I think we have to ask and think about is as we also have to wrestle with climate change, and we know there has been a warming there, just what the impacts would be there, too, again, creating extraordinary costs that we would have to confront in the coming years if we are not sensitive to this.

So is not just about jobs today, or access to oil, which we know will take many years to really come to fruition. It is about sacrificing an extraordinary landscape and perhaps also exacerbating another great challenge we have, which is climate change.

So I would welcome, Mr. Pica, your thoughts and anybody else who would like to say something about it.

Mr. PICA. Absolutely. The debate over the Arctic National Wildlife Refuge, we talk about jobs, we talk about subsidies and royalties and how much money can come into the Federal Government. But what we also have to be thinking about with climate change is the ability that these natural resources are going to be dramatically impaired by what is already occurring in the atmosphere, and that drilling into these resources by erecting pipelines, we will be impairing these and making it more difficult for these ecosystems and the wildlife that thrives on these ecosystems to survive. And that, to me, is a risk that we should not be taking at this time, nor in the future.

Ms. TSONGAS. Anybody else?

Mr. Brinkley.

Dr. BRINKLEY. I think both Democrats and Republicans know we are in a time of climate crisis. And the idea, after the BP spill, of drilling in the Arctic Refuge, our Nation's largest wildlife refuge, created by Dwight Eisenhower, a conservative Republican President, at this moment in time makes zero sense.

There are a lot of other issues. If we were going to go—we would have no park system; believe me, we would have no national forests, because the extraction industries want to take, make money, and go. They like to gouge. And we have to have watchdog groups and keep eyes on them.

But to hear a Congressman today say there is nothing in his district; it is boring, it is flat, it is not exciting, I don't know a Representative that doesn't love their district. Every State in America's landscape is beautiful if you love it. But some people love money more than their homeland or where they live, and I am afraid that that is why this fight has to keep coming up. Fifty years later we are still trying to tell people the Arctic Refuge is real. It belongs to the American people—all of us—not just the people of Alaska.

Ms. JAMES. On behalf of the Gwich'in Nation, we call that place, I repeatedly say, our birthplace, and any birthplace should be protected. To us, we have been there for thousands of years. We are healthy. I am 67 years old right now, and I am pretty healthy. I live in the village. We live very healthy life because most of our food is from the land. And it is good for us and make us who we are and be proud of who we are. I am proud to be Gwich'in. I am proud to be caribou people. Any of our resource or any of the things that we use making us healthy and powerful, there is no price on it. Taking care of the caribou has always been our job. We are original heart that way. I just can't see that be taken away as human rights protection of human rights to me and to my people. Thank you.

The CHAIRMAN. The time of the gentledady has expired.

The Chair recognizes the gentledady from Hawaii Ms. Hanabusa.

Ms. HANABUSA. Thank you, Mr. Chair.

Thank you, members of the panel.

I come at this from a different perspective, just so you know that up front, and the reason is because I represent Hawaii, and Hawaii has indigenous people as well. So when we were first—I am very new here, but in my first exposure to ANWR, it was in terms of the—Congressman Young is not here to correct my pronunciation—but the Kaktovik. Is it Kaktovik, Ms. James?

Ms. JAMES. Yes. Kaktovik at the border of Canada.

Ms. HANABUSA. The Coastal Plain.

Ms. HANABUSA. So first, my first question for Mr. Pica and Ms. Pagel is have you ever been to ANWR, the both of you?

Mr. PICA. I have not, but Friends of the Earth have members in Alaska that we represent here in Washington, D.C.

Ms. HANABUSA. I understand that. Because I haven't, so I am interested in those who have. Ms. James, who lives, I believe, in part of ANWR, and Mr. Brinkley, who has recently visited there.

First of all, Ms. James, you are, of course, a member of the Gwich'in?

Ms. JAMES. Yes, Gwich'in.

Ms. HANABUSA. Gwich'in Tribe?

Ms. JAMES. Wich'in, and put G in the front, Gwich'in.

Ms. HANABUSA. The first question I have, because when we talk about Alaska, ANWR, as well as the rights of the Natives, my first question is are you part of the ANSCA settlement? Is your tribe part of that?

Ms. JAMES. Arctic Village and Venetie didn't go with ANSCA, we went with IRA, now is fee simple fee title, and we have 1.8 million acres of land.

Ms. HANABUSA. OK. Where are you in relationship to the—to ANWR? Are you located within—

Ms. JAMES. It is about 75 miles south of Coastal Plain.

Ms. HANABUSA. OK. So you are actually—I saw pictures of it. So we have the Coastal Plain, and then you have the mountains. So you are more in the mountainous section of ANWR?

Ms. JAMES. Pardon me?

Ms. HANABUSA. Are you more in the mountainous section of ANWR?

Ms. JAMES. The Brooks Range is a natural—God put it there between Inupiat and Gwich'in. So that is Inupiat, this one is Gwich'in.

Ms. HANABUSA. Now, we are all—I am sure all of you know that one of the interesting points with how the Kaktovik Tribe comes before us is the fact that the Federal Government, after entering into ANSCA, and it normally retains the subsurface rights to the regional corporation, Kaktovik was able to secure the subsurface rights, unlike other tribes, because of the fact that the government, we took other parts of their land. It was conditioned upon Congress giving them the right to drill, however, but they do have the subsurface rights, which normally flows to the regional corporation.

So, to me, this is an issue of the rights of Native people. And as you know, we bought Alaska from the Russians, and part of the compact when we entered into that agreement was we agreed that we would not interfere with the rights of the Native people. Now, I am not talking about energy, I am not talking about the super-committee, and maybe the Chair will rule me out of order, but that is what I am concerned about. I want to know how, when you know that we are talking about rights of Native peoples that we as a government has given them, the rights to the subsurface as well as the surface rights, and what they are looking at here is to really execute on those rights, why is that something that you find to be such a travesty and something that is unacceptable?

And, Ms. James, I know that you are in a slightly different position because you are—your tribe relies on caribou; Kaktoviks rely on whales and seals, as I understand it.

Let us start with you, Mr. Brinkley. This is an issue, to me, of Native rights, and this is an agreement and a contract that was entered into when we bought Alaska, and now we are in this position. So can you explain to me why you think that you can—

Dr. BRINKLEY. There was a similar up in northern Alaska in the 1950s and 1960s when Edward Teller, father of the hydrogen bomb, went to Alaska and wanted to detonate nuclear bombs amongst the Native people, which would have contaminated all of

the tundra, poisoned all of the caribou. There are always these projects up in an area like that where people don't have a lot of power and a lot of rights, and the Arctic Refuge is a home today for Native people that live in the refuge.

Ms. HANABUSA. Mr. Brinkley, that is the 50—that is before we entered into these agreements, and I do not believe that the regional councils or the tribes are not well represented by their respective attorneys. I do not believe that they are in lesser bargaining positions. And, again, that is my issue, and I would appreciate—since I am out of time, I would appreciate it if you would all respond to me in writing. Thank you very much, Mr. Chair.

The CHAIRMAN. The time of the gentlelady has expired, and I would say, as usual, with hearings like this, after the fact there are questions that come up, and we would like, when you do get asked a question—obviously Ms. Hanabusa has a very serious question she would like a response to—that response should come to the full Committee so we all have that, so we all have that response.

With that, the panel is now dismissed, and I want to thank them very much for being here today. If there is no further business to come before the Committee, the Committee stands adjourned.

[Whereupon, at 3:18 p.m., the Committee was adjourned.]

