

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532



550 West 7th Avenue #1700
Anchorage, Alaska 99501
907-269-7450
fax 907-269-7463
www.Gov.Alaska.Gov
Governor@Alaska.Gov

Governor Sean Parnell
STATE OF ALASKA

July 3, 2012

The Honorable Nikki Haley
Governor of South Carolina
P.O. Box 1205
Columbia, SC 29201

Dear Governor Haley,

Recently, the Obama Administration announced a plan for Arctic Outer Continental Shelf (OCS) development that continues a pattern of limiting economic opportunity for Americans. Though federal officials have hailed the Five Year Outer Continental Shelf Oil and Gas Leasing Program as an expansion of energy development in the region, it will, in fact, remove large areas from consideration for drilling without consultation with the State of Alaska and without Congressional approval.

The Obama Administration's plan would administratively lock up new acreage in Alaska including action to increase the coastal buffer in the Chukchi Sea from 25 miles to 60 miles; a deferral area around Hannah Shoal; as well as a deferral area 20 miles east of Cross Island in the Beaufort Sea. Furthermore, the plan imposes another delay on future lease sales in the Chukchi and Beaufort planning areas. Since this federal administration has been in office, it has stopped all Arctic OCS leasing and derailed what were once certain, predictable leasing plans accepted by both Democratic and Republican administrations in Washington, DC.

The Department of the Interior's justification for these measures aligns with a new ocean zoning philosophy central to the Obama Administration's controversial National Oceans Policy. My administration and the Alaska Congressional delegation have expressed significant concerns about implementation of the National Oceans Policy in Alaska, and the potential negative consequences for economic activity in the region. For similar reasons, Congress has declined to support National Oceans Policy activities through the federal appropriations process.

The new Arctic restrictions included in Department of the Interior's five year plan are the latest in a series of actions by the Obama Administration that have delayed and impeded Arctic OCS development. These actions have included:

- Postponing implementation of the Interior's five year leasing plan;
- Pushing the already cancelled Chukchi lease sale from 2012 to 2016 and the Beaufort lease sale from 2015 to 2017. In addition, the lease sale in Alaska's Cook Inlet would be delayed another year;

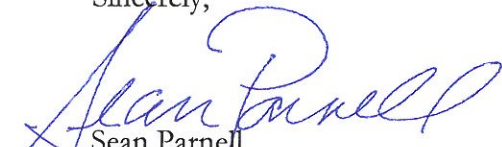
- Pushing back the goal for completing a new OCS lease plan to 2012, effectively preventing new leasing during President Obama's first term;
- Imposing a groundless moratorium on Arctic OCS drilling, without consulting State officials or adequately recognizing the economic implications; and
- Withholding key Environmental Protection Agency air permits for Shell's offshore oil and gas exploration activities – costing the company the 2011 drilling season – despite the fact Shell invested tens of millions of dollars in pollution control equipment, and met or exceeded every request made of them.

I strongly support a responsible OCS program – one that makes leases available in Alaska's OCS for the exploration, development, and production of oil and gas. These resources are vitally important to Alaska and the nation's energy future.

Alaskan OCS lease sales have resulted in billions of dollars in payments to the federal government. In exchange, the federal government has created numerous roadblocks to producers looking to explore their holdings. Now the Obama Administration has failed to provide a dependable area wide lease sale that would create confidence and support investment in future development.

Having shared my view of the Department of the Interior's new policy through the lens of the Arctic OCS, I am asking you each to provide me and other members of the OCS Governors Coalition with a view from your respective states. If we are all better informed about the cumulative impacts this new policy has on states and regional economies, together we can have a stronger voice on policies aimed at economic growth.

Sincerely,



Sean Parnell
Governor of Alaska