



Alaska Congressional Delegation

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WASHINGTON, D.C. – Sens. Lisa Murkowski and Mark Begich, and Rep. Don Young today delivered a letter to Secretary of the Interior Ken Salazar urging him to finalize any necessary revisions to the current five-year plan for offshore oil and natural gas leasing in Alaska.

Shell Oil, which early last year spent \$2.1 billion for exploration rights in the Chukchi, has been unable to proceed with plans to drill up to two exploratory wells on its leases in 2010 because Interior officials have failed to complete a court-ordered environmental assessment in a timely manner.

“This delay has gone on long enough,” Sen. Murkowski said. “It’s time to get development of Alaska’s resources back on track.”

Sen. Murkowski delivered the letter today to Secretary Salazar and Carol Browner, special assistant to the president at the White House Office of Energy and Climate Change, during a meeting in Murkowski’s office on development of Alaska’s energy resources in advance of Friday’s deadline for Salazar to make a decision regarding Shell’s development plans in the Chukchi Sea.

A federal appeals court ruled earlier this year that Interior failed to conduct sufficient scientific and environmental reviews before leasing portions of the Alaska outer continental shelf. Under the ruling, Interior is required to complete a more detailed analysis of the potential environmental impacts of development on the near shore tidal zones in Alaska waters.

Because Interior already had all of the necessary data to complete the analysis, the delegation had hoped the process could be done quickly. Unfortunately, the wait continues with no word from Interior on when it might be finished.

“Shell has spent years of work and billions of dollars to satisfy the complex logistics, planning and permitting process required by law,” the delegation wrote in the letter. “We would not support this particular exploration plan if we did not believe, based on our collective experience with the associated issues and understanding of the associated technology and science, that this could be conducted in such a way as to preserve the neighboring culture and environment.”

“Regardless of whether exploration ultimately leads to development in the Chukchi, energy companies that invest in the region need to have a level of certainty that they’re going to be able to develop their leases in a reasonable time period,” Murkowski said.

Alaska’s Chukchi Sea represents one of the largest potential oil and natural gas fields in the world. The Chukchi is vital to the future viability of the trans-Alaska oil pipeline and a proposed natural gas pipeline to the Lower 48. Without the resource promise of the Chukchi, those badly needed energy projects are in jeopardy.

“Natural resources are the lifeblood of any developed country and the Chukchi Sea has some of the largest potential in the U.S.,” Rep. Young said. “We have the chance now to explore what could be a world-class natural gas and oil field, and we must move forward. The sign of a rich economy is a country rich in developed resources, and at a time like this when we are faced with record high unemployment, this is an opportunity that cannot be turned down.”

The Minerals Management Service estimates the Chukchi holds more than 15 billion barrels of recoverable oil and 77 trillion cubic feet of natural gas. The February 2008 lease sale in the Chukchi attracted a total of \$2.7 billion in high bids, a record for Alaska lease sales.

Previous exploratory wells drilled in the Chukchi in 1984, have to date had no negative impact on the region. The delegation is concerned that without a clear signal from Interior of how it can proceed with its offshore leases, Shell and other energy companies will leave Alaska.

Shell is also waiting for the Environmental Protection Agency to issue a Clean Air Permit before it can proceed with its exploration plans in the Chukchi.

A copy of the letter is attached.

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