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BREAKFAST MEETING

Thursday, December 15, 2011

1. Call to order –Tom Maloney, President
2. Self Introductions
3. Headtable Introductions
4. Staff Report – Rick Rogers, Executive Director
5. Program and Keynote Speaker:

Alaska: Open For Business

Commissioner Marc Luiken, Alaska Department of Transportation

Next Meeting: January 5: Preview of the 2012 Legislative Session, House Speaker Mike Chenault (Invited), Senator Tom Wagoner, Co-Chair, Senate Resources Committee, and Rep. Eric Feige, Co-Chair, House Resources Committee

Please add my name to RDC's mailing list:

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COMPANY: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

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RDC Action Alert:

Proposed 2012-2017 Five-Year Plan for Outer Continental Shelf Oil & Gas Leasing Program

Overview:

The Bureau of Ocean Energy Management (BOEM) will hold a series of public hearings in early December to provide an opportunity for Alaskans to comment on the Draft Programmatic Environmental Impact Statement (PEIS) for the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017. The Alaska hearings will gauge public opinion on the development of offshore oil and gas resources. These hearings are important and could well determine Alaska's economic course for decades to come. Economic studies have confirmed OCS development has the potential to sustain Alaska's economy for generations.

The proposed five-year program includes 15 lease sales in six offshore areas. In Alaska, those areas include a Beaufort Sea sale in 2015, a Chukchi Sea sale in 2016, and a special interest Cook Inlet sale in 2013. The Department of the Interior said the proposed lease sales take into account lessons learned from the Deepwater Horizon incident and are "an important step... toward safely expanding oil and gas production on the OCS." The plan defers from leasing areas where there are subsistence uses and sensitive environmental issues. Specifically, subsistence whaling areas near Barrow and Kaktovik will be excluded from leasing, the same areas that were deferred in the 2007-2012 program. In the Chukchi, there will be at least a 25-mile near-shore buffer area excluded from leasing. Additional deferral areas may be added to the design of individual lease sales.

Requested action:

Environmental groups are pulling out all stops to prevent any new oil and gas leasing in Arctic offshore areas. One recent alert begins with: "Step aside, Wall Street: The biggest giveaway yet is planned for the oil industry. President Obama is proposing to open vast areas of pristine water in the Arctic Ocean to risky offshore drilling. Oil companies like Shell will make billions, and the public and wildlife will shoulder the costs."

Please do not allow non-development activists to speak on your behalf. Please submit written comments on the Draft PEIS by **January 9, 2012**. Comments may be submitted online at <http://ocs5years.is.anl.gov/involve/index.cfm> or as letters directed to: J.F. Bennett, Chief Division of Environmental Assessment, Bureau of Ocean Energy Management, 381 Elden Street, Mail Stop 4042, Herndon, VA 20170-4817.

For those who do not have the time to draft their own comments, feel free to use the sample text at the link below: <http://consumerenergyalliance.org/calls-to-action/tell-the-obama-administration-that-we-need-jobs-and-thoughtful-access-to-offshore-resources/>

Points to consider for your testimony

- The Proposed 2012-2017 Outer Continental Shelf (OCS) Oil and Gas Leasing Program must move forward in an efficient manner. The new leasing program must not further exclude areas offshore Alaska from responsible oil and gas development.
- While the BOEM has allowed additional lease sales in the Chukchi and Beaufort Seas near the end of the proposed five-year program, there is concern that operators may be discouraged from future investment, given the significant delays that current lessees have undergone in their attempts to explore Arctic waters. BOEM must first proactively support exploration of current leases and then take deliberate steps to ensure future lease holders can develop their leases in a timely manner and with certainty in the permitting process.
- In establishing a robust leasing program, BOEM should move forward in a manner that encourages new investment in offshore development – an investment that will create new jobs, generate billions of dollars in economic activity, and allow for the delivery of much-needed energy to American consumers.
- The Alaska OCS constitutes one of the world's largest untapped energy resources with an estimated 27 billion barrels of oil and 132 trillion cubic feet of natural gas in place. By comparison, total production from the North Slope since 1977 has been approximately 15.5 billion barrels. Essentially, Alaska holds the eighth largest oil reserves in the world ahead of Nigeria, Libya, Russia and Norway.
- The Chukchi Sea is considered the nation's most prolific, unexplored offshore basin in North America.
- The Alaska OCS could produce one to two million barrels per day, boosting current U.S. production by 20 to 40 percent. At today's oil prices, slashing imports that much would reduce the nation's trade deficit up to \$65.7 billion a year. Last year, when oil averaged \$78 a barrel, the U.S. sent \$260 billion overseas for crude, accounting for nearly half of the country's \$500

billion trade deficit.

