

Testimony of Pat Pourchot
House Subcommittee on Energy and Mineral Resources
“Promoting Onshore Oil and Gas Development in Alaska.”
July 18, 2017

Mr. Chairman, Members of the Subcommittee,

Thank you for the privilege of allowing me to testify today on this important topic. Although I have served in several roles in the past with direct involvement in oil and gas issues in Alaska, today I am testifying as a retired public servant and private citizen.

My past “lives” over 45 years in Alaska have included serving as a senator and representative in the Alaska State Legislature, Commissioner of the Alaska State Department of Natural Resources, Senior Policy Representative with Audubon Alaska, and most recently, Special Assistant to the Secretary of the Interior for Alaska Affairs. These positions have obviously provided me varying viewpoints and experiences with land management and oil and gas issues in Alaska.

Over the past several decades interest in federal on-shore oil and gas leasing has been focused on the North Slope of Alaska, primarily in two large federal management units: The Arctic National Wildlife Refuge, and the National Petroleum Reserve-Alaska (NPR-A or “Reserve”). Oil and gas leasing has not been permitted under law in the Arctic Refuge. Because any future oil and gas leasing or development requires Congressional action, I wish to focus my remarks on the NPR-A, and specifically on how the comprehensive management plan (Integrated Activity Plan or “IAP”) has allowed on-going oil and gas leasing and development while protecting important wildlife values in the Reserve.

I would say at the onset, the IAP was a science-based, well-balanced approach to both oil development and protection of outstanding wildlife resources. Oil leasing and development in the Reserve is happening. The plan is alive and well, surgery is not necessary.

Management of the former Naval Petroleum Reserve #4 was transferred to the Department of the Interior, Bureau of Land Management under the Naval Petroleum Reserves Production Act (NPRPA) in 1976. Although there was some leasing in the early 1980’s, all leases expired by 1992 without development. After management plans for some of Reserve lands were completed, leasing was renewed in 1999 and continued at intervals to 2010. In 2011 President Obama called for annual lease sales in the Reserve which have continued through last year. Since 1999 approximately 5.6 million acres have been leased including over 1.1 million acres leased during the last Administration. It should be noted that over that time significant numbers of leases have been relinquished or have expired.

Prior to 2010, management plans were only completed for the NE and NW sections of the Reserve. In 2010 a comprehensive Integrated Activity Plan (IAP) was initiated for all lands in the Reserve to review and utilize updated resource information, ESA listings, and oil and gas assessments in management decisions. It also examined the influences of conditions and activities outside the Reserve, notably climate change and oil exploration in the Chukchi Sea. A final EIS was completed in late 2012 and a final plan adopted in early 2013. The formulation of this plan was characterized by:

- 1) **Significant public outreach and input.** The scoping document received 147,000 comments, the Draft EIS received over 400,000 comments, extensive hearings and public meetings were held on the North Slope and elsewhere in Alaska, input was received from four cooperating agencies (State of Alaska, US Fish and Wildlife Service, Bureau of Ocean Energy Management, and the North Slope Borough), and consultation was conducted with affected tribes and Native corporations.

In addition to the extensive public outreach and input, the plan created a “Working Group” composed of local governments, tribes and Native corporations to advise the BLM on a continuing basis of management issues and needs.

- 2) **Extensive review of scientific research and data with respect to resources of the Reserve and use of this resource information in the land use designations and stipulations contained in the IAP.** The plan utilized USGS estimates of recoverable oil reserves (one billion barrels), most of which was in the Northeast portion of the Reserve. The plan also recognized the documented important wildlife values of the Reserve, including the Teshekpuk Caribou Herd, the Western Arctic Caribou Herd, ESA designated endangered and threatened species, migrating and molting waterfowl, marine mammals, and other significant fish and wildlife resources.
- 3) **A careful crafting of land use designations and stipulations that balances the dictates of the NPRPA for oil and gas leasing, and for protecting key wildlife and other surface resources.** Approximately 52%, or 11.8 million acres, of 23-million acre Reserve is available for oil and gas leasing which contains approximately 72% (549 million barrels) of the estimated recoverable discovered and undiscovered oil. Several “Special Areas” are designated in recognition of internationally significant wildlife and habitat including the Utukok River Uplands Special Area and the Teshekpuk Lake Special Area.

While the NPRPA as amended called for the leasing of oil and gas in the reserve, it also contained specific language related to the protection of other natural resources.

SEC. 103(b) authorizes the Secretary of the Interior to promulgate rules and regulations as necessary for the protection of environmental, fish and wildlife, and historical or scenic values. SEC. 104(b) enables the Secretary to designate areas containing any significant subsistence, recreational, fish and wildlife, or historical or scenic values, including specifically the Utukok River and the Teshekpuk Lake areas. Any exploration within those designated areas must be conducted in a manner assuring the maximum protection of those surface values. Both areas, along with the Colville River, were designated by the Secretary in 1977 as Special Areas.

