



KENAI PENINSULA BOROUGH

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DALE BAGLEY
MAYOR

TO: Gary Superman, Assembly President
Members of the Kenai Peninsula Borough Assembly

THRU: Dale Bagley, Borough Mayor

FROM: Bill Popp, Oil & Gas and Mining Liaison 

DATE: September 29, 2005

SUBJECT: Resolution 2005-090: Supporting the inclusion of the Cook Inlet in the next 5-year Outer Continental Shelf Oil & Natural Gas Leasing Program for 2007-2012

Through various past resolutions, the Kenai Peninsula Borough has supported oil & natural gas leasing programs within the Outer Continental Shelf (OCS) waters of Lower Cook Inlet. The U.S. Minerals Management Service (MMS) has completed an extensive environmental impact statement as a basis for holding oil & natural gas lease sales within the Cook Inlet OCS. Two lease sales, Sale 191 and Sale 199, were planned for during the current 5-year program by MMS. Sale 191 was canceled due to lack of industry interest in 2004 (Crude oil averaged \$37 per barrel in 2004). Sale 199 was postponed in July of this year until May, 2007 due to lack of industry interest.

The Administration recommends continued Assembly support for the inclusion of the Cook Inlet in the next 5-year program. The significant resource potential of the OCS with a median recoverable resource estimate of 760 million barrels of oil and 1.4 trillion cubic feet of natural gas resources if oil averages \$50 per barrel is one reason for this recommendation. Cook Inlet currently has 80 million barrels of proven oil reserves and 2.09 trillion cubic feet of proven natural gas reserves. It is also likely that, with the outlook for oil and natural gas prices to remain above previous historic levels in the coming years, industry interest in the Cook Inlet OCS will likely grow in face of changing economics for what is currently a remote region of the Cook Inlet Basin.

Earlier this month, the MMS issued a request for comments on the next 5-year OCS leasing program, with comments due by October 11th. The comment notice was issued after the last Assembly packet deadline. MMS will accept an Assembly resolution if it is faxed by October 12th.