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Lieutenant Governor Sean Parnell

April 13, 2009

Ms. Renee Orr
Chief, Leasing Division
Minerals Management Service, MS 4010
381 Elden Street
Herndon, VA 20170-4817

RE: Support for Outer Continental Shelf Development & Alaska Communities
2010-15 Oil and Gas Leasing in the Outer Continental Shelf

Dear Ms. Orr:

Thank you for the opportunity to present an Alaskan perspective in the development of a comprehensive offshore energy plan. Alaskans want to contribute our state's vast natural resources so that our nation's economy can grow and our citizens prosper. We believe that the U.S. Department of Interior should support the expansion of responsible oil and gas development in Alaska's Outer Continental Shelf ("OCS"). Responsible OCS development promotes economic growth, affordable energy, national security, and sustainable communities.

Economic Growth

Our citizens need jobs and our young people need the hope of good careers in the future. According to one study, OCS development off Alaska's coast could spur 35,000 jobs and a payroll of $72 billion over 50 years. The direct and indirect jobs produced from OCS development offer the potential for uplifting humanity through meaningful work.

Next, our reliance on imported oil and gas resources strengthens foreign economies, while neglecting our own. Currently, the United States imports 65% of our oil and 20% of our natural gas. Imagine how our nation's families would benefit if those were American jobs in American fields. With OCS development, more of our families could pay their mortgages, stay out of deep consumer debt, feed and clothe their children, and pay for postsecondary education. In addition, increased public revenues help municipal, state, and federal governments improve service to our constituents.

Affordable Energy

America is energy hungry and Alaskans are on the front lines of high energy costs. Our average price of gasoline and heating fuel— the primary means of home heating in many regions of Alaska— exceeds $5.50 per gallon. In Arctic Village, residents paid over $9.00 per gallon for gasoline and more than that for home heating fuel. The median family income in Arctic Village, for comparison, is $19,000.

The U.S. Minerals Management Service (MMS) believes that Alaska's OCS contains 27 billion barrels of oil and 132 trillion cubit feet of natural gas. This quantity nearly doubles the total oil production from the Alaska North Slope since 1977. Potential development in the Beaufort Sea and Chukchi Sea offer energy supplies that rival Prudhoe Bay. In addition, development in Alaska's OCS would mitigate fluctuations in supply when development is shut down in the hurricane-prone Gulf of Mexico.

As a state, we have inventoried Alaska's vast resources and have empowered our citizens to begin making choices for lower cost access to renewable and nonrenewable resources. By increasing the supply of available oil and gas, OCS development can help make more affordable energy a reality for Alaska villages and in other American homes and businesses.

National Security

Our nation imports 65% percent of our oil consumption and 20% of our natural gas needs. America's heavy dependence on foreign resources cements American interests in volatile regions with weaker environmental protections. We should not keep supporting the loss of American jobs and revenue by our dependence on imports, especially when we have ample resources at home. Any decrease of our fossil fuel consumption must be targeted at reducing imports— rather than limiting domestic production.

Environmentally Responsible Development

In Alaska, the subsistence culture plays a significant role in the lives of many of our residents. OCS development intersects the subsistence culture of Alaska's North Slope residents at many points, but especially when it comes to whaling.

The State of Alaska is committed to ensuring cultural sustainability and the freedom of our Alaska Native residents to continue subsistence whaling. We acknowledge whaling's cultural and environmental importance. The State of Alaska will not trade one resource for another. We believe that through coordination, negotiation, and regulation OCS oil and gas exploration can peacefully co-exist with subsistence whaling.

Oil and gas companies have willingly abided by lease stipulations and mitigation measures. They have negotiated conflict avoidance agreements with North Slope residents to assure cultural traditions are protected. And, they utilize improved technology to maximize exploration and production while mitigating impacts on cultural and environmental interests.

We strongly support new federal policies that pass on to Alaska, and its coastal communities, our fair share of revenues from all OCS activities. An overwhelming percentage of Alaskans support OCS development, and appropriate revenues received by impacted communities acknowledge the social aspects of development.

In summary, we remain committed to responsible OCS exploration and development. OCS resources will benefit our economy and uplift humanity by providing many meaningful jobs. Second, OCS development will provide affordable, secure national energy supplies. And, finally, OCS development as part of a comprehensive energy plan will provide for more sustainable communities where job opportunities run side by side with a subsistence culture. Thank you, again, for spending time with Alaskans to hear about this important issue.

Sincerely,

Sean Parnell
Lieutenant Governor