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

Comments submitted via: <https://www.regulations.gov/document?D=BOEM-2017-0074-0001>

RE: 2019-2024 Draft Proposed Outer Continental Shelf Leasing Program

Arctic Slope Regional Corporation's (ASRC) appreciates the opportunity to comment on the Bureau of Ocean Energy Management's (BOEM's) 2019-2024 Draft Proposed Outer Counter Shelf (OCS) Oil and Gas Leasing Program (2019-2024 Program or DPP). Although a National Program, the enclosed comments will focus on the Arctic OCS and proposed leasing in our region. With respect to leasing in the Arctic OCS, ASRC supports a healthy leasing program and predictable schedule for leasing in the Alaskan Arctic OCS. In particular, ASRC supports Option 2 of the DPP excluding the Chukchi Sea 25 Mile (mi.) Coastal Buffer, the Barrow Whaling Area, and the Kaktovik Whaling Area from leasing. ASRC feels strongly that these areas should be excluded from leasing at the programmatic level as has been the case for several previous leasing programs.

About ASRC

ASRC is an Alaska Native Regional Corporation, owned by the Inupiat people of Alaska's North Slope, and created at the direction of Congress under the terms of the Alaska Native Claims Settlement Act of 1971 (ANCSA). ASRC is diversified, privately held company, with many Arctic-focused operating subsidiary companies and investments, including valuable natural resource assets. ANCSA directed ASRC, and other ANCSA corporations, to use the natural resource wealth to benefit their Alaskan Native shareholders financially and culturally. Consistent with this legislation, ASRC is a for-profit business that is committed to providing sound returns to our shareholders and to preserving our Iñupiat way of life, culture, and traditions. ASRC has a shareholder base of approximately 13,000 Iñupiat.

ASRC believes that an Arctic OCS leasing program is a necessary part of an "all of the above" energy policy for the United States, and when combined with similar exploration and development opportunities onshore, offshore leasing provides a palette of opportunities to offset the various risks (economic, geological, technical, policy and litigation-affected) related to oil and gas development in general, and arctic development in particular.

2019-2024 Leasing Program

ASRC supports BOEM's efforts to replace the 2017-2022 Leasing Program with the 2019-2024 Leasing Program in order to address the limited leasing within the 2017-2022 Program. ASRC attempted to participate in the development of BOEM's 2017-2022 Program and even went so far as to meet with former BOEM Director Abigail Hopper to advocate for inclusion of the Arctic in the 2017-2022 Leasing Program. At the time, ASRC was optimistic that the Administration would recognize the massive resource potential within the Arctic and produce a balanced program. Instead, ASRC found the 2017-2022 Final Program and President Obama's withdrawal of the entire Chukchi Sea and majority of the Beaufort Sea from leasing to be extremely shortsighted and arbitrary.¹ As BOEM renews their effort under the Outer Continental Shelf Lands Act (OCSLA) to evaluate leasing with the 2019-2024 Leasing Program, ASRC is eager for a balanced program to replace the former program and that BOEM will use the local input from ASRC and other valuable North Slope stakeholders to shape the leasing program.

Subsistence Resources & Balanced Leasing

We are encouraged that BOEM has included the Arctic OCS in the DPP, however we feel the importance of balance is overlooked in the DPP for the sake of energy dominance. BOEM proposes a very aggressive and broad leasing program encompassing the entire Arctic OCS foregoing longstanding areas set aside for subsistence. While ASRC has long advocated that resource development in our region can occur alongside a healthy ecosystem and our vibrant Iñupiat way of life; managing this balance is essential to sustain our economy, opportunity in our region, our Arctic environment, and our cultural way of life. Balance must be an integral piece of BOEM's program.

As the pendulum swings from an extremely narrow 2017-2022 Program to a very expansive and aggressive 2019-2024 Program, BOEM must not neglect the balance required under OCSLA or commitments between Alaska Natives and Department of Interior (DOI) to maintain subsistence protections. To be clear, the Chukchi Sea 25 Mi. Coastal Buffer, Barrow Whaling Area, and Kaktovik Whaling Area should be excluded in any program for leasing. These exclusion areas were withheld from consideration in every program for over 15 years because of their value to subsistence users and local people. To ASRC's knowledge, there has been no recent scientific data or Traditional Knowledge would support reducing or removing these exclusion areas. BOEM should immediately reintegrate these exclusion areas into the 2019-2024 Leasing Program as part of their duty to create a balanced program, the longstanding commitments between the Department and Alaska Natives, and based on the abundant local feedback BOEM received even before the DPP was published.

