

SJR

13

<TARGET><BILL>SJR 13</BILL><SUBJECT>SJR
13</SUBJECT><COMM>HRES29</COMM></TARGET>

ALASKA STATE SENATE

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Session:
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Juneau, Alaska 99801-1182
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SENATOR JOHN COGHILL

SPONSOR STATEMENT

Committee Substitute for Senate Joint Resolution 13(RES) ("CS for SJR 13(RES)) -
"Supporting oil and gas exploration and development on the outer continental shelf offshore of
the state; opposing attempts to prohibit future oil and gas development in the Beaufort and
Chukchi Seas, including the Hanna Shoal area; and requesting that the federal Administration
cease and desist from restrictions that adversely affect active or future leases in high petroleum
potential areas in the Beaufort and Chukchi Seas, including the Hanna Shoal area."

On January 27, 2015, the Obama Administration (through Secretary of the Interior Sally Jewell and Bureau of Ocean Energy Management ("BOEM") Director Abigail Ross Hopper) announced it was restricting certain "high petroleum potential" portions of the Chukchi and Beaufort Sea Planning Areas from the Outer Continental Shelf ("OCS") Oil and Gas Leasing Program for 2017-2022.

While some areas had previously been excluded from leasing, withdrawals from the Hanna Shoal area in the Chukchi Sea are new.

Why is this a concern?

New restrictions in the Hanna Shoal create an uncertain future for leases in and around the surrounding area. Uncertainty is a problem, because it can stop investment.

Additionally, because of alleged "environmentally sensitive locations" in Hanna Shoal, current and future activity may likely decrease.

Why?

When exploring environmentally sensitive locations, there are additional costs on operations and planning. Exploration may become too cost prohibitive to warrant further activity.

Please join Senator Coghill in supporting CS for SJR13(RES).

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EXPLANATION OF CHANGES

Committee Substitute for Senate Joint Resolution 13(RES) ("CS for SJR 13(RES)")(29-LS0471\N)

1. In summary: the title, the second "WHEREAS," and the last two "FURTHER RESOLVED" were "sharpened" for better clarity of the underlying issue. On February 23, 2015, one additional change was made in the Senate Resource Committee by Senator Stedman. The words **[WITHOUT ADEQUATE PUBLIC PROCESS]** were removed from Page 3, line 30.
2. Lines 1 through 6 were edited at page 1 to ensure a more specific title.
 - a. Starting at Page 1, line 2, after the word "prohibit" and before "oil," the word "**future**" was added.
 - b. Starting at Page 1, line 3, the words **[PLANNING AREA]** was deleted after the words "Chukchi Sea."
 - c. Starting at Page 1, line 3, the words **[PLANNING AREA]** was deleted after the words "Beaufort Sea."
 - d. Starting at Page 1, line 3, the words "**including the Hanna Shoal area**" were added after the words "Chukchi Seas."
 - e. Starting at Page 1, page 4, after the word "from," the words **[ALL FUTURE]** were deleted.
 - f. Starting at Page 1, lines 4-6 were edited. Starting at line 4, the sentence was restructured to say "**that adversely affect active or future leases in high petroleum potential areas in the Beaufort and Chukchi Seas, including the Hanna Shoal area.**"
 - g. In sum, the title previously read:

Supporting oil and gas exploration and development on the outer continental shelf offshore of the state; opposing attempts to prohibit oil and gas development in the Chukchi Sea Planning Area and the Beaufort Sea Planning Area; and requesting that the federal

Administration cease and desist from all future restrictions in the Chukchi and Beaufort Seas.

It now reads:

Supporting oil and gas exploration and development on the outer continental shelf offshore of the state; opposing attempts to prohibit future oil and gas development in the Beaufort and Chukchi Seas, including the Hanna Shoal area; and requesting that the federal Administration cease and desist from restrictions that adversely affect active or future leases in high petroleum potential areas in the Beaufort and Chukchi Seas, including the Hanna Shoal area.

3. Starting at Page 2, line 1, after “block,” it now reads **“new leases in high petroleum potential areas, including the Hanna Shoal area; and.”** The words [DEVELOPMENT FOREVER] were deleted.
4. Starting at Page 3, line 30, after the word “prohibit,” and before the word “the,” the following words were inserted: **“without adequate public process.”**
 - a. UPDATE: In the Senate Resource Committee on February 23, 2015, the following words were removed by Senator Stedman via amendment: [WITHOUT ADEQUATE PUBLIC PROCESS].
5. Starting at Page 4, line 3 after the word “restrictions,” the following words were added: **“that adversely affect active or future oil leases in oil-rich portions of the Beaufort and Chukchi Seas, including the Hanna Shoal area.”** The words [IN OIL-RICH PORTIONS OF THE CHUKCHI SEA AND BEAUFORT SEA] were deleted.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	CSSJR 13(RES)
Fiscal Note Number:	1
(S) Publish Date:	2/25/2015

Identifier: Senate Joint Resolution 13
 Title: OCS OIL & GAS EXPLORATION/DEVELOPMENT
 Sponsor: COGHILL
 Requester: Senate Resources

Department:
 Appropriation:
 Allocation:
 OMB Component Number: 0

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

No changes. First fiscal note

Prepared By: Senator Giessel
Senate Resources Committee

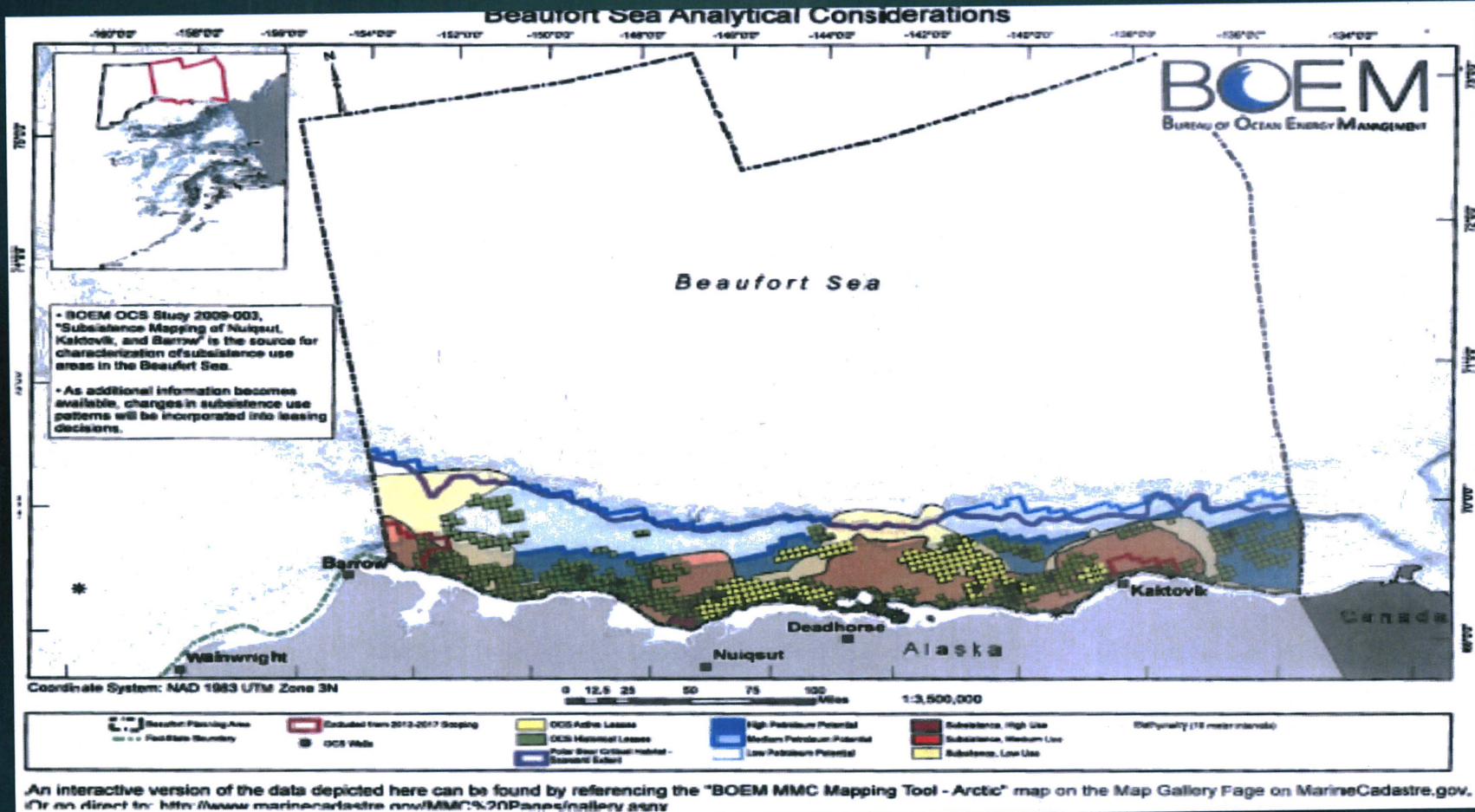
Phone: (907)465-4843
 Date: 02/23/2015

Senate Joint Resolution 13

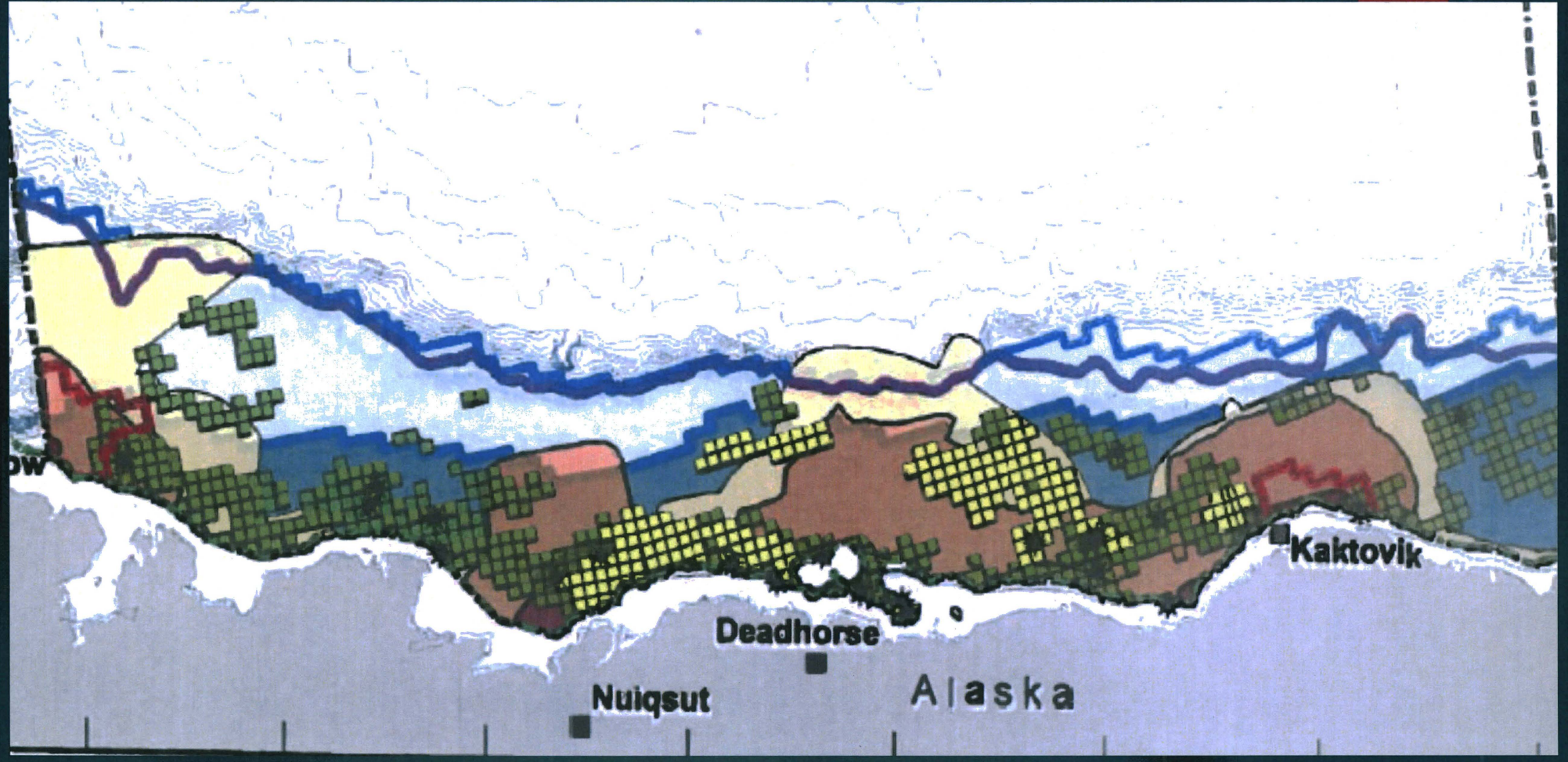
"SUPPORTING OIL AND GAS EXPLORATION AND DEVELOPMENT ON THE OUTER CONTINENTAL SHELF OFFSHORE OF THE STATE; OPPOSING ATTEMPTS TO PROHIBIT OIL AND GAS DEVELOPMENT IN THE CHUKCHI SEA PLANNING AREA AND THE BEAUFORT SEA PLANNING AREA; AND REQUESTING THAT THE FEDERAL ADMINISTRATION CEASE AND DESIST FROM ALL FUTURE RESTRICTIONS IN THE CHUKCHI AND BEAUFORT SEAS."