- 4) **Recognition in land use designations of potential needs for infrastructure required from adjacent off-shore oil and gas.** Approximately 14 million acres are available for infrastructure needs associated with potential off-shore oil and gas development in the Chukchi and Beaufort Seas, including areas within Special Areas. See attached Map “A”. Pipelines and other infrastructure were specifically allowed in the northern part of the Utukok River Uplands Special Area in recognition of potential pipeline needs from Chukchi Sea oil and gas development. Similarly, large sections of the southern and western Teshekpuk Lake Special Area remain available for potential pipeline needs from Beaufort Sea oil development.
- 5) **Recognition of existing and potential oil and gas lease areas and developments in land use designations.** Large areas south of the Teshekpuk Lake Special Area within and adjacent to known oil and gas units (Colville Delta, Greater Mooses Tooth, Bear Tooth) remain available for oil and gas leasing (See attached Map “B”). At the recent lease sale in December of 2016, nearly ½ million acres were leased by ConocoPhillips in this area west and south of the “Willow” well discovery within the Greater Mooses Tooth unit.
- 6) **Recognition of the use of NPR-A lands by local village residents, especially for subsistence and cultural activities.** Many North Slope village residents are highly dependent on the harvesting of fish and wildlife resources from Reserve lands. The plan seeks to protect these subsistence resources including caribou, waterfowl, marine mammals, and fish. Of particular importance to Barrow, Atqasuk, and Nuiqsut is the 40,000-head Teshekpuk Caribou Herd where between three and five thousand animals have been annually harvested. Most of the calving, migration routes, and insect relief areas have been protected within the Teshekpuk Lake Special Area. See attached map “C”. Similarly, 40 villages stretching from the North Slope to the Yukon Delta depend on harvest of the 200,000-head Western Arctic Caribou Herd, the largest in Alaska and at present perhaps the largest in North America. The primary calving and insect relief areas of this herd are protected in the Utukok River Uplands Special Area.

Some have criticized the plan's restrictions on oil and gas leasing in approximately 48% of the Reserve. It needs to be pointed out that of the 11 million acres closed to oil and gas leasing, over seven million acres lie within the Utukok River Uplands Special Area in the SW part of the Reserve. USGS estimated recoverable oil in this area to be very low. Although there was some potential for gas resources in this area, distance to Prudhoe Bay infrastructure, large existing reserves of natural gas around Prudhoe Bay, and the absence of a gasline make development of these gas resources economically challenged.

The plan did recognize the medium to high potential for economically recoverable oil in the Teshekpuk Lake area. The plan expanded the existing Teshekpuk Lake Special Area and restricted oil and gas leasing in 3.1 million acres in recognition of the importance of: 1) The Teshekpuk Caribou Herd's calving, migration, and insect-relief areas; 2) The internationally important waterfowl nesting, migration, and molting area surrounding the lake (100,000 molting geese, including up to 30% of the Pacific Flyway Brant); 3) ESA-listed species including Polar Bear, Spectacled and Steller's eiders, Yellow-billed loon nesting (previous Candidate for listing); and 4) Shorebirds--Teshekpuk Special Area has the highest breeding density of shorebirds in the circumpolar Arctic.

The lands surrounding Teshekpuk Lake have received special designation and protection since transfer in 1976. No leasing north or west of the Lake has occurred under any federal administration over the past 40 years.

Under the plan approximately 28% of estimated recoverable oil resources would not be available for leasing and development. However, it should be noted that the plan based economically recoverable oil on \$180/barrel and natural gas recovery on \$8.67/Mcf. This week Alaska oil is selling around \$47/barrel and natural gas around \$3/Mcf (or billion BTUs). At today's prices recoverable oil and gas estimates, particularly outside of the current oil and gas units, were probably overstated.

Other changes since adoption of the plan include the abandonment of Shell's Chukchi Sea exploration program and the relinquishment of most oil and gas leases in the Chukchi. Consequently, the potential for cross-reserve pipelines or other related infrastructure for oil development in the Chukchi is considerably reduced in the predictable future. Of note, since the plan's adoption, litigation, including by environmental groups, has been greatly reduced and no proposed oil development within the Reserve has been stopped.

No plan is sacrosanct or immutable. There will always be changing circumstances, changing environments, and new information that may warrant changes to the IAP. But, the base information and the consideration of that information in the formulation of the

IAP are sound, in accord with law, and strike a fair and reasonable balance in the treatment of the natural resources owned by all the citizens of this country. Any changes to the plan will and should take the deliberative time and effort that went into its original construction. The impacts of on-going development, the Arctic's rapidly changing climate, human interactions, and other factors on fish and wildlife populations are far from known and research is on-going. Much more needs to be learned and a precautionary approach to land use decisions should be followed while this research continues and results brought forward.

The management plan for the NPR-A is not broken, it is working, it is worthy of continued implementation.

Thank you for this opportunity to testify.