

**Testimony before the U.S. House of Representatives
Subcommittee on Energy and Mineral Resources**

H.R. 1964, “National Petroleum Reserve Alaska Access Act”

May 22, 2013

Submitted by:

Dan Sullivan, Commissioner
Department of Natural Resources
State of Alaska

I. Introduction

Chairman Lamborn, Ranking Member Holt, and members of the House Subcommittee on Energy and Mineral Resources, on behalf of Governor Sean Parnell, the State of Alaska welcomes this opportunity to testify as part of this Committee’s important work to protect and expand U.S. onshore energy production on federal lands.

In particular, I thank you for the opportunity to emphasize to this Committee and to the rest of your colleagues in the U.S. Congress the important role that the National Petroleum Reserve – Alaska (NPR-A) serves in the State of Alaska and its enormous potential for responsible resource development. But in order to reach this potential, we must see a shift in federal decision making. The State of Alaska has continued to express our serious concerns with recent federal planning processes for the NPR-A and the Arctic National Wildlife Refuge (ANWR) that disregard the State’s comments and are likely contrary to the Alaska National Interest Lands and Conservation Act (ANILCA). We are ready and willing to partner with the federal government to assess oil and gas potential and responsibly develop these areas for the benefit of Alaska and the United States.

Biographical Information

Before getting into substantive matters, I would like to briefly mention my professional background as it pertains to this testimony. I have been serving as Commissioner of the Alaska Department of Natural Resources (DNR), a state agency of over 1,100 personnel, since December 2010. DNR manages one of the largest portfolios of oil, gas, minerals, land, water, timber, and renewable energy resources in the world, and is staffed by some of the world’s leading experts on responsible exploration and development in the Arctic.

Prior to being appointed as the DNR Commissioner, I have served as Alaska’s Attorney General and the U.S. Assistant Secretary of State for Economic, Energy, and Business Affairs.

Overview of Today’s Testimony

Alaska’s North Slope is one of the most prolific and productive hydrocarbon basins in North America. Its resource base has been the foundation of the State’s economy for 40 years, and continues to offer opportunities to Alaska and the nation as a whole.

Recent years have seen a surge in investment in the oil and gas industry, and increases in unconventional production in the continental U.S. have created an energy boom that few would have predicted ten years ago. The strategic benefits of this surge in domestic energy production are numerous, ranging from employment opportunities in an otherwise troubled economy to increased energy security and a strengthened foreign policy.

However, even in this environment, throughput in the Trans Alaska Pipeline System (TAPS) has steadily declined since the 1990s despite the enormous conventional resources that remain on Alaska's North Slope, and the untold unconventional resources that are beginning to be explored.

It is time for Alaska to take its place in the oil and gas renaissance that is occurring in the rest of the U.S. Under Governor Parnell's leadership and the Alaska State Legislature's major actions during the 2013 legislative session, the State of Alaska is doing its part to reform and modernize our permitting system, lease acreage in order to spur exploration and development, and increase our competitiveness through oil tax reform.

Unfortunately, we continue to have serious concerns about access to federal lands for hydrocarbon exploration and development in Alaska. Federal permitting has been an anchor on responsible resource development on state lands, and highly prospective federal lands—such as the NPR-A and ANWR—have either been effectively locked up with onerous permitting and regulatory delays and bad planning, or excluded from exploration and development entirely.

My testimony today will focus on the following:

- NPR-A and the ANWR 1002 Area are enormous hydrocarbon basins that, once properly assessed and responsibly developed, would help reverse the TAPS throughput decline.
- Selection of the B-2 Preferred Alternative in the NPR-A Final Integrated Activity Plan (IAP) and Environmental Impact Statement (EIS) does not reflect the State of Alaska's comments and concerns. We have therefore asked that the current process be stopped and for the Bureau of Land Management (BLM) to reengage with the State in a meaningful, productive discussion to develop an alternative for the IAP.
- The Draft Comprehensive Conservation Plan (CCP) for ANWR is essentially unresponsive to the State of Alaska's concerns and is biased against an honest assessment of resource development potential for the ANWR 1002 Area. In fact, it does not include an assessment of oil and gas potential at all, which we believe is required by law.
- Therefore, the State of Alaska has taken this requirement upon ourselves and submitted a comprehensive "Oil and Gas Resource Evaluation and Exploration Proposal for the ANWR 1002 Area" to Department of Interior (DOI) Secretary Jewell on Monday, May 20, 2013. Additionally, in his letter to Secretary Jewell, Governor Parnell announced that the state is not only lending its expertise, but also its checkbook to fund up to \$50 million toward implementing the 3D seismic program for the 1002 Area if the federal government shows a positive indication that they would partner with the state on such a program.