Beaufort Sea

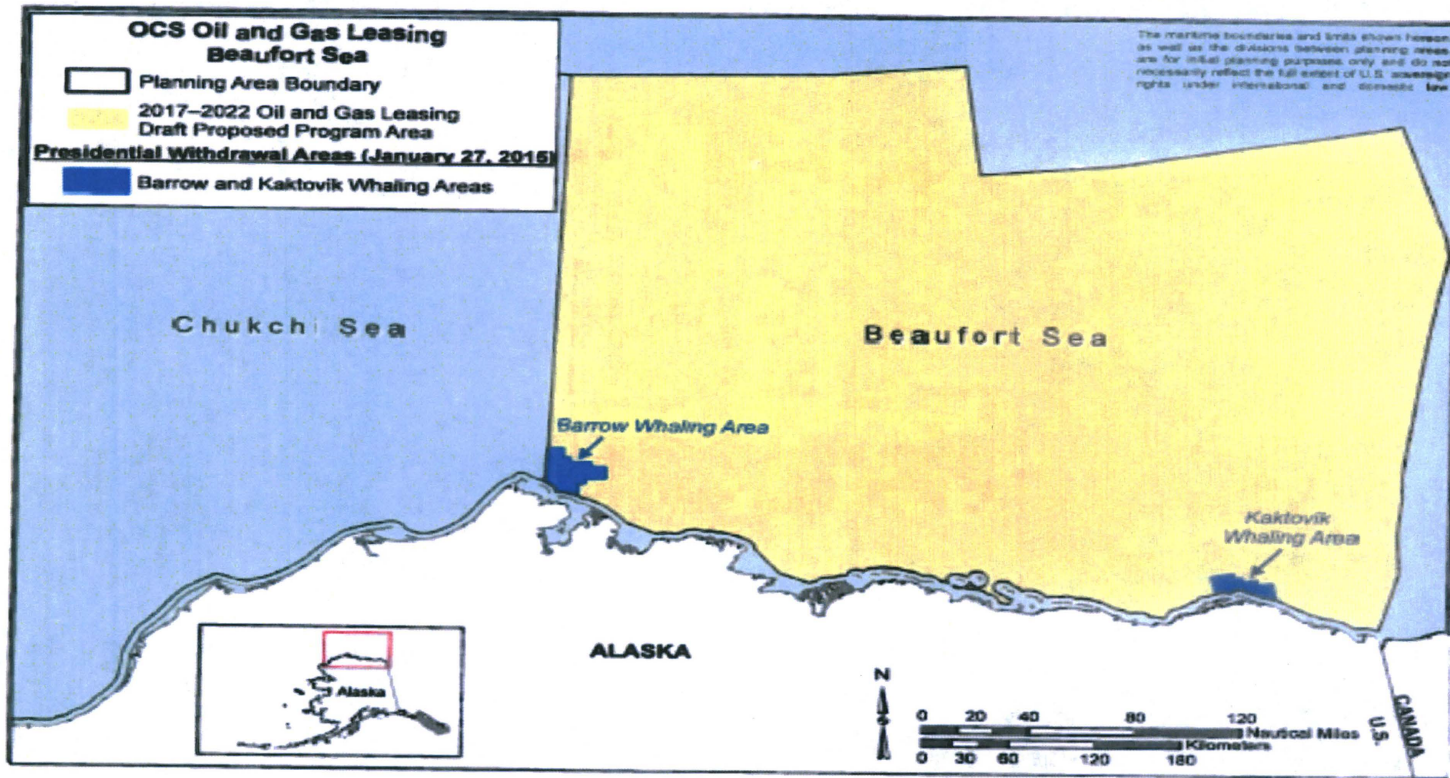
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Beaufort Sea...Continued

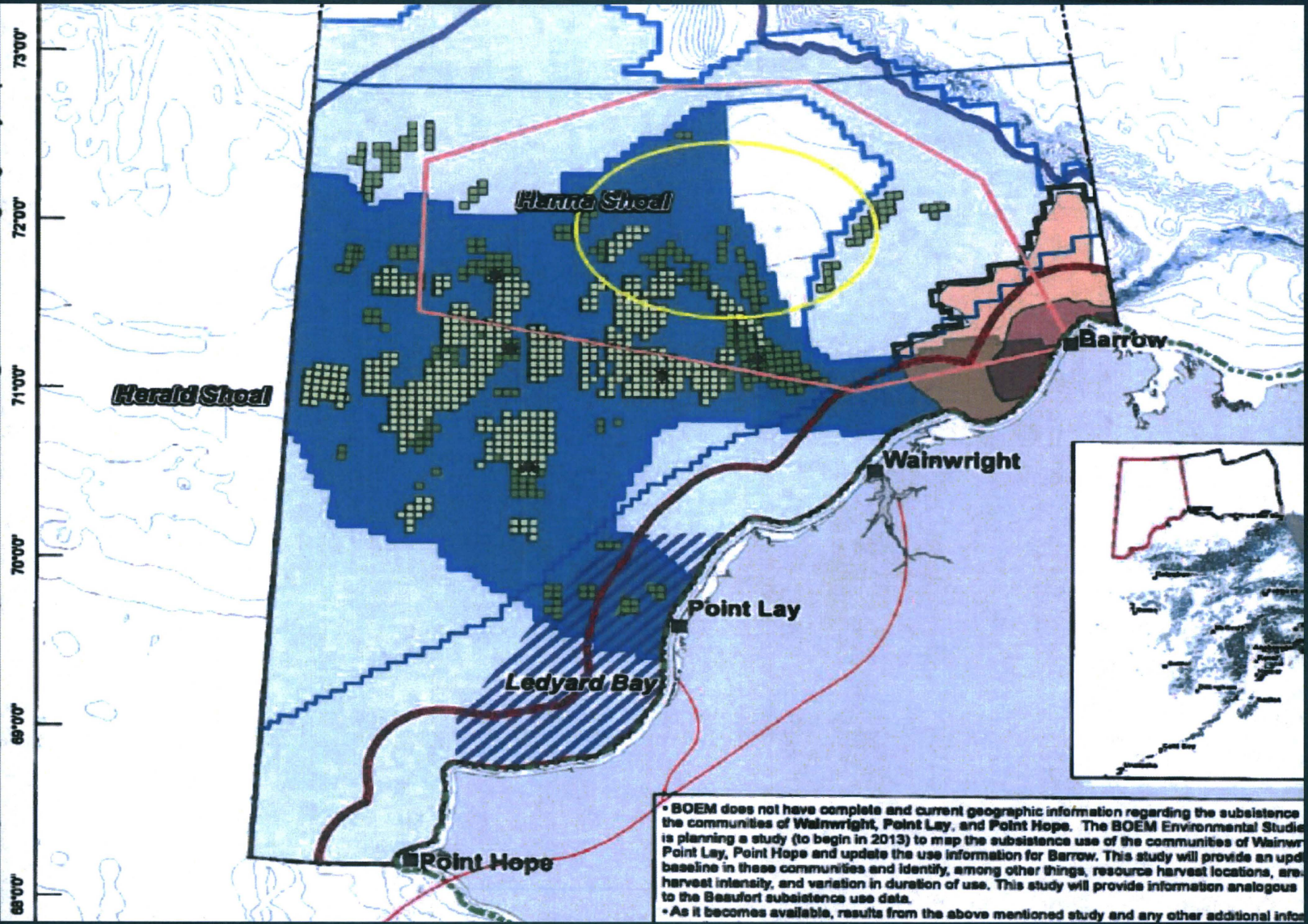


Beaufort Sea...Continued



Beaufort Sea...Continued

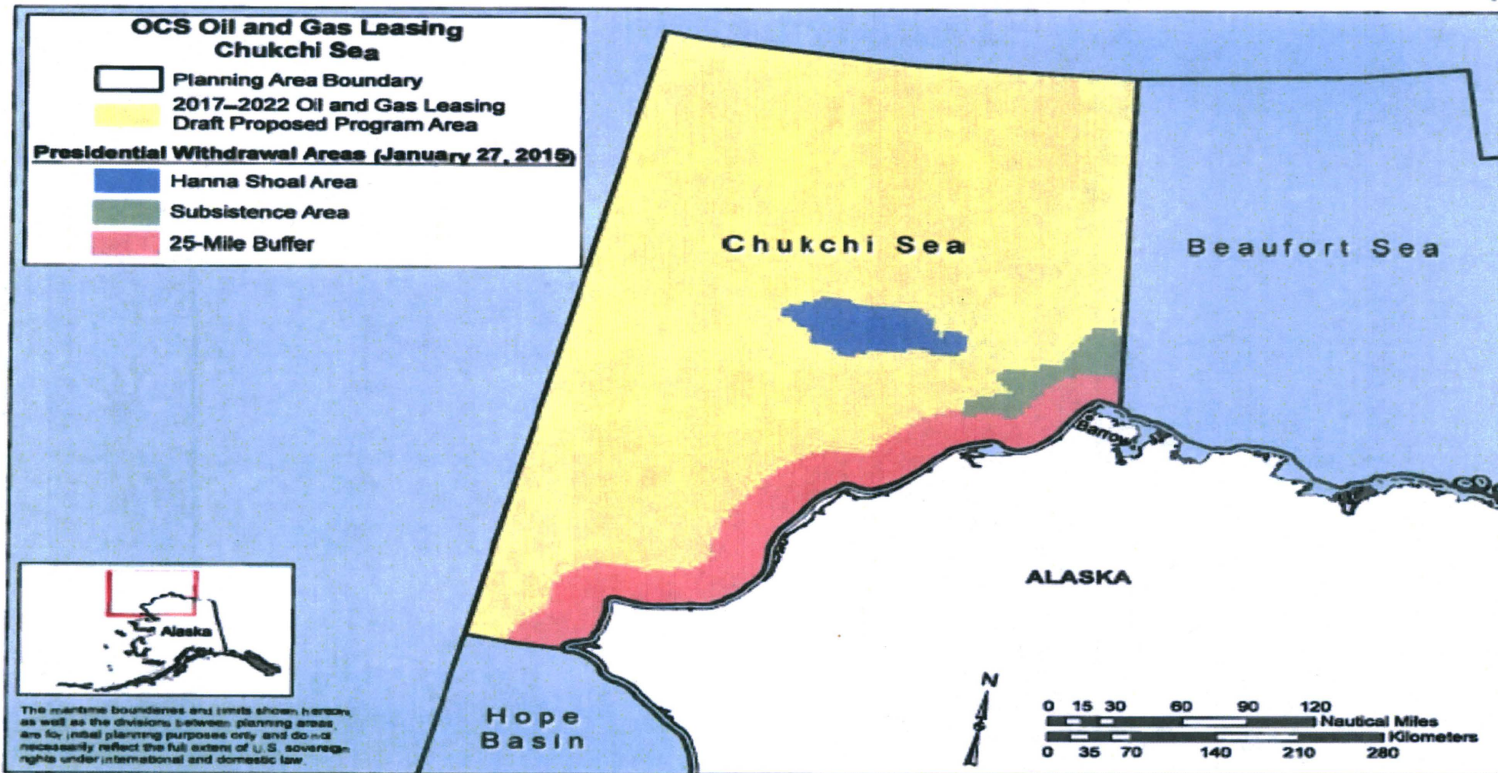




• BOEM does not have complete and current geographic information regarding the subsistence the communities of Wainwright, Point Lay, and Point Hope. The BOEM Environmental Studie is planning a study (to begin in 2013) to map the subsistence use of the communities of Wainwright, Point Lay, Point Hope and update the use information for Barrow. This study will provide an updated baseline in these communities and identify, among other things, resource harvest locations, area, harvest intensity, and variation in duration of use. This study will provide information analogous to the Beaufort subsistence use data.

• As it becomes available, results from the above mentioned study and any other additional information

Chukchi Sea...Continued

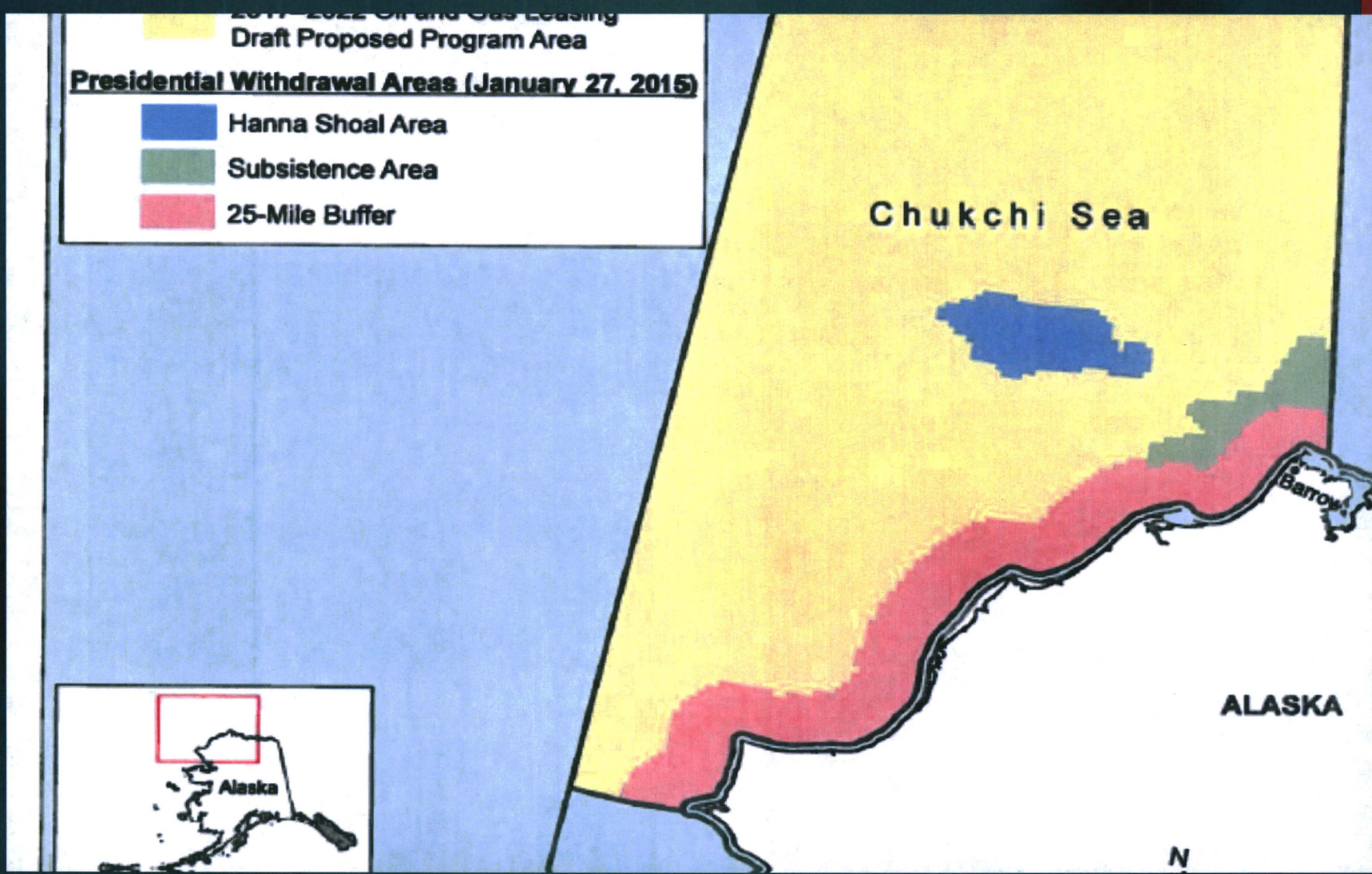




2011-2022 Oil and Gas Leasing
Draft Proposed Program Area

Presidential Withdrawal Areas (January 27, 2015)

- Hanna Shoal Area
- Subsistence Area
- 25-Mile Buffer



ALASKA

N

Transportation & Energy Infrastructure Village Cluster Consolidated Services Plan

