

# ALASKA STATE LEGISLATURE

## HOUSE RESOURCES COMMITTEE

### Session: January – April

Alaska State Capitol Room 128 1500 West  
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### Interim: May - December

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## House Bill 387 *Cook Inlet Jack-Up Rig Credit*

### **SPONSOR STATEMENT**

As we face the reality of a shortage in natural gas production in Cook Inlet, the backbone of Southcentral Alaska's energy supply, the urgency to act has never been more critical. Cook Inlet gas has been an invaluable resource as an affordable, reliable energy source that has powered homes, businesses, and industry for decades. Projections indicate a rapid decrease in gas supply in the coming years under the current market conditions, a scenario that threatens the energy security of over half of Alaska's population and could lead to our reliance on imported Liquefied Natural Gas (LNG), which is likely to be significantly more expensive.

Jack-up rigs are specialized offshore drilling rigs necessary for developing Cook Inlet gas reserves. Currently the state has only one rig available, a handcuff on any significant increase in drilling activity. The bill proposes a targeted incentive that will increase the project economics for investing in another jack-up rig to be used in Cook Inlet to explore for and extract natural gas by providing a carry-forward tax credit equal to the costs associated with purchasing and transporting the rig to Alaska. HB 387 has a clear goal: to increase exploration and production activities, thereby enhancing Cook Inlet gas reserves and increasing gas production.

I urge my colleagues of the 33<sup>rd</sup> Legislature and the people of Alaska to support HB 387 as a step towards energy development, economic resilience, and the long-term prosperity of our great state.

A handwritten signature in black ink, appearing to read "Tom W. McKay".