



# Senate Majority News

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## **Senate Preserves Alaska's Economic Future** **Prohibits Over-the-Top, Simplifies Permitting, Charges Permit Costs**

(JUNEAU) – The Alaska Senate took action today to ensure that Alaskans will get the maximum benefit at the least risk from bringing the state's natural gas to market, when it passed three bills that streamline the state's pipeline permitting process.

“Marketing Alaska's North Slope gas is a top priority for the legislature, and these three bills work together to help make that a reality,” said Sen. John Torgerson (R-Kasilof), Chair of the Senate Resources Committee.

Senate Bill 164, introduced last month with the support of all 20 members of the Senate, would prohibit leases under the Right-of-Way Leasing Act on the State of Alaska's submerged lands in the Beaufort Sea. This bill was drafted to conform with Alaska's Constitution, which says that state resources should be developed in a way that makes them available for the maximum use consistent with the public interest and for the maximum benefit of Alaskans.

“By keeping a natural gas pipeline in-state, we are providing construction, operation and maintenance jobs for Alaskans, as well as adding significant long-term property value to the tax base of state and local governments,” said Torgerson, prime sponsor of the legislation.

Torgerson said that an in-state line would allow for in-state distribution of natural gas for residential and commercial use. “This could open the door to the manufacture of value-added natural gas products, creating thousands more jobs and additional revenues for the state over the next 50 years.”

Testimony before the Senate Resources Committee outlined problems with the over-the-top route, including engineering and permitting, making it the hardest of the three proposed routes to construct. In addition, the Alaska Natural Gas Transportation Act passed by Congress and signed by the President in 1977 specifically states that a pipeline would follow the Alaska Highway, and the act would have to be amended before a pipeline could be built under the Beaufort Sea.

Senate Bill 143, sponsored by the Senate Resources Committee, limits the financial risk to the state in permitting proposed pipeline routes. Current law allows the state to collect fees for work performed when a pipeline right-of-way application is filed. This legislation expands that provision to include pre-application work. This includes work performed by the State Pipeline Coordinator's Office, and clarifies that an applicant must reimburse the state for application processing costs whether the application is granted or not.

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**Senate Wants Natural Gas Brought to Market – Cont.**

“The producers say they expect to submit applications for pipeline routes later this year or early next year, so it is important to make it clear now that they must enter into an agreement to reimburse the state for pre-application expenses,” said Torgerson. “This bill was introduced in response to the governor’s request for \$10 million to cover pipeline pre-application costs. SB 143 almost eliminates the entire need for that appropriation.”

The third bill passed today, Senate Bill 156, streamlines the oil and gas leasing process, making it faster and less-costly by clarifying that the Department of Natural Resources is only required to write a single, best-interest finding for multi-phased oil and gas development projects. The Alaska Supreme Court’s misinterpretation of the legislative intent in an act passed in 1994 prompted the drafting of the bill by the Senate Resources Committee. The court found that the department must issue a best-interest finding for each phase of a project.

“Along with incurring loss of time to do permitting at each of these phases, there’s also a cost associated with the supreme court’s decision, both to the state and to the producers trying to get permits,” said Sen. Drue Pearce (R-Anchorage), vice-chair of the Senate Resources Committee. “SB 156 specifies clearly in law that no subsequent best-interest finding is required after the disposal phase, and best-interest findings shall be made on known information, even if all potential cumulative impacts of the project are not known at the time of the disposal.”

Subsequent phases in a project are subject to the department’s approval and to separate reviews by extensive federal and state permitting processes that include public input and scrutiny by other agencies. This ensures the public has opportunity to comment during the exploration, development, and transportation phases of a project.

SB 164 and SB 143 both passed the Senate unanimously. SB 156 passed with a vote of 14-4. All three bills now move to the House for consideration.

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**Excerpts from Sen. Torgerson’s and Pearce’s speeches on the Senate floor are available on the Majority Actuality Line, 80-478-6540.**