Alaska State Legislature House Resources Committee

Presented by:

Monica James
Executive Vice President/Chief Operating Officer

and

George Owletuck, MA
Government Relations Liaison

March 18, 2015



Community Sustainability

1. Transportation Access

- Access In & Out
- Airports, ferries, railroad, ports, roads, trails
- Federal Land restrictions isolate our communities and resources today

2. Affordable Energy

- Dependable Power
- Affordable Energy
- Diesel used for heat and electricity is largely imported
- Few Transmission Grids

→ Economic Growth ←

\$1.4M request for Road Design/Eng/Permits for Pilcher Mtn Project to provide critical source for high quality construction material for projects

\$7.5M request for the Emmonak Dock Project that would contribute to expanded economic opportunities

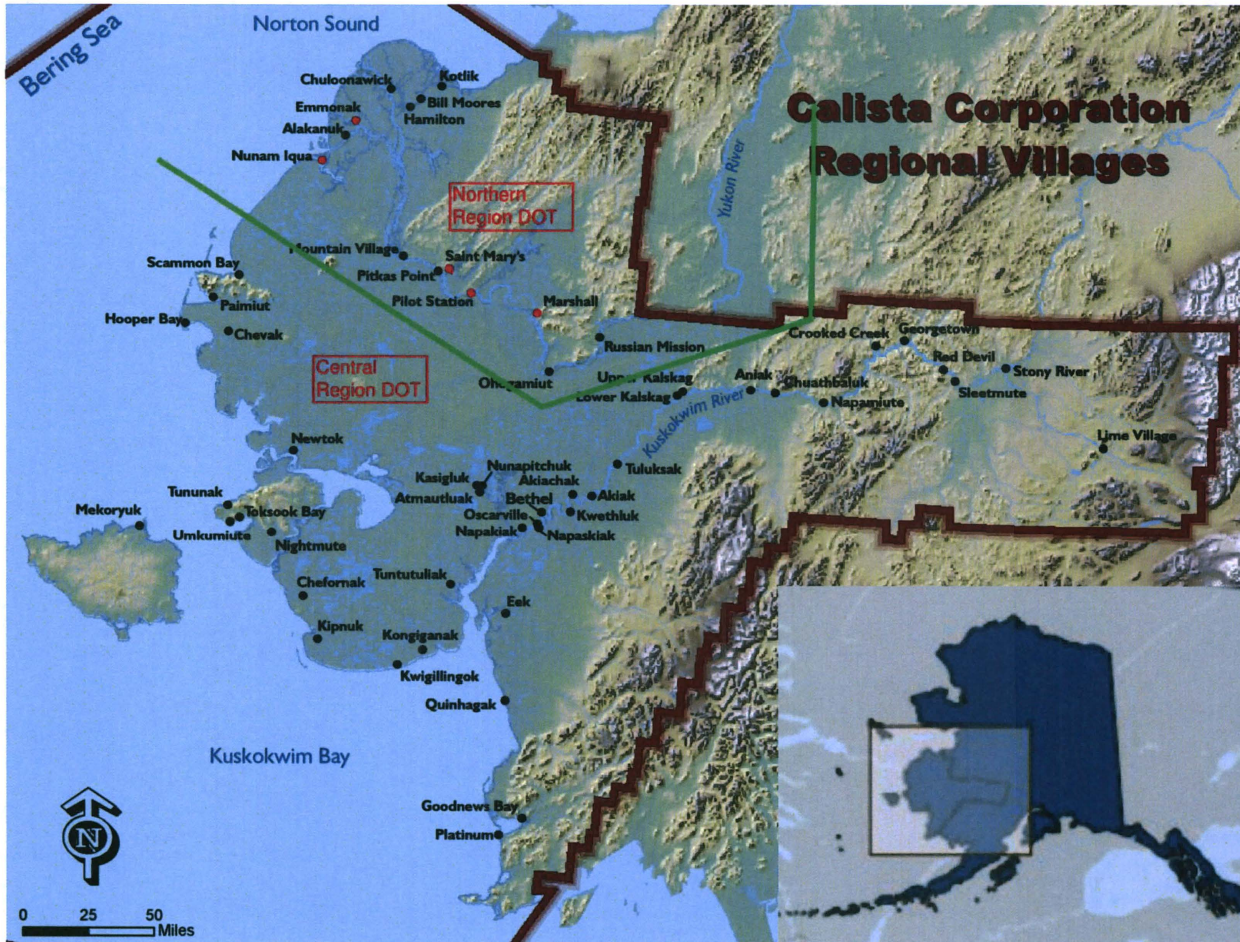


Pilcher Mountain at Marshall, AK



Barge docked at Emmonak, AK





57,000 sq. m. vs. IL 56,343 sq. m. #24 in US

Demographics	Calista Region	Alaska
Population	25,735	737,259
Median income	45,933	70,760
High school education	78.1%	91.6%
Bachelor's +	8.6%	27.5%
Persons below poverty	27.1%	9.9%
Persons under 18 years	39.1%	25.6%
Unemployment Rate	17.6%	6.3%

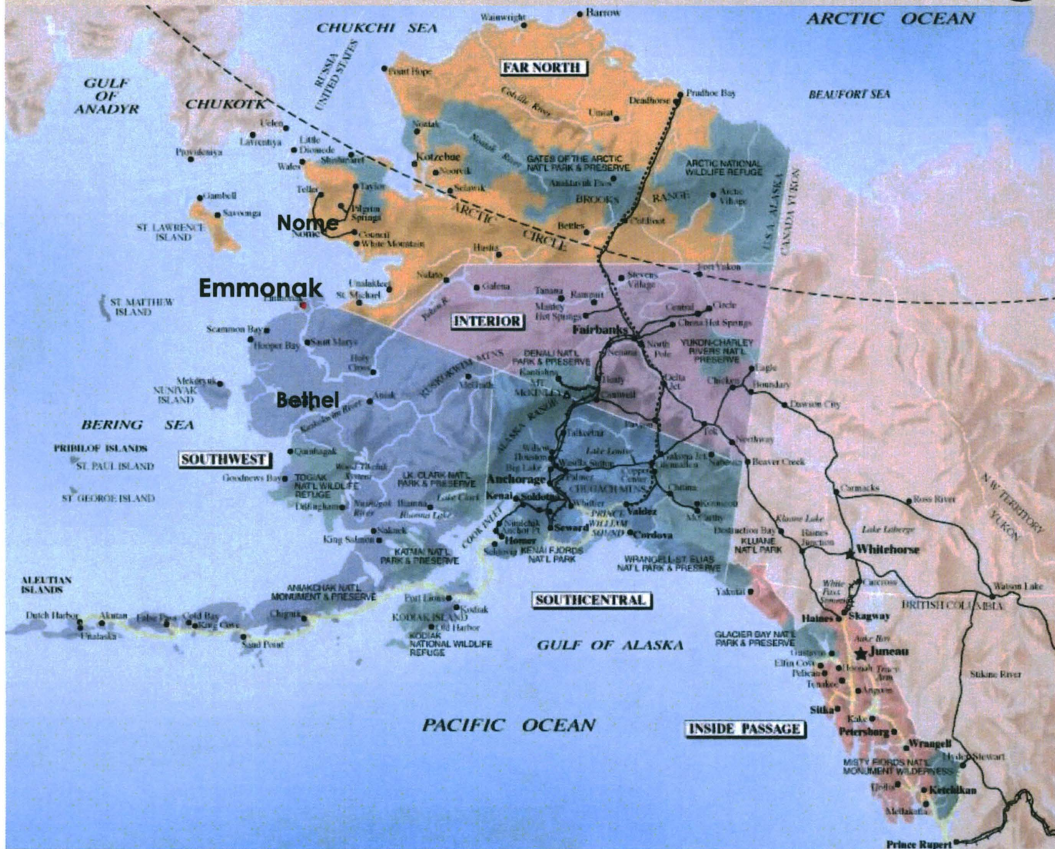
Source: US Census

January 2015	Y-K Delta	On-Road	Statewide
Heating Fuel	\$6.38	\$3.41	\$5.10
Gasoline	\$6.90	\$3.42	\$5.80

2012 Fish & Game Subsistence	Households Harvesting-Sharing	Est. Harvest/lbs All Resources
Bethel Hub	85.1% - 70.1%	954,525



Lower Yukon Region Port Needed



- No regional port in the 700 miles between Bethel & Nome
- Intermodal Linkage: with Nenana and Fairbanks rail/highway networks.

"The Yukon & Kuskokwim villages are often perceived as grouped together, but are entirely separate. Maritime infrastructure in Bethel does not serve the lower Yukon."
 Lower Yukon River Regional Port Project: Situational Analysis & Potential Impacts March 2014, DCCED

- Region divided geographically/politically: with representation from Nome, Bethel & Dillingham
- Administratively: Northern & Central Region DOT&PF
- Region can end up a "foster-child" on funded projects

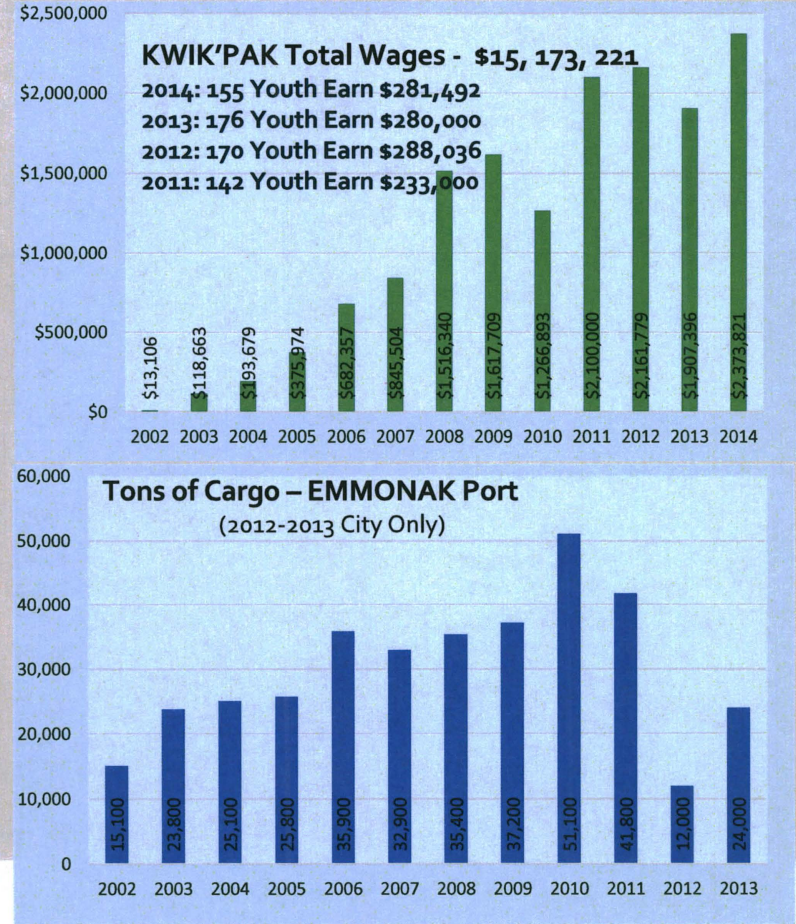


Yukon Delta Fisheries Dev. Assn. Kwik'pak Fisheries, Yukon Marine Manufacturing

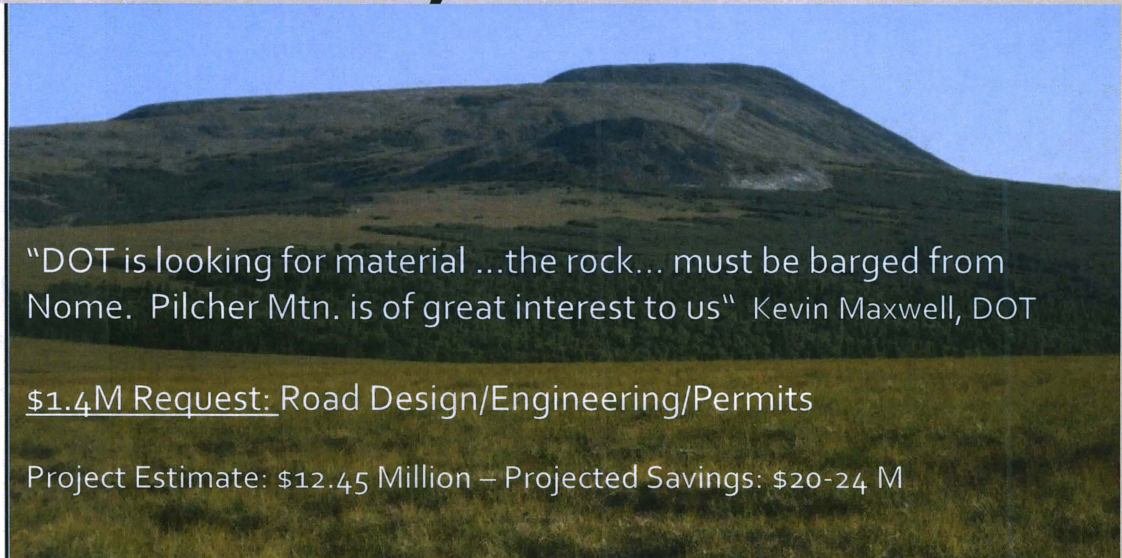
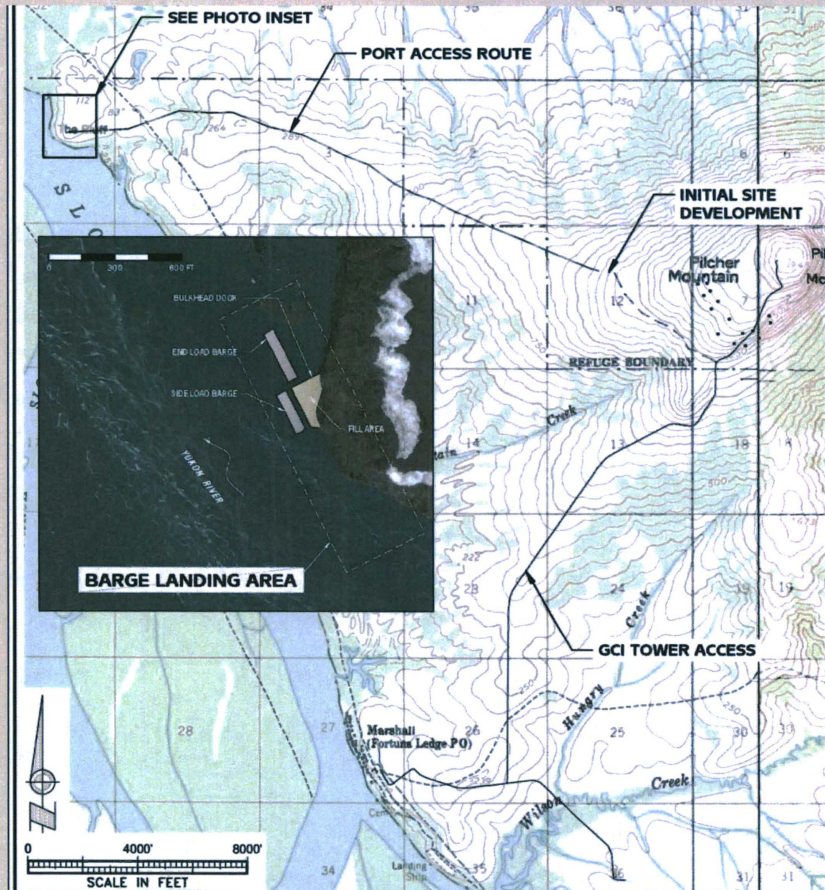
2002-2013 21.58 Million lbs. of salmon sold by 451 fishermen, valued at \$21M



Skiff Manufacturing/Repair
 243 Skiffs built since '99
 2014 9 employees Earn \$298,405



Marshall Dock & Quarry Road



"DOT is looking for material ...the rock... must be barged from Nome. Pilcher Mtn. is of great interest to us" Kevin Maxwell, DOT

\$1.4M Request: Road Design/Engineering/Permits

Project Estimate: \$12.45 Million – Projected Savings: \$20-24 M

St. Mary's / Mt. Village 15 Mile Road Rehabilitation –\$13M project

Pilot Station Airport Relocation – new airport & a 3 mile access road \$10M - \$20M construction Fall 2015.

