

Alaska Oil and Gas Association



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Good evening.

For the record, my name is Kara Moriarty and I am the President/CEO of the Alaska Oil and Gas Association (AOGA). AOGA is a private, nonprofit trade association whose member companies account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in Alaska.

Thank you for this opportunity to testify on the Bureau of Ocean Energy Management's 2017-2022 Outer Continental Shelf Proposed Leasing Program. 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 about 17 billion barrels of oil from Prudhoe Bay to Valdez 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 500,000 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.

These untapped resources are of critical importance to both Alaska and the United States. Oil and Gas development in the Arctic OCS 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 over \$70 billion. Furthermore, the economic activity resulting from Arctic OCS development is also predicted to generate an annual average of nearly 55,000 jobs nationwide, with an estimated cumulative payroll amounting to \$145 billion over the same time period. From an economic standpoint alone, promoting and fostering Arctic OCS development would represent a windfall for the national economy. Similarly, in 2008, Lease Sale 193 netted the federal government greater than \$2.6 billion in bonus bids, and, moving forward, revenues generated from Arctic OCS oil and natural gas resources could amount to nearly \$200 billion in revenues to federal, state and local governments.

Our members that are currently operating in the Arctic have taken great strides to co-exist with the people of the arctic and the environment. Since 1971, 84 wells have been drilled in the Arctic OCS- all without incident. Industry has worked with communities to incorporate traditional knowledge in decision-making, establish Conflict Avoidance Agreements, and impose seasonal drilling limitations. New regulations and further research has further ensured that development and environmental protection can co-exist. Planned drilling areas are rather shallow, similar to

near-shore Gulf of Mexico, where safe drilling practices have led to a long history of safe operations.

It is our fear that additional restrictions or delays will limit the opportunities for development in the Arctic OCS. As the sea-ice stays open longer and other countries move forward with exploration and development in their waters, and transportation through the ice-free Northwest Passage, Alaska's arctic seas will be left largely unattended. With little infrastructure in place, communities along Alaska's northern coast will be at the greatest risk with no ability to respond. Development of the Arctic OCS for exploration and development would bring infrastructure to a very rural on-shore area and the industry's continued presence would provide security and response capabilities, should they be needed.

AOGA urges the Bureau of Ocean Energy Management to maintain all of the proposed leasing areas in the Beaufort and Chukchi Seas, and to resist additional restrictions on leasing in the final program. For the benefits to Alaskans, and the energy security for the nation, we encourage BOEM to maintain Alaska's leasing opportunities in the 2017-2022 Outer Continental Shelf Proposed Leasing Program.

Thank you for the opportunity to testify tonight.