

Field Hearing on
Tribal Prosperity and Self-Determination through Energy Development

Written Testimony
of
Richard K. Glenn
Executive Vice-President for Lands and Natural Resources
Arctic Slope Regional Corporation

Tuesday October 4, 2016

New Mexico State Capitol, Room 309
490 Old Santa Fe Trail, Santa Fe New Mexico 87501

Before the
Committee on Natural Resources
United States House of Representatives

Chairman Bishop, Ranking Member Grijalva, Congressman Young and Committee members:

My name is Richard Glenn and I am a resident of Barrow, on Alaska's North Slope. I serve as Executive Vice President for Lands and Natural Resources of Arctic Slope Regional Corporation (ASRC).

ABOUT ASRC

The Arctic Slope Regional Corporation is one of twelve land-owning Alaska Native regional corporations representing created at the direction of Congress under the terms of the Alaska Native Claims Settlement Act of 1971 (ANCSA). ASRC's region is the North Slope of Alaska and encompasses 55 million acres (the informal names "North Slope" and "Arctic Slope" are geographically identical and are alternately used when one or the other has become more associated with a given usage or is a part of a formal name). The North Slope region includes the villages of Point Hope, Point Lay, Wainwright, Atkasuk, Barrow, Nuiqsut, Kaktovik, and Anaktuvuk Pass. The North Slope residents of the villages that I have named are also citizens of the North Slope Borough, a home-rule municipality. The residents are largely Iñupiat (North Alaskan "Eskimos"); and they comprise many of the shareholder owners of ASRC. North Slope village residents depend on subsistence resources from the land, rivers and ocean, as they have for millennia. Within this large region ASRC also holds title to approximately five million acres of surface and subsurface estate conveyed to it by ANCSA, much of it with energy, mineral and other resource potential. Among many other efforts, ASRC pursues and benefits from natural resource development on and near its lands. Energy development of Native-owned and State-owned lands is a major component of the success of ASRC and its region. Energy resource development and in some cases energy resource ownership have provided for substantial gains in economic self-determination for ASRC's growing shareholder base of approximately 13,000.

Under ANCSA, Congress created Native corporations, including ASRC, as profit-making entities "to provide benefits to its shareholders who are Natives or descendants of Natives or to its shareholders' immediate family members who are Natives or descendants of Natives to promote the

health, education or welfare of such shareholders or family members.” Consistent with this unique mandate, ASRC is committed both to providing sound financial returns to our shareholders in the form of jobs and dividends, and to preserving our Iñupiat way of life, culture and traditions, including the ability to hunt for food to provide for our communities. A portion of our corporate revenues are invested in initiatives that aim to promote and support an educated shareholder base, healthy communities and sustainable local economies. Our perspective is based on the dual realities that our Iñupiat culture and communities depend upon a healthy ecosystem and the subsistence resources it provides *and* upon present and future oil and gas development as the foundation of a sustained North Slope economy. Perhaps however it is useful to see how Native corporations are related to Alaska Native tribes and local communities and governments.

Why Alaska is Different: North Slope Land and Resource Ownership

Mr. Chairman and committee members, the present layers of local government, resource ownership and representation in our region can be very confusing for outsiders, even for those who are familiar with tribal relations and governance. A brief review may be helpful for some and is included in my written testimony.

The Native-occupied lands of northern Alaska were never ceded away by any treaty nor lost in any battle. The Treaty of Cession, which ratified the United States’ 1867 purchase of Alaska from Russia recognized that the Native residents of Alaska existed and had rights. Following Alaska’s purchase, however, the Alaska Natives’ land rights remained in limbo for generations. While Alaska was still a territory, the federal government appropriated massive swaths of land with little regard for the land ownership rights of the Natives who lived there (In the Arctic Slope region there were two: In 1926-the formation of the 23-million acre Naval Petroleum Reserve No. 4 by President Harding, and in 1960-the formation of the eight million acre Arctic National Wildlife Range by President Eisenhower.).

Statehood in Alaska, in 1959, similarly overlooked aboriginal land and resource ownership rights. The State did allow for the formation of city (and eventually borough) governments which could tax, zone, and offer community improvements within their areas of authority, but offered no method to validate the assertion of aboriginal title. Against this land ownership vacuum, the exploration for energy resources around known oil and gas seeps on the North Slope intensified in the 1960’s, including the gobbling up of North Slope lands by the young State of Alaska for its own benefit. Tensions rose and eventually action was taken at the federal level. In 1966 Interior Secretary Stewart Udall declared that no oil would be developed and no more State lands would be conveyed to Alaska until the issue of aboriginal title was resolved. The “land freeze” occurred right before the discovery of the massive Prudhoe Bay oil field in 1968-69. The terms of ANCSA were negotiated and debated in Congress and eventually ratified by December of 1971.

