

Alaska Oil and Gas Association



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Kate Williams, Regulatory Affairs Representative

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Dr. James Kendall
Regional Director
Bureau of Ocean Energy Management, Regulation and Enforcement
Alaska Region
3801 Centerpoint Drive, Suite 500
Anchorage, AK 99503-5820

Re: Comments on the Final SEIS, Chukchi Sea Lease Sale 193

Dear Regional Director Kendall:

The Alaska Oil and Gas Association (“AOGA”) appreciates the opportunity to submit comments on the Final Supplemental Environmental Impact Statement (“SEIS”) for Chukchi Sea Lease Sale 193. AOGA is a private, nonprofit trade association whose 15 member companies account for the majority of oil and gas exploration, development, production, transportation, refining, and marketing activities in Alaska.

AOGA strongly urges the Bureau of Ocean Energy Management, Regulation and Enforcement (“BOEMRE”) to affirm Lease Sale 193, as recommended by the Final SEIS. This lease sale has undergone extensive and exhaustive environmental review, including two revisions to the original EIS; it is time for the sale to be finalized so development of the vast resources in the Chukchi Sea may move forward.

As we have mentioned in previous comments on Lease Sale 193, this is a lease sale, which authorizes lessees to engage only in “ancillary activities” that do not harm the environment. A lease sale is not an authorization to drill. Additional environmental review, public process and federal agency approvals are required before any exploration, development or production activities may proceed.

The Final SEIS adequately addresses the deficiencies with the original EIS identified by the U.S. District Court for Alaska in a July 2010 order, including analysis of the environmental impact of natural gas development, whether missing information identified in the original EIS is essential

or relevant under federal regulations, and whether the cost of obtaining the missing information is exorbitant, or the means of doing so unknown. The Final SEIS also analyzes a Very Large Oil Spill (“VLOS”) scenario from a hypothetical exploration well blowout and a June 2011 report by the U.S. Geological Survey (“USGS”) regarding information needs in the Beaufort and Chukchi Seas, neither of which were part of the court’s order. BOEMRE correctly emphasizes that the discharge numbers associated with the VLOS do not reflect any particular well and that any operator that proposes drilling a well must provide its own worst-case discharge analysis based on the unique characteristics of the well prior to any exploration plan being approved and well drilled. The USGS report, as BOEMRE recognizes, in many cases identifies data “gaps” and recommendations which relate to issues beyond the scope of BOEMRE’s mission and this lease sale decision. Bottom line, AOGA firmly believes the analysis contained in the Final SEIS, along with other supporting environmental documents, is comprehensive and provides sufficient basis for the Secretary to affirm Lease Sale 193.

Development of Alaska’s Outer Continental Shelf (“OCS”) – the resources contained in both the Beaufort and Chukchi Seas – is vital to the nation’s energy independence. This area is estimated to hold 27 billion barrels of oil and 132 trillion cubic feet of natural gas. For perspective, that is more than U.S. proven oil reserves. Development would produce approximately 700,000 barrels of oil per day for 40 years, or roughly the equivalent amount of oil the U.S. currently imports from Iraq and Kuwait. Furthermore, development would create and sustain tens of thousands of new jobs on an annual basis and result in hundreds of billions in revenue to state, local and federal governments. Development would also extend the life of the Trans-Alaska Pipeline, which has been identified as critical infrastructure for national security, and is currently operating at only one-third capacity. TAPS will face increasingly problematic operational challenges without additional supply.

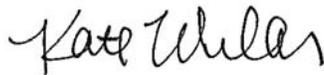
Exploration on Alaska’s OCS is not new. Approximately 30 wells have been drilled on Alaska’s OCS since the 1980s, including 5 wells in the Chukchi Sea, all without incident. In fact, there has never been an oil spill caused by a blowout from offshore exploration and development in federal or state waters off Alaska or the Canadian Arctic. Since the wells were drilled in Alaska, technology has only improved. Moreover, it is important to differentiate between deep water drilling, which occurs in the Gulf of Mexico, and shallow water drilling, which occurs on Alaska’s OCS. Deep water drilling is more technologically challenging. For example, the well associated with the Deepwater Horizon oil spill was drilled in over 5,000 feet of water with down-hole well pressures in excess of 15,000 psi. On the other hand, planned wells in the Beaufort and Chukchi Sea would be in less than 150 feet of water with down-hole well pressures a quarter of the psi of the Deepwater Horizon well.

Finally, Alaska's OCS is probably the most studied and understood oil and gas basin in the world. Industry alone has invested more than \$60 million on baseline science in the Arctic since 2006. This is in addition to the over \$500 million invested since 1973, including more than 5000 independent scientific studies.

In conclusion, AOGA once again urges the Secretary to affirm Chukchi Sea Lease Sale 193 as held. The Final SEIS addresses the concerns raised by the court, as well as a VLOS scenario and the USGS report on information needs in the Arctic. Exploration, development and production activities would occur under the most stringent environmental protections in the world and would not proceed until additional environmental review, public process and approvals from BOEMRE and other federal agencies are secured. Development of Alaska's OCS, including the resources contained in the Chukchi Sea, is of critical importance to the nation's energy independence and the U.S. and Alaska economies and must be allowed to proceed now.

If you have any questions on these comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Kate Williams".

KATE WILLIAMS
Regulatory Affairs Representative