St. Mary's Airport Improvements – \$10M-\$20M est. 2017 or 2018.

Nunam Iqua Runway Extension – with new access road \$2.5 M - \$5 M.

*Source DOT Northern/Central Region March 2015.

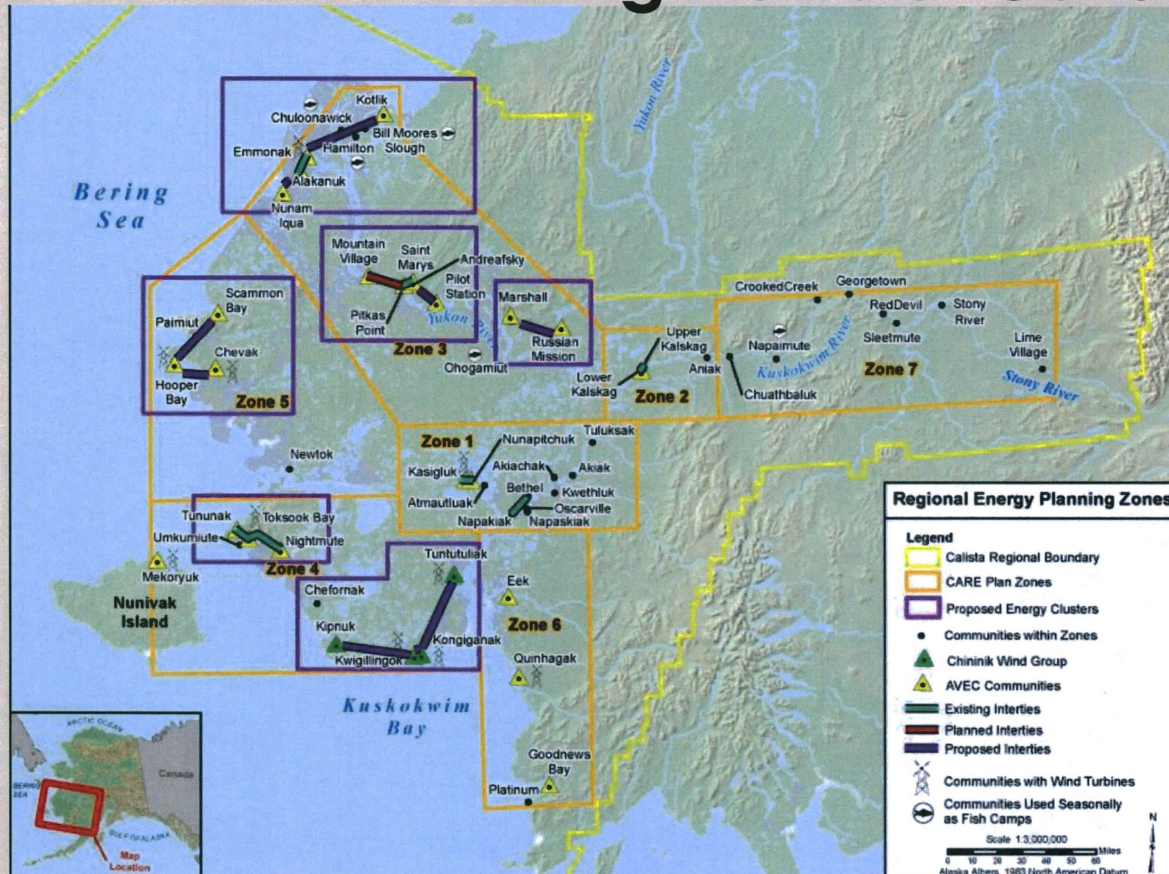


Solution: Village Cluster Consolidated Services

High Cost of Energy Threatens Sustainability

AVEC, Inc.	No PCE	PCE	Anchorage	Alaska
Cents/KwH	59.17	39.55	13.48	17.88

- 1. Access:** commit to link villages by road
- 2. Energy:** commit to transmission grids and alternative energy solutions
- 3. Coordination:** of the shared public services, infrastructure, Maint. & Ops.
 - Power Plants
 - Chinik Wind Group
 - Schools-institute regional high schools
 - Airports
 - Sub-regional Clinics already implemented



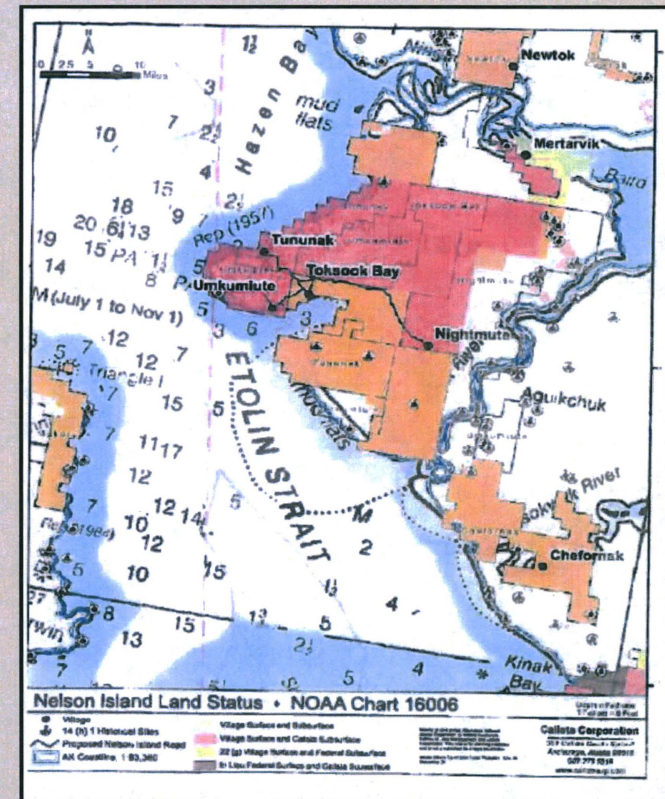
Village Cluster Consolidated Services

State Benefits:

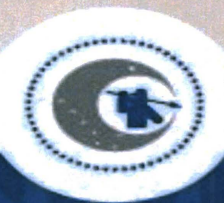
- Reduce Duplication
- Economies of Scale
- Coordinated State Agency Master Plans
- Sharing of Resources
- Centralized, Better Schools
- Leverage Limited State Capital & Operating Funds

Local Benefits:

- Linked Communities
- More Reliable Power
- Cheaper Energy and Transportation Costs
- Higher Quality Services
- Improved Education for Rural Students
- Improved emergency services and resources

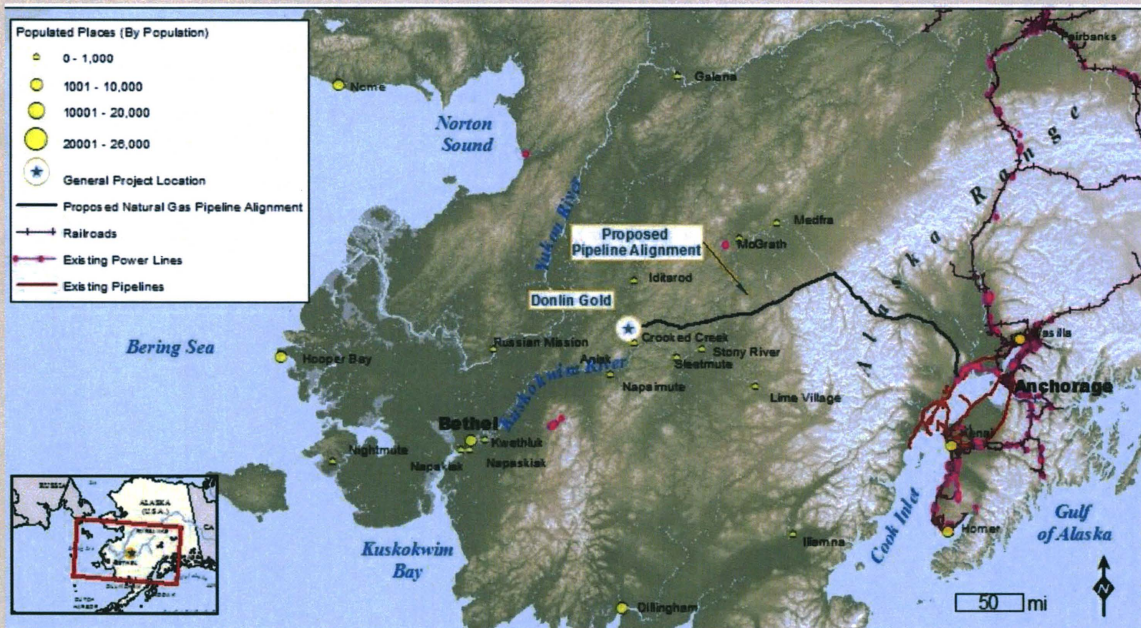


Toksook Bay Cluster Communities



Donlin Creek Mine Affords Access to Energy

\$1 Billion pipeline privately financed



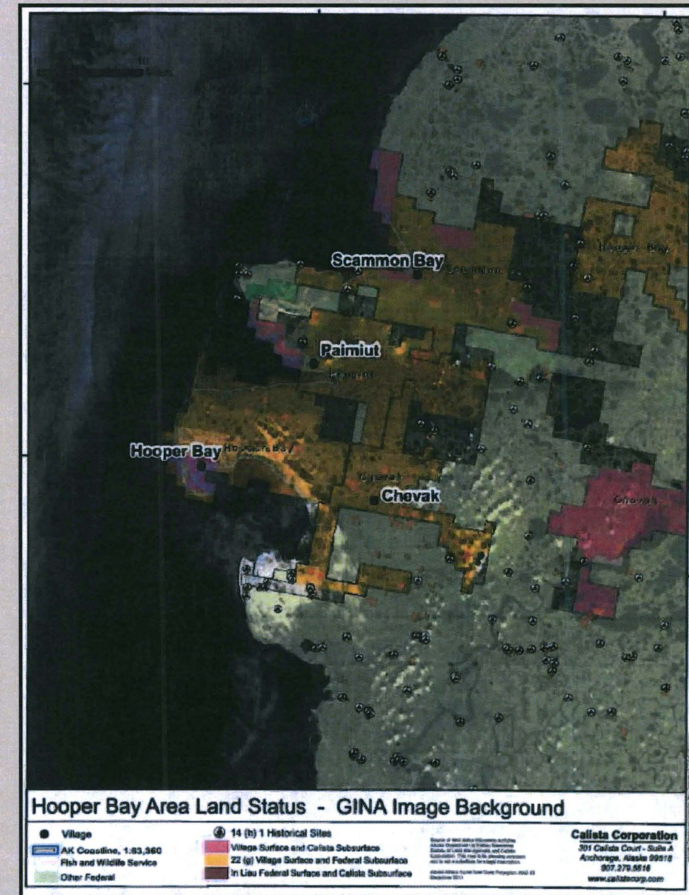
- Provides dependable power to mine
- 315 mile buried 14" natural gas pipeline with access capacity
- Affordable energy for the mine could also be a future supply chain for region
- Potential to expand into an energy grid for the planned cluster community electric interties



Quyana - Thank You!

www.facebook.com/CalistaCorp

www.CalistaCorp.com



Hooper Bay Cluster Communities





Alaska State House Resources Committee Testimony
March 18, 2015

Transportation & Energy Infrastructure Village Cluster Consolidated Services Plan

presented by:

Monica James, EVP/COO & George Owletuck, MA

Community Sustainability – Page 2

- **History shows America's towns had booms/busts:** Towns can come & go if unsustainable, 2,700+ towns disappeared in the last 100+ years, mostly in SW USA
- **Alaska has this history too:** 1800's to mid-1900's Alaska Packers ruled Salmon Industry, providing 80% of territory tax revenue, 37 cannery towns are now gone, "baby" state of Alaska had 22 towns/villages 'disappear' since 1900
- **Which towns in Alaska survived best? i.e. Ketchikan in SE** survived many difficult times repeatedly. Its economy used available resources and adapted. From Salmon processing 1880's+; Mining 1900's-'50; Salmon & Halibut Cold Storage of '30's+; Forestry '50-'97; Tourism '80+, seafood, recently some mining again
- **Stabilizing factors: Transportation** and affordable **Energy** through early HYDROPOWER (1903) made the community affordable and competitive
- **Both of these factors lead to, create and feed a sustainable economy with jobs**

Today Ketchikan has one highest resident State per-capita income from:

1. Transportation Accessibility
2. Stable Affordable Energy
3. Natural resource extraction for Jobs and an Economy



Alaska State House Resources Committee Testimony March 18, 2015

Calista Region – Page 3

As budgets tighten at federal/state levels, communities with little infrastructure struggle

Calista region: lacks infrastructure and is still being developed

- 57,000 square mile area with little to NO infrastructure, and the highest cost living
- Greatest number of citizens in a remote area ~25,735 people
- Largest number (56) of rural communities with populations ranging from ~ 200 to ~6,100+ and a GROWING young population – up 6.9% from 2010 to 2013
- NO interconnecting roads, or transmission grids - prevents cost-sharing of assets

Nearly every community in the Yukon-Kuskokwim region has:

- a K-12 school, but only one true high school at Bethel. Leads to low graduation rates, low scores, many dropouts, few electives – often poor quality and high teacher turnover, due in part to an inability to build home equity in villages

Statewide Graduation Rate: 65.26%

LYSD 2005-2014 Graduation Rate: 43.81% Teacher Turnover: 29.7%

LKSD 2010-2014 Graduation Rate: 42.75%

Source: Lower Yukon School District (LYSD) and Lower Kuskokwim School District (LKSD)

- Independent, aging diesel generation systems for village power
- Airports i.e. Marshall 3,200' x 100'
- Health clinics
- Basically limited access to State Troopers and VPSOs



Alaska State House Resources Committee Testimony March 18, 2015

Lower Yukon Port Needed – Page 4

Intermodal linkage with Nenana/Fairbanks:

i.e. Marshall shipped housing material from Seattle via Fairbanks using Nenana barges

The Calista region is divided:

Geographically – the Yukon, Kuskokwim and coastal areas

Politically: represented by Dillingham, Nome & Bethel House Districts

Administratively: State DOT&PF divides region into the Northern & Central Regions

Proposed 650' Dock vs. Existing Barge Landing – Page 5

The Port project in Emmonak will facilitate the safe and efficient offloading of cargo from barges. Emmonak is faced with the following challenges:

Overcrowding

The current unimproved condition of the barge landing facility and inefficient offloading operations create periods of significant overcrowding and barge backup

Erosion and Flooding

Persistent riverbank erosion and flooding pose a significant threat to the existing physical infrastructure of local maritime industry businesses

Supporting Economic Diversity and Stability

Maritime industry growth and expansion in Emmonak develops a more diverse economic base that would reduce local reliance on fisheries and government employment

Current Emmonak Projects:

- \$ 5.8 Million-FEMA Erosion Control
- \$18.7 Million-SOA/USDA-RD/FEMA Water/Sewer Upgrades
- \$10.5 Million SOA local service road project
- \$ 3.9 Million USDA-RD new landfill

Each project requires cargo to pass through the Emmonak 'dock' – really a riverbank.



