THE ALLIANCE

...for responsible development of Alaska's Oil, Gas & Mineral Resources

September 26, 2016

Secretary Sally Jewell
Office of the Secretary
United States Department of the Interior
1849 C Street, NW, Room 6612
Washington, DC 20240

Dear Secretary Jewell:

On behalf of the members of the Alaska Support Industry Alliance, 600+ Alaskan companies employing more than 25,000 Alaskans, we would like to thank your office for taking a recent statewide tour to discuss the Outer Continental Shelf (OCS) leasing plan with Alaskans. We hope your colleagues came away recognizing the critical role of offshore resource development to Alaska.

We understand you are working closely with the President and his top advisors in weighing the final version of a five-year offshore leasing program, which would retain three offshore leasing projects in the Arctic within the Beaufort and Chukchi Seas and the Cook Inlet. Let us reiterate to you what we shared with your staff: retaining those lease areas is an essential part of our state's future, and could play a vital role in turning the Alaskan economy around and strengthening America's energy security. Conversely, removing the leases from the final plan would needlessly curtail future options for resource development while placing an unnecessary burden on our families, our businesses and the state's already struggling economy.

For generations, Alaskans have relied on natural resource development to fuel our economy. Safe resource development has a long and storied history in Alaska, extending as far back to the very establishment of our great state.

Since 1959, when oil first flowed from Prudhoe Bay on the North Slope, the state has collected more than $160 billion from energy development and the Trans-Alaska Pipeline has served the Lower 48 with a reliable supply of domestic oil for years. Three years ago, the oil and gas industry accounted for more than 30 percent of all jobs in Alaska, and as of last year, the taxes from that industry combined for 90 percent of our state's general revenue. We've undoubtedly encountered challenges in recent years. As many as eight energy companies have left Alaska relinquishing 376 leases in the face of record low global oil and gas prices, hurting our bottom line and costing hundreds of jobs in the process. Yet, the global energy market is constantly evolving, and eliminating options for future Alaskan offshore energy development based on conditions today – that are different than even two years ago – would unnecessarily harm our ability to grow our economy.

So what is really at stake? Roughly 84 percent of the undiscovered oil and natural gas resources in Alaska are in the offshore areas the Administration is considering removing, according to data from the Interior Department's Bureau of Ocean Energy Management. The estimates are that the Arctic holds about 34 billion barrels of oil – or approximately 15 years' worth of the nation's net oil imports and 60 billion barrels of oils equivalent in natural gas. This is a staggering amount of energy wealth that – given favorable market forces - would undoubtedly help support the Alaskan economy for generations to come.

Developing the state's offshore resources would support about 55,000 jobs annually and contribute more than $150 billion in wages during the next 50 years. In June, our state's unemployment rate stood at 6.7 percent, much higher than the national average of 4.9 percent. Growing our economy with these quality

family wage jobs – many of which are held by downstream suppliers like our members – is crucial to changing our current reality.

Pursuing safe offshore development isn't just about Alaska's economic security; it's about the security of our nation as a whole. A National Petroleum Council report last year noted that, "the long lead times necessary to bring on new crude oil production from Alaska would coincide with a long-term expected decline of U.S. Lower 48 production. Alaskan opportunities can play an important role in extending U.S. energy security in the decades of the 2030s and 2040s."

Excluding the Arctic from the leasing round now will severely restrict future development. Including the Arctic in the OCS plan does not mean that development will occur; rather, it leaves that option available so that we can take advantage of it in the future. We owe it to our state and to the strength of our nation to make the right decision for a secure future.

Thank you for your time and consideration of this important matter.

Respectfully,

NICK KARNOS

Lynn C. Johnson

ROBERT STINSON

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Maintain Arctic Leases in Five Year Plan

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Maintain Arctic Leases in Five Year Plan

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Maintain Arctic Leases in Five Year Plan

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