AOGA

121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114
Kara Moriarty, President/CEO

AOGA APPLAUDS FEDERAL DECISION REAFFIRMING SHELL'S ARCTIC LEASES

Alaska's Arctic Offshore offers enormous economic benefits to Alaskans

ANCHORAGE- March 31, 2015- The Alaska Oil and Gas Association (AOGA) today applauded the federal government's decision to reaffirm Shell's 2008 leases in the Arctic. The move keeps the door open for Shell to move ahead with plans to drill in Alaska's Outer Continental Shelf (OCS) this summer.

"This is a step in the right direction," said AOGA President and CEO Kara Moriarty. "The Arctic offshore is the next chapter of Alaska's oil and gas success story, and today's decision clears another significant hurdle."

Following years of legal challenges from advocacy groups determined to stop development in the OCS, Department of Interior Secretary Sally Jewell had to decide whether to affirm, modify or void the 2008 lease sale, where Shell spent $2.1 billion to obtain a variety of drilling leases.

The Bureau of Ocean Energy Management recommended Jewell validate (approve) the 2008 Chukchi Sea auction in a court-ordered environmental analysis released last month. That triggered a 30-day waiting period before Jewell could issue her "record of decision" on the sale.

Shell must still obtain a variety of permits and make other legal and economic determinations before making the final decision to drill in the Arctic OCS this year.

Supporters of Arctic drilling point to the potential economic impact. "The economic potential for safely developing Alaska's Arctic is staggering," said Moriarty. "The jobs and opportunity created would bring countless benefits to the state."

Indeed, a 2009 study by the University of Alaska's Institute of Social and Economic Research (ISER) and Northern Economics found that new offshore energy production in the State of Alaska would produce an annual average of 35,000 jobs – both directly and indirectly tied to the industry - over the next 50 years for Alaska alone, with a total payroll of $72 billion (in 2007 dollars) over the 50-year period.

The Arctic Offshore holds an estimated 23.6 billion barrels of oil and 104 trillion cubic feet of natural gas, the development of which would generate $193 billion in government revenue. For reference, the Trans Alaska Pipeline System (TAPS) has moved 17 billion barrels since oil started flowing almost 40 years ago. Said AOGA's Moriarty, "The Arctic Offshore is huge. It's potentially bigger than Prudhoe Bay."

In addition to the incredible economic impact, the Trans Alaska Pipeline System's viability would be improved by significant amounts of new oil. At its peak, TAPS carried approximately 24 percent of the U.S.'s oil to market, or more than two million barrels per day. The pipeline now carries about a quarter that amount, and represents less than eight percent of domestic crude. Offshore resources would increase flow rates through the pipeline and keep TAPS operating for decades to come.

"As Shell continues to work with the appropriate regulatory agencies moving forward, we view today's decision as positive momentum," said Moriarty.

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans. Its 14 members represent the majority of oil and gas producers, explorers, refiners, transporters and marketers in Alaska. More information can be found at www.aoga.org.

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