The result was the extinguishment of aboriginal land title in Alaska and the formation of land-owning Native regional and village corporations. The land base represented a fraction (in ASRC’s case about 10%) of the land that was originally claimed by the Natives. The federal government offered a cash settlement as additional compensation. With the land base and cash settlement as startup assets, the ANCSA corporations were intended to succeed as profitable corporations delivering benefits to their Alaskan Native shareholders.

Briefly, the indigenous leadership of the people of the North Slope sanctioned the formation of what were to become federally-recognized tribes. The same leadership at first opposed, and then abided

by the terms of ANCSA, which extinguished aboriginal title. Some lands with resource potential were conveyed back to the Arctic Slope Native corporations, along with an additional cash settlement. The federal and state governments took the remainder of the lands, a taking which still pains many of those who argued for or against the terms of ANCSA before ratification. Those of us who came of age during these years are of mixed views on this history. For the most part the leadership that negotiated the terms of ANCSA and my colleagues and I at ASRC today have been trying to make the best of the Act for the benefit of our shareholders.

Using myself as an example: By virtue of Indian Law, ANCSA law, and State law, I am a tribal member, a city and Borough resident, and a village and regional corporation shareholder. My tribe today possesses many rights similar to those of other Indian tribes, but in general owns no land or natural resources. My city and more predominantly my borough governments provide civic infrastructure and quality of life improvements to communities inhabited largely by our tribal members but also comprised of citizens of other ethnic groups. And my village and regional corporations own title to ANCSA-conveyed lands and natural resources, and have formed for-profit operating subsidiaries that offer employment and dividend benefits to their shareholders. The institutions that represent us are thus split into three broad swaths, yet braided together like rope and operate on our behalf.

Energy Development as a tool of Self-Determination – The North Slope Borough

The 1972 formation of the North Slope Borough, a State-chartered home-rule government, was largely driven by the interest of the Iñupiat community in protecting our traditional way of life and exercising permitting, zoning and taxation controls on the industry that was to develop after the Prudhoe Bay discovery. The foundational goals of the North Slope Borough were to protect the environment and to use local government tools to improve the quality of life in communities within its boundaries.

By using a strong permitting and zoning process, the Borough today (as it has ever since its inception) regulates energy development on its terms to the greatest degree possible. The Borough then taxes the real property value of the pipelines, drill rigs, and other oil field production and transportation infrastructure. The Borough uses the infrastructure-derived tax proceeds to build, operate and maintain local education facilities and quality of life improvements (airstrips, roads, reliable power, improved housing and health care centers) in every one of the villages of our region.

The presence of the oil and gas industry in our region is the economic base for what have become improvements to our cities and towns. Our community is empowered by oil and gas development. The North Slope Borough employs the largest number of village residents on the North Slope; maintains its own Department of Wildlife Management, which invests heavily in protecting our subsistence resources; and maintains stringent permitting requirements for oil and gas companies that operate within our region. Our people therefore depend on a healthy Arctic environment to support subsistence species (caribou, waterfowl, marine mammals, fish and others), and also depend on a healthy energy industry to provide the tax base that fuels the North Slope Borough government operations. While these dependencies appear to be in conflict, it is the view of many on the North Slope that it is a totally appropriate one.

Native Ownership of Lands and Natural Resources: the ASRC Story

For ASRC North Slope energy development presented a related but different set of opportunities and issues. The lands conveyed to ASRC, some five million acres in total are located in areas that either have known resources or are highly prospective for oil, gas, coal, and minerals. Some of the lands are remote and very distant from areas of current exploration and production. The State and federal lands of the North Slope also contain similar energy resource potential. In fact the overwhelming majority of lands developed in Alaska to date have been on state-owned lands. The supergiant Prudhoe Bay (initial production in the 1970's) and Kuparuk River (1980's) fields were discovered and developed on State-owned lands, for example. Their development was a boon to the North Slope Borough tax base and to local Alaska Native corporation contractors offering jobs in oilfield construction and operations. Generations of ASRC shareholders and North Slope village residents have explored job opportunities in the development of State-owned North Slope fields. But the development of the State-owned lands offered no direct royalty benefits to the shareholders of ASRC.

