



March 9, 2018

Ms. Kelly Hammerle, Five-Year Program Manager
Bureau of Ocean Energy Management
45600 Woodland Road VAM-LD
Sterling, VA 20166

Comments submitted via: www.regulations.gov

Ms. Hammerle,

Arctic Inupiat Offshore, LLC (AIO) herein provides the following comments in response to the Bureau of Ocean Energy Management (BOEM) Draft Proposed 2019-2024 Outer Continental Shelf (OCS) Leasing Program (DPP). AIO previously provided comments to BOEM's 2017-2022 Program, the Programmatic Environmental Impact Statement (PEIS) for the 2017-2022 Leasing Program, the Request for Information for the 2019-2024 OCS Leasing Program, and met with the former BOEM director, Abigail Hopper, to advocate for the Arctic OCS to be included in the 2017-2022 Leasing Program. Throughout all these comments and engagements, AIO remains supportive of culturally responsible and environmentally conscious exploration of the Arctic OCS and maintains that this opportunity should be included in the 2019-2024 Leasing Program.

AIO appreciates BOEM conducting their due diligence by reviewing and revising the 2017-2022 Leasing Program. Consistent with the Outer Continental Shelf Lands Act (OCSLA), BOEM is mandated to evaluate the future United States (U.S.) energy needs and analyze the resource potential of the OCS to meet these needs; this objective is consistent with President Trump's America-First energy strategy, Executive Order (EO) 13783 Promoting Energy Independence and Economic Growth, EO 13790 Promoting Agriculture and Rural Prosperity in America, and EO 13783 Implementing an American-First Offshore Energy Strategy. AIO feels the exploration of the Arctic OCS fits squarely in line with BOEM's mandate through OCSLA and President Trump's agenda; AIO appreciates the opportunity to submit comments in support of BOEM's efforts to reevaluate the Arctic OCS in the 2019-2024 Leasing Program.

Background

Arctic Inupiat Offshore

AIO is a privately held corporation established to promote economic development within Alaska's North Slope region, onshore and offshore. Members of AIO include the Native regional corporation of the North Slope region, Arctic Slope Regional Corporation (ASRC),

and the Native village corporations of Ukpeaġvik Iñupiat Corporation (UIC), Tikigaq Corporation, Olgoonik Corporation, Atqasuk Corporation, Kaktovik Iñupiat Corporation (KIC), and Nunamiut Corporation. The Native villages represented by the village corporations include Utqiaġvik (Barrow), Point Hope, Wainwright, Atqasuk, Kaktovik and Anaktuvuk Pass, respectively. AIO aims to create alignment for responsible resource development within the North Slope region by working together to understand future community needs, to ensure that our members have a seat at the table as development within the region proceeds, and to foster economic stability within the region. This very theme which AIO embodies is central to any resource development activities occurring in the Arctic OCS: the local people must be a cornerstone to any activity in our region and BOEM should work closely with local stakeholders, like AIO, as they begin their 2019-2024 Leasing Program process.

The Arctic

The Alaskan Arctic has sustained the Iñupiat people of the North Slope for centuries. The Alaskan Arctic encompasses the Arctic North Slope region and is home to eight Iñupiat communities, six of which are coastal communities on the Beaufort and Chukchi Seas. Within the region's rich history and plethora of resources, the Iñupiat people have flourished in this harsh environment by relying on our values and traditional knowledge to cultivate and steward our resources both onshore and offshore; these resources include marine mammals, the environment, and oil and gas reservoirs. This region has been thoroughly studied and observed by our people for generations, and in recent decades, western science has conducted extensive research of Arctic. The Iñupiat people are experts of their environment having survived and thrived in harsh conditions for centuries, the traditional knowledge passed down from generations of keen observations continues to guide the Iñupiat people, as well as the oil and gas activities taking place in the region.