- The responsible development of potentially immense oil and gas deposits in the Arctic would significantly boost Alaska's economy, extend the life of the trans-Alaska oil pipeline, improve the economic viability of the proposed natural gas pipeline from the North Slope to the Lower 48, reduce America's reliance on foreign energy, create tens of thousands of new jobs and generate hundreds of billions of dollars in federal, state, and local government revenues.
- According to a new study by Northern Economics and the University of Alaska, an annual average of 54,700 new jobs would be created and sustained through the year 2057 from the Alaska OCS, with 68,600 during production and 91,500 at peak employment. A total of \$145 billion in new payroll would be paid to employees through the year 2057, including \$63 billion to employees in Alaska and \$82 billion to employees in the rest of the U.S.
- A total of \$193 billion in government revenue would be generated through the year 2057 if oil averages \$65 a barrel, with \$167 billion to the Federal government, \$15 billion to the State of Alaska, \$4 billion to local Alaska governments, and \$6.5 billion to other state governments. Government revenue would be much higher with higher oil prices.
- In the Arctic, industry has invested significant resources to develop comprehensive response plans in the event of an oil spill. In Alaska, Shell currently maintains a highly specialized fleet and specialized containment equipment, as well as a large workforce of highly trained people.
- Deepwater wells are far more technically complex than the shallow-water, low-pressure conditions in the Beaufort and Chukchi Seas. This provides a greater margin of safety in Alaska. Even so, robust well control and oil spill prevention systems have been enhanced with learnings from the Deepwater Horizon tragedy.
- There has never been a blowout in the Alaska OCS or the Canadian Arctic. Thirty wells have been drilled in the Beaufort and five in the Chukchi – all without incident. These wells were drilled in the 1980s, utilizing older technology.
- The North Slope and the offshore are now perhaps the most studied energy basins in America. The federal government has spent more than \$300 million on studies in Alaska and in the past decade the agency has funded over 250 studies here, with the majority of those focused on the Beaufort and Chukchi Seas.
- Access to Alaska's OCS resources may be a key element in the economic feasibility of the proposed natural gas pipeline from the North Slope to the Lower 48, one of President Obama's top energy priorities. Additional gas reserves beyond those already discovered are needed to make the project economic.
- For every barrel of oil America refuses to develop domestically, it will have little choice but to import an equal amount from overseas – where different environmental standards often apply.
- Sharing federal royalty payments from production in federal waters with coastal states and local communities is critical, as it significantly benefits local governments, promotes national economic interests and generates additional, new federal revenues by increasing state and local participation. Such sharing facilitates a closer partnership among federal, state and local agencies.
- While we strive to develop renewable sources of energy, we will still rely on oil and natural gas for transportation, electricity, manufacturing, consumer goods and other uses that are part of our everyday lives. Even more, our economy depends on the millions of jobs and billions in revenues offshore production generates.

Deadline for Comments: January 9, 2012

RDC ACTION ALERT
Point Thomson Project Draft Environmental Impact Statement
Deadline for Comment: Tuesday, **January 3, 2012**

Overview:

The U.S. Army Corps of Engineers has released a draft environmental impact statement (DEIS) for ExxonMobil's Point Thomson natural gas condensate development project. The DEIS presents five alternatives: no action (Alternative A), coastal pads with in-field gravel roads, (Alternative B), inland pads with a gravel access road to Prudhoe Bay (Alternative C), inland pads without a gravel access road (Alternative D), and coastal pads without in-field gravel roads (Alternative E).

Point Thomson is a remote field on the Beaufort Sea coastline 60 miles east of Prudhoe Bay and two miles from the Arctic National Wildlife Refuge. The field contains an estimated 8 trillion cubic feet of natural gas and 200 million barrels of condensate. Point Thomson represents approximately 25 percent of the North Slope's known natural gas resources. Development of Point Thomson is essential to Alaska natural gas commercialization. Besides the operator, ExxonMobil, other major partners include BP, ConocoPhillips, and Chevron.

The project will use long-reach directional drilling from onshore pads to recover offshore resources. The proposed project includes three pads and five wells, with a central pad supporting production facilities, infield roads, pipelines, an airstrip, and a gravel mine site. A common carrier pipeline will be constructed for transporting hydrocarbon liquids 22 miles west to the Badami pipeline.

ExxonMobil put in its draft application for a wetlands permit in October 2009 to initiate the EIS process. The DEIS will be open for public comment until January 3 and public hearings are scheduled in December.

