

Offshore Update

OCS Comments Due Nov. 1, 2010

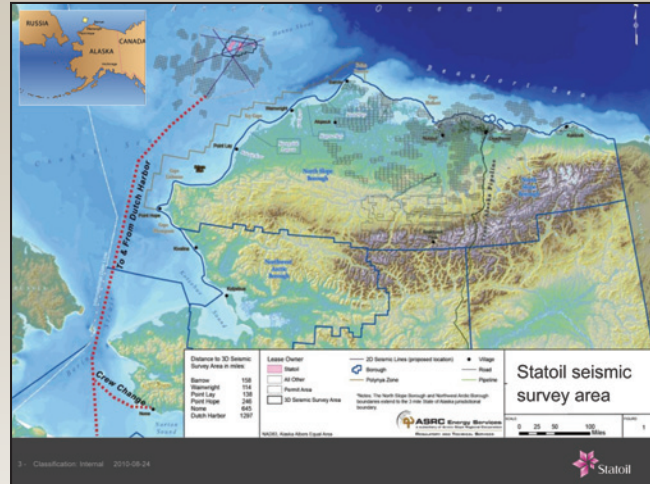
In a press release by the U.S. Department of the Interior (DOI) on May 27, 2010, Secretary Ken Salazar postponed the planned exploration wells in the Chukchi and Beaufort seas. This statement immediately canceled more than 600 jobs for this past summer, and once again caused a delay for the Outer Continental Shelf (OCS). It is unclear as to how long this Alaska moratorium will continue.

Despite this recent setback, Statoil was allowed to conduct its seismic work in the Chukchi Sea. This program is currently under way and is taking place more than 100 miles from the shoreline.

Support for development of the OCS has strong bipartisan support from both state and federal officials.

On Sept. 9, 2010, at the direction of Gov. Sean Parnell, the State of Alaska filed a lawsuit against Secretary Salazar and DOI, accusing the federal government that it did not follow federal law in issuing the recent moratorium on Alaska waters. The lawsuit challenges the federal government by saying it acted “arbitrarily and capriciously” when making this decision.

Additionally, U.S. Sen. Mark Begich wrote a letter to President Barack Obama on Sept. 16, 2010 urging his assistance in establishing clear timelines for responsible OCS development.



Map of Statoil seismic work. (Courtesy of Statoil)

The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling continues to take public comment. The Commission, which University of Alaska Anchorage Chancellor Fran Ulmer is a member, will issue an important report in January 2011 that will help shape future federal policies affecting OCS development in Alaska.

Alaskans are encouraged to submit comments to the Commission encouraging them to recognize the unique nature of Alaska’s offshore waters and urging them to consider policies that will enhance and improve the future of OCS development in the state.

Comments may be submitted by visiting the website: www.OilSpillCommission.gov. Comments are due Nov. 1, 2010. Email: BPDeepWaterHorizonCommission@hq.doe.gov, or by mail to: Christopher Smith, Mail Stop FE-30, U.S. Department of Energy, 1000 Independence Ave. SW, Washington, D.C., 20585

Getting a gasline? continued

Port Authority: The Port Authority is a municipal port authority that was established by voter initiative in October 1999. Currently, the only members of the Port Authority are the Fairbanks North Star Borough and the City of Valdez. Their website states their priority is to bring maximum benefit to Alaska with an “all-Alaska” gasline. They are also examining the option of trucking gas from the North Slope to Fairbanks.

Alaskans may never get the answer they want when it comes to a gas line, but one thing is for certain: Alaskans can be confident that every reasonable option is being explored and examined by producers, pipeline companies, state government and local municipalities.

Alaska Pipeline Project:
www.thealaskapipelineproject.com

Denali:
www.denalipipeline.com

Alaska Gasline Development Corporation:
www.ahfc.state.ak.us/agdc

ANGDA:
www.angda.state.ak.us

Port Authority:
www.allalaskagasline.com

Policy Update continued

not only to North Slope residents, but to the State of Alaska and the entire nation. And the prospects for expanding the role Alaska can play in the future are tremendous, with estimates of 30 billion barrels of oil and 220 trillion cubic feet of natural gas.

During the hearing, Crockett emphasized the importance of research, the need for federal agencies to have the funding necessary to manage the Arctic and its species, and support for Outer Continental Shelf (OCS) revenue sharing for Alaska's coastal communities.