The U.S. Arctic has produced over 16 billion barrels of oil. Although most of the exploration and production has occurred onshore, the prolific resources offshore are well documented. The Arctic OCS, which includes the Chukchi Sea and Beaufort Sea, is expected to contain 15.38 billion barrels of oil and 8.22 billion barrels of oil, respectively.¹ Not to mention massive natural gas reserves. Cumulatively, the resource potential of the Chukchi and Beaufort Planning Areas encompass about 1/3 of the total National Program's Undiscovered Technically Recoverable Resources—this includes the entire Gulf of Mexico, Atlantic, Pacific, and Alaska Planning Areas.

AIO would like to emphasize that Arctic exploration is not a new concept and has been occurring in the U.S. Arctic waters for over 50 years; most recently, Shell conducted a safe and successful exploration program in the Chukchi Sea (2015) and the Beaufort Sea (2012). Additionally, Hilcorp Alaska, Inc. (Hilcorp) currently operates Northstar Island, and has submitted plans for a second artificial island in the Beaufort OCS which is currently under review by BOEM. Other recent Arctic exploration includes Eni's North Nikaitchuq project and the Caelus Smith Bay discovery in State-waters. In all, exploration in Arctic conditions

¹ BOEM, Draft Proposed 2019-2024 OCS Leasing Program. 2018.

has been occurring since the 1920s, with early U.S. Arctic offshore exploration beginning in 1969. AIO is confident in industry's expertise, guided by traditional knowledge, scientific evidence, and mitigation and monitoring measures which all promote responsible development in an environmentally conscience and subsistence minded manner. We look forward to this legacy of operations and culture of co-existence continuing throughout the 2019-2024 Program.

AIO's Comments on Arctic OCS Leasing in the DPP

The Arctic OCS is a valuable opportunity which fits within the framework described by OCSLA. These objectives are likewise consistent with President Trump's energy initiatives and the local support for economic development of our region. Locally, continued resource development provides economic stability and self-determination for Alaskan Natives, and at the National level, resource development of the Arctic OCS is a vital element of the National Program. Future Arctic OCS exploration and development is very important to AIO and to the Alaska Natives we represent as both the benefits and adverse impacts of oil and gas development are felt by our community first and foremost.

Since AIO's leadership is made up of whaling captains, we prioritize our continued subsistence and cultural way of life above all else. As whaling captains we recognize the abundant resources our waters provide as we rely on these waters to feed our families and nurture our culture. However, much like our leaders before us who tapped into the massive resource potential discovered on our lands, we cannot ignore the abundant resources off of our coast but instead wish to be a part of harnessing this resource and sharing in the rewards.

Exploration and development of the Arctic OCS must include Alaska Natives and coexist with Iñupiat values, specifically our subsistence way of life. AIO asserts that with the appropriate mitigation to minimize impacts to the environment, particularly the bowhead whale subsistence hunt, responsible offshore development can continue to occur safely, as has been demonstrated for several decades in State and federal waters in Alaska. This legacy of safe and environmentally responsible development in State and Federal Arctic waters is only possible through close coordination between whalers through subsistence protections, Traditional Knowledge, and mechanisms like the Conflict Avoidance Agreement which continues to be a successful tool in managing these diverse activities. Further, areas set aside from development for decades like the 25 Mile Chukchi Sea Coastal Buffer, the Barrow Whaling Area, and the Kaktovik Whaling Area are non-negotiable. AIO's support for offshore development hinges completely on appropriate mitigation and proper protections for our subsistence way of life; these three exclusion areas must be present in any leasing in our region as has been the case for decades.

For these reasons, AIO is supportive only of Option 2, with the exclusion of the 25 Mile Chukchi Sea Coastal Buffer, the Barrow Whaling Area, and the Kaktovik Whaling Area from leasing. We expect the local people will be incorporated into any and all planning efforts, both by BOEM and future operators. AIO understands the growing concern with Nuiqsut whalers on preserving the Cross Island hunt and ensuring it is undisturbed by resource

development activities nearby. AIO expects BOEM to work with local whalers to determine the appropriate protection for Cross Island, to date this resource has been managed successfully at the local level through the Conflict Avoidance Agreement and directly by industry, local whalers, and the Alaska Eskimo Whaling Commission. AIO encourages BOEM to be sensitive to local subsistence users and endorse local measures whenever possible.

