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November 16, 2012

The Honorable Ken Salazar
Secretary
United States Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Mr. Secretary,

I write regarding the report Deputy Secretary Hayes is preparing for President Obama on an integrated management approach for the Arctic. The Deputy Secretary has invited our liaison, Department of Natural Resources Deputy Commissioner Ed Fogels, to his Arctic Interagency Permitting Working Group to submit the State of Alaska's input. While I have substantial concerns about federal agencies compiling such a report on an extremely short timeline, we think it is important to advance our thoughts and perspectives regarding the Arctic and its future.

I offer recommendations, expanded on in the attached letter from Deputy Commissioner Fogels, with hope that the federal government will work collaboratively with the State of Alaska as a sovereign and equal partner in addressing Arctic issues.

Alaska is America's Arctic. While changes in the Arctic may create some uncertainties and challenges, they also present important opportunities. It is not an option to stand idle or resist change. We have much to lose by failing to position Alaska and the nation to maximize opportunities as they emerge in the Arctic. We must begin to share a common outlook based on opportunity rather than one based on assumed threat and overly precautionary management.

Promoting economic opportunity for all Alaskans is a key objective of my administration. In the Arctic, many residents rely on a combination of traditional activities and cash employment. Sustainable, healthy communities which incorporate traditional knowledge are supported by regimes for responsible sustained economic development. Local communities urgently need affordable energy, modern sanitation, advanced technology such as high-speed broadband, and revenue sources. High unemployment rates and high fuel and food prices in remote communities negatively affect the social fabric and generational culture within these communities.

As the United States is an Arctic nation, the federal government must recognize that Alaska is in a global race to attract investment focused on capitalizing on new opportunities in the Arctic. Private investment in the range of billions of dollars per year is necessary to bring new resources to market.

We need to encourage strategic investment and streamlined permitting to take advantage of the important assets in the Alaskan Arctic. Examples of projects competing now for investment include:

- Natural gas pipeline – potential \$45-65 billion investment; workforce of up to 15,000;
- Outer Continental Shelf oil development – anticipated \$72 billion in direct monetary investment in Alaska's economy over 50 years (Shell has already invested more than \$5 billion) and an estimated 2,800 full-time jobs from the Beaufort Sea and 2,500 jobs from the Chukchi Sea in a 50 year period;
- Viscous oil and heavy oil – \$30 billion each in project costs with 3,500 jobs per year for the first ten years for viscous oil production plus an additional 3,500 per year for the first ten years of heavy oil production; and
- Donlin Gold – \$6.7 billion in project costs; 3,000 jobs in construction; and approximately 1,000 jobs in operation.

Seizing upon even a quarter of potential emerging opportunities would spike job creation and exports. Significant national revenue streams would also be established, reducing trade deficits. Given the nation's current fiscal struggles, America should be poised to help foster these Arctic opportunities whenever possible, not stymie them.

The United States does not do enough to encourage investment in these or other opportunities. Instead, we thwart investment with uncoordinated and glacially-paced permitting, litigation risk, unwarranted and vast critical habitat designation, taxation, and lack of key infrastructure. Federal investment in science, support for infrastructure, and improved coordination across federal permitting authorities are critical to provide greater certainty and attract the private investments that are necessary to bring resources to market.

Alaskans live in the Arctic and have the proven experience to manage its future. We are dependent on the Arctic for our livelihoods, our subsistence, our energy, and our health and well-being. From scientists to Native elders, we understand the nuances of change in the Arctic better than anyone. We understand both the opportunities and challenges a changing Arctic presents. The State of Alaska has 50 years of experience in the Arctic researching and managing common property resources and adapting management strategies to environmental changes.

The path forward in the Arctic is clear to the State of Alaska. The federal government and the State must develop a strong partnership to manage the nation's Arctic future. This partnership includes ensuring that the State is an equal and sovereign partner. It also ensures that all Alaskans, including rural Alaskans and Alaska Natives, have a seat at the table, and that there is a mutual respect for each other's resource management needs. This partnership does not need large overarching federal plans, nor does it need additional layers of federal regulation. The mechanisms for conserving the Arctic environment while allowing for responsible resource development can be achieved by streamlining existing processes and developing a more effective and sophisticated collaborative relationship between the federal government and the State of Alaska.

I support the request Senator Murkowski and Senator Begich made in their July 11, 2012 letter for a "comprehensive Arctic strategy" that describes "future Arctic needs and priority areas, and specific

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implementation goals and objectives." We ask that you use the preparation of your report as an opportunity to begin formulating such a strategy, including the identification of key research and infrastructure needs in the Arctic, rather than using it to justify the addition of new layers to the existing statutory and regulatory management that will stifle activities in the region. I do not believe the latter approach would be productive or responsive to the request of our senators.

In the haste to develop this management approach, I also request that you allow adequate time for meaningful dialogue with us and other key Arctic stakeholders, including Alaska Native peoples and businesses. Failure to allow such dialogue to occur diminishes the value and ultimate acceptance of the final report.

I look forward to working with you towards capitalizing on the opportunities presenting themselves to Alaska and our nation. Our main point of contact and coordinator for this initiative is Stefanie Moreland, my Senior Advisor for Arctic issues. She can be reached at 907-465-3500 or by email at stefanie.moreland@alaska.gov. Deputy Commissioner Fogels will continue to be our liaison to the Interagency Permitting Workgroup, and I ask that you provide opportunity for the State to engage in workgroup meetings.

Best regards,



Sean Parnell
Governor

Enclosure

cc: David Hayes, Deputy Secretary, United States Department of the Interior
Ed Fogels, Deputy Commissioner, Alaska Department of Natural Resources
Stefanie Moreland, Special Assistant, Office of the Governor