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Governor Sean Parnell  
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June 30, 2010

The Honorable Ken Salazar  
Secretary  
U.S. Department of Interior  
1849 C Street, NW  
Washington, DC 20240

Re: Outer Continental Shelf Oil and Gas Leasing Program for 2007-2012

Dear Mr. Secretary,

I am pleased to continue the State of Alaska's (State) participation in decision-making relative to energy development in the Outer Continental Shelf (OCS) by offering the following scoping comments on the Outer Continental Shelf Oil and Gas Leasing Program for 2012-2017.

I note the Notice of Intent for the preparation of an Environmental Impact Statement (EIS) states public meetings will be held in June and early July and the due date for comments is June 30. As of the date of this letter, no public scoping meetings have been announced. I also understand that your agency intends to issue a press release soon announcing the date, time, and location of the public scoping meetings and provide a new timeframe for the EIS scoping period. Based on this, the comments in this letter may be supplemented at a later date in accordance with the revised EIS scoping timeframe.

As recently stated in my May 3, 2010 letter to you regarding the 2007-2012 Preliminary Revised Five-Year OCS Leasing Program (2007-2012 PRP), Alaska accounts for over 30 percent of the nation's technically recoverable oil and gas resources. Alaska's OCS is an important source of the future U.S. energy supply, with an estimated potential for 27 billion barrels of oil and 132 trillion cubic feet (tcf) of natural gas.

My May 3, 2010 letter on the 2007-2012 PRP can be summarized as follows:

- The State of Alaska supports new lease sales and responsible exploration and development in the Beaufort Sea, Chukchi Sea, and in Cook Inlet.
- We need a consistent, stable lease sale program for the Alaska OCS that will allow industry and State, federal, and local governments to plan and properly staff for preparation and review of OCS exploration and development plans.

- The State supports analysis of recently acquired data on marine mammals and other marine resources to support the lease sale decision-making process and help avert litigation that could arise in future lease sale offerings in the Alaska offshore.
- Alaska has decades of experience in safely extracting oil and gas from our resource basins and an outstanding safety and environmental record in Alaska's offshore areas for oil and gas exploration and development.
- The State of Alaska strongly supports new legislation to enhance current revenue sharing laws and to allow broader State participation in fiscal planning related to future coastal resource development. Unlike other states, Alaska does not receive a portion of revenues generated in the OCS.

As you are well aware, the tragic incident in the Gulf of Mexico has resulted in numerous actions from the Department of Interior, including a decision to not consider Shell's applications for permits to drill until 2011. On May 19 of this year, I sent a letter to then Minerals Management Service (MMS) Director Elizabeth Birnbaum regarding MMS requests of Shell for additional safety procedures that Shell would undertake during proposed 2010 exploration drilling in the Beaufort Sea and Chukchi Sea. In that letter, I provided three primary points of significance with respect to drilling operations in these locations; 1) shallow water depth at these locations (approximately 150 feet) nullifies many of the risks associated with deepwater drilling; 2) the State reviews all OCS exploration drilling and spill response plans through the Alaska Coastal Management Program; and 3) the substantial resource potential of these OCS areas.

The Beaufort and Chukchi are massive areas – roughly the size of Texas and California combined – that are largely untapped as a natural resource. MMS has estimated that the Chukchi Sea OCS holds oil reserves of approximately 15.4 billion barrels, and the Beaufort Sea approximately 11.1 billion. Such production is years away, and could not occur without the type of exploration work planned for 2010.

As a result of the concerns raised by the Deepwater Horizon incident in the Gulf of Mexico, I have asked my agencies to form a technical team to examine current offshore operations and proposed developments. Of particular concern are offshore development requirements, including blowout preventers (BOPs), the State and industry's spill response preparedness for an offshore incident, and how the lessons learned in the Gulf incident can be used to ensure the safety of oil and gas exploration and production activities in Alaska.

In the wake of the Deepwater Horizon incident, it is understandable and appropriate to re-evaluate safety requirements for extreme deepwater exploration and production. However, with the material differences in operating conditions and risks, a robust review process by State and federal regulators, and the clear needs of our nation to secure domestic supplies of energy, no justification exists for shutting down exploratory operations in the Arctic OCS while safety requirements are re-evaluated in the deepwater Gulf of Mexico OCS.

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I would also like to reiterate the request in my June 1, 2010 letter to James F. Bennett, MMS Chief of the Branch of Environmental Assessment, for the State of Alaska to become a cooperating agency in the EIS process for the 2012-2017 OCS Oil and Gas Leasing Program.

Thank you for your consideration of these comments. I look forward to a continuing dialogue on our mutual interest in providing energy to the nation, doing so responsibly, and guiding the nation's transition to both existing and new sources of clean energy.

Sincerely,

A handwritten signature in blue ink that reads "Sean Parnell". The signature is written in a cursive style with a large initial "S".

Sean Parnell  
Governor

cc: John Katz, Director of State/Federal Relations and Special Counsel, Office of the Governor