

**ALASKA OIL AND GAS ASSOCIATION TESTIMONY  
TO SENATE RESOURCES COMMITTEE  
ON SJR 18, SUPPORT THE LEASES ISSUED TO SHELL  
IN THE CHUKCHI AND BEAUFORT SEAS**

**April 15, 2015**

Good afternoon.

For the record, my name is Sarah Erkmann and I am the External Affairs Manager for the Alaska Oil and Gas Association (AOGA). The Alaska Oil and Gas Association, or AOGA, is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry for the benefit of all Alaskans. Our 14 member companies represent the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

Our members have been operating in the Arctic for more than 40 years. Oil and gas development is the backbone of Alaska's economy, and as the largest undeveloped energy basin in the United States, the Arctic Outer Continental Shelf (OCS) is truly the next generation of energy security for our country.

The Arctic OCS holds enormous oil and gas resources, estimated by the Department of the Interior at approximately 27 billion barrels of oil and 132 trillion cubic feet of natural gas. In comparison, the Trans-Alaska Pipeline System, or TAPS, has carried more than 17 billion barrels in just over 30 years. At one point, TAPS carried more than 2 million barrels of oil a day, but a decrease in the annual production from legacy on-shore fields has resulted in TAPS transporting approximately 550,000 barrels a day now. TAPS has played a critical link in the nation's energy security, transporting crude oil from Alaska's North Slope to west coast markets. OCS development in the Beaufort and Chukchi Seas could feed into TAPS and maintain its viability for years to come.

Additionally, oil and gas development in the Arctic OCS means jobs for Alaskans. Development of the Chukchi and Beaufort Seas is predicted to produce an annual average of 35,000 direct and indirect jobs over the next half century for Alaska alone. Those jobs would represent a total payroll of more than \$70 billion.

When it comes to the Pacific Northwest, Shell's decision to stage its Arctic operation in Seattle in 2012 poured hundreds of millions of dollars into the Seattle economy, and employed more than 400 people. Seattle stands to benefit from similar economic benefits in 2015. On a broader scale, the State of

Washington and City of Seattle benefit from the development of Alaska's resources via 113,000 jobs for Washington residents, and annual business sales to the state of \$5 billion dollars.

AOGA supports Senate Joint Resolution No. 18 to support the leases issued to Shell to begin developing the massive economic potential in the Chukchi and Beaufort Seas.

Thank you for this opportunity to testify.