Exploration and development of oil and gas resources moved westward from the Prudhoe Bay/Kuparuk fields and eventually toward and into the Colville River delta. Finally, in the mid-1990's oil discoveries were made on Colville River delta lands that were owned jointly by the State of Alaska and Alaska Natives of ASRC (subsurface) and the Kuukpik Corporation (the surface landowner which was the ANCSA village corporation representing the people of the Colville River delta village of Nuiqsut). Facilities were carefully planned and constructed over the next ten years and in 2000 production finally began from the ARCO Alaska Inc.-operated Alpine oil field. ASRC became a royalty revenue owner. Since production began, the Alpine oil field and its related satellite fields have produced a half a billion barrels of quality crude oil that has been shipped down the Trans Alaska Pipeline along with oil from the Prudhoe/Kuparuk and related fields that continue to produce to this day. Other Kuukpik/ASRC lands are slated for additional production.

The royalty benefits from the Alpine and satellite fields and from fields yet to produce represent tens of millions of dollars of benefits per year to ASRC and its shareholders over the lifetime of production. In addition a much larger portion of the royalty revenue has been distributed to all of the regional and village corporations of the state of Alaska by virtue of a provision in ANCSA that mandated for the sharing of natural resource wealth between all ANCSA corporations. The Act states in general, that *Seventy Per Cent (70%)* of natural resource royalty revenue received by a given regional corporation (and this includes oil, gas, minerals and timber resources) be shared amongst all the ANCSA regional corporations within Alaska, who must also share with the respective village corporations within their regions. As a result of its Colville River delta royalty position and the terms of ANCSA, ASRC has shared over *a billion dollars* to date with other ANCSA corporations in Alaska. Energy development has thus been a part of the economic self-determination of every Alaska Native who is a member of a village or regional corporation.

Economic Self-Determination of Alaska's North Slope Alaska Natives

In summary, the development of oil and gas resources in our region has fostered a stable local tax base that provides local education and community improvements that would otherwise be lacking or furnished at great expense by the federal government and other agencies. The development of Native-owned lands has provided a regular stream of royalty revenue that has allowed ASRC to grow its non-royalty subsidiaries. Today, royalty revenue is a significant, but not the only or even the largest contributing sector to ASRC's bottom line, and ASRC has become the largest privately owned corporation in Alaska. Meanwhile, ASRC distributes a significant portion of its annual net income to its shareholders in regularly distributed dividends.

The relationship with energy resources does not stop at the shoreline. The village of Wainwright, for example, is located within the ASRC region about ninety miles west of Barrow, Alaska. Wainwright's Native village corporation, Olgoonik, has been involved in the preliminary stages of Arctic OCS development. Since 2007, Olgoonik has supported oil industry activities with marine mammal observers, communications coordination between the industry and subsistence hunters, and crew change and supply support services. Olgoonik also has managed marine science studies in the Chukchi and Beaufort Seas. Other village corporations as well as ASRC itself have made similar inroads in this field of work.

And ASRC, along with six of our village corporations, created its own offshore development company, Arctic Inupiat Offshore (AIO). Where else in America does BOEM find indigenous people investing proactively in offshore development so they may be positioned to assure that development benefits their communities while also protecting their way of life and culture? AIO representatives believe, by the way, that for the Bureau of Ocean Energy Management to set aside vast areas of the Beaufort and Chukchi Seas, or to give up completely on its Arctic Outer Continental Shelf program, would be to completely fail our Arctic communities who are not afraid to admit that they depend upon successful new exploration and production for the survival of our communities and our Native enterprises.

ASRC itself is engaged in the exploration and development of lands that are not part of its ANCSA conveyance. It is leasing and exploring State and federally owned lands much like the major oil companies that have dominated the history of North Slope exploration and production. Success in private exploration has the potential to yield many new benefits to the shareholders of ASRC.

In some parts of the world and some parts of America, indigenous people have been reduced to conservation refugees within their own homelands. Energy development on Alaska's North Slope has provided the wellspring for the growth of economic self-determination of the Natives of Alaska's North Slope and the whole state of Alaska. We have formed a home-rule government in our own region and diversified and grown ASRC into a multi-billion dollar corporation thanks in large part to successful exploration and development of Native-owned lands. To me, this sounds like the definition of economic-self determination.