

# ***Alaska and Texas Could Take the Lead in Saving America's Economy***

*Prepared Notes for a Speech By*

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*To: Members and Guests of the Texas Alliance of Energy Producers*

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Of the hundreds of speeches I've been honored to give throughout the US and Canada, this Alliance breakfast speech may be THE most critical. Why? It comes at a time of our country's most critical challenge. My message today—as a former regulator and Boardmember of Consumer Energy Alliance<sup>i</sup>-- is this: Alaska and Texas can lead the nation from the brink of economic crisis back to prosperity. We can do it by controlling spending and developing domestic natural resources in time to save our children's generation from what could be a time of great adversity.

Let me circle back to the beginning....

I was born here 70 years ago...down in Coleman...near Brady. That's about all I remember. But YOU are the first audience to hear of my *actual* origin. On December 6, 1941 Dad and Mom were on a date in Honolulu. Dad was an Army Air Corps fighter pilot and Mom was a school "marm". Dad had just dropped Mom off at about 4 a.m. after *quite* a date. About the time he returned to base all hell broke loose. Since the Japanese Zeros were destroying most of the parked P-40s, Dad shot up at the strafing Zeros with the only weapon he had...his .45 semi-automatic. He and Mom were married a few days later. The Army sent Mom back to live in Coleman with Dad's folks. I was born 9 months later.

I am happy Dad dated Mom that fateful night, proud of his composure when the attack came and grateful for his sacrifice over the next several years ... as

he survived aerial combat in the Pacific over New Guinea and dominated a number of dogfights. Mom later told me after Dad died that he was highly motivated back then by his new wife and new baby. For him, as with other past patriots, it was about turning over to the kids a country of freedom and prosperity and opportunity. I remember telling my wife years later that I was motivated in my infantry job on the Korean DMZ by remembering Dad's example and knowing she and the kids depended on me. Well...Dad was also born in Coleman. He was a Texan through and through. As soon as I could understand English, he taught me the phrase, "Remember the Alamo". So it is that the gift of freedom can be passed down from one generation to another.

So when Dad fought in WWII with his three brothers, they knew from their father and grandfathers what they were fighting for: God, family and a great country. In the course of that fight, one of the brothers, my Uncle Bill, jumped to his death out of a burning bomber over Germany because a traitor packing parachutes sabotaged it along with hundreds of others. While my uncles would have rather made an enemy die for his country, each brother was prepared to pay the ultimate price for our country. America was as worth it to them as to the colonists who whipped Britain and as Texas was to Col. Travis' fellow Alamo heroes.

Fast forward to a few years ago, I served as Chairman of the Regulatory Commission of Alaska at the same time Victor Carrillo ran the Railroad Commission here. After my term, I volunteered to serve on the national board of a Houston-based non-profit, Consumer Energy Alliance. This is a great, grass roots organization which brings consumers and producers together to create a robust "all of the above" energy policy I believe everyone in this room would agree with.

So when I joined CEA, I helped form a chapter in Alaska and started testifying at that gauntlet of federal hearings held by alphabet agencies: DOI, DEQ, NOAA, USFWS, BLM, MMS, BOEM.... As I participated in hearing after hearing I realized that these agencies seemed to have a mission of stopping everything. I felt like I was in a fight every time I went to a federal event. It seemed almost

like the regulators were allied with the environmental NGOs against citizens applying for a permit. For example, one day at a press conference in Anchorage for the Secretary of Interior, the government media manager invited members of the press out a back door. There was a crowd of environmentalists with picket signs chanting, "Thank you Secretary Salazar for Saving Bristol Bay". Salazar beamed upon arrival with his entourage, gave them a warm few words of thanks and shook hands.

After that day nearly three years ago I knew normal citizens were outnumbered and outgunned and that the regulatory deck was stacked. I knew our way of life was under attack. One anonymous EPA employee told me the same thing an Interior Department employee later told me privately: "we wanted to grant the permit but Washington put it on hold". A dedicated effort to emasculate America's constitution and rule of law seemed more obvious. I sensed, more frighteningly, that the regulators had an agenda and that the hearings were not designed to get at the truth and balance the record so much as to complete a legal formality. But I knew we had to keep going and testifying anyway or they could more easily close off lease sales or deny permits because the record would be so far tilted in favor of the green armies. Our various free enterprise friends became motivated and over the last 3 years in Alaska we've turned out 50-100-200 to a federal hearing while that same hearing in Atlantic City, New Orleans or San Francisco garnered only a few in support of free enterprise (Note: That has got to change).

