

**Testimony of**

**Jacob Adams**

**Chief Administrative Officer, North Slope Borough**

**Before the**

**Senate Committee on Commerce, Science, and Transportation**

**Subcommittee on Oceans, Atmosphere, Fisheries and Coast  
Guard**

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Good Morning, Sen. Begich, Committee members. My name is Jacob Adams and I am the Chief Administrative Officer for the North Slope Borough.

It is a pleasure to testify today about the challenges and opportunities that Alaska Native communities face as a result of offshore oil & gas development. As most of you know, the North Slope Borough is the local unit of government for the Arctic region of Alaska- an area slightly larger than the state of Utah.

Lately there has been a lot of attention directed towards Arctic issues. And with that focus, a cacophony of voices espousing myriad viewpoints have arisen. It is my hope today to provide this Committee with a well-balanced perspective on the issue of Arctic offshore oil & gas development.

It is estimated that there are upwards of 20 billion barrels of recoverable oil in Arctic Alaska's outer-continental shelf. This represents one of the largest potential finds for the state and the nation since Prudhoe Bay in the 1960's. And so to understand the kinds of opportunities that could exist for Alaska Native communities with a potential discovery of this magnitude, one need only look at history.

The discovery of oil at Prudhoe Bay brought immeasurable amounts of change to the Native communities of Alaska's North Slope. Sod huts turned into permanent houses. Schools, airports, roads, and utility systems were erected. Native corporations were formed along with the North Slope Borough. In short, over the course of a few decades, a

semi-nomadic people subsisting off the abundant resources of the land and sea, were catapulted into modern 20<sup>th</sup> century society.

This of course presented new challenges and opportunities for Alaska Native communities. And with the prospect of OCS development, we find ourselves again, potentially, on the threshold of another era of unprecedented change.

One of the greatest benefits associated with Prudhoe Bay was the fact that it occurred largely on state land. Royalty and tax revenues flowed into state and local coffers- benefitting our people tremendously. This is a fact that all Alaskans were reminded of last week with the payment of our Permanent Fund dividends.

But without Congressional action, OCS development may offer little if any of the benefits that we have seen with prior onshore development.

I see this as one of the greatest challenges facing the people of the North Slope. And it seems difficult for the federal government to justify why the people of Alaska are not entitled to the same economic benefits as the residents of Gulf Coast states. This is especially true given our people's physical and cultural reliance on the Bowhead whale and other important marine mammals. We bear the majority of the risks of what can go wrong with OCS development and receive little direct benefit. Congress should act to ensure that royalty revenue received from OCS development is shared with local communities to help mitigate the negative impacts of development.

Part of the frustration expressed by Alaska Natives towards OCS development is attributable to the fact that we do not feel that we have been offered a seat at the decision-making table. While local representatives of federal agencies often reach out to Native communities and solicit concerns, leadership in Washington, D.C. seems prone to ignore local input in the pursuit of political agendas. The federal government must give more than lip service to local involvement and meaningful reforms need to be made to the government's tribal consultation policies.

Another critical issue associated with OCS development is how the oil discovered will be brought to market. If industry decides to ship oil by tanker, the potential for an oil-related catastrophe impacting marine subsistence resources will increase and the opportunities to glean even indirect economic benefits will decrease dramatically.

It is imperative that the federal government encourage and support an oil pipeline from OCS development areas into the Trans-Alaska Pipeline. This will mitigate potential impacts to critical marine subsistence resources and maximize the amount of economic benefit gleaned by the local peoples of the North Slope and Alaska.

For this reason, it is essential that the federal government make management decisions for the NPR-A that will not foreclose this opportunity. The Mayor of the North Slope Borough, Charlotte Brower, recently raised concerns over Secretary Salazar's preferred alternative for the NPR-A, and I want to reiterate those concerns this morning. It is not in our people's best interest, nor is it common sense, for the federal government to effectively foreclose such a large area of the NPR-A from the development of oil & gas infrastructure before we all have a better understanding of the economic and technical feasibility of potential pipeline corridors.

It would be better instead if the federal government would focus on making management decisions that go to the heart of some of our immediate concerns such as investing the resources necessary to have a year-round presence of Coast Guard personnel on the North Slope. This year we've had hundreds of ships and thousands of mariners operating in the Beaufort and Chukchi Seas. A couple of Coast Guard helicopters and a handful of Coastguardsman is not sufficient to police and provide effective emergency coverage for such a large area. But we applaud the Coast Guard for being here this summer.

In addition, there must be greater investment in upgraded communication systems (radio and fiber-optic), ports that can handle deep-draft vessels, and icebreakers. It is imperative that Congress act soon to provide funding for such investments before we are overtaken by the pace that OCS oil & gas development is occurring.

Another area in which Alaska Natives may realize tremendous opportunities from OCS development comes through our Native Corporations. As an example, Olgoonik Corporation is moving forward on its plan to develop the infrastructure necessary to support OCS development in the village of Wainwright. The Arctic Slope Regional Corporation has also positioned itself to provide services in support of OCS development. Other village and Native corporations stand to gain as development moves forward.

We are also encouraged by the responsible and measured approach undertaken by Shell during this drilling season. It comes as no surprise

to us that ice floes and the oft-unpredictable nature of the Arctic dictated the retreat of Shell's drilling rig during the late summer. But Shell's patience and willingness to forgo drilling into hydrocarbon-bearing zones this year, and to refrain from drilling during the fall whaling season, testify to Shell's commitment to conduct its operations in a safe and responsible way. And we applaud those efforts.

To conclude, OCS development presents a plethora of opportunities and challenges to Alaska Native communities. And while we appreciate the opportunities to talk about these issues before this committee, we feel that we must be provided more opportunities to have a seat at the table when it comes to making OCS management decisions. Until that time, we will continue to be wary of any decisions that are not inclusive of local input and involvement. Thank you.