



# ALASKA'S

## Untapped Energy Reserves – Greater Energy Independence for the U.S.

by Frank H. Murkowski  
Governor, State of Alaska

**A**nyone who has ever had the good fortune to visit Alaska finds themselves at a loss for precisely the right superlatives to capture the power and grandeur of this great land. Those of us who live here feel the same way.

But Americans are increasingly recognizing that Alaska's importance to the United States lies not simply in the beauty of its untamed wilderness, but in its vast stores of energy.

And when we stop and think that nearly 60 percent of U.S. oil comes from foreign countries (some of which are openly hostile to the United States), it drives home the need for greater energy independence at home.

Here are some Alaska-sized superlatives to consider. At one-fifth the size of the Lower 48, Alaska eclipses Washington, Oregon, California, Idaho and Montana in size. We have the largest U.S. oil fields in operation currently, the largest natural gas reserves in North America and incredible untapped coal resources.

Our 800-mile Trans Alaska Oil Pipeline stands as a monument to the grand ideas and limitless possibilities that Alaska instills on dreamers and pragmatists alike.

Since it began operation in 1977, the TAPS has shipped 13 billion barrels of oil providing the country with nearly 20 percent of its domestic oil production. And at just under 1 million barrels produced per day, the pipeline is now only half full.

Alaska holds another 35 trillion cubic feet of natural gas - nearly all of which was found accidentally while explorers were looking for oil - and reasonable prospects for five times as much. That data comes from the U.S. Geological Survey which estimates about 200 trillion cubic feet of natural gas.

For decades, we have dreamed about constructing a natural gas pipeline from the North Slope that would carry our massive gas reserves to market here and abroad. Against the backdrop of \$2 per mcf for natural gas, the dream seemed more like fantasy.

But as we watch natural gas prices climb to a consistent \$6 per mcf range, we've seen the dream become more attainable than ever before.



My administration is currently in negotiations with three groups interested in finally bringing Alaska's immense reserves of stranded gas. We've obtained Congressional approval for \$18 billion in loan guarantees, production tax credits, and other necessary incentives. And we've won FERC regulations that include favorable open season provisions for explorers to get their gas to market.

A consortium of three North Slope oil producers - ConocoPhillips, ExxonMobil and BP - propose building an expandable 52-inch pipeline along the Alaska Highway to tie into the North America pipeline system.

TransCanada Pipeline Co., proposes a 48-

inch pipeline along the same route and would negotiate to either buy gas from the producers or get firm shipping commitments.

Each of these proposals include provisions for the State of Alaska to become an equity partner in the project.

More recently, the Alaska Gasline Port Authority has filed a Stranded Gas Act application to begin formal negotiations with the state. This coalition of local governments proposes issuing tax-free bonds to finance an LNG line from Prudhoe Bay to Valdez where LNG would be shipped on tankers to West Coast markets.

Each has advantages and disadvantages, but

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collectively they illustrate the excitement that energy producers feel toward Alaska.

Clean burning natural gas is undoubtedly the fuel for the future, but right now in our country there simply isn't enough of it to go around. Demand rose from 22 trillion cubic feet per year in 1990 to 27 tcf in 2001. It is expected that this demand will grow to 32 tcf in five years and reach 40 tcf by 2025.

You can imagine the frustration of Alaskans who recognize that currently about 8.5 billion cubic feet of natural gas produced on the North Slope each day is reinjected back into the ground. That is enough gas to meet the daily needs of California, Oregon, Washington and Utah.

By working aggressively to get a contract for the people of Alaska and the Legislature to consider soon, I hope to get our gas to market as early as 2012.

As anyone could imagine, a project of this magnitude requires some degree of financial stability, not only on issues of shipping but of long-term marketing.

As chairman of the Interstate Oil and Gas Compact Commission, I've joined with the National Association of Regulatory Utility Commissioners and will be appointing a task force to study ways to enhance the ability of utility companies to enter into long-term marketing agreements. The task force will report back by August 15.

It is abundantly clear that an Alaska natural gas pipeline will deliver significant benefits to the entire country and our friends in Canada. It will provide an abundant supply of low-cost fuel, secure and reliable domestic gas supplies and thousands of jobs right here at home.

North American markets can easily consume all the gas Alaska produces, all the gas produced in other states and some LNG imports.

Alaska has natural gas, the fuel of the future, but it also has untapped reserves of oil. As America faces high oil prices and U.S. security concerns, Alaska's oil can help meet the United States' needs. Alaska can provide a safe, secure, domestic supply of oil and Alaskans are willing to meet that challenge. In a time in which national security concerns are on the minds of all Americans, ANWR can help the U.S. finally reduce its dependence on foreign oil.

The optimism is contagious in this state as we see more and more Americans come to the realization that the time is now to open the Coastal Plain of the Arctic National Wildlife Refuge to oil exploration.

Congress set the 1.5 million acre 1002 area within ANWR aside in 1980



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as a special study area for oil and gas development. The 2,000 acres that would actually be developed holds our best chance at another elephant field on the scale of Prudhoe Bay.

The U.S. Department of Interior estimates there are seven to 16 billion barrels of recoverable oil within the Coastal Plain, an area about the size of South Carolina.

Developing those oil prospects makes economic sense for both the Americans who are paying in excess of \$2 per gallon at the pump and those who will benefit from the estimated 250,000 jobs created nationwide by this idea.

It also makes good sense environmentally, when we realize that Alaska has the toughest environmental standards in the world. Even with 30-year old technology, Alaska's oil fields are the most environmentally responsible in the world. And with today's modern technology, we're reducing the development footprint even more. Simply put, blocking ANWR shifts oil development to countries where environmental standards are either lax or nonexistent.

Our dependence on foreign oil threatens our economy and U.S. security. America imports more than 55 percent of the oil it consumes. ANWR oil will help reduce that dependence, fueling factories, cars, and homes for decades to come. America needs American oil. The United States needs ANWR.

Americans are waking to the realization that opening the 1002 area of the 19-million ANWR just makes sense. And Alaskans are encouraged that the superlative-sized dreams of a gas pipeline are more real than ever. Alaskans are ready to meet the challenge of meeting the United States' energy needs – and we're closer than ever before.

*Frank H. Murkowski was elected governor of the State of Alaska in November 2002. Prior to being elected governor, he served 22 years in the*



*United States Senate, representing the people of Alaska on a wide range of issues including energy, transportation, timber, fishing, and issues affecting Alaska Native communities.*

*While in the Senate, he served as chair of the Energy and Natural Resources Committee and the Veterans Committee. He also served as a member of the Finance, Foreign Relations, Indian Affairs, and Environment and Public Works Committees.*

*He is a recognized expert on such topics as energy policy, fossil fuel and nuclear development, electricity restructuring and climate change.*

*As governor, he continues to lead efforts to open the coastal plain of the Arctic National Wildlife Refuge to environmentally responsible oil and gas development. He is a leader in debates on minerals and natural resources and national parks-public land matters. He is actively involved in negotiations under Alaska's Stranded Gas Act to develop a natural gas pipeline to finally move Alaska's vast natural gas resources to market.*