

**“The Bureau of Ocean Energy Management’s  
2017-2022 OCS Oil and Gas Leasing Program”**

**Testimony  
of  
John Hopson, Jr.  
Mayor  
Wainwright, Alaska**

**May 19, 2016**

**Before the  
Committee on Energy and Natural Resources  
United States Senate**

Chairman Murkowski, Ranking Member Cantwell, and Members of the Committee:

Thank you for inviting me to testify before the Committee today. My name is John Hopson, Jr. I serve as the Mayor of Wainwright, Alaska. I am also a whaling captain. And I also serve as a member of the North Slope Borough Assembly.

Wainwright is one of eight villages in the North Slope Borough. We are located on the Chukchi Sea, with a population of approximately 550. Ninety percent of our residents are Iñupiat. The North Slope Borough is our county-level government, encompassing 95,000 square miles across northern Alaska. None of the Borough’s eight communities are connected by road.

I am a shareholder of Olgoonik Corporation, the Native village corporation for Wainwright. I am also a shareholder and an employee of Arctic Slope Regional Corporation (ASRC), the Native regional corporation for the North Slope region of Alaska.

Like many of you here, I share the heavy responsibility of providing for my family. I am also responsible for outfitting my whaling crew. And – as the Mayor of Wainwright and a member of the North Slope Borough Assembly – I have a responsibility to our residents, who wish to protect their traditional way of life while also enjoying the benefits of employment and modern public services.

As a mayor, an assembly member, a whaling captain, and a father, I serve a community that faces a different reality than most Americans. We don’t have Costcos or Safeways, or Ford dealerships. We are not connected to an electric grid or to a road system. And our heating fuel and gasoline costs upwards of \$5.50/gallon. Like many remote communities in Alaska, Wainwright relies on a

subsistence way of life. We hunt bowhead whales, caribou, polar bears, and seals. It is a way of life that we have fought hard to protect.

Though our communities are remote and our way of life is unique, neither our culture nor our communities are static. We invest in modern public services – water, sewer, health, and education – and, like any other community in America our community’s health largely depends on the availability of well-paying jobs that support families. And yet, I think, many Americans would prefer that America’s Arctic communities somehow reflect the image one might see in an oil painting of the 19<sup>th</sup> Century Arctic – an icy landscape dotted with undeveloped Inuit villages. That is neither realistic nor is it appropriate.

I appreciate the opportunity to be here today to talk about the future of my community in the context of the Bureau of Ocean Energy Management’s (“BOEM”) Proposed Outer Continental Shelf (“OCS”) Oil and Gas Leasing Program for 2017-2022 (“Proposed Program”). In reviewing the Proposed Program, I am deeply concerned – and I speak for many many people in our communities – that BOEM appears to be wavering in its commitment to continuing Arctic OCS leasing and exploration.

Last October, BOEM cancelled Chukchi Sea Lease Sale 237 (scheduled for 2016) and Beaufort Sea Lease Sale 242 (scheduled for the first half of 2017)—both scheduled under the current Five Year Program—citing “current market conditions and low industry interest.” And today, only two Arctic lease sales are scheduled in the Proposed Program – one each in the Beaufort and Chukchi Seas – and some interests groups are pressuring BOEM to remove even those lease sales.

As BOEM itself has indicated, the Arctic OCS has incredible resource potential—greater than that of the Atlantic and second only to the Gulf of Mexico. BOEM’s 2016 National Assessment estimates that the Alaska OCS contains more than a quarter of total OCS undiscovered technically recoverable oil (26.61 Bbbl) and more than a third of total OCS undiscovered technically recoverable gas (131.45 Tcfg). Oil and gas companies have long been interested in the potential of the region, with companies drilling 32 wells in Beaufort and Chukchi Seas in the 1980s and 1990s. Of course, the process of leasing and exploration is a self-winning process—companies will drill dry holes and move on to explore new areas. Continued exploration activities depend on new OCS lease sales. Companies will invest in Arctic OCS exploration if given the opportunity to do so.

BOEM has expressed concern that Arctic OCS oil and gas activities could impact “small isolated communities” within our region. Wainwright, which sits on the Chukchi Sea, may be the closest of those “isolated” communities to any future development in the Chukchi Sea. We appreciate BOEM’s interest in protecting our communities, but we urge BOEM to take seriously its responsibility to provide for development in a way that will support our communities.

Today, taxes levied on onshore oil and gas infrastructure, including the Trans-Alaska Pipeline System (TAPS), support jobs in our region and allow our communities to have modern water and sewer, health, heating and housing infrastructure. The oil and gas industry is also the source of many jobs for the Native shareholders of our Alaska Native corporations, including oil field contracting, regulatory permitting, engineering, pipeline design and maintenance, property leasing, and spill prevention and response. We need those jobs to truly sustain our communities. To put it simply, though we work hard to protect our subsistence way of life, we cannot hunt without bullets and fuel, and we cannot buy bullets and fuel without jobs that provide income.

As BOEM is well aware, and recognizes in the Proposed Program, oil production from Alaska's Prudhoe Bay and Kuparuk fields is declining. With reduced onshore production, our local governments are finding it more difficult to build and repair critical infrastructure improvements and to build and maintain important social, health and educational programs that many Lower 48 communities take for granted. The reality is that the continued viability of TAPS is contingent upon further development of the Arctic OCS. Without measured, responsible development of Alaska's OCS resources, our communities face a grim economic future.

BOEM also has come a long way in the Arctic region since the *Deepwater Horizon* incident and the restructuring of the former Minerals Management Service (MMS). BOEM has invested heavily in recent years in research in the Arctic region and outreach to our communities. BOEM has developed region-specific regulations that it is working to finalize. BOEM also has worked hard to incorporate Traditional Knowledge into its OCS management activities to better support the co-existence of Arctic ecosystems, subsistence, and OCS oil and gas exploration. BOEM permits and other authorizations have required monitoring programs and prescribed mitigation measures, which include flexible, targeted time-area closures that constrain industry operations. Lease stipulations have included Conflict Avoidance Agreements, to assure that exploration, development, and production activities do not result in unreasonable conflicts with subsistence whaling and other subsistence harvests.

In the U.S. Arctic, the Iñupiat people have wrestled with the challenges of oil and gas development for a half century. The formation of the North Slope Borough in 1972 was largely driven by the interest of the Iñupiat community in protecting our traditional way of life and responding to the changes that oil and gas development would bring.

But our community also is empowered by oil and gas development. The North Slope Borough employs the largest number of people 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.

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.

And our Native regional corporation, ASRC, along with six of our village corporations, has created its own offshore development company, Arctic Inupiat Offshore. 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? For BOEM to set aside vast areas of the Beaufort and Chukchi Seas, or to give up completely on its Arctic OCS program, would be to completely fail our communities.

Some environmental groups and some Members of Congress, apparently enamored of their own vision of the Arctic, are engaged in a national effort to stop Arctic oil and gas development. That effort imperils America's Arctic communities. Whom were these Members of Congress elected to represent? Not me and not my community. I can tell you where our elected leaders stand on the Arctic lease sales in the Proposed Program. As Wainwright's mayor, I support retaining the Arctic lease sales in the Proposed Program, and remain committed to working with BOEM to ensure that future leases are developed in a way that protects our communities and the environment.

In some parts of the world and some parts of America, indigenous people have been reduced to conservation refugees within their own homelands. My responsibility as an elected leader is to invest in responsible development in a manner that will support my community. I hope this Administration is committed to doing the same.