Alaska State House Resources Committee Testimony March 18, 2015

Yukon Delta Fisheries Dev. Association - Page 6

Despite the lack of a port facility in Emmonak, the Yukon Delta Fisheries Development Association (YDFDA) maritime industry businesses have demonstrated significant growth. These businesses establish Emmonak as an economic center for the region, providing employment, income, and services to residents throughout the lower Yukon

Kwik'pak Fisheries - from 2002-2013

- bought 21,578,968 lbs of salmon infusing \$21,000,127 directly to 451 fishermen
- paid through 2014 \$15,173,221 in aggregate wages

Kwik'pak Youth Employment Program provides summer employment to 14-17 year olds

- paid \$1,082,528 to youth in the last four years.

Yukon Marine Manufacturing since 1999 built and sells 243 20' – 24' skiffs

- employs local welders to build/repair boats for area residents

Yukon River Towing employees built a bunkhouse in Emmonak which sleeps 30 people

- used siding from logs delivered by local residents and milled at local sawmill
- built one four-bedroom home in Emmonak and a large pole-barn for boat yard
- developed log and "stick-frame" home kits for Lower Yukon residents
- YRT uses a program offered by US HUD which offers low interest mortgage loans



Alaska State House Resources Committee Testimony
March 18, 2015

Marshall Dock & Quarry Road – Page 7

- **Marshall Final Engineering Design & Permits:** provide final road design & permits for complete port and road access. **Phase 1 Request: \$1.34 Million**
- The lower Yukon region must purchase material from Nome at exorbitant cost
- Constructing a quarry in Marshall would result in an estimated cost savings of \$20-24 Million for DOT & PF identified region airport upgrade projects
- Additional savings are anticipated for future regional infrastructure with local high grade gravel/armor rock at a significantly lower cost
- Native Village of Marshall identifies Indian Reservation Roads funds as a **10% federal match**

St. Mary's / Mountain Village Road Rehabilitation – rehabilitating the 15 mile road at St. Mary's and Mountain Village.

Engineer's Estimate Range: \$13,000,000

Pilot Station Airport Relocation – this project will construct a new airport and a 3 mile airport access road.

Engineer's Estimate Range: \$10,000,000 and \$20,000,000

St. Mary's Airport Improvements – this project will resurface the runway, taxiways and apron, and make other improvements

Engineer's Estimate Range: \$10,000,000 and \$20,000,000

Nunam Iqua (Sheldon Point) Runway Extension – this project will extend the runway embankment and construct a new access road to the airport.

Engineer's Estimate Range: \$2,500,000 and \$5,000,000



Alaska State House Resources Committee Testimony
March 18, 2015

Solution: Village Cluster Consolidated Services-Page 8

Develop a more robust energy/transportation infrastructure for Western Alaska

Intent: Consolidate public services and infrastructure to support sustainability

1. Community Sustainability:

- Areas with small rural communities and little infrastructure have extremely high living costs, they must share and leverage resources to ensure community sustainability
- Calista Region is a good model (large # of small villages, lack of basic infrastructure, and the highest energy heat/electricity costs in nation)

2. Village Cluster Consolidation Model Proposed:

- Public Infrastructure & Services Master Plan for Three groups of closely located villages
- Sub-regions and hubs in the larger Yukon-Kuskokwim area
- Identify costs and develop an Implementation Plan

3. Benefit of Village Clusters with road linkages

- State Departments would consolidate & share resources, build regional infrastructure at lower cost
- Reduce duplication of infrastructure and services located closely together
- Provide better quality of required public services (i.e.) regional high schools with elective classes
- Reduce rural cost of living, while improving student education, training, and workforce development

Calista's solution is to create village clusters of consolidated infrastructure



CALISTA CORPORATION
www.calistacorp.com

**Alaska State House Resources Committee Testimony
March 18, 2015**

**Village Cluster Consolidated Services - Page 9
Self-explanatory**

Donlin Creek Mine brings Affordable Energy - Page 10

Natural resource development requires affordable energy – if affordable energy was available, the Donlin Creek mine would already be in production.

The proposed 315 mile Gas Pipeline Project would transport natural gas from the Beluga Natural Gas Pipeline system 30 miles west of Anchorage to the Donlin Creek mine.

Completing the gas pipeline project provides an opportunity for a federal-state public private partnership to expand a natural gas-powered electric inter-tie network into the region

Potential to expand the natural gas pipeline into the region thus reducing reliance upon subsidized electricity from Power Cost Equalization.

Thank you – Quyana!

Donlin Gold Project Update



DONLIN
GOLD

State of Alaska House Resources Committee

James Fueg, Project Study Manager

March 18, 2015

Donlin Gold Project



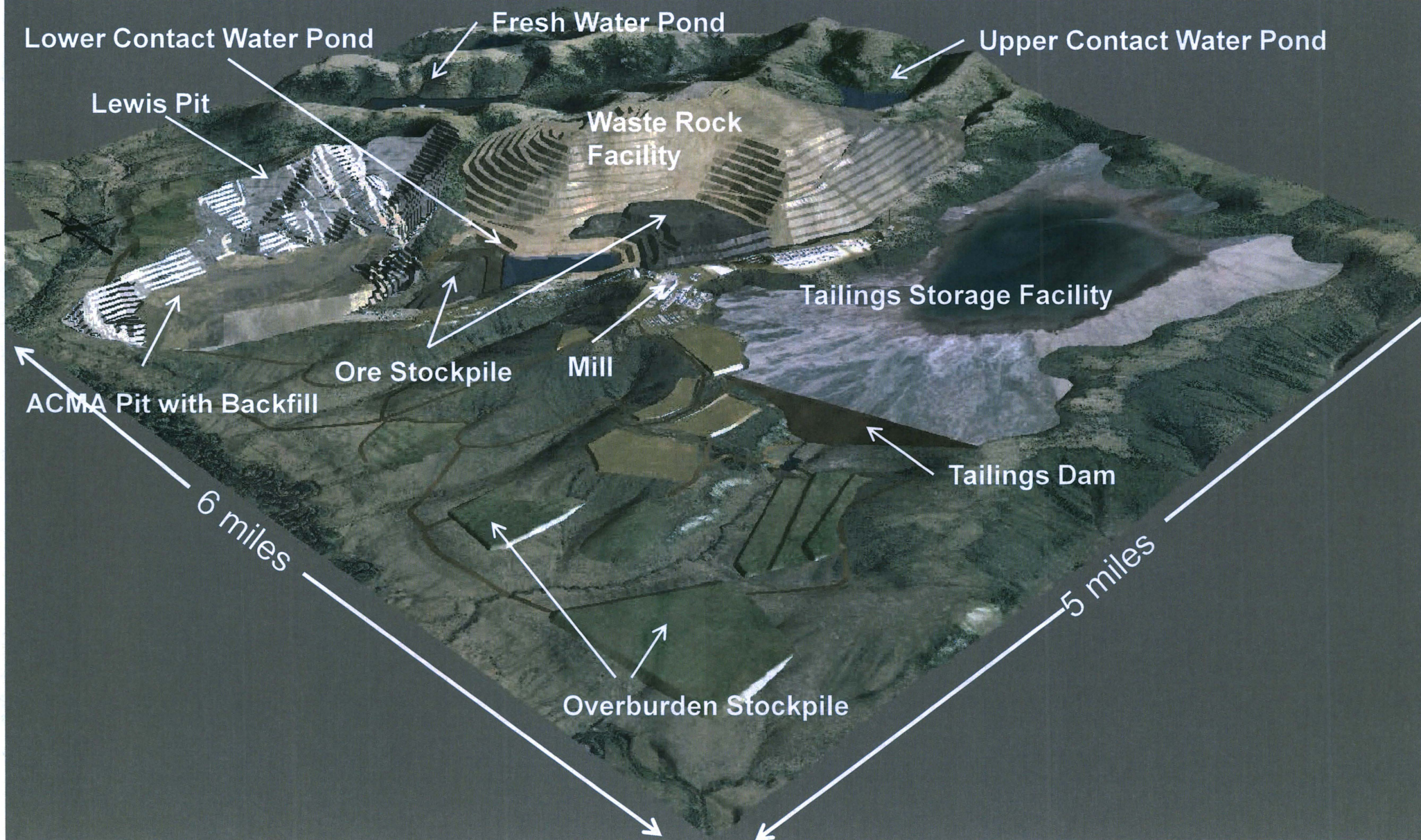
- In partnership with Calista Corp. and The Kuskokwim Corp. (TKC)
 - Calista land selected for resource development potential
 - Exploration and mining lease with Calista
 - Surface use agreement with TKC
- Donlin Gold LLC is the operating company
 - 50/50 partnership with Barrick Gold and NOVAGOLD
- Anchorage, Bethel and Aniak offices
- 20 years so far
 - Resource definition
 - Engineering studies
 - Environmental baseline studies
 - Sharing info with Y-K Region



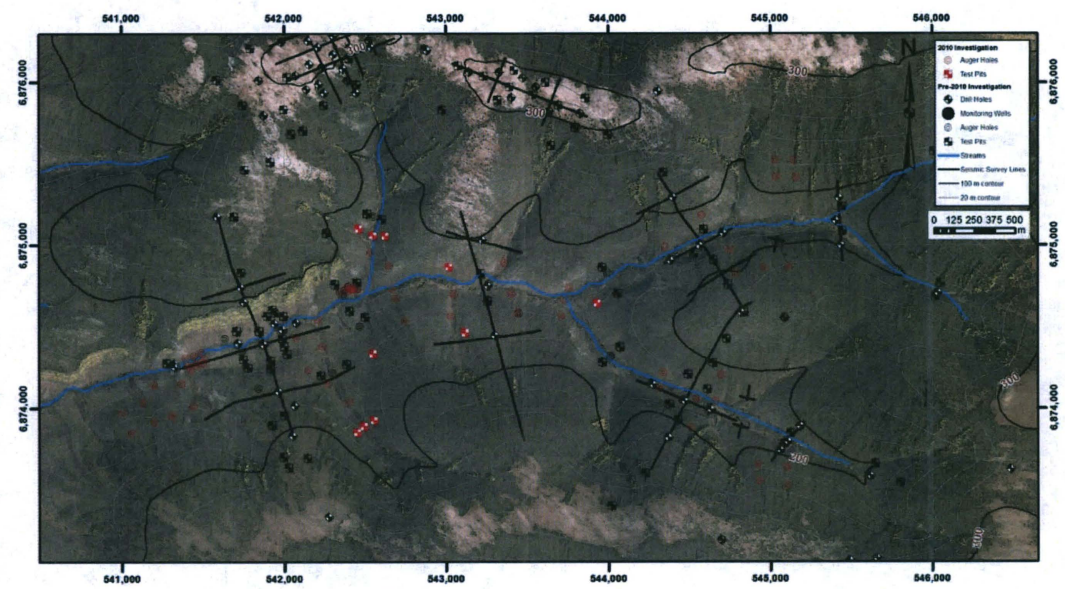
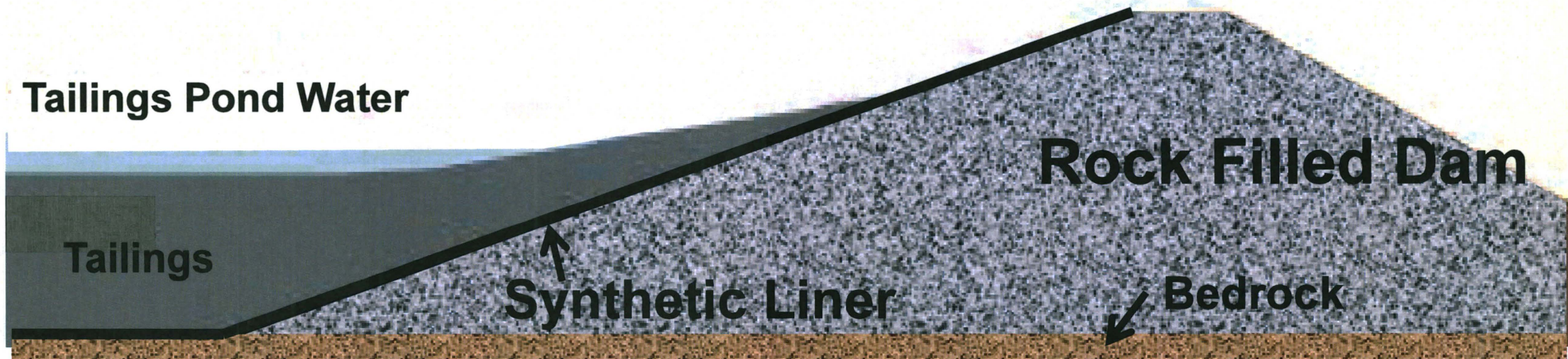
CALISTA CORPORATION
www.calistacorp.com