As I present some of the challenges we Texan and Alaskan free enterprise energy supporters face, let me remind you that Alaska's Trans Alaska Pipeline System (TAPS) was once carried 2.1 million barrels per day, 20% of America's entire domestic supply. That throughput has now slipped. TAPS is now 2/3 empty, with throughput declining at a 5-7% annual rate. Highly prospective, adjacent federal lands could sustain the life of TAPS for many decades to come, but the current federal administration has done nothing to facilitate life-giving throughput for TAPS from federal sources.

- a. OCS (Outer Continental Shelf - Alaska). Alaska's potential is world class. Commercialization of oil and gas resources in the Beaufort OCS and the Chukchi OCS, could generate 1/10<sup>th</sup> of a trillion dollars in revenues to federal, state, and local governments, over a 50-year period—and refill our pipeline, America's Arctic energy lifeline.

Economic activity resulting from the Beaufort and Chukchi Sea OCS could generate an ANNUAL average of 54,700 jobs nationwide. With an estimated cumulative payroll amounting to \$145 billion (in 2010 \$) over the life of the projects.

But BOEM (former MMS) has delayed exploration on leases sold [years ago](#) to Shell and other companies that have to date spent over \$3 billion in preparation. The EPA has further and needlessly delayed issuance of Clean Air Act permits until now. A brand new Louisiana-built ship is headed to Alaska to support summer exploration. This year, most but not all permits are in hand. But, the environmental activists are working overtime to further stall development using legal challenges.

- b. ANWR (Alaska National Wildlife Refuge). The USGS estimates ANWR could hold up to 17 billion barrels of recoverable oil while the DOI reported identifying 26 separate oil and gas prospects in ANWR that could each contain "super giant" fields (500 million barrels or more). In 1981 Congress designated a thin slice of the South Carolina sized 19 million acres of ANWR for oil and gas development. Only about 2,000 acres of the 19 million would be used, thanks to directional drilling and advancing technology. In the early 1990s Congress agreed to support that effort but President Clinton vetoed the measure. USFWS is currently deciding whether to recommend that Congress forever designate ANWR's small oil and gas area a wilderness.

- c. NPR-A (National Petroleum Reserve-Alaska). The government has estimated that about a billion barrels of oil lie in place with most of the 25 million acre reserve still unexplored. The BLM, which manages the NPRA, is currently deciding whether to put some of the most prospective areas of NPR off limits—due to environmental sensitivities. The Corps of Engineers, upon urging of the EPA, foolishly and needlessly delayed ConocoPhillips’ CD-5 development for several years.

Other federal initiatives:

- a. Gulf OCS. As to Texas OCS activity, we were all both saddened and hurt by the Macondo incident, two years ago, last Friday. The Obama Administration made sure the effects of this ‘crisis’ were felt from the Gulf of Mexico to Alaska. Here in the Gulf area, Secretary Salazar established a sweeping new moratorium (i.e. also applied to companies that had done no wrong) pending an investigation and establishment of new rules. But with that over, did exploration and production return quickly to normal? Following Macondo, Salazar said he was extending the deepwater Gulf Moratorium to Alaska. Our unrelated, shallow water OCS exploration was stopped in its tracks. The permits were overdue for approval and were ignored. Later that summer, Salazar affirmed in a Senate Appropriations Committee hearing that an Alaska moratorium was in place—even though no notice had been delivered to the Governor, to lessees, to permit applicants, or placed in the Federal Register—and, no due process or hearing opportunities had been provided to affected parties. [A few weeks after Salazar’s Senate appearance, his BOEM director, Michael Bromwich visited Alaska. Bromwich contradicted Secretary Salazar. He said that there was no “real or de facto” Alaska moratorium in place. In September, when Salazar visited Alaska, he contradicted Bromwich and affirmed, following that spirited welcome by environmental groups, that the Alaska moratorium \*\*was\*\* truly in place.](#) And still, there was no formal announcement, no Federal

Register notice, no opportunity for lessees or public to comment.  
*I've not been able to find a clearer example of this Administration's violation of the rule of law or of a frontal attack on due process or lack of concern for basic fair treatment of citizens.*