Action requested:

RDC encourages its members to participate in the process by submitting comments in support of Alternative B. Of the five design alternatives considered, Alternative B provides the safest, most environmentally-responsible solution for developing Point Thomson's resources in a timely, cost-effective manner.

Comments on the DEIS can be submitted at:

<http://www.pointthomsonprojecteis.com/comments.htm>

Comments can also be submitted by email: harry.a.baij@usace.army.mil

The DEIS is available for review at:

<http://www.pointthomsonprojecteis.com/index.html>

Points to consider in your written comments and verbal testimony:

- The proposed project is important to the state of Alaska and to Alaskans.
- Of the design alternatives considered, Alternative B provides the safest, most environmentally-responsible solution for developing Point Thomson's resources.
- Alternative B ensures a minimal environmental footprint by incorporating a combination of summer coastal barging, winter ice roads, aviation, and in-field roads. These features are essential to the project's safe and efficient operations.
- Through Alternative B, ExxonMobil will implement comprehensive mitigation measures to minimize impact on tundra, wildlife, aquatic resources, and subsistence activities.
- ExxonMobil works closely with the U.S. Fish and Wildlife Service and state agencies to ensure polar bears and other wildlife are fully protected. Coastal barge route is outside the main fall migration corridor of bowhead whales.

- The Point Thomson project will provide wide-ranging benefits to Alaska in the form of new business opportunities, jobs, and revenues.
- Approval of the Point Thomson project, as proposed in Alternative B, is vital to the development of this world-class resource and North Slope gas commercialization.
- Direct benefits to the State of Alaska from Point Thomson include training and jobs for Alaskans, new revenues to the state and local governments, increased throughput for the Trans-Alaska oil pipeline, and increased business activity and revenue for the private sector.
- Point Thomson is a highly-technical project with high costs. Unnecessary requirements that provide very little, if any, incremental environmental benefits, should be avoided as to not compromise the economic viability of the project.
- The in-field roads included in Alternative B have been carefully routed to minimize the gravel footprint and for the efficient pass through of water.
- Moving roads inland as proposed in Alternative C and D would increase the gravel footprint and be less effective in maintaining natural drainage patterns of the project area.
- Alternatives C and D would move project components inland and eliminate barging, which is an established and safe means of supply for North Slope communities, including Prudhoe Bay. ExxonMobil has conducted safe barging operations in accordance with the Alaska Eskimo Whaling Commission Conflict Avoidance Agreement and in direct consultation with local whaling communities. 188 barging trips in support of Point Thomson have occurred with no impacts to marine mammals or subsistence.
- Alternatives C and D both result in inefficient logistical support and adds unnecessary challenges. Eliminating summer barging would result in increased costs, schedule delays, and increased tundra traffic.
- The 44-mile gravel road from Endicott to Point Thomson as proposed under Alternative C would create a much larger tundra footprint. Current North Slope experience at Alpine and Badami demonstrates that a gravel road is not necessary to support Point Thomson. However, not having a road connecting to Prudhoe Bay does make the combination of barging, ice roads, air access and in-field gravel roads essential.
- Alternative E would eliminate in-field gravel roads and shorten the airstrip. This alternative relies solely on helicopters and seasonally limited off-road vehicles for transportation to East and West pads for nine months of the year. There is no North Slope precedent for a production facility with such limitations. Moreover, inability to fly in poor weather introduces unnecessary safety risks for personnel, as well as emergency response limitations and operational inefficiencies.
- The longer runway in Alternative B provides better access in bad weather, reduces the number of flights by allowing larger aircraft for routine cargo shipments and allows for aircraft to transport larger equipment capabilities in the event of an emergency.

Deadline for Comment: Tuesday, January 3, 2012



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

December 1, 2011

James Kendall
Alaska Regional Director
Bureau of Ocean Energy Management
3801 Centerpoint Drive
Suite 500

Anchorage, AK 99503-5820

<http://www.regulations.gov/#!submitComment;D=BOEM-2011-0121-0001>

RE: Approve Shell's Exploration Plan for the Chukchi Sea

Dear Dr. Kendall:

I am writing on behalf of the Resource Development Council (RDC) to urge the Bureau of Ocean Energy Management (BOEM) to approve Shell's Revised Outer Continental Shelf Lease Sale Exploration Plan for the Chukchi Sea. The revised Plan includes additional safety and spill response capabilities. Shell's plans meet the highest standards for environmental protection and the company should be given a green light to move forward with exploration next summer.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native Regional Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

Shell's Exploration Plan for its leases in the Chukchi Sea was originally approved two years ago and has been thoroughly reviewed by BOEM. As you know, Shell's plans to explore in 2010 were suspended following the Deepwater Horizon incident. Following that incident, Shell developed additional measures to enhance its oil spill prevention and response capabilities in the Arctic. The new Plan includes a blowout containment system and additional supply vessels, as well as other expanded capabilities.