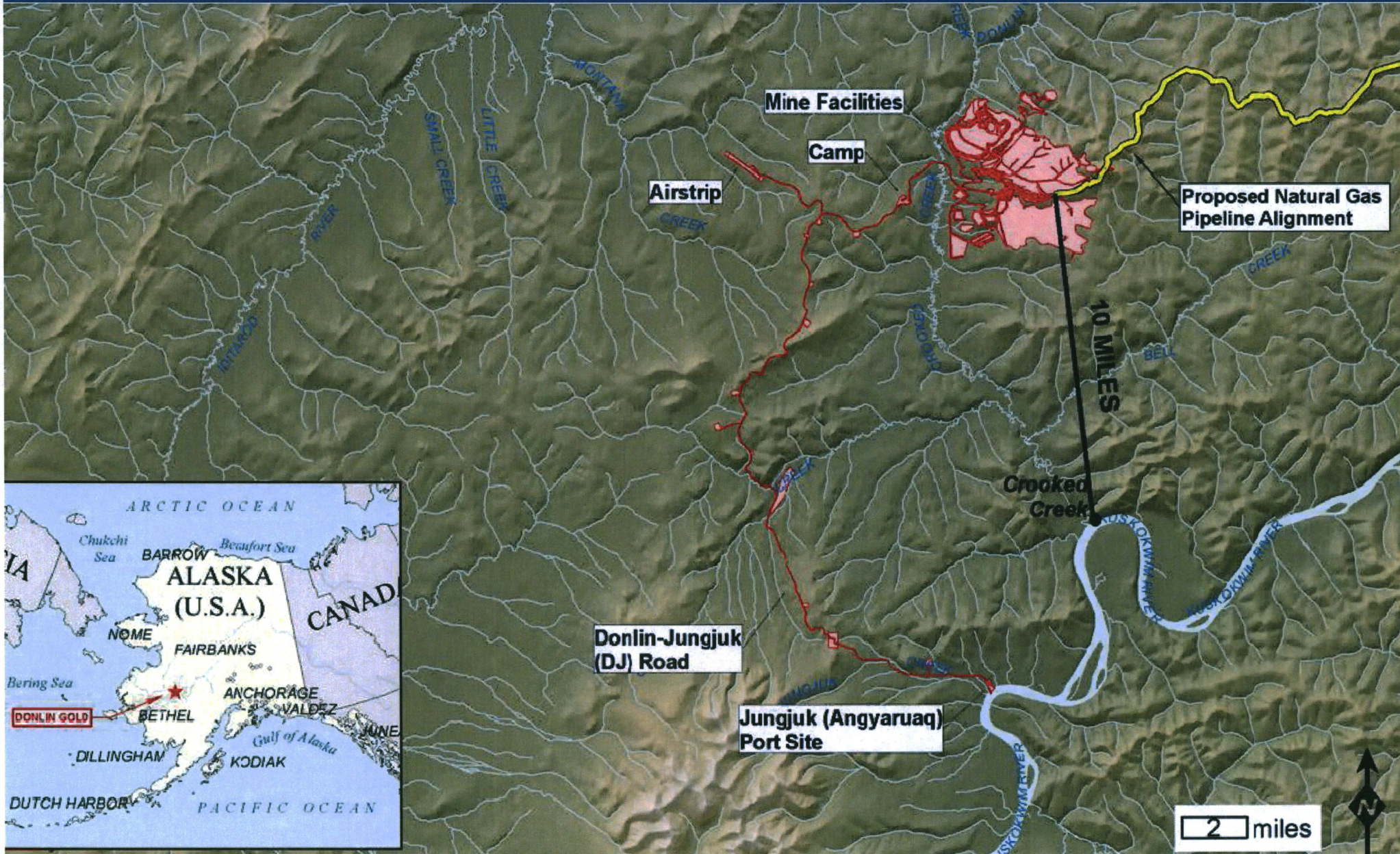
Site Layout



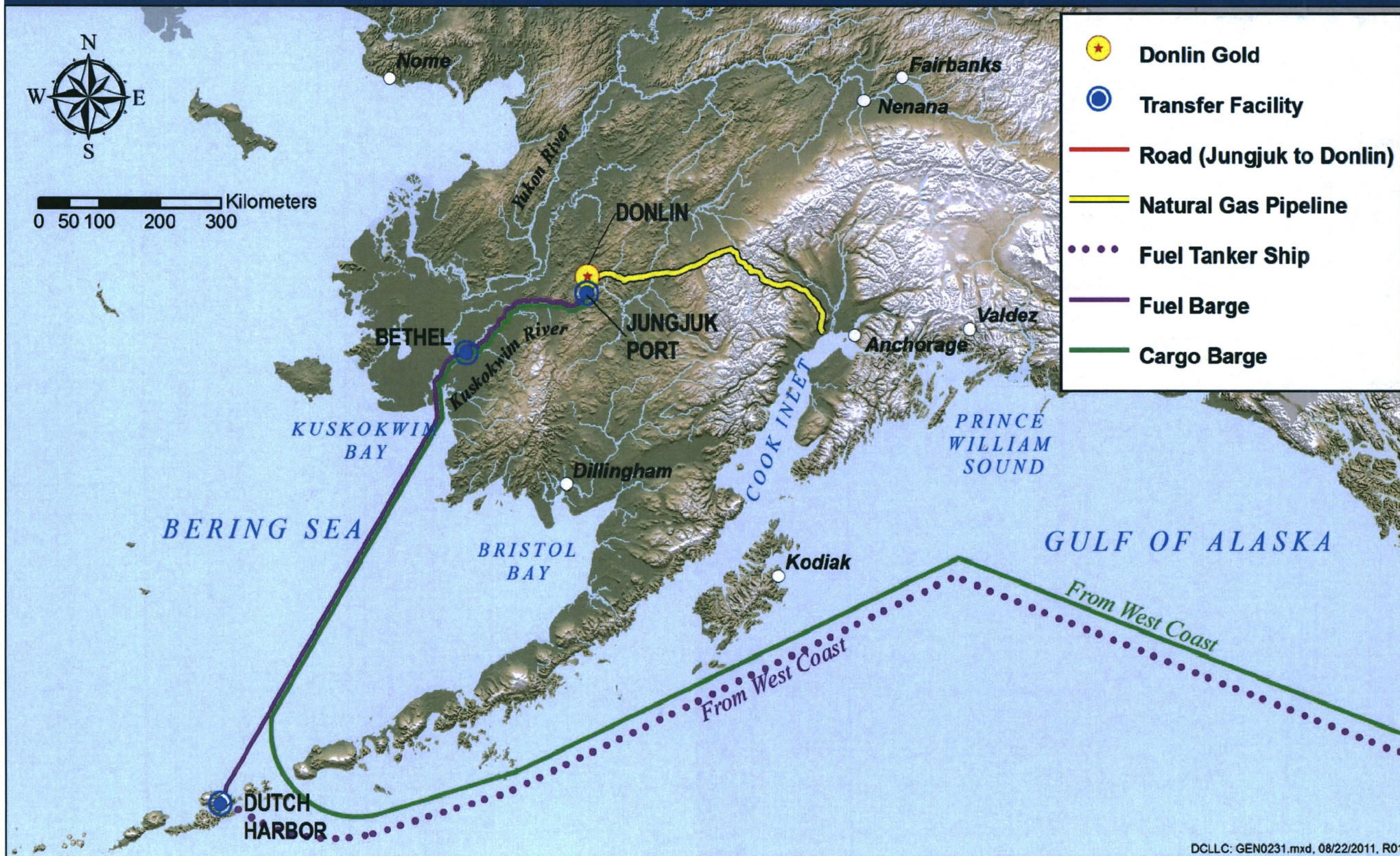
Tailings Facility



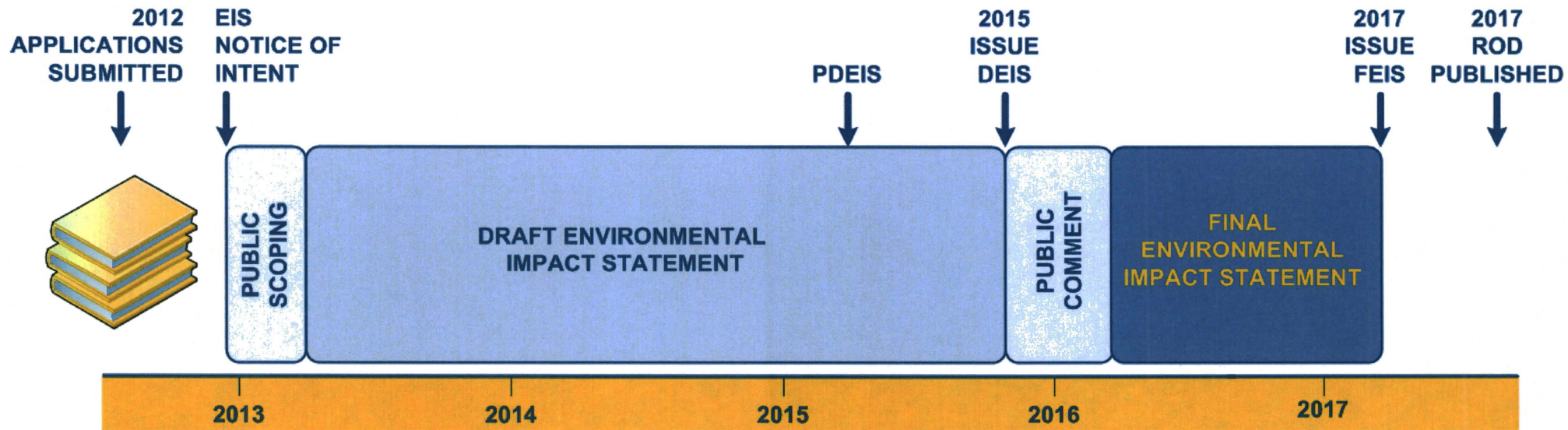
Project Infrastructure



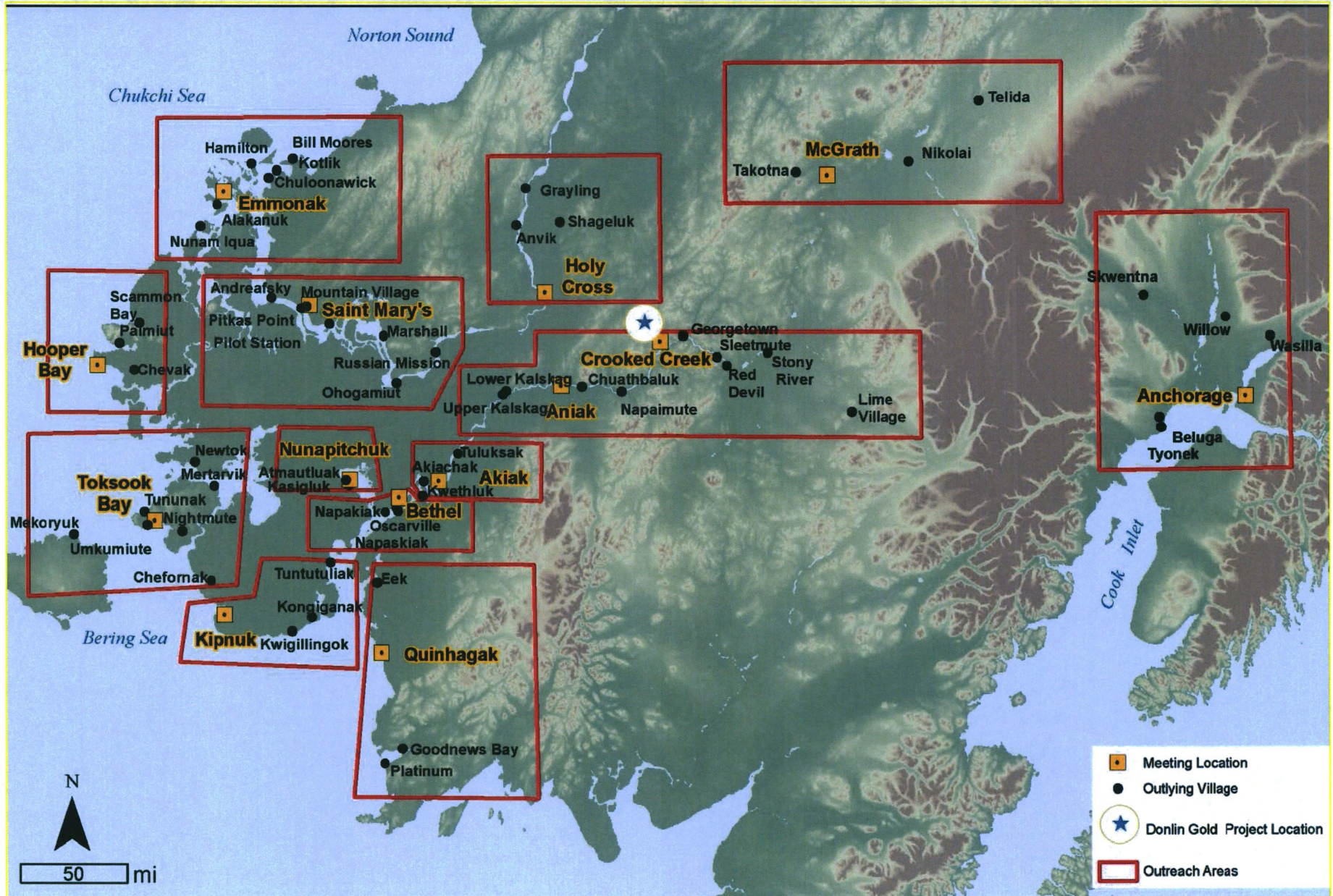
Logistics & Supply Chain



EIS Schedule



EIS Public Scoping Meetings



Community Engagement



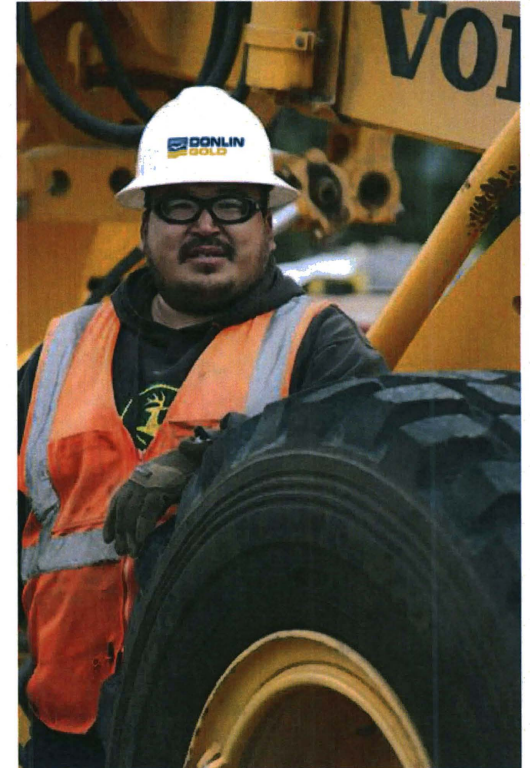
- **Outreach**
 - 25-30 village meetings/yr
 - Bethel and Aniak offices
 - Yup'ik presentations
- **Workforce Development**
 - Reputation for local hire
 - School outreach
 - Scholarships
- **Community Investment**
 - Cultural Preservation, Environmental Protection, Community Wellness, Education