A town hall meeting was conducted following the hearing. The group then traveled to Alpine Oil Field for a hands-on tour of Alaska's oil and gas operations.

"It was an honor to be asked to represent the industry at this field hearing. Thank you to Senator Begich for holding the hearing and to Senator Stabenow for traveling to Alaska. We were pleased to provide our perspective on initiatives the U.S. Commerce Committee may address," stated Crockett. ♦

Alaska Oil and Gas Association **Member Companies**

Alyeska Pipeline Service Company	Marathon Oil Company
Anadarko Petroleum Corporation	Petro Star, Inc.
BP Exploration (Alaska) Inc.	Pioneer Natural Resources Alaska, Inc.
Chevron	Shell Exploration & Production Company
Eni Petroleum	Statoil
ExxonMobil Production Company	Tesoro Alaska Company
Flint Hills Resources, Alaska	XTO Energy, Inc.

AOGA's members are companies that represent the majority of oil and gas exploration, production, refining, transportation and marketing activities in Alaska. Our members are:



straight talk

AOGA

121 W. Fireweed Lane, Suite 207, Anchorage, AK 99503-2035
ph. 907.272.1481

AOGA Staff

Marilyn Crockett,
Executive Director

Kara Moriarty,
Deputy Director

Kate Williams,
Regulatory Affairs
Representative

Tamara Sheffield,
Support Services

PRSR STD
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Alaska Oil and Gas Association



September 2010 – Issue 3

Getting a Gas Line?

“When are we getting a gas line?”

The most common question asked by all Alaskans.

Unfortunately, no one can answer that question yet, but there are several efforts under way, all with the same goal of someday answering that elusive question.

Alaska Pipeline Project (APP): The Alaska Pipeline Project is a joint venture between TransCanada and ExxonMobil that has recently completed their open season to build a large diameter pipe from Alaska’s North Slope to Canada. The open season process allowed companies to submit bids to commit their natural gas reserves to APP’s project. Now that the open season is closed, APP is working with the bidders to understand their bids and to work out any conditions. The APP is operating under the state’s framework, known as the Alaska Gasline Inducement Act (AGIA). Assuming a successful open season, APP will file permit applications with the Federal Energy Regulatory Commission (FERC) in October 2012, and if sanctioned, first gas is expected in 2020.

Denali – The Alaska Gasline Project: Denali is a joint venture between BP and ConocoPhillips to build a large diameter pipe from Alaska’s North Slope to Canada. Their project is not operating under the AGIA framework. Denali is currently accepting bids through their open season process and bids are due Oct. 4, 2010. Denali’s next steps will be determined by results of the open season.

Alaska Gasline Development Corporation: The 2010 Alaska Legislature created a team to study options for the development of a “bullet-line” from the North Slope to Southcentral Alaska. The team is chaired by Dan Fauske, CEO of the Alaska Housing Finance Corporation. The team is tasked with completing their report to the Legislature by July 1, 2011.

Alaska Natural Gas Development Authority: Known as “ANGDA,” the Alaska Natural Gas Development Authority was created through a general election ballot initiative in 2002 to focus on getting North Slope natural gas to Alaska communities and identify feasible opportunities for liquefied natural gas (LNG). Their focus is a spur-line connecting to the proposed large pipeline to Southcentral through Glennallen.

Continued on Page 3

In This Issue:

Cover Story	1
On The Job	2
Offshore Update	3
Call to Action	4
Executive Director’s Message.....	5
Policy Update.....	5



Installation of the last portion of the trans-Alaska oil pipeline, 1976. Photo courtesy of Alyeska Pipeline Service Company.

On the Job**Kate Williams,
Regulatory Affairs
Representative,
Alaska Oil and
Gas Association**

“As an Alaskan, I know how vital the oil and gas industry is to our state.”

Meet Kate Williams, the newest employee of the Alaska Oil and Gas Association (AOGA). Williams joined AOGA on Aug. 30, 2010 and will serve as the organization’s regulatory affairs representative.

Born and raised in Juneau, Williams is an attorney who spent most of her career in public policy, serving as staff to U.S. Sen. Ted Stevens in a variety of capacities, including his legislative director and chief counsel during the last two-and-a-half years of his Senate career. For the past year and a half, Williams served as an associate attorney for the firm Birch, Horton, Bittner and Cherot.