Shell is proposing to drill exploration wells at many of the same drill sites included in the previously approved plan. Since BOEM has thoroughly examined this proposed program, I urge the BOEM to now move forward in a timely manner to complete a second Environmental Assessment, approve Shell's exploration plan, and allow exploration in the Chukchi and Beaufort Seas next summer.

According to the BOEM, the Alaska OCS constitutes one of the world's largest untapped energy resources with an estimated 27 billion barrels of oil and 132 trillion cubic feet of natural gas in place. By comparison, total production from the North Slope since 1977 has been approximately 15.5 billion barrels. Essentially, Alaska holds the eighth largest oil reserves in the world ahead of Nigeria, Libya, Russia and Norway. The Chukchi Sea itself is considered the nation's most prolific, unexplored offshore basin in North America.

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Ricky Gease
Dan Graham
Chuck Greene
Scott Habberstad
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Paul Henry
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Larry Houle
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Bill Jeffress
Mike Jungreis
Frank Kelly
Thomas Krzewinski
Jim Laiti
John Lau
Tom Lovas
Andy Mack
Thomas Mack
John MacKinnon
Stephanie Madsen
Sam Mazzeo
Mary McDowell
Ron McPheters
James Mery
Denise Michels
Hans Neidig
Judy Patrick
Charlie Powers
Mike Satre
Mary Sattler
Keith Silver
Lorali Simon
John Sturgeon
Dan Sullivan
Peter Taylor
Michael Terminel
Jan Trigg

Ex-Officio Members
Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young
Governor Sean Parnell

The Alaska OCS could produce one to two million barrels per day, boosting current U.S. production by 20 to 40 percent. At today's oil prices, slashing imports that much would reduce the nation's trade deficit up to \$65.7 billion a year. Last year, when oil averaged \$78 a barrel, the U.S. sent \$260 billion for imported crude, accounting for nearly half of the country's \$500 billion trade deficit, according to the Institute for Energy Research.

The responsible development of potentially immense oil and gas deposits in the Arctic would significantly boost Alaska's economy, extend the life of the trans-Alaska oil pipeline, improve the economic viability of the proposed natural gas pipeline from the North Slope to the Lower 48, reduce America's reliance on foreign energy, create tens of thousands of new jobs and generate hundreds of billions of dollars in federal, state, and local government revenues. Moreover, oil and natural gas production in the Arctic would enhance our nation's energy security and grow its economy.

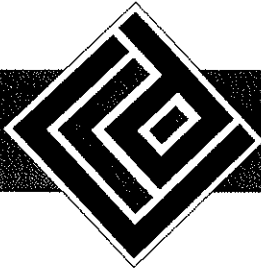
The biggest threat to Alaska's economy is the sharp ongoing decline in TAPS throughput, which has fallen from 2.1 million barrels per day (bpd) in 1988 to an average of 574,000 bpd from January through October of this year. Both President Obama and Alaska Governor Sean Parnell have stated that increasing TAPS throughput is a national priority and in the nation's best interest. However, without a significant source of new oil, low throughput could force the premature shut down of the pipeline, leaving millions of West Coast consumers without a stable domestic supply of oil.

Shell has exceeded virtually all expectations for a safe, environmentally responsible exploration program in the Chukchi Sea. In addition, BOEM has said drilling in this area would have no significant impacts. Following the completion of the second Environmental Assessment, RDC urges BOEM to approve the exploration plan.

Sincerely,



Carl Portman
Deputy Director



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

December 1, 2011

Michael Payne, Chief
Permits and Conservation Division, Office of Protected Resources
National Marine Fisheries Service
1315 East-West Highway
Silver Spring, MD 20910
ITP.Nachman@noaa.gov

RE: Comments on Shell's Incidental Harassment Authorization for the Chukchi Sea

Dear Mr. Payne:

The Resource Development Council (RDC) is writing to encourage the National Marine Fisheries Service (NMFS) and the federal government to finalize Shell's application for an Incidental Harassment Authorization (IHA) for exploration of its leases in the Chukchi Sea. Shell has studied the species in the lease areas and will provide a high level of protection for marine mammal and their habitat.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native Regional Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

NMFS's assessment of Shell's application is correct in confirming the company has taken the appropriate steps in protecting marine mammals in the areas where drilling is to occur. In its assessment, NMFS noted, "Shell's planned offshore drilling program incorporates both design features and operational procedures for minimizing potential impacts on marine mammals and on subsistence hunts."

