

Alaska Oil and Gas Association



121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114
Contact: Sarah Erkmann, 907-272-1481

Statement from the Alaska Oil and Gas Association's President and CEO Kara Moriarty on Shell's announcement

ANCHORAGE, Sept. 28, 2015- "It is a sobering day for Alaska; both in the short and long-term. Today's news from Shell is a painful reminder that exploration is expensive, involves huge risk, and does not guarantee success. Shell's departure underscores the need for legal, fiscal, and permitting certainty and predictability. It would be interesting to know what the results would have been if Shell had been allowed this summer to conduct a multi-well program versus the very limited program of only one exploration well.

It is now more important than ever for state policymakers and lawmakers to work together to ensure Alaska's oil and gas industry has a viable future in this state; just like Shell, the companies working in the Cook Inlet and on the North Slope need legal, fiscal, and permitting predictability and consistency in order to make the sizeable investments required to keep the Trans Alaska Pipeline operational for many years.

Shell's departure is also a blow for the hundreds of employees who call Alaska home, as well as the many contractors and small businesses that began working on Arctic development as a result of Shell's \$7 billion investment. This decision will not halt oil and gas development in the Arctic Ocean, but, as of today, that development will be done by countries other than the United States that lack the stringent environmental standards demanded of industry in the U.S.

There are very few companies that could meet these federal requirements and expensive demands, but even large companies with the financial resources like Shell will walk away from mega opportunities when they cannot continue to spend billions of dollars without any promise of a return. The Arctic Offshore has rightly been viewed as the next generation of oil and gas development in this state, so for those plans to disappear overnight is beyond painful. It is also a clear reminder about how a state dependent on one industry for 90 percent of its spending needs to look constantly for new developments in oil and gas development. With 27 billion barrels of known oil reserves in the Arctic Offshore, the Outer Continental Shelf was supposed to be Alaska's next big opportunity."

The Alaska Oil & Gas Association is a private, business trade association. Its 14 member companies represent the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska. More information about the organization is available at www.aoga.org.

###