

Alaska Oil and Gas Association



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October 1, 2010

FINAL

Ms. Julia Dorgan
Acting Alaska State Director
U.S. Bureau of Land Management
222 W. 7th Avenue
Anchorage, AK 99513-7504

Re: New IAP/EIS for National Petroleum Reserve-
Alaska

Dear Ms. Dorgan:

The 14 members of the Alaska Oil & Gas Association (AOGA) account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in the state. We appreciate the opportunity to provide comment on the scoping phase of the development of a new Integrated Activity Plan/Environmental Impact Statement (IAP/EIS) for the National Petroleum Reserve-Alaska (NPR-A).

AOGA strongly urges the Bureau of Land Management (BLM) to continue to manage NPR-A for its original purpose – as a petroleum reserve. As such, the new IAP should provide for oil and gas development within the 23.5 million acre reserve without unnecessary restrictions or deferrals.

This planning process is extremely important for the entire state of Alaska. 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 across the North Slope for important projects.

At a time when foreign imports of oil for United States consumption range in the 60-70% range, the country should not hinder the development of an area that has the potential to boost Alaska production and contribute to the nation's energy needs. Based on the United States Geological Survey estimates, NPR-A contains approximately 9.3 billion barrels of oil and 59 tcf of natural gas in technically recoverable reserves. For two decades, Alaska's production accounted for about 20% of the entire nation's domestic production (1980-2000). Today, Alaska's production only accounts for about 11%. Clearly, production from NPR-A has the potential to make a significant contribution to the nation's domestic supply.

Production from NPR-A could help stem the decline of Alaska production and increase the life of the Trans-Alaska Pipeline System (TAPS). In fact, Alaska production is a mere 30 percent of what it was at its maximum of 2.1 million barrels per day in 1998. Even though Prudhoe Bay remains the largest oil field in North America, there have not been any mega fields like Prudhoe Bay discovered in more than 15 years on the North Slope.

In addition to the potential for large reserves in NPR-A, mega fields are believed to exist in the Outer Continental Shelf (OCS). Alaska's Arctic waters in the Beaufort and Chukchi seas are believed to contain over 30 billion barrels of oil and 132 trillion cubic feet of natural gas. That is about double the amount of oil produced in the last 30 years on the North Slope (16 billion barrels to date).

It's important to note the importance and significance of the OCS because if production were to occur, especially in the Chukchi Sea, the oil would most likely be transported via a pipeline that would cross the NPR-A to connect to TAPS. The IAP should allow for the use of NPR-A for this type of purpose so as not to thwart future development, both onshore and offshore.

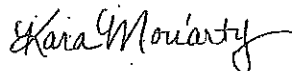
As BLM has acknowledged in the announcement of this scoping stage, oil and gas activity within NPR-A has a long history dating back to 1923 when the petroleum reserve was established by President Harding as the country anticipated the need for more oil for the U.S. Navy. During early exploration programs, the U.S. Navy and USGS drilled 136 wells and core holes. In the last 10 years alone, 29 wells have been drilled and over this entire history, wildlife populations have continued to flourish.

Improvements in technologies over the past 40 years of development on the North Slope have significantly reduced the surface footprint while expanding the subsurface drillable area. In the 1970's a 20-acre gravel pad was utilized to access a subsurface area of less than one mile. Today's technologies allow a subsurface drillable area of over eight miles from a mere 6-acre pad. In addition, advancements in 3-D and 4-D seismic technology allow industry to focus their "targets", further reducing the surface impact.

History has shown that application of appropriate stipulations and mitigation measures, along with industry's implementation of best practices, can achieve two important goals that are not mutually exclusive – development of the nation's resources and protection of wildlife populations and the environment.

Again, we urge the BLM to carefully consider the energy needs of this country, and Alaska, and develop an Integrated Activity Plan that achieves the goal of President Harding's original purpose – the responsible development of petroleum reserves.

Sincerely,



KARA MORIARTY
Deputy Director