Shell's program will employ trained observers to monitor marine mammals and implement mitigation efforts if necessary. In the event marine mammals are present in the area during the proposed drilling period, Shell will deploy certain practices and technologies to minimize potential impacts.

RDC agrees with the NMFS that "there is no reasonable likelihood of serious injury or mortality from the 2012 Chukchi Sea exploration drilling program." We also agree that marine mammals are not in danger of a potential oil spill, given the improbability of a very large spill and Shell's extensive Oil Spill Response Plan.

Shell is ready to drill in the Arctic. It has spent years and billions of dollars in preparing for a robust and environmentally responsible exploration program. The company has taken all necessary precautions and has exceeded expectations in its goal of exploring the Chukchi Sea in a manner that causes no significant or permanent damage to marine wildlife. Given NMFS has issued the proposed IHA, I urge the NMFS to finalize the authorization.

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The biggest threat to Alaska's economy is the sharp ongoing decline in TAPS throughput, which has fallen from 2.1 million barrels per day (bpd) in 1988 to an average of 574,000 bpd from January through October of this year. Both President Obama and Governor Sean Parnell have stated that increasing TAPS throughput is a national priority and in the nation's best interest. However, without a significant source of new oil, low throughput could force the premature shut down of the pipeline, leaving millions of West Coast consumers without a stable domestic supply of oil.

Shell stands ready to bring its world-class expertise, equipment and technology to the Alaska offshore. Through years of extensive scientific study and planning, it has advanced the practices and technologies to minimizing impact from its operations. In fact, Shell's proposed plans have advanced our understanding of how to protect marine animals in an area with increasing commercial and military traffic.

RDC has as high level of confidence in Shell. We believe the company is willing and ready to explore its leases in an environmentally-responsible manner. Shell has the ability to safely produce the potentially vast energy resources of the Arctic. I urge the NMFS to approve the IHA for Shell's proposed operations so that exploration in the Chukchi Sea can move forward in 2012.

Sincerely,



Carl Portman
Deputy Director

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EXPLORATION!**

**THE PLUNGE OF
DECREASED PRODUCTION!**

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MEET ALASKA 2012

JANUARY 6, 2012

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Phone: _____ Email: _____

Conference Attendee:

1)	_____	_____	_____
	Name	Title	Company (if different than above)
2)	_____	_____	_____
	Name	Title	Company (if different than above)
3)	_____	_____	_____
	Name	Title	Company (if different than above)
4)	_____	_____	_____
	Name	Title	Company (if different than above)
5)	_____	_____	_____
	Name	Title	Company (if different than above)

PAYMENT INFORMATION

Registration Options	Registration Cost	Quantity	Sub-Total
• Legislators/Legislative Staff/Government Officials (by Dec. 21)	\$250 per person	_____	\$ _____
• Legislators/Legislative Staff/Government Officials (after Dec. 21)	\$275 per person	_____	\$ _____
• Early Bird Member Registration (by Dec. 21)	\$275 per person	_____	\$ _____
• Alliance Member Registration (after Dec. 21)	\$300 per person	_____	\$ _____
• Early Bird Non-Member Registration (by Dec. 21)	\$300 per person	_____	\$ _____
• Non-Member Registration (after Dec. 21)	\$325 per person	_____	\$ _____
• Corporate New Member Special --- SAVE \$100***	\$700 w/one registration	_____	\$ _____
<small>(The New Member Special includes Meet Alaska registration for <u>one individual</u>, plus a company membership through fiscal year 2012 in the Alliance.)</small>			
TOTAL REGISTRATION FEES		_____	\$ _____

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Check Enclosed Invoice Credit Card (Visa/MasterCard/Amex)

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Signature: _____

NOTE: NO REFUNDS OR CANCELLATIONS MADE AFTER DECEMBER 30, 2011



Meet Alaska

January 6, 2012

Dena'ina Center

- Governor Parnell – Opening Remarks (Invited)
- CAPITOL STEPS
- Jeff Watkins, Chairman of Coal, Wood Mac - Global Thermal Coal Market Trends
- DOR Report – Exploration Credits
- Ed Merrow, Author, Industrial Mega Projects
- Marianne Kah – Chief Economist, Conoco Phillips
- John Minge, President, BP Alaska
- Arthur Berman, Economics of Shale Gas – Impact on Alaska; Q and A
- Cathy Forrester – AOGCC- Heavy Viscous Oil –Economics
- Ray Sheppard/Congressman Bart Stupak – DC Update
- Reception