

**Congress of the United States**  
Washington, DC 20510

May 17, 2016

The Honorable Sally Jewell  
Secretary  
U.S. Department of the Interior  
1849 C Street, NW Room 7229  
Washington, DC 20420

Dear Secretary Jewell:

As the Department of the Interior (Interior) moves closer to the completion of its Five-Year Program (Program) for Outer Continental Shelf (OCS) development for the years 2017 through 2022, we write to reiterate our strongest support for a robust Program that maintains and accelerates the timing of all lease sales that have been proposed for Alaska's federal waters.

As you know, since 2011, Interior has chosen to delay significantly and outright cancel multiple lease sales that were planned for the Alaska OCS. Last year, the Department unilaterally withdrew almost 10 million acres of federal waters from future leasing activity. Shortly after that, Interior proposed a draft Program with just three lease sales in Alaska: one in the Beaufort Sea, in 2020; one in the Cook Inlet, in 2021; and one in the Chukchi Sea, in 2022.

We have expressed our significant frustration with each of those actions and urged Interior to reverse or amend them. Although we understand that additional lease sales may not be added after the release of a draft proposal, we believe that makes it all the more imperative for all three proposed Alaska sales to remain in the final Program. A renewed emphasis on offshore leasing can and must serve as the first step towards a workable regulatory regime for the Alaska OCS.

Supporting our request are a number of critical economic and national security factors – as well as an overwhelming majority of Alaskans.

As a starting point, Interior must recognize that Alaska's offshore areas contain prolific energy resources. Cook Inlet, the basin that convinced Congress to allow Alaska to survive as a state, is estimated to contain one billion barrels of oil and over one trillion cubic feet of natural gas. Maintaining and growing supply from Cook Inlet – particularly through new federal lease sales – is essential to providing affordable energy for communities throughout Southcentral Alaska.

According to Interior's own technical analysts, the Beaufort and Chukchi Seas off of Alaska's northern coast form one of the most prospective basins in the world. Together, these areas are projected to hold an estimated 23.6 billion barrels of oil and 104.4 trillion cubic feet of natural

gas. For perspective, that is enough to meet all of California's demands for oil and natural gas for 37.5 years and 43.5 years, respectively.

The production of the resources in the Beaufort and Chukchi Seas will create thousands of jobs at a time of high unemployment and generate billions of dollars in new revenues at a time of steep deficits. New production in northern Alaska is also vital to the continued safe operation of the Trans-Alaska Pipeline System (TAPS), a national security asset that is currently operating at far less than half of its capacity.

The loss of TAPS would create an emergency situation for millions of Americans, particularly those that live along the West Coast. Yet, despite the presence of tens of billions of barrels of oil in federal areas in northern Alaska, our lack of access has caused long-standing declines in TAPS' throughput that have now made its forced shutdown a distinct possibility. Refilling the pipeline is our top priority, and it must be a major priority for Interior, as well.

There is also a clear and compelling national need to produce more energy in Alaska.

According to the reference case in the federal Energy Information Administration's *Annual Energy Outlook 2015*, U.S. oil production is projected to level off in the early 2020s and then slowly decline through 2040. As a result, our nation's recently diminished reliance on foreign oil is projected to rise again and average over seven million barrels per day, on a net basis, by 2040.

Prices are another concern. While American families and businesses are currently enjoying the benefits that result from high production and low prices, EIA does not project those trends to last. Under current policies, the agency projects the price of oil to steadily rebound, with prices closing in on \$150 per barrel by 2040. The price for natural gas is also projected to rise, more than tripling compared to today's prices by 2040.

If either of those estimates proves remotely accurate, it will take a significant toll on our economy, job creation, and international competitiveness.

For once, however, we find ourselves able to plan ahead and account for future needs and expectations. We have the opportunity and ability to adjust our federal policies to avoid negative impacts that may occur in the future. That can, and must, include greater offshore production in Alaska – and given the longer development timelines associated with our state's portion of the OCS, the time to start is now.

While some have expressed concern about leasing in the Arctic, the reality is that it is not new and was proven safe through the drilling of dozens of wells in the Beaufort and Chukchi Seas in the 1980s and 1990s. The National Petroleum Council recently reminded us of those facts in an exhaustive study on Arctic energy. The Council's conclusions bear repeating:

1. Arctic oil and gas resources are large and can contribute significantly to meeting future U.S. and global energy needs.