As stated above, AIO supports oil and gas development in the North Slope and Arctic OCS because of the positive economic impacts to the Iñupiat people and as a means to sustain the local North Slope economy. In an environment of low oil prices, declining production on the North Slope, TAPS operating at 25% capacity, and a multi-billion dollar State budget deficit, development of the Arctic OCS signifies an investment in our region, State, and Nation. Inclusion of the Arctic OCS in the Proposed Program not only ensures the success of the Proposed Program as outlined by OCSLA, but provides a range of opportunities for the North Slope and Alaska, including job opportunities for the Iñupiat people, contracting options for Alaska Native businesses, increased infrastructure, additional resources for the North Slope Borough, revenue for the State of Alaska, technological advancements across the North Slope, and additional scientific research of the region.

Ninety percent of the North Slope Borough's budget is derived from taxation and royalties from oil and gas activities. The North Slope Borough then provides all the essential services to the local communities. These modern day luxuries should not simply be dismissed as everyday conveniences; ongoing and prospective development of the natural resources both on and offshore provide the only means which allow these activities to continue. AIO recognizes that potential revenue sharing from Arctic OCS activities would directly increase these economic benefits and work to offset the risk local communities face from offshore activities. AIO respectfully request that DOI and BOEM work with Congress on potential revenue sharing in Alaska. Recent legislation proposed by Senator Lisa Murkowski, the OPENS Alaska Act of 2017, would achieve this; for this reason, AIO finds it prudent that BOEM closely examine the local economic benefits from Arctic OCS leasing and development, including the potential direct benefits of revenue sharing.

Further, the investment potential of Arctic lease sales would reverberate across the Arctic, Alaska, and the U.S. The Alaskan Arctic is a stark contrast with some of the neighboring Arctic nations. Oil and gas activities could stimulate the necessary investment to allow the U.S. to be viable and competitive with our neighboring Arctic nations. Examples of infrastructure needs which the oil and gas industry may stimulate are: an Arctic deep-water port, increased rescue capability, improved telecommunications, and onshore infrastructure. With new sea routes being considered and emerging industries across the Arctic (trade, tourism, etc.), the infrastructure is not currently available to support these industries or diversify our local economy. Private investment spearheaded by industry is essential to capitalize on this emerging opportunity.

For the reasons described above, AIO has been a consistent advocate for offshore exploration in the Arctic OCS that is conducted in an environmentally safe and culturally responsible manner. Our own experience working with Shell on their Chukchi Sea

Exploration Program is a testament to the hard work, balance, and creative mitigation that allows for the opportunity of the Arctic OCS to be investigated without jeopardizing our subsistence and cultural way of life. The rewards are enticing but the risks must also be fully addressed. AIO expects BOEM to take care to closely examine impacts (positive and negative) from Arctic OCS leasing, how balance can be integrated at the programmatic stage, and how BOEM can collaborate closely with Alaska Natives on our expertise in managing these diverse activities which are both essential for the future of our community.

Conclusion

AIO appreciates BOEM conducting their due diligence outlined by OCSLA in the 2019-2024 Leasing Program. AIO supports rigorously evaluating data and encourages BOEM to take into consideration the wealth of information already available in the Arctic. AIO recommends that in BOEM's evaluation of impacts that BOEM work closely with local stakeholders, such as: AIO, North Slope Borough, Alaska Eskimo Whaling Commission, local whalers, tribal entities, and village and regional Alaska Native Corporations. BOEM should consult with local stakeholders throughout this process and development of the Programmatic Environmental Impact Statement in order to better appreciate the wealth of traditional knowledge and scientific research which has already occurred in the region; the widespread economic impacts expected from the Proposed Program; the co-existence mechanisms which maintain our subsistence lifestyle in conjunction with oil and gas activities; and, the need for a balanced and timely Arctic Leasing.

AIO appreciates BOEM's consideration of our comments and look forward to them being integrated into the Five-Year Program.

Sincerely,

A handwritten signature in black ink that reads "Rex Allen Rock, Sr." The signature is written in a cursive, flowing style.

Rex Allen Rock, Sr.
President