Iñupiat culture depends upon a healthy ecosystem and the subsistence resources it provides. Yet, at the same time, our communities depend on current and prospective oil and gas development for a sustained North Slope economy. BOEM should carefully consider potential impacts to subsistence in their analysis adopt the necessary protections of the past. This is a subject that

¹ Available at: <https://www.asrc.com/PressReleases/Pages/ASRC-React-to-President%E2%80%99s-Plan-to-Restrict-Offshore-Oil-In-The-Arctic.aspx>

ASRC is intimately familiar with as it is our shareholders whom are the whalers and marine mammal hunters who could be impacted; however, we do not see subsistence and resource development as mutually exclusive, but instead see both as essential elements to sustaining the mosaic of our community. Balanced leasing ensures that each activity thrives.

Arctic Potential & Investment

When considering Arctic leasing, ASRC encourages BOEM to evaluate potential impacts thoroughly, and assess existing mitigation measures, relevant data, the legacy of safe operations in the Arctic, and the abundant Traditional Knowledge. ASRC recognizes Arctic leasing is not only a National consideration, but also a means to sustain the State of Alaska and North Slope economies. Continued resource development opportunities in the Arctic is vital to maintain economic stability in the North Slope communities; a factor which is of the utmost importance to ASRC and the longevity of the Iñupiat people. In an environment of decreased onshore production, low oil prices, dwindling throughput into the Trans-Alaskan Pipeline System (TAPS), and a State budget deficit, Arctic OCS exploration and production could provide a necessary boon to the State and local economy. This is especially significant to the North Slope Borough (NSB), which is almost entirely funded by oil infrastructure taxation. The NSB tax revenues in turn provide all of the essential services to the North Slope communities. The potential of the Arctic OCS could bring long term stability to the regional and State economies, TAPS, and is consistent with President Trump's directive for America to be an energy leader.

As noted in the DPP, the resource potential of the Chukchi and Beaufort Seas is significant and embodies the elements in the President's American-First Energy Strategy to enhance the safe and responsible U.S. oil and gas development as a means to stimulate economic growth, job creation, energy security, and energy independence. The capacity to explore and develop the Arctic OCS has been demonstrated in recent years by Shell, Hilcorp Alaska Inc. (Hilcorp), ENI, and BP Alaska Exploration (BP). The mitigation measures put in place and abundant experience have led to a safe legacy of operations in offshore State and Federal waters, which includes over 84 exploration wells and 6 development wells in the Arctic OCS with zero well control incidents.² With all of the successful Arctic exploration and development projects, we expect that the safe legacy of operations and culture of collaboration between industry and local stakeholders will continue through the 2019-2024 Program.

ASRC recognizes that safe exploration and development of the Arctic OCS can occur in a way that does not jeopardize the Iñupiat people and our subsistence culture, but contributes to the economic well-being of the North Slope Borough, ASRC, and the Iñupiat people. Oil and gas activities are also the main source of jobs for the Iñupiat people and sustain all of the Alaska Native Corporations (ANCs) with contracting opportunities. Oil and gas simply put is the economic lifeblood of the North Slope. In this vein, ASRC wholeheartedly supports comments from the NSB which raise the importance of revenue sharing with coastal communities who will bear all the of the risk of offshore exploration and development with little direct economic benefit. ASRC encourages DOI to work with Congress on revenue sharing with the State of

² BOEM Draft Proposed 2019-2024 OCS Leasing Program. Pg 7-35. 2018.

Alaska and North Slope Borough, similar to that seen with coastal states and communities in the Gulf of Mexico.

Moreover, the national, regional, and local need for an investment in the Arctic is also an important factor when considering leasing in the Arctic. Countless reports in recent years have highlighted the widespread discrepancies between the U.S. Arctic capabilities and that of our Arctic neighbors.³ The geopolitical significance of a U.S. presence in the Arctic is key to the region's stability and within the U.S. interests for national security and defense.⁴ We recognize that responsible oil and gas exploration programs in the US Arctic bring in their own marshaled resources for safe and environmentally responsible exploration. That being said, the U.S. currently lacks an Arctic port, reliable telecommunications, supply chain infrastructure, sufficient search and rescue capabilities, and has an antiquated fleet of icebreakers for an enduring presence in the face of oil and gas development, increased ship traffic, and other changes to the Arctic that are on our horizon. Exploration and development activities in the onshore Arctic have successfully spurred investments across the State for the last 40 years in areas like local infrastructure, workforce development and education, medical and emergency response services, scientific research, and employment opportunities for Alaska Natives. Offshore development would generate an enhanced U.S. presence in the Arctic, produce Arctic infrastructure comparable to other Arctic nations, and continue to stimulate the economy; this level of investment hinges on industry activity in the Arctic OCS.

At the State level, OCS exploration and production could offset the declining TAPS throughput and fulfill Secretary Zinke's commitment to Alaskans to fill TAPS⁵, the lifeline of the Alaskan economy and the artery of domestic oil production to the United States West Coast. ASRC encourages BOEM to fully assess the direct and indirect effects of Arctic leasing and the U.S. infrastructure needs which could be buoyed by Arctic leasing.