2. The Arctic environment poses some different challenges relative to other oil and gas production areas, but is generally well understood.
3. The oil and gas industry has a long history of successful operation in Arctic conditions enabled by continuing technology and operational advances.
4. Most U.S. Arctic offshore conventional oil and gas potential can be developed using existing field-proven technology.
5. The economic viability of U.S. Arctic development is challenged by operating conditions and the need for updated regulations that reflect Arctic conditions.
6. Realizing the promise of Arctic oil and gas requires securing public confidence.
7. There have been substantial recent technology and regulatory advancements to reduce the potential for and consequences of a spill.

The Council's report further suggests that development timelines can be 20 or more years in the Arctic, again prompting the need to start the leasing process – in order to properly account for our nation's future energy needs – as soon as possible.

It is also critical for Interior to recognize that Alaskans are very strongly supportive of new offshore development. Offshore drilling in Alaska is nearly as popular as drilling in the non-wilderness portion of ANWR and the National Petroleum Reserve-Alaska. For example, a poll conducted by Hickman Analytics in 2014 found that 73 percent of Alaskans specifically favor offshore drilling in our home state.

Finally, we must warn against any attempt to use past lease sale cancellations and the chaotic regulatory regime that Interior has imposed as evidence of a “lack of industry interest” in offshore Alaska. It is not appropriate for Interior to single-handedly create those conditions, and then blame others for them, as part of an effort to advance a restrictive agenda that Alaskans strongly disagree with.

As the past four decades have shown, Alaska is considered resource-rich and investment-worthy by a wide range of respected global energy producers. What those companies cannot tolerate is a constantly shifting sea of regulations that make it extremely difficult, if not impossible, to reach commercial production – and unfortunately, that is exactly what recent years have featured.

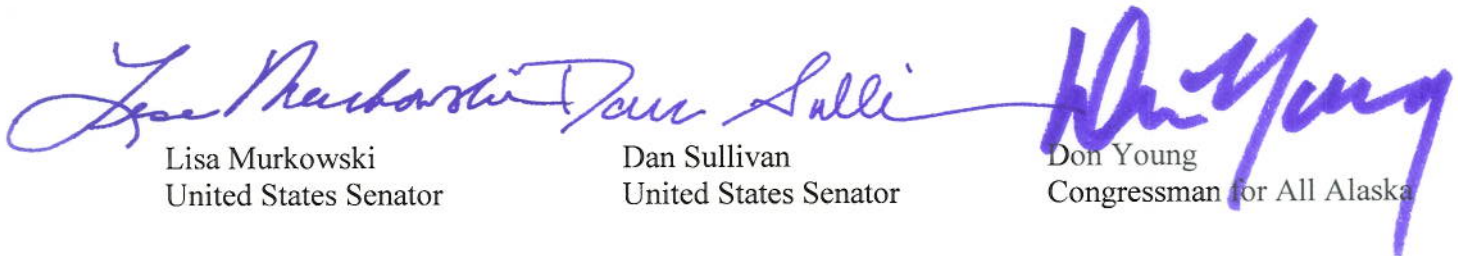
Perhaps nothing illustrates this better than the experience that Shell had this past summer, while attempting to drill just two exploratory wells in the shallow waters of the Chukchi Sea. One agency within Interior required ice monitoring, but another refused to grant the operational capability for the company to perform it. The chaos created by the lack of coordination within Interior has caused even independent observers to scratch their heads in wonder.

The areas under consideration for leasing in Alaska's OCS contain vast resources that our nation will need to maintain its economy and security. Those resources can be produced safely if a

stable, predictable regulatory regime is put in place. Bringing them to market is favored by most Alaskans and will help maintain affordable energy prices for the American people. With longer lead times and considerable investment required for production in the Alaska OCS, it is critical that the process begin now with new, area-wide lease sales.

We ask that you recognize Alaska's strong preference for expanded OCS development within the Five-Year Program for 2017-2022. We urge you to maintain all three proposed sales for the Alaska OCS in the final Program. We also encourage you to work collaboratively with us to make the fundamental regulatory improvements that are necessary to prudently advance the development of the critical resources located in our state.

Sincerely,



Lisa Murkowski  
United States Senator

Dan Sullivan  
United States Senator

Don Young  
Congressman for All Alaska