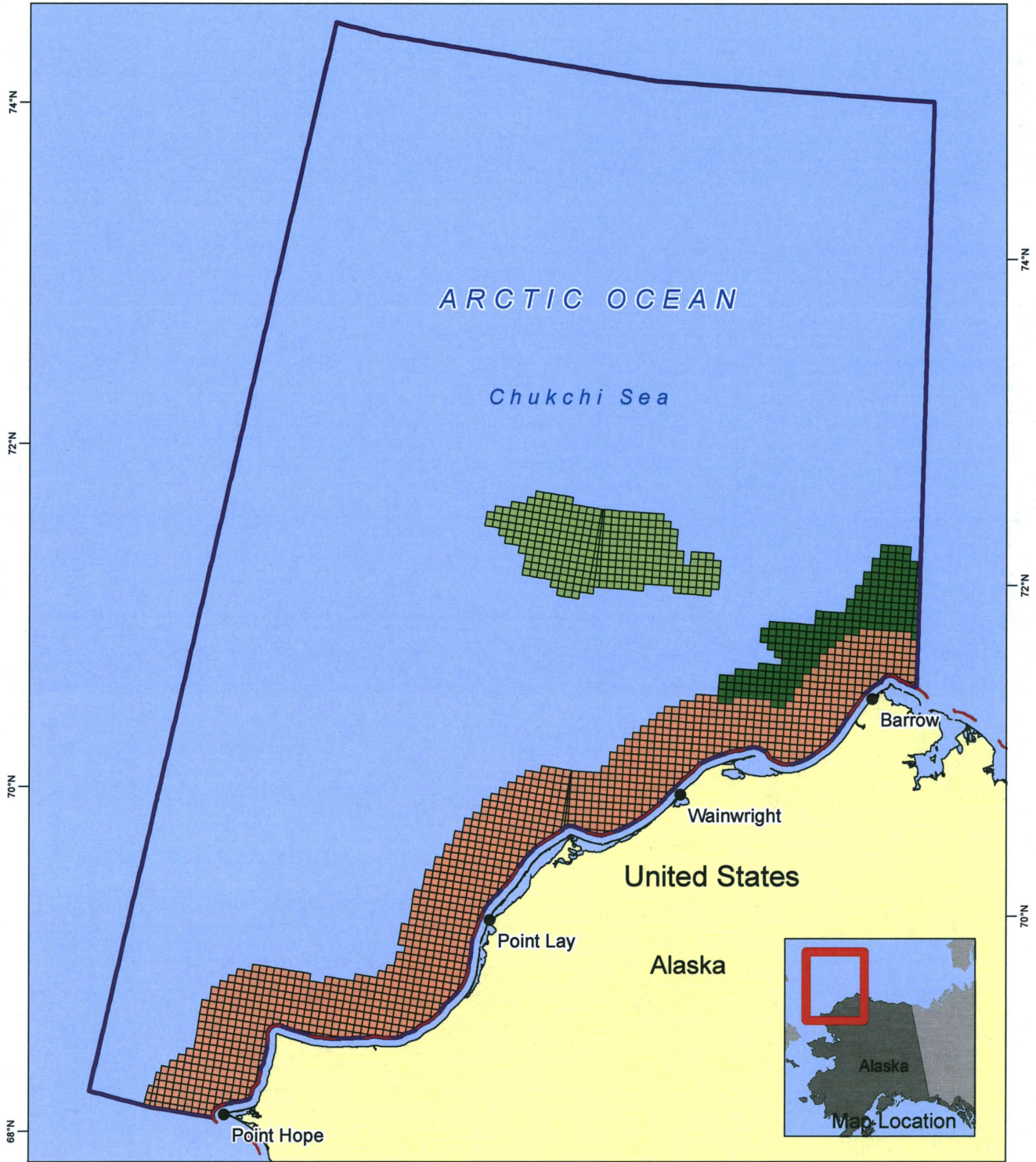
Economic Benefits



- Construction (3-4 years)
 - Payroll: ~\$375 million/year
 - Workforce: >3,000
- Operations (27+ years)
 - Workforce: ~ 900
 - Direct Payroll: ~\$100 million/year
 - Indirect and induced payroll: ~\$60 million/year
 - Royalties to Calista and TKC
 - Statewide distribution of revenue through 7(i)
 - Mining license and corporate income taxes to State



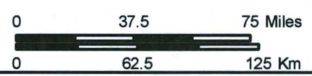
Chukchi Sea Planning Area



Legend

- Federal-State Boundary
- Hanna Shoal
- 25-Mile Coastal Buffer
- Chukchi Sea Subsistence
- Chukchi Sea Planning Area

GCS NAD 83 - Alaska Albers



Obama puts Chukchi, Beaufort areas off-limits for oil drilling - Fairbanks Daily News-Miner: Alaska News

Obama puts Chukchi, Beaufort areas off-limits for oil drilling

Dina Cappiello, Associated Press | Posted: Tuesday, January 27, 2015 11:54 am

WASHINGTON - The Obama administration floated a plan Tuesday that for the first time would open up a broad swath of the Atlantic Coast to drilling, even as it moved to restrict drilling indefinitely in environmentally-sensitive areas off Alaska.

The proposal envisions auctioning areas located more than 50 miles off Virginia, North and South Carolina, and Georgia to oil companies no earlier than 2021, long after President Barack Obama leaves office. For decades, oil companies have been barred from drilling in the Atlantic Ocean, where a moratorium was in place up until 2008.

The plan also calls for leasing 10 areas in the Gulf of Mexico, long the epicenter of U.S. offshore oil production, and three off the Alaska coast.

"This is a balanced proposal that would make available nearly 80 percent of the undiscovered technically recoverable resources, while protecting areas that are simply too special to develop," Interior Secretary Sally Jewell said in a conference call with reporters. "The areas off the table are very small in comparison to areas on the table."

The plan, which covers potential lease sales in the 2017-2022 time frame, drew immediate reaction from Capitol Hill, where Sen. Lisa Murkowski, R-Alaska, called it a war on her home state, and where Northeastern Democrats objected to the proposal for the Atlantic Ocean, saying an oil spill knows no boundaries. The proposal comes as the U.S. is in the midst of an oil boom and when oil prices, and pump prices, are at near-historic lows.

For Alaska, President Barack Obama issued a memorandum Tuesday placing 9.8 million acres of the state's offshore resources off limits indefinitely. The memorandum withdraws from leasing parts of the Beaufort and Chukchi seas, as well as a shallow 30-mile shelf in northwestern Alaska called Hanna Shoal, citing their importance to Alaska natives and the sensitive environmental resources.

"There are some places that are too special to drill, and these areas certainly fit that bill," Jewell said.

"Opening up the Atlantic coast to drill for fossil fuel is unnecessary, poses a serious threat to coastal communities throughout the region, and is the wrong approach to energy development in this country," said New Jersey Sens. Cory Booker and Robert Menendez, and Rep. Frank Pallone, in a statement.

But many politicians from Southeastern states support offshore drilling, and had lobbied the administration to open federal waters off their coasts.

"Exploring for energy off the coast is a critical economic development issue," said South Carolina Gov. Nikki Haley, a Republican. "It will mean jobs and investment for our state, and, while we will always make safeguarding our rich natural resources a priority, it's encouraging to see the federal government finally acknowledge what we've been fighting for with our federal delegation for years."

Interior Department officials cautioned that they were in the early stages of a multi-year process, with Jewell saying they were only "considering" a lease sale in the Atlantic and that areas could be "narrowed or taken out entirely in the future."

For Alaska, President Barack Obama issued a memorandum Tuesday placing 9.8 million acres of the state's offshore resources off limits indefinitely. The memorandum withdraws from leasing parts of the Beaufort and Chukchi seas, as well as a shallow 30-mile shelf in northwestern Alaska called Hanna Shoal, citing their importance to Alaska natives and the sensitive environmental resources.

"There are some places that are too special to drill, and these areas certainly fit that bill," Jewell said.

Obama in early 2010 announced his intention to allow drilling 50 miles off the Virginia coast, only to scrap it after the BP oil spill in the Gulf of Mexico. But the administration has allowed oil and gas companies to explore for oil and gas in the Atlantic in the meantime, which is the initial step prior to drilling.

Environmental groups were quick to criticize the proposal, saying offshore drilling had not gotten safer in the years after the BP disaster. Congress, despite recommendations, has not passed any new laws to deal with the lapses identified in the wake of the spill, which was the largest offshore incident in U.S. history.

"This 5-year plan could destroy our coastal economies for decades to come, costing future generations the fishing livelihoods that have been part of their local fabric for generations," said Oceana's vice president Jacqueline Savitz.

But the oil industry applauded the move, saying much of the U.S.'s offshore potential remains untapped. Production from offshore areas accounts for 16 percent of the oil produced in the U.S. now.

The Independent Petroleum Association of America said in a statement that while the proposal is a step in the right direction, it "urges the administration to keep all offshore areas available to exploration."



According to documents obtained by The Associated Press through the Freedom of Information Act, at least four firms have filed applications with federal fisheries managers to conduct wide-scale seismic imaging surveys in the Atlantic to explore for oil and gas deposits.

The applications for "incidental harassment" of marine animals including endangered right whales are currently being reviewed by NOAA Fisheries.




The projects involve towing seismic air guns behind vessels for hundreds of miles, over months and years. The guns emit strong bursts of air and sound, which allow crews to create two-and-three-dimensional images of the seafloor.

Associated Press writers Jason Dearen in Miami and Bruce Smith in Charleston, S.C., contributed to this report.

OCS Oil and Gas Leasing Chukchi Sea

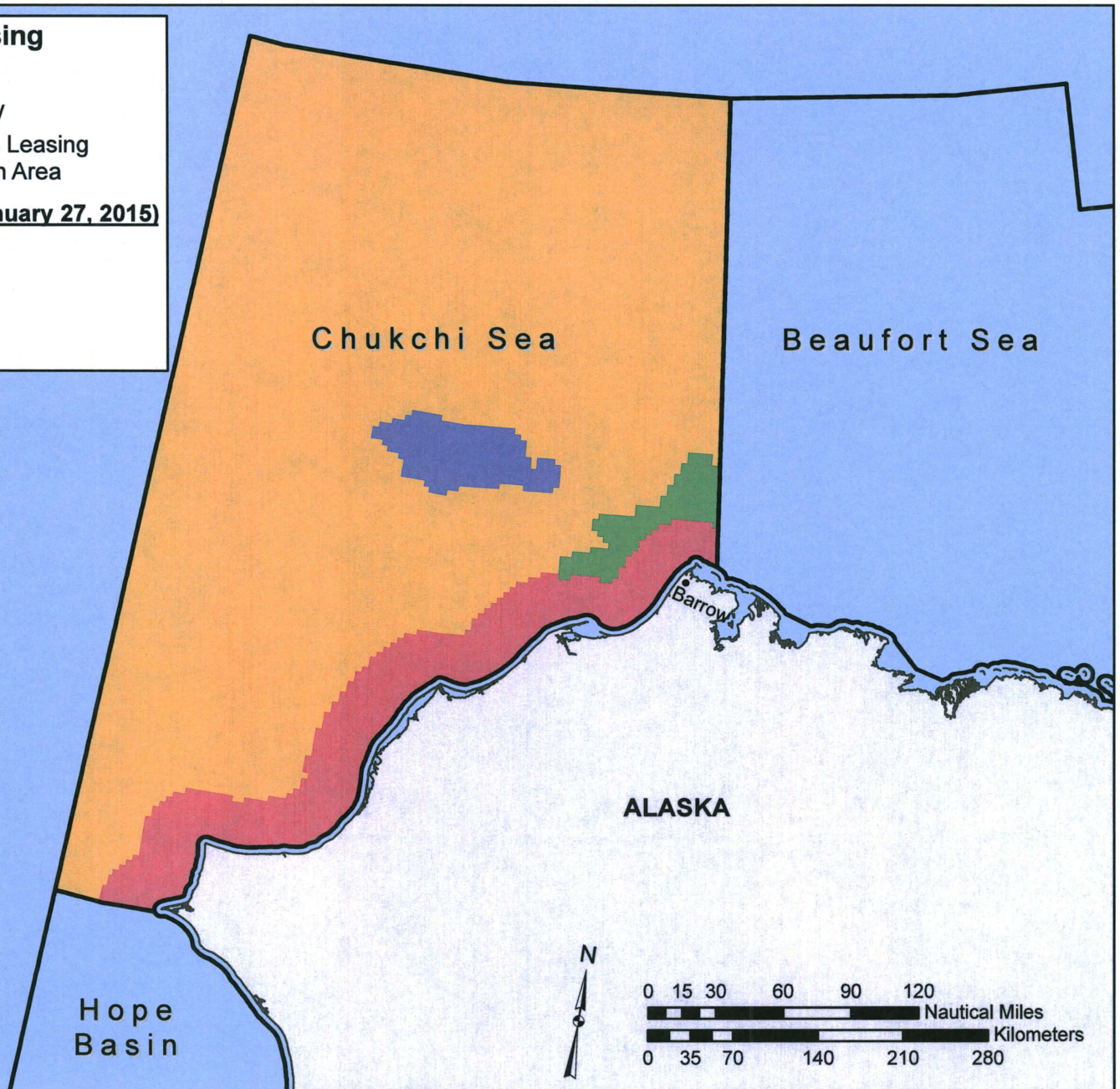
-  Planning Area Boundary
-  2017–2022 Oil and Gas Leasing
Draft Proposed Program Area

Presidential Withdrawal Areas (January 27, 2015)



-  Hanna Shoal Area
-  Subsistence Area
-  25-Mile Buffer






The maritime boundaries and limits shown hereon, as well as the divisions between planning areas, are for initial planning purposes only and do not necessarily reflect the full extent of U.S. sovereign rights under international and domestic law.