As AOGA’s regulatory affairs representative, Williams will be responsible for issues related to local, state and federal regulations and regulatory programs affecting Alaska’s oil and gas industry, with a particular focus on environmental issues. Williams will manage AOGA’s Environmental Committee and its various task groups to address air quality, water quality, solid waste and wildlife issues.

“We are excited to have Kate join our team. Her experience and background will be a great complement to our staff,” stated AOGA Executive Director Marilyn Crockett.

Williams graduated from Juneau-Douglas High School and received a Bachelor of Arts in economics from the University of North Carolina at Chapel Hill and obtained her law degree from the University of San Diego. In her spare time, Williams enjoys hiking, mountain biking, skiing, traveling and spending time with friends and family.

“As an Alaskan, I know how vital the oil and gas industry is to our state, and during my time with Senator Stevens, was made well aware of AOGA’s reputation as a credible and knowledgeable advocate for the industry. I am excited to join the team at AOGA and again be working on public policy issues of importance to the industry, Alaska and the nation,” said Williams. ♦

Call to Action – Comments Due Oct. 1, 2010

Bureau of Land Management Begins New Planning Process for NPR-A

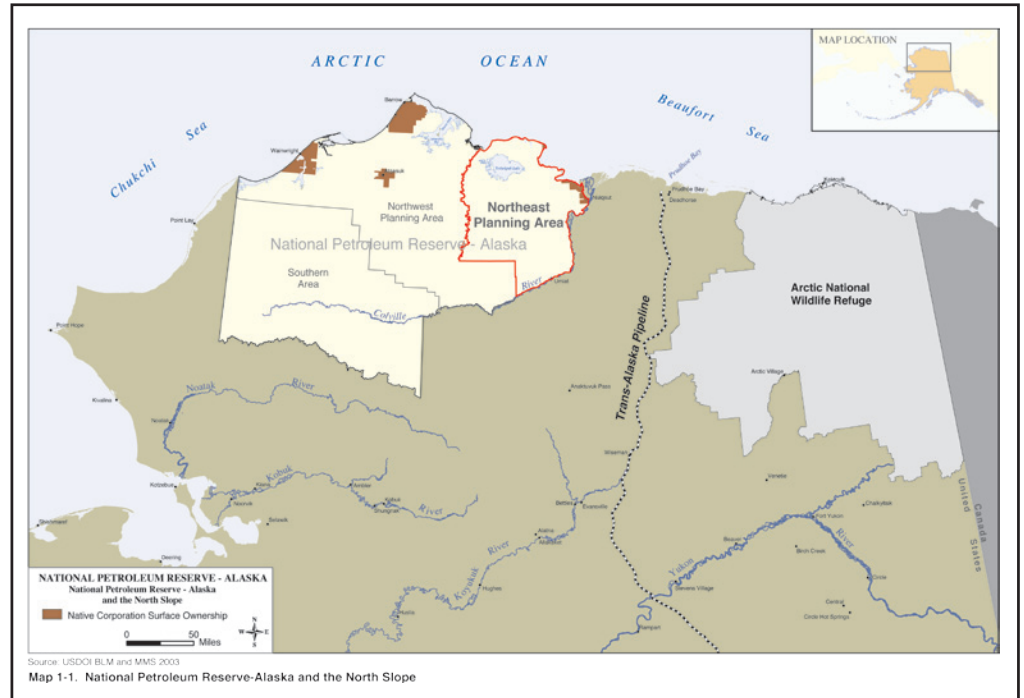
The Bureau of Land Management (BLM) is seeking comments during the public-scoping process as they prepare a new Integrated Activity Plan (IAP) and Environment Impact Statement (EIS) for the National Petroleum Reserve-Alaska (NPR-A).

The 23.5 million acre reserve was originally set aside as the Naval Petroleum Reserve by President Warren G. Harding in 1923 as the country anticipated the need for more oil for the U.S. Navy. The first major exploration for oil and gas occurred between 1944 and 1953. A second round of exploration occurred after the OPEC oil embargo in 1973. In 1976, the authority for the area was transferred to the Department of Interior/BLM and was renamed the National Petroleum Reserve-Alaska in 1978.

The new IAP/EIS will supersede the current plans for the area, including the Northwest (2004) plan, the Northeast (2008) plan and the Colville River Special Area (2008) plan.