As this testimony will demonstrate, the State of Alaska supports legislative measures that promote access to federal lands for responsible resource development and bring timeliness and efficiency to the federal land management and permitting processes. Federal policy must take a new direction to realize the opportunities and strategic benefits that responsible resource development

plays for the nation. The State of Alaska fully supports H.R. 1964, which includes the following measures:

1. Expeditious leasing program;
2. Pipeline and road corridor permitting and construction;
3. Reset of an Integrated Activity Plan;
4. Holding the Secretary of the Interior to reasonable development goals;
5. Holding the Department of the Interior to transparent permitting deadlines; and
6. Updating the Resource Assessment within the NPR-A, which we assume would include both seismic and drilling activities.

II. The NPR-A and the ANWR 1002 Area Offer Enormous Potential for Responsible Resource Development

Alaska is one of the nation's most critical and prolific oil-producing states. Even though production is only about one third of what it was at its peak in 1989, Alaska's North Slope, both on and offshore, remains a world-class hydrocarbon basin with extraordinary potential. According to the U.S. Geological Survey (USGS), Alaska accounts for over 30% of the nation's technically recoverable oil and gas resources, with the North Slope estimated to hold approximately 40 billion barrels of technically recoverable conventional oil and 236 trillion cubic feet of natural gas. These numbers are likely dwarfed by Alaska's unconventional resources, such as shale oil and gas, heavy and viscous oil, and gas hydrates.

National Petroleum Reserve—Alaska (NPR-A)

In 2010, the USGS estimated that 896 million barrels of conventional, undiscovered oil and 53 trillion cubic feet of conventional, undiscovered non-associated gas exist within NPR-A and adjacent state waters. Unfortunately the 2010 assessment significantly reduced previous estimates, but did not include important geologic and geophysical data sets. The 2010 assessment also did not benefit from complete review and input from local experts. The State sent several letters pointing out flaws in the information and analysis relied on to lower the estimates.

Regardless, these estimates are still significant and developing these resources would help stimulate Alaska's economy and contribute to the nation's energy needs.

On May 14, 2011, President Obama directed the DOI to conduct annual oil and gas lease sales in the NPR-A, and on December 7, 2011, the BLM generated winning bids totaling \$3,069,638 and covering 17 tracts on about 141,739 acres in their NPR-A oil and gas lease sale. As noted by BLM, the sale demonstrated industry interest in areas with high resource potential adjacent to State of Alaska lease tracts. The 2012 lease sale generated winning bids totaling \$898,900 and covering 14 tracts on about 160,088 acres.

Arctic National Wildlife Refuge (ANWR) 1002 Area

The ANWR 1002 Area consists of 1.5 million acres of highly prospective terrain in the northeastern portion of the North Slope along the northern coast of ANWR. The region is situated between the prolific North Slope oil fields to the west and the petroleum-rich Canadian Mackenzie Delta province to the east. Both areas have proven reserves of interest to each nation. In the U.S., a gas field with a significant volume of recoverable liquid hydrocarbons is being developed at Point

Thomson just west of the ANWR boundary. According to the most recent comprehensive assessment, most geologists regard the 1002 Area as the most prospective unexplored onshore area in North America.