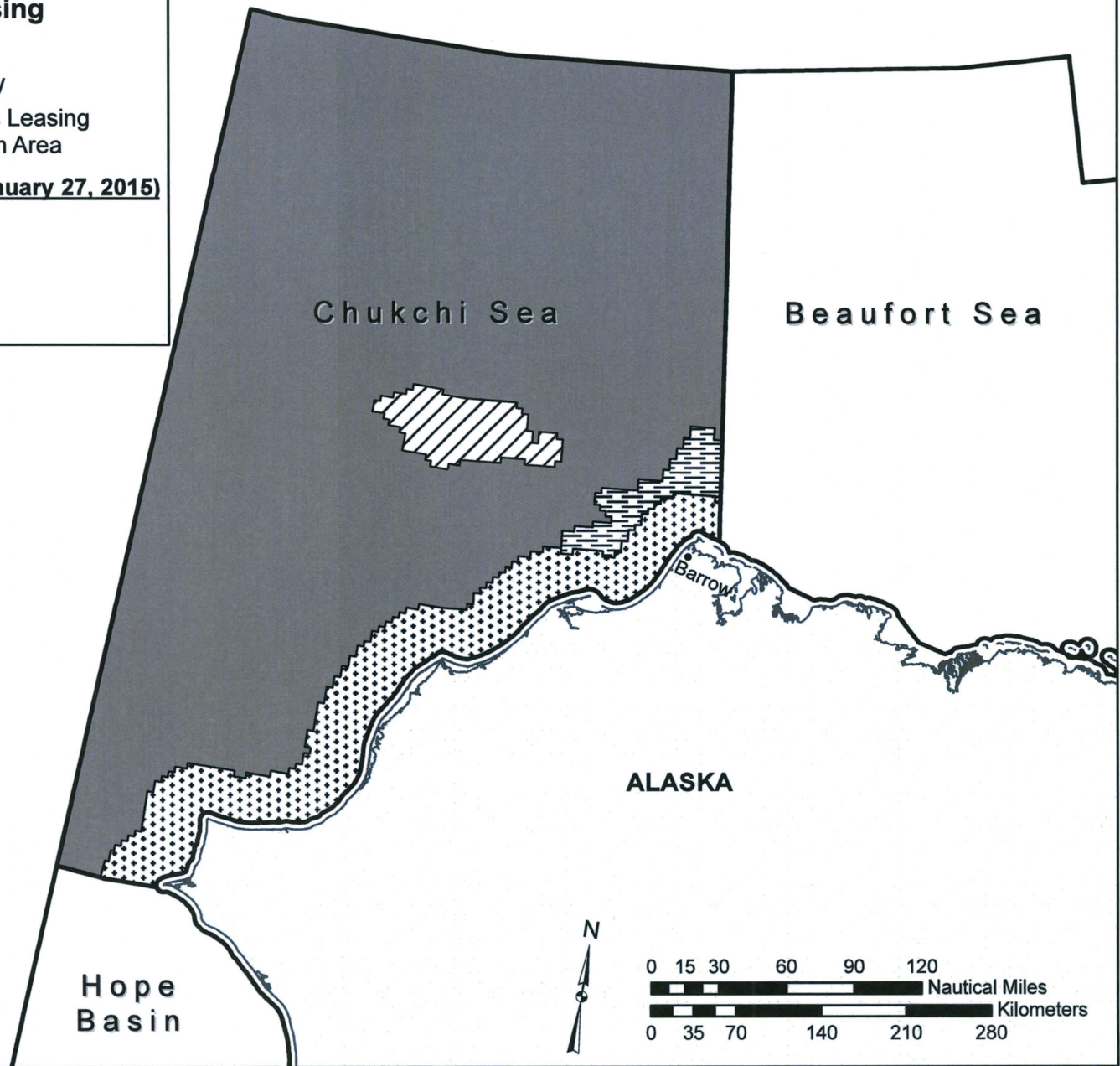


OCS Oil and Gas Leasing Chukchi Sea

-  Planning Area Boundary
-  2017–2022 Oil and Gas Leasing Draft Proposed Program Area

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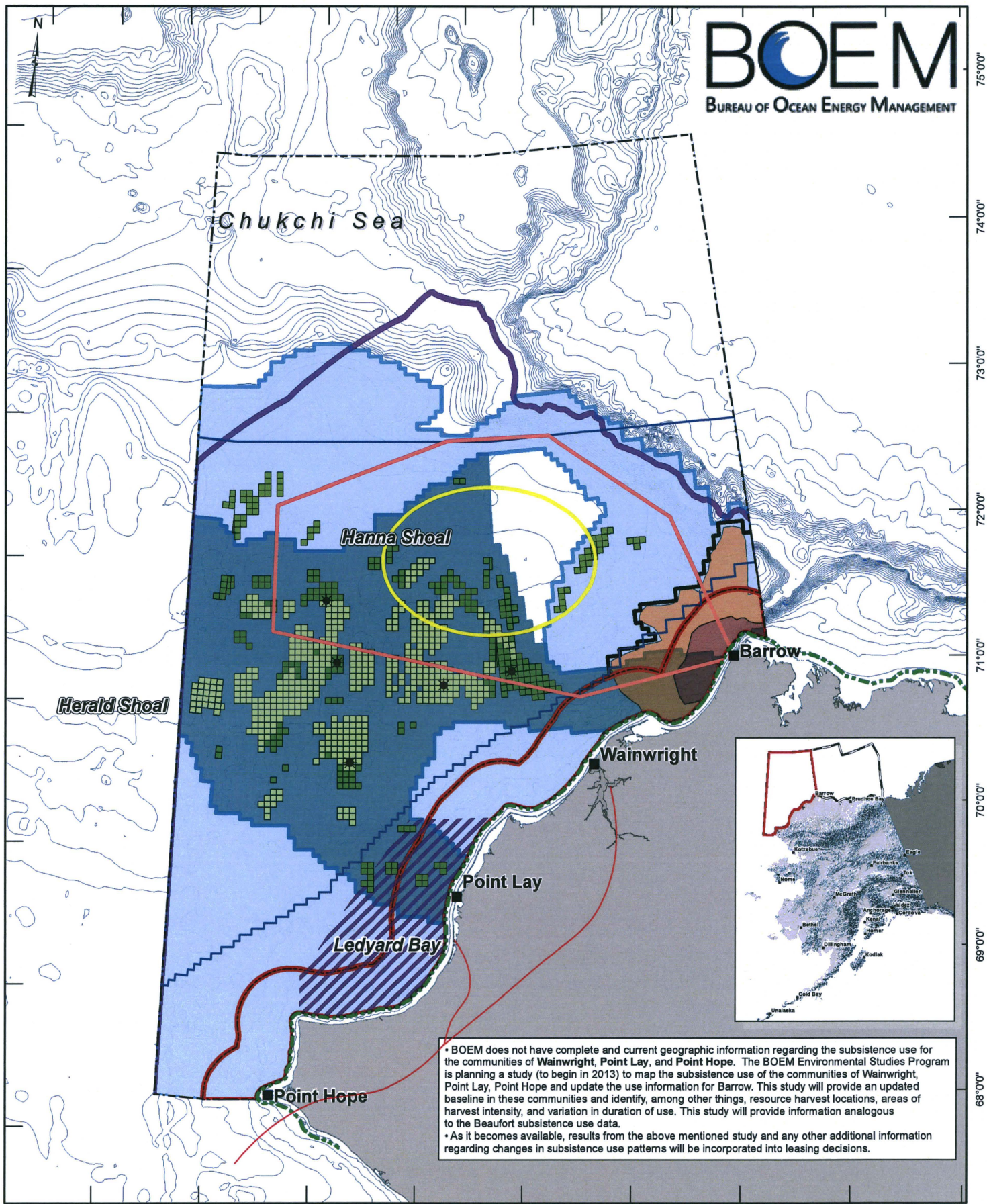
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Chukchi Area Analytical Considerations

-174°0'0" -172°0'0" -170°0'0" -168°0'0" -166°0'0" -164°0'0" -162°0'0" -160°0'0" -158°0'0" -156°0'0" -154°0'0" -152°0'0" -150°0'0" -148°0'0"



An interactive version of the data depicted here can be found by referencing the "BOEM MMC Mapping Tool - Arctic" map on the Map Gallery Page on MarineCadastrre.gov. Or go direct to: <http://www.marinecadastre.gov/MMC%20Pages/gallery.aspx>

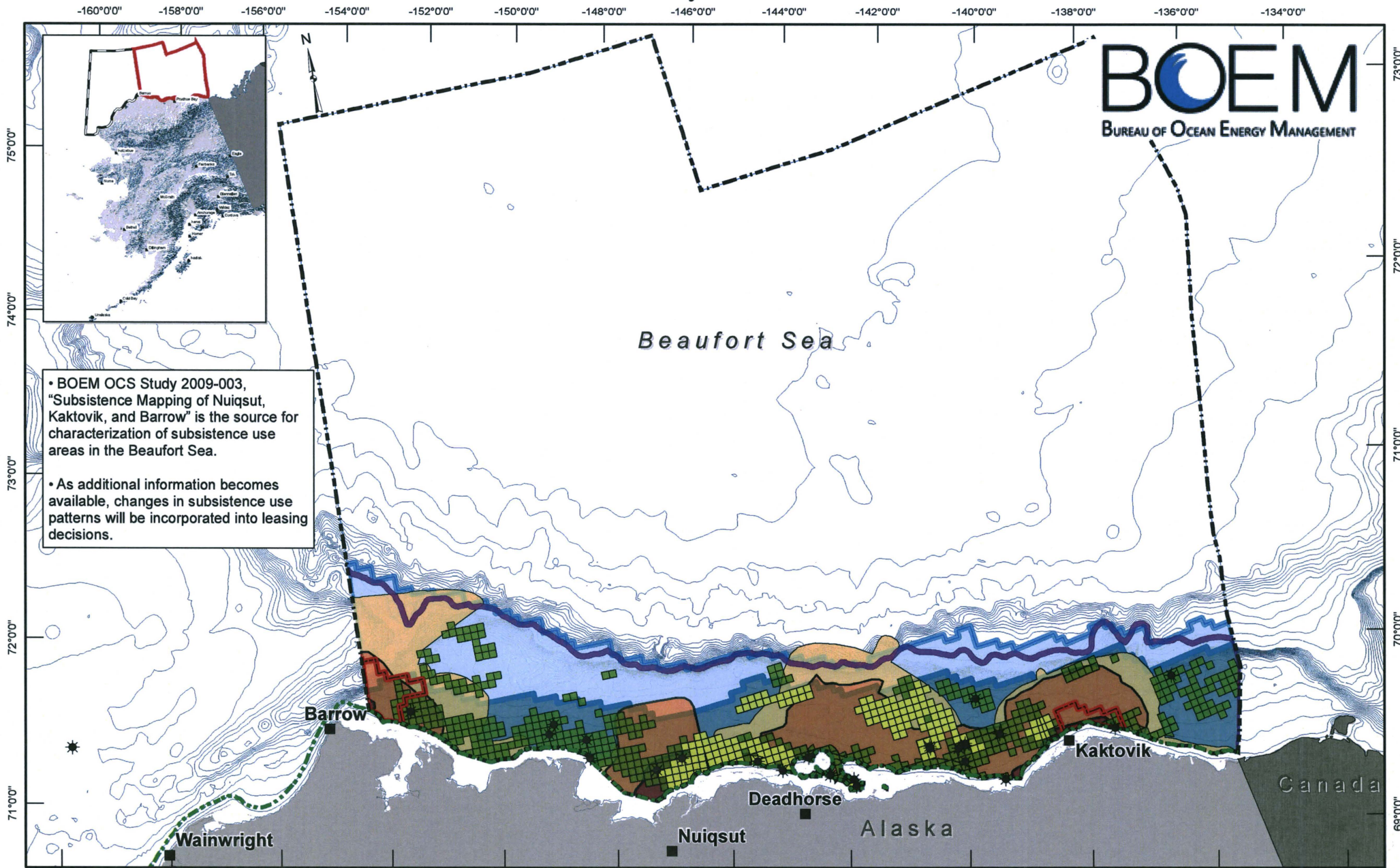


• BOEM does not have complete and current geographic information regarding the subsistence use for the communities of Wainwright, Point Lay, and Point Hope. The BOEM Environmental Studies Program is planning a study (to begin in 2013) to map the subsistence use of the communities of Wainwright, Point Lay, Point Hope and update the use information for Barrow. This study will provide an updated baseline in these communities and identify, among other things, resource harvest locations, areas of harvest intensity, and variation in duration of use. This study will provide information analogous to the Beaufort subsistence use data.
 • As it becomes available, results from the above mentioned study and any other additional information regarding changes in subsistence use patterns will be incorporated into leasing decisions.

Coordinate System: NAD 1983 UTM Zone 3N 0 12.5 25 50 75 100 Miles 1:4,000,000

Chukchi Planning Area	Excluded from 2012-2017 Scoping	OCS Historic Leases	High Petroleum Potential	Subsistence, High Use
Fed-State Boundary	OCS Wells	OCS Active Leases	Medium Petroleum Potential	Subsistence, Medium Use
Sale 193 Final Area	Bathymetry (10 meter intervals)	Ledyard Bay Spectacled Eider Critical Habitat Area	Low Petroleum Potential	Subsistence Deferral
	Polar Bear Critical Habitat	Hanna Shoal Core Study Area	Hanna Shoal Baseline Study Area	

Beaufort Sea Analytical Considerations

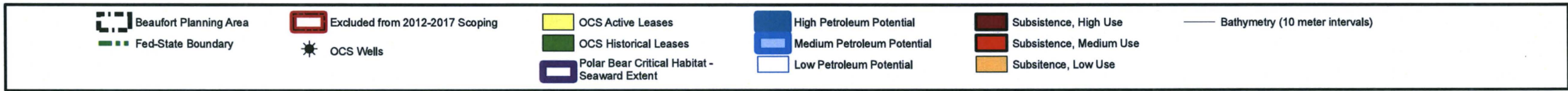


• BOEM OCS Study 2009-003, "Subsistence Mapping of Nuiqsut, Kaktovik, and Barrow" is the source for characterization of subsistence use areas in the Beaufort Sea.

• As additional information becomes available, changes in subsistence use patterns will be incorporated into leasing decisions.



Coordinate System: NAD 1983 UTM Zone 3N



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Beaufort Sea Planning Area



Legend

-  Beaufort Sea Planning Area
-  Kaktovik Whaling
-  Barrow Whaling
-  Federal-State Boundary

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