Climate Change & Environmental Justice

A balanced Arctic leasing program guided by the local people can be an aid to cultivating healthy Arctic communities, Arctic environment, and addressing climate change impacts. Beyond the economic benefits described above, Arctic resource development can and does provide the means and resources for our communities to adapt to the changing climate and address climate change impacts. The Iñupiat people have been and continue to be the stewards of our lands, waters, and abundant resources. We have existed, and even flourished, in one of the harshest climates in the world for generations. We are an adaptive people who understand the balance needed to sustain our way of life and our communities; this priority is currently dependent on successful and safe oil and gas development. We also recognize that abandoning an active oil and gas program in the US Arctic will have little or no effect on the worldwide demand for hydrocarbons and no change on the global climate, yet it will immediately and drastically reduce

³ Council on Foreign Relations, Independent Task Force No. 75. *Arctic Imperatives: Reinforcing U.S. Strategy on America's Fourth Coast*. March 2017. <https://www.cfr.org/report/arctic-imperatives>

⁴ Department of Defense. *Report to Congress on Strategy to Protect United States National Security Interests in the Arctic Region*. December 2016. <https://www.defense.gov/Portals/1/Documents/pubs/2016-Arctic-Strategy-UNCLAS-cleared-for-release.pdf>

⁵ <https://www.murkowski.senate.gov/press/release/sen-murkowski-leads-arctic-energy/security-code/>

the viability of the communities in our region who currently depend upon continued oil and gas exploration and production to provide services in each community that are critical to their survival. Resource development provides the wherewithal for our communities to adapt. With increased technology, infrastructure, and job opportunities—all made possible by Arctic resource development onshore and offshore—the Iñupiat people can continue to adapt as we have been doing for millennia.

As we face declining onshore production, we understand the need to look elsewhere and evaluate the resource potential of our waters. The processes are already in place to transform resource development into direct benefits to Arctic communities. The return on our investment translates into: increased education programs for our children; the availability of social programs; increased health programs and services; access to heat, power, water, and sewage; abundant job opportunities; increased scientific research; improvements to search and rescue capabilities; added infrastructure and maintenance of our communities; and dividends to our shareholders. We know this is possible and these benefits exist because our leaders of today and of the past have worked tirelessly to ensure that the local people receive benefits from local development. These environmental justice impacts should not be overlooked as they are responsible for bringing our communities into the 21st Century.

Error in the DPP

ASRC asks that BOEM correct the error on page 9-5 noting that ASRC supports leasing in the Cook Inlet region, ASRC has only commented on leasing in our region and respects the input from local people in their respective region to determine activity there.

Alaska Native Consultation

Finally, in order to produce a robust and well-rounded 2019-2024 Leasing Program which encompasses the Arctic planning areas, BOEM must conduct the required consultations with Alaska Native Corporations, Alaska Native tribal entities, AEWCA, and the NSB. BOEM's invitation to consult with ASRC on the DPP was a welcomed first step and ASRC looks forward to maintaining meaningful consultation throughout the planning process. ASRC views consultation as a tool for the agency to understand local concerns and to design their program accordingly.

Conclusion

ASRC maintains that Arctic oil and gas development, both onshore and offshore, can proceed safely and responsibly. We support environmentally safe, culturally responsible, and balanced development in our region, onshore and offshore. A critical flaw in the development of the 2017-2022 Program was that BOEM refused to consider the local stakeholders advocating for balanced leasing in our region; BOEM should avoid this mistake in the 2019-2024 Leasing Program by upholding longstanding commitments and ensuring balance remains centric to resource development in the Arctic from leasing to decommissioning.

ASRC recommends the following:

1. Refine the scope of Arctic OCS leasing to exclude the Chukchi Sea 25 Mi. Coastal Buffer, the Barrow Whaling Area, and the Kaktovik Whaling Area. Consult with local whalers and AEWG on other protections necessary and how BOEM's program considers subsistence overall.
2. Maintain meaningful consultation with Alaska Native stakeholders like ASRC, NSB, and AEWG throughout the development of the 2019-2024 Leasing Program. BOEM should collaborate closely with local stakeholders on what Arctic OCS development should look like in the 2019-2024 Program, including areas to be excluded, frequency, and timing of leasing.
3. Evaluate the benefits of leasing if revenue sharing from Arctic OCS leasing activities is made available through Congressional action.
4. Work closely with local stakeholders and Traditional Knowledge holder to evaluate potential impacts thoroughly in the Programmatic Environmental Impact Statement (PEIS) with special attention to subsistence, environmental impacts, direct and indirect economic effects, and environmental justice.

ASRC appreciates the opportunity to provide these comments to BOEM and looks forward to our continued dialogue throughout the development of the PEIS and Proposed Program through consultation and other engagements.

Sincerely,
ARCTIC SLOPE REGIONAL CORPORATION



Richard K. Glenn
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