In 1998, the USGS estimated that the entire ANWR assessment area, including State and Native interests, contains between 5.7 and 16 billion barrels of technically recoverable oil, with a mean (expected value) of 10.4 billion barrels. Most of this volume of oil, 74 percent, was ascribed to the federally controlled 1002 Area, with the range of predicted technically recoverable oil between 4.3 and 11.8 billion barrels, with a mean of 7.7 billion barrels. For comparison, the Prudhoe Bay field, the largest oil field in North America, was originally estimated to hold 9.6 billion barrels that was deemed technically recoverable by its primary operator, BP. Cumulative production to date has exceeded 12 billion barrels of oil. The Prudhoe Bay field was the impetus for the construction of TAPS and sent Alaska oil production to a peak level of 2.2 million barrels per day in 1988. Alaska daily production has dropped below 600,000 barrels per day in 2012.

III. The NPR-A Final IAP EIS Disregards the State of Alaska's Concerns and Should Be Repealed and a New IAP Issued That Encourages Accessing and Developing Abundant Hydrocarbon Reserves Within the Reserve

While the State of Alaska generally supports the overall intent of the NPR-A IAP EIS planning process to provide further opportunities for oil and gas exploration in the reserve, we have continually expressed our serious concerns regarding many aspects of the plan, most recently the selection of the B-2 Preferred Alternative in the Final IAP EIS. As recent as January 29, 2013, Governor Parnell asked Secretary Salazar to stop the current planning process and re-engage with the State in a meaningful productive discussion to develop an alternative for the IAP.

On September 12, 2012, Governor Parnell notified Secretary Salazar that the State was withdrawing from the planning process as a cooperating agency under the National Environmental Policy Act of 1969 (NEPA) because of repeated refusals by the BLM to consider the State's issues and concerns. The surprise announcement of the B-2 Preferred Alternative without prior notice or discussions with the State or the North Slope Borough convinced the State a meaningful process was not going to be provided. While the State is willing to work with BLM again, the State will not participate in another flawed "check the box" type of process.

As presently selected, the B-2 Preferred Alternative continues to selectively disregard Congressional direction provided under the Naval Petroleum Reserves Production Act of 1976 (Production Act), as amended; the Alaska National Interest Lands Conservation Act (ANILCA); and the Federal Land Policy and Management Act of 1976, and inappropriately applies administrative policy to the NPR-A. Congressional intent for the Production Act clearly indicates that the Secretary's authority to protect surface values in the Reserve was intended to minimize adverse impacts on the environment, not to be used as a prohibition on oil and gas activities. The purpose of the withdrawal that created the NPR-A was to secure a supply of oil and gas. All subsequent Congressional direction authorizes the Secretary to manage activities in the NPR-A consistent with its primary purpose to responsibly explore and develop oil and gas resources. The B-2 Preferred Alternative is inconsistent with this mandate.

The foundation for the B-2 Preferred Alternative is in the USGS's 2010 updated assessment of oil and gas resources in the NPR-A. The survey estimates quantities of technically recoverable but undiscovered conventional oil and gas in the NPR-A. As stated above, the 2010 assessment

significantly reduced previous estimates, but did not include important geologic and geophysical data sets. The 2010 assessment also did not benefit from complete review and input from local experts. The State sent several letters pointing out flaws in the information and analysis relied on to lower the estimates. Since these estimates are the foundation for the IAP and EIS, it is imperative the information is accurate.

While encouraged by Secretary Salazar's intent stated in the December 19, 2012, Memorandum to BLM to ensure that the plan clarifies that "...nothing in the IAP/EIS is intended to act as a bar to potential pipelines or otherwise make construction of such pipelines impracticable," there are numerous aspects of the plan that, if left unchanged, will both hamper construction of pipelines necessary to transport offshore oil and gas resources to TAPS, including resources from State offshore leases, and preclude oil and gas exploration and development in the NPR-A.

The Memorandum also directed BLM to engage in additional outreach efforts with local communities to look for ways to ensure continuing dialogue with local communities and tribes on key implementation issues, such as future pipeline issues, leasing questions, subsistence issues and related matters. While additional outreach is both welcome and appropriate, since the B-2 Preferred Alternative did not receive public review as required under NEPA, the State has strongly urged that a new public comment period be added.

Other specific issues the State has raised regarding the B-2 Preferred Alternative include: management of the Reserve as a conservation system unit; wilderness reviews and management consistent with wilderness characteristics; Wild and Scenic River reviews; restrictions on potential pipeline development; and general ownership and development issues.