- a. Ocean Policy. Challenges we all face today include the Ocean Policy Fiasco. The White House website notes that this spring – right now – the agencies are expected to EXECUTE the policy put into place via Executive Order in July of 2010. This sweeping idea is to zone the oceans into bureaucratically controlled and restricted areas of human use via a methodology called spatial planning. It not only includes government oceans management, but federal control over rivers and streams feeding the oceans and the great lakes and lands **adjacent** to those water bodies and their tributaries. In short, the federal government is laying a huge, restrictive matrix of federal enforcement across America enabling government to control human activities overseen by a huge new bureaucracy that has not been approved or budgeted by Congress. To date, Obama has funded operations by forcing agencies to use money and resources budgeted for other purposes to support this unauthorized one. For example, in Alaska for the last two years, BOEM “public outreach” PR people have arranged trips to Alaska for large groups of Washington Ocean Planning bureaucrats, led by the White House Council on Environmental Quality. House Energy and Natural Resources Chairman Doc Hastings has urged his colleagues to not fund this effort. He needs to have back pats from us all.
- b. Shale. Shale exploration and production has traditionally been regulated by three dozen member states of the Interstate Oil and Gas Compact Commission—led by governors of the oil producing states, including Alaska and Texas. IOGCC has

consistently told Congress and the Administration that it is the right and responsibility of states to regulate shale activity. State regulation has worked well. But now the environmental community – and their Administration allies – are on the trail of this new shale phenomenon that could produce thousands of new environmental jobs and government bureaucrats over the next decade. Follow the money. After all, shale gas could provide about 60 percent of all natural gas production by 2035 (HIS Global Insight). It's risen from 11 percent in 2008 to 27 percent last year. Two weeks ago, the President made another end-run around Congress and the IOGCC states. He signed an executive order establishing, "a high-level, interagency working group that will *facilitate* coordinated Administration policy efforts to support safe and responsible unconventional domestic natural gas development." The working group is mostly composed of the same cast of characters in charge of zoning the oceans and lands and waters affecting the oceans. The order gives lip service to economic development and traditional state regulation but opens the door to even greater federal participation in proceedings via federal statutes like the Clean Water and Clean Air acts. Our friend, Consultant Paul Ziff, sent me his new paper yesterday, "[Natural Gas Under Siege](#)". He says that in today's low price environment, every MCF of gas produced can increase a producer's financial loss. If you add to that low price scenario, desire of the Feds to over regulate shale, financial loss to the producer, loss of production, loss of government taxes and royalties, and many job losses will be exacerbated. I guess that's one way to get the price of gas up again—for surviving producers.

- c. Federal Overreach. Alaska's governor and our state lawsuits call many federal initiatives "overreaching, arbitrary and capricious". Using the Endangered Species Act to declare [187,000 square miles of Alaska as critical Polar Bear habitat](#)

could bring any Arctic resource development to a screeching halt. Think about it: 187 k square miles is over half as big an area as Texas. Never mind that the Polar Bear populations are growing. Never mind that the [Steller Sea Lion](#) areas have been designated critical....even though their populations are growing. Never mind that the feds have designated [Beluga whales](#) in Cook Inlet near Anchorage as endangered, though their populations are growing. It is a real world, current-day example of social and economic '[death by a thousand cuts](#)'. And I haven't even gotten into many equally horrendous, Lower 48 extremist initiatives dealing with the Keystone Pipeline, sage grouse, Texas' sage brush lizard and the lesser prairie chicken, renewable portfolio standards, carbon footprints, efforts to ban power production from coal, ethanol subsidies, etc.

If we had all morning, I'd arm and alarm you with more examples of the Federal [Government-environmental cabal](#) dedicated to debasing our rule of law and ruining our economy while thumbing noses at Congress, the Judiciary, Governors and the rest of us.

But let's move on.

When we think about it, our two states have prospered largely because of energy production. And, when we think longer about it, our nation has prospered largely because of the natural resources the Good Lord has imbedded in our land (particularly energy) and because of the relative freedom we've had to find, produce and market them.

But as we have discussed, today our freedom is threatened by foolish and dangerous government actions on a federal level. And, we obviously have to guard against greedy and overreaching state politics, too.

Here are today's three take-aways.

- a. First, America *must* elect a president and members of Congress who support disciplined spending, our Constitutional guarantees for personal freedom and states' rights. And, it all starts with local elections where we groom young politicians for bigger jobs.
- b. Second, we *must* make these changes occur in November of 2012 because it's getting so bad, so fast. Our kids depend upon us. There is more than one way to fight threats to our Constitution. One is in the battlefield with a foreign enemy, as our fathers and forefathers did. Another is to identify threats to the Constitution here at home and elect responsible Americans who respect and will sacrifice at home to defend the miracle of our founding. Delay is not an option.

