The Alaskan Outer Continental Shelf (OCS)

**The Importance of Developing Our Oil and Natural Gas Resources**

In Alaska, the oil and natural gas industry has proven itself to be a valuable partner with government and other stakeholders in expanding our knowledge and understanding of the Arctic environment. For more than 40 years of exploration and 30 years of production, the industry has pursued environmentally responsible development of oil and natural gas resources in Alaska’s Arctic. Industry has done so in a manner that has incorporated protection of habitat, wildlife and subsistence resources that has reduced the footprint our operations occupy, and that has sought to respect the way of life of the people of the region and their communities. The record demonstrates that a balance between energy development and protection of the environment is achievable in the Alaskan Arctic where crude oil and natural gas resources of national and strategic significance are believed to occur.

The existing fields of the Alaska North Slope continue to supply some 15 percent of U.S. crude oil production. The Trans-Alaska Pipeline, a vital part of the infrastructure to move oil from the Arctic to U.S. markets and consumers in the Lower 48 states, will depend upon discovery and development of new fields for operations to continue as production from existing Alaska North Slope fields continues to decline.

**Resource Potential**

- Alaska’s Arctic holds additional potential for the U.S. energy future. The Alaskan Outer Continental Shelf (OCS) under the Beaufort and Chukchi Seas of the Arctic Ocean are believed to contain the largest undiscovered energy resources in the United States—27 billion barrels of oil and 122 trillion cubic feet of natural gas, or more than current estimates for the Atlantic and Pacific OCS combined. The economic potential for development of these resources is enormous, as is the potential benefit to the U.S. Treasury.

**U.S. Revenue and American Jobs**

- Since 2005, the federal government has held several OCS lease sales in Alaska, and bonus payments to the federal treasury have exceeded $3 billion for ten-year leases in the Beaufort and Chukchi seas.

- A University of Alaska study has found that new offshore energy production in the Alaskan OCS would produce an annual average of 35,000 jobs over the next 50 years for the state of Alaska alone, with a total payroll over that period of $72 billion in 2007 dollars.

- New offshore oil and natural gas development in Alaska’s Arctic will also generate thousands of new, high-paying jobs throughout the rest of the United States including: manufacture of steel pipes and structural members; fabrication of sophisticated production operations equipment and systems; shipping; and computerized monitoring equipment.

**Protecting the Environment**

While the Beaufort and Chukchi are considered frontier areas, exploration activity has occurred there before. Approximately 30 wells have been drilled in the Beaufort and five in the Chukchi in a safe and environmentally responsible manner. In fact, there has never been a blowout in the Alaska or the Canadian Arctic that has resulted in an oil spill. Because of lower pressures in the geologic formations that are targeted for their oil or natural gas potential, as well as the relatively shallow water depths, operating conditions in these waters are believed to pose lower risk than in some deepwater, high-formation pressure environments.

- The relatively shallow water depth in the Chukchi Sea would allow blowout preventers to be directly accessible to dive teams, as opposed to deepwater regimes where maintenance or repairs must be accomplished by remote control vehicles.

- The capability now exists to deliver real-time data to monitor virtually all functions of drilling operations at remote sites off the rig, to allow for early detection of potential problems while operations are taking place.
The Alaska Clean Seas (ACS) spill response cooperative has substantial resources and experience in the Arctic and has done extensive mapping to identify sensitive areas along the coastline. ACS has also conducted extensive safety and oil spill drills in the Arctic and has collaborated with experts from Canada, Norway and elsewhere in active research programs that date back into the early 1980s.

The federal government has undertaken years of environmental analysis and spent more than $500 million on over 250 environmental and technical studies concerning possible oil and gas development in the region.

**What Should Policymakers Do?**

- The Department of Interior (DOI) should move forward with a comprehensive five-year leasing process as mandated in the Outer Continental Shelf Lands Act (OCSLA) that includes evaluation of the Beaufort and Chukchi seas for future leasing.

- Congress should encourage the administration to publicly support a timeline for permit decisions on oil and natural gas exploration and development activities in the Alaskan OCS, including timely issuance of a revised 2007-2012 leasing plan and a prompt timetable to remedy the requests from federal court concerning Lease Sale 193.