IV. The ANWR CCP Does Not Include an Assessment of the 1002 Area's Potential for Oil and Gas Exploration and Development as Required by Law

Unfortunately, the same flaws in the NPR-A IAP EIS process are being repeated by the ANWR Draft Comprehensive Conservation Plan (CCP) and EIS. In some ways, they are premised on the same informational gaps and concerns.

The State of Alaska participated in several scoping and comment periods concerning this plan. Our comments and letters encouraged the DOI to consider the potential for oil and gas exploration and development in the 1002 Area. Indeed, we believe that such consideration is required by law. This is an important point that deserves a detailed explanation.

When I served as Attorney General for the State of Alaska, I submitted a comment letter to the manager of ANWR on the initial CCP and EIS Notice of Intent. The following is an excerpt from this letter, making the case that the Department of Interior's position lacks legal authority.

The purpose of the Notice was to advise federal and state agencies and the public of (1) the Service's "intention to conduct detailed planning on this refuge and (2) [to] obtain suggestions and information on the scope of issues to be considered in the EIS and during the development of the CCP."¹ The Notice also explained that the Service will review whether to recommend that Congress place ANWR lands within the

¹ 75 Fed. Reg. 17763, 17764 (April 7, 2010).

National Wilderness Preservation System,² but did not consider oil and gas exploration or development.

The Service has said that it will not consider oil and gas development before it issues a revised CCP and, apparently, the EIS.³ It explained that drilling in ANWR is off-limits and only Congress has the authority to lift the ban.⁴ No other explanation for limiting the comments was given. The Service therefore concluded that it is unnecessary to require the agency to consider the environmental impacts of a prohibited activity.

There are at least three significant problems with the Service's position. *First*, NEPA provides that federal agencies must "study, develop, and describe appropriate alternatives to recommended courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources."⁵ There is obviously a conflict over alternative uses for the 1002 Area. Hence, the Service must consider oil and gas development as an alternative.

Second, "[t]he mere fact that an alternative requires legislative implementation does not automatically establish it as beyond the domain of what is required for discussion, particularly since NEPA was intended to provide a basis for consideration and choice by the decision makers in the legislative as well as the executive branch."⁶ Thus, the Service's rationale for limiting public comment – i.e., because Congress alone has the power to lift the ban on drilling, it cannot or should not consider oil and gas development as an alternative – is a rationale that courts have rejected.

Third, where an action is taken pursuant to a specific statute, the statutory objectives of the project serve as a guide to determine the reasonableness of an agency's decision to limit the scope of an EIS.⁷ Here, the Service has unreasonably restricted the scope of the public comment period to exclude discussion of oil and gas development because ANILCA expressly requires the Service to consider how oil and gas development will impact wildlife and the environment.

More specifically, ANILCA provides that the purpose of Section 1002 "is to provide for a comprehensive and continuing inventory of the assessment of the fish and

² 75 Fed. Reg. at 17763-64.

³ 75 Fed. Reg. at 17764.

⁴ See 16 U.S.C. § 3142(i) ("Until otherwise provided for in law enacted after December 2, 1980, all public lands within the coastal plain are withdrawn from all forms of entry or appropriation under the mining laws, and from operation of the mineral leasing laws, of the United States."); 16 U.S.C. § 3231 (the process for allowing the president to recommend to Congress to open federal lands within Alaska to mineral development does not apply to lands within ANWR).

⁵ 42 U.S.C. § 4332; *N. Idaho Cmty. Action Network v. U.S. Dep't of Transp.*, 545 F.3d 1147, 1153 (9th Cir. 2008) ("This 'alternatives provision' . . . requires the agency to give full and meaningful consideration to all reasonable alternatives."); *California v. Block*, 690 F.2d 753 (9th Cir. 1982) (holding that the agency should have considered the alternative of allocating more than one-third of the land to the wilderness category).