Before I give you the third take-away, let me ask you if you remember the Alamo. I know you remember the courage of those 189 souls who gave it all. Of those, about a half-dozen were born here, all of Mexican descent. About a hundred were 'from' Texas but the rest were from all over the states and Europe, people who believed in Texas and in freedom. I think we can bet that many *prayers* in many languages accompanied the ascension of those souls to heaven that day.

Yes, I said, "prayers". Listen, only 47 years before the Alamo, President Washington said in his 1789 Thanksgiving Proclamation, "it is the duty of all Nations to acknowledge the providence of almighty God, to obey His will, to be grateful for His benefits, and humbly to implore His protection and favor."

Amid false cries from the left that the founders believed God should be separated from governance....I for one believe that if we separate God from our business and our government, we separate ourselves and our children from prosperity.

- c. So, the third take away is that we will survive by returning our nation to God and our constitutional freedom, beginning with our families, our businesses and our local governments.

Folks, we business leaders need to get more engaged politically, like our luncheon speaker, both in our home state and around the country. I remember watching CNBC last year when John Hofmeister predicted the price of gasoline would now be nudging 5 bucks per gallon. Some talking heads scoffed. Gasoline already exceeds \$5 per gallon in some places, partly because of supply and demand, partly due to government mandated blending requirements, and partly because our debased dollar buys less and politicians are overtaxing and over regulating fossil fuels. Business leaders can no longer say, "It's not appropriate for my company to take a position on global warming or Executive Branch overreaching or the text books our kids read or placing the Ten Commandments on the wall of City Hall." We can no longer let politicians intimidate us. Listen, we need to have the *same courage* a soldier has while traveling a lonely desert road in harm's way.

If our companies and their leaders do not take the lead, the left will lead because no one will be there to confront the challenge. If socialism takes the high ground, your paycheck will be signed by a government employee and our constitutionally free way of life is doomed. If our way of life fades, our children will have a future characterized by debt, poverty, entitlement and dictators, not by freedom and personal responsibility.

Here's a critical news flash I bet you haven't heard on TV or read in your newspaper. A month ago, President Obama signed an updated, unpublicized Executive Order declaring himself and his Cabinet to have – for national defense OR in peacetime -- unrestricted control of America's water supplies, food supplies, transportation, manufacturing, natural resources, health care and more. When I say, "it's on the White House web page", many shrink back in disbelief thinking, "It could never

happen here.” The Romans of the late 5<sup>th</sup> Century thought, “it could never happen here” as they debased their silver and gold coins with bronze, distributed free tickets to the bloody coliseum spectacles and free bread – all to bribe citizens -- while increasing taxes on wealth producers. Sound familiar?

*Last week* the U.S. Senate Budget Committee met and acknowledged the debt to spending ratio was over 100% and that our way of life is in crisis and unsustainable. Worse than spending our children’s legacy, we are indebting them to pay for our greedy wants. We are debasing the currency that will destabilize the economy and the national defense. Producing domestic oil and gas and coal and other natural resources can be done safely and will create millions of jobs and help end our debt crisis—if only we can educate fellow citizens to support that activity and control spending. Domestic energy is not the whole answer but it is a big part of the answer.

I will close with this question: How can our children hope to survive on their own when our generation has mortgaged their generation? Talk about taxation without representation! Isn’t that why we became independent, so that we and our kids would never again be taxed without representation? **We need to unmortgage our kids’ future using the 3 takeaways: elect new leaders, do it by November and believe our national motto, “In God We Trust”.** Can Alaska and Texas lead the effort to save America for our kids? With the savvy, dedication and leadership and connections in this room today we can do anything we set our minds to!

Let’s enjoy the rest of the conference and go home with our minds on the kids...knowing the eyes of Texas and that next generation are upon us...wondering what legacy we will leave them.

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<sup>i</sup> Dave Harbour is a [former regulator](#), university vice president and oil industry executive. He is a [business owner](#), writer, photographer and conference organizer. He is a supporter of numerous non-profit organizations. This speech was prepared in response to a personal request by the President of [TAEP](#). It reflects the values and understandings of the author alone and does not officially represent the policies of any of the organizations mentioned or with which the author has present or former affiliations.

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