“The IAP for NPR-A would take a comprehensive look at the 23.5 million acre reserve with an eye toward identifying areas suitable for oil and natural gas drilling as well as those areas that should remain off-limits,” described Pat Pourchot, Alaska special assistant to Department of Interior Secretary Ken Salazar.

This planning process is extremely important for Alaska as it could identify portions of NPR-A for potential wilderness designation, permanently removing lands for future development. In 1980, Congress granted Alaska 50 percent revenue sharing from bonuses, rents and royalties from activity in NPR-A. In the last 10 years, the state has received



more than \$150 million in the NPR-A Special Revenue Fund, which is then used to give grants to communities. Of the amount remaining after community grants in the region, 25 percent goes into the Alaska Permanent Fund.

NPR-A has the potential to boost Alaska production and contribute to the nation’s energy needs, based on a U.S. Geological Survey that estimates approximately 9.3 billion barrels of oil and 59 trillion cubic feet of natural gas are technically recoverable in NPR-A. Production from NPR-A could help stem the decline of Alaska production and increase the life of the trans-Alaska oil pipeline.

NPR-A should be managed for its original purpose – as a petroleum reserve for Alaska and the nation. Comments can be submitted by Oct. 1, 2010.

Mail: Julia Dougan, Acting Alaska State Director, U.S. Bureau of Land Management, 222 W. 7th Ave. #13, Anchorage, AK 99513. Fax: 907-271-3684. Web: www.blm.gov/ak

Executive Director's Message

Election Day – Nov. 2, 2010

In a little more than a month, one of the most important days in 2010 will occur: Election Day. On Nov. 2, Alaskans will go to the polls to determine our U.S. senator, governor, lieutenant governor, 40 state representatives and 20 state senators. Alaskans will also vote on whether to increase the size of our state Legislature.

The Alaska Oil and Gas Association (AOGA) does not endorse individual candidates, but we do encourage every one of our readers to vote. Now, more than ever, we need leaders who will craft policies to encourage increased oil and gas development. Only one-third of Alaskans voted in the primary election in August. We must do better Nov. 2.

Oil and gas is one of the state's leading economic engines, supporting one-third (110,000) of all Alaskan jobs. Revenues from oil and gas continue to dominate the state treasury (89 percent this past year).

However, Alaskans need to realize that production is declining. In fact, Alaska production is a mere 30 percent of what it was at its maximum of 2.1 million barrels per day in 1988. Even though Prudhoe Bay remains the largest oil field in North America, there have not been any mega fields like Prudhoe discovered in more than 15 years on the North Slope. In just four years, production could drop to one-fourth of its peak. And, according to the Alaska Oil and Gas Conservation Commission (AOGCC), the number of wells drilled has declined every year since 2007, even though oil prices have remained above \$70 per barrel.

With more than 30 percent of the nation's technically recoverable offshore resources, 9 billion barrels of oil in NPR-A and more than 35 trillion cubic feet of natural gas on the North Slope, Alaska is not out of potential resources, but it is going to take leadership, vision and determination to make it happen.

Please vote on Nov. 2, 2010. ♦



Executive Director Marilyn Crockett (pictured at right), participates in a field hearing of the U.S. Senate Committee on Commerce, Science and Transportation Aug. 19. (Courtesy of the office of U.S. Sen. Mark Begich)

Policy Update

AOGA Participates in U.S. Senate Committee Field Hearing

At the request of U.S. Sen. Mark Begich, AOGA Executive Director Marilyn Crockett participated in a field hearing of the U.S. Senate Committee on Commerce, Science and Transportation on Aug. 19, 2010 in Barrow, Alaska. Sen. Begich chaired the hearing and was joined by U.S. Sen. Debbie Stabenow of Michigan.

The hearing focused on America's Arctic, emerging energy opportunities and the effects of climate change in the region. Joining Crockett in the discussions were Rear Admiral Christopher Colvin, U.S. Coast Guard District 17; Laura Furgione, National Weather Service; Mayor Edward Itta, North Slope Borough; Mary Pete, U.S. Arctic Research Commission; and Richard Glenn, Arctic Slope Regional Corporation.

"This hearing is intended to underscore that the Arctic is not a frozen wasteland; rather, it is a unique ecosystem that is home to strong people who endure the hardships of long winters and have built a vibrant culture around subsisting in the north," stated Sen. Begich.

For more than 30 years, energy development across Alaska's North Slope has played an important role,

Continued on Page 6