⁶ *Natural Res. Defense Council, Inc. v. Morton*, 458 F.2d 827, 837 (D.C. Cir. 1972); see also *Save Our Cumberland Mts. v. Kempthorne*, 453 F.3d 334, 343-344 (6th Cir. 2006) (observing that statutory limitations on an agency's decision making authority cannot limit the range of alternatives an agency must consider). See generally D. Mandelker *NEPA Law and Litigation* §§ 9:19, 9:24 (2d. ed. 2007) (collecting cases).

⁷ *Westlands Water Dist. v. U.S. Dep't of the Interior*, 376 F.3d 853, 866 (9th Cir. 2004).

wildlife resources an analysis of the impacts of oil and gas exploration development, and production, and to authorize exploratory activity within the coastal plain[.]”⁸ The statute goes on to provide that the Secretary must also provide Congress with recommendations “with respect to whether further exploration for, and the development and production of, oil and gas within the coastal plain should be permitted and, if so, what additional legal authority is necessary to ensure that the adverse effects of such activities on fish and wildlife, their habitats, and other resources are avoided or minimized.”⁹ Similarly, Section 1005 of ANILCA provides that the Secretary “shall work closely with the State of Alaska and Native Village and Regional Corporations in evaluating the impacts of oil and gas exploration, development, and production . . . on the wildlife resources of these lands[.]”

Accordingly, because the Department of Interior, and therefore the Service, is expressly required by statute to evaluate the impacts of oil and gas exploration, it is a violation of NEPA for the Service to limit the scope of public comments on this issue.

Indeed, the Service’s decision to restrict public comment begs several questions: How can the Service know if new information exists related to the environmental effects of oil and gas development if it refuses to consider public comments on this issue? And how can the Service say that it is “looking for meaningful comments that will help determine the desired future conditions of the Refuge and address the full range of purposes” but then go on to limit the scope of public comment?

Despite these and many other comments, and to our disappointment and our nation’s detriment, the DOI has indicated it will not address oil and gas issues in the ANWR planning document.

The ANWR 1002 Area was specifically set aside for the future study of whether it could be made available for responsible oil and gas exploration and development. The area holds a very rich supply of oil—oil that the nation needs, is technically recoverable, and that the vast majority of Alaskans want to develop. The draft CCP goes to great lengths to discuss the “benefits” associated with designating the Refuge lands as wilderness, but offers nothing to explain the trade-offs and lost opportunities associated with precluding responsible development of the 1002 Area’s rich oil and gas resources. Given the explicit direction in ANILCA for the 1002 Area, not only is this contrary to NEPA requirements, it is grossly irresponsible.

V. The State of Alaska Has Developed a Detailed, Scientific Resource Evaluation and Exploration Proposal for the ANWR 1002 Area and Will Fund up to \$50 Million to Implement the Proposal

For these reasons, Alaska has stepped up to help complete the work the federal government seems unwilling to do. On Monday, May 20, 2013, Governor Parnell announced that the State of Alaska has prepared an “Oil and Gas Resource Evaluation and Exploration Proposal for the ANWR 1002 Area.” This detailed proposal satisfies a component that should have been included, but has

⁸ 16 U.S.C. § 3142(a).

⁹ 16 U.S.C § 3142(h)(6).

been consistently omitted, from the ongoing CCP process. The detailed plan proposed three primary things:

1. Completion of a 3D seismic program in ANWR's 1002 Area;
2. Planning and permitting that would entail environmental studies and federal, state and local permitting approvals based on the interpretation of the 3D seismic data to prepare for exploration drilling; and
3. Completion of a wintertime exploration plan, using ice roads and ice pads, to define the oil and gas potential in the 1002 Area with minimum environmental impact.

As the proposal describes, accurately defining the oil and gas resource potential in the 1002 Area is a critical part of understanding the value of the 1002 Area to the nation. It is also a critical factor in understanding the human environment associated with ANWR and Alaska's North Slope.

The proposal's reasonable, phased approach focuses on potential impacts to the environment and how to best mitigate or completely avoid them. The most important mitigation measure of this entire proposal is to make it an almost exclusively winter program. The 3D seismic and exploration drilling activities would only be conducted during the winter when ice roads and ice pads are required. Alaska is the foremost expert in the world on ice road and ice pad construction in the Arctic with very minimal impact.

Combined with the State of Alaska's very high environmental standards and best practices using new technology – like extended reach or directional drilling – our proposal can be conducted with very little to no impact on the surrounding environment. This point is critical: the debate on ANWR has not kept up with the advances in technology and best practices, all of which dramatically lessen the surface footprint and impact of any Arctic work. We see this every day in Alaska.

Not only did the State of Alaska develop this plan, but we are also providing the resources to implement the plan. Governor Parnell has pledged to request up to \$50 million from the Alaska Legislature to add to federal funding that we hope will be made available for this exploration program. Alaska stands ready to provide its oil and gas expertise, and now we have offered a major financial commitment to advance what Congress and the DOI have stated is critical: a full assessment of the oil and gas potential in the 1002 Area.

Section 1005 of ANILCA provides that the Secretary “shall work closely with the State of Alaska and Native Village and Regional Corporations in evaluating the impacts of oil and gas exploration, development, and production...on the wildlife resources of these lands[.]” We are poised to do that. The federal government cannot legitimately evaluate impacts unless it knows the breadth of the oil and gas resource it stands to recover for Americans' benefit.

President Obama has also recognized the need to use comprehensive information when making decisions in the Arctic. The White House's recently released “National Strategy for the Arctic Region” stresses a partnership with Alaska and Alaska Native organizations, and the use of scientific research to inform Arctic energy decision-making.

We are eager to strengthen our relationship with the federal government, Native leaders, and other Alaska stakeholders. An updated resource assessment in the 1002 Area is an essential first step.

Once we know what oil and gas resources underlie the 1002 Area—through the implementation of our proposal—we will be able to have an informed discussion about ANWR.

In addition, we will have more thoroughly defined the economic benefits for all Americans: how many jobs ANWR development would create; the revenues it would generate for the treasury; and the secure oil supplies it would provide to the nation. These numbers will confirm what many Alaskans have long advocated—that ANWR’s energy resources are a major national asset, and development would provide immense benefits to our country.

Alaska stands ready to support the investment in ANWR—one that will grow our nation’s economy, improves our energy security, and brings the U.S. further along the path to energy independence.

VI. The State of Alaska Will Submit an Exploration Plan Based on this Proposal for the Secretary of Interior’s Approval Pursuant to ANILCA 1002(e)

As noted above, our goal would be for the Department of Interior to adopt the above detailed Exploration Proposal as part of the Department of Interior’s CCP. For the reasons stated above, including the fact that this proposal will have limited environmental impact, we believe it is strongly in the best interest of the country and the State of Alaska for the Department of the Interior to make this Exploration Proposal part of the CCP. The leaders of the North Slope Borough and Arctic Slope Regional Corporation agree with this course of action.

However, because we are not confident that the Department of the Interior will do this, we also have a plan pursuant to ANILCA to directly apply to the Secretary of the Department of the Interior for acceptance of this plan as required under federal law. ANILCA Section 1002(e) provides:

EXPLORATION PLANS -- (1) After the initial guidelines are prescribed under subsection (d), any person including the United States Geological Survey may submit one or more plans for exploratory activity (hereinafter in this section referred to as "exploration plans") to the Secretary for approval. An exploration plan must set forth such information as the Secretary may require in order to determine whether the plan is consistent with the guidelines, including, but not limited to--

- (A) a description and schedule of the exploratory activity proposed to be undertaken;
- (B) a description of the equipment, facilities, and related manpower that would be used in carrying out the activity;
- (C) the area in which the activity would be undertaken; and
- (D) a statement of the anticipated effects that the activity may have on fish and wildlife, their habitats and the environment.

(2) Upon receiving any exploration plan for approval, the Secretary shall promptly publish notice of the application and the text of the plan in the Federal Register and newspapers of general circulation in the State. The Secretary shall determine, within

one hundred and twenty days after any plan is submitted for approval, if the plan is consistent with the guidelines established under subsection (d). If the Secretary determines that the plan is so consistent, he shall approve the plan: except that no plan shall be approved during the two-year period following the date of enactment of this Act. Before making the determination, the Secretary shall hold at least one public hearing in the State for purposes of receiving the comments and views of the public on the plan. ...

The State of Alaska will be submitting an Exploration Plan based on this reasonable resource evaluation and exploration proposal that we believe meets all of the criteria of ANILCA Section 1002(e). It should be noted that if such criteria are met, the Secretary of the Interior is mandated by law to approve such plan.

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500
fax: 907-465-3532



550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
907-269-7450
fax 907-269-7461
www.Gov.Alaska.Gov
Governor@Alaska.Gov

Governor Sean Parnell
STATE OF ALASKA

May 18, 2013

The Honorable Sally Jewell
Secretary
United States Department of the Interior
1849 C Street NW
Washington, DC 20240

Dear Secretary Jewell,

Congratulations on your nomination and confirmation to lead the Department of the Interior. Your leadership and decisions will be significant to the future of the State of Alaska and the United States. I wish you the best and offer assistance and partnership from my Administration.

One area under your management is the coastal plain of the Arctic National Wildlife Refuge (ANWR), as described in Section 1002 of the Alaska National Interest Lands Act. The 1002 Area and the remainder of ANWR are the subject of a multi-year planning process led by the U.S Fish and Wildlife Service to update the ANWR Comprehensive Conservation Plan (CCP). My Administration has participated in several scoping and comment periods in regard to the CCP. Our comments and letters have encouraged DOI to consider the potential for oil and gas exploration and development in the 1002 Area. Indeed, we believe that such a consideration is required by law. To our disappointment, the Department of the Interior has indicated that they have no intention of considering this alternative for the 1002 Area.

Therefore, the State of Alaska would like to offer you two items. The first is the Oil and Gas Resource Evaluation and Exploration Proposal (the "Exploration Proposal") – a detailed proposal that satisfies a component that should have been included, but has been consistently omitted, from the ongoing CCP process. The Exploration Proposal is available at

http://gov.alaska.gov/parnell_media/resources_files/ANWR_051713a.pdf

http://gov.alaska.gov/parnell_media/resources_files/ANWR_051713b.pdf

The Alaska Department of Natural Resources, which has some of the world's foremost experts on arctic oil and gas exploration and development issues, has dedicated a great deal of effort to assemble this document. I hope you will include the Exploration Proposal in the CCP's analysis.

As the Exploration Proposal describes, accurately defining the oil and gas resource potential is a critical part of understanding the value of the 1002 Area to the nation. It is also a critical factor in understanding the human environment associated with ANWR and Alaska's North Slope. With recent advancements in technology, responsible oil and gas exploration and development can be accomplished with very little impact on the environment.

The Honorable Sally Jewell

May 18, 2013

Page 2

The second offer is a pledge to request up to \$50 million from the Alaska State Legislature during its 2014 legislative session to help fund the 3D seismic program for the 1002 Area as described in the Exploration Proposal. We would of course need a positive indication that the federal government would want to partner with the State of Alaska on such a seismic program before submitting a budget request to our Legislature at the end of the year. This would be in addition to generous exploration credits that the State of Alaska would be able to provide the private sector in assisting with the Exploration Proposal.

For 26 years, Americans have engaged in a debate about the wildlife and oil and gas resources on and underneath the 1002 Area. Unfortunately, ANWR's oil and gas resources have been estimated using archaic 2D seismic data. State of Alaska land managers have found that 3D seismic data is an indispensable tool to managing our lands. We believe that it would be very valuable for your land managers to have this data to inform their planning efforts for the 1002 Area.

I would recommend that the U.S. Geological Survey conduct this 3D seismic program in conjunction with the Alaska Division of Geological and Geophysical Surveys (DGGS) in order to provide a much-needed update to the 1987 USGS resources report to Congress. As you likely know, the USGS and Alaska's DGGS have a strong, cooperative working relationship that dates back decades.

I look forward to visiting with you at your earliest convenience about this and the many other topics that we can work together on to benefit Alaska and the United States.

Sincerely,



Sean Parnell
Governor

cc: The Honorable Daniel Sullivan, Commissioner, Alaska Department of Natural Resources
Kip Knudson, Director State/Federal Relations, Office of the Governor