



## KENAI PENINSULA BOROUGH

### Mayor's Office

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### MEMORANDUM

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

**THROUGH:** David R. Carey, Borough Mayor *DR Carey*

**FROM:** Susan Wilcox, Chief of Staff *Wilcox*

**DATE:** February 1, 2011

**SUBJECT:** Resolution 2011-011 Supporting a proposed project by Escopeta Oil to utilize a jack-up rig for natural gas and oil exploration in the Cook Inlet basin

Increased exploration for oil and gas is necessary to meet the growing demands of South Central Alaska. Escopeta Oil planned to bring a jack-up rig to the Cook Inlet via a foreign flagged heavy vessel. Escopeta received a Jones Act waiver in 2006 for this trip, however, the trip was postponed for various reasons and the 2006 waiver was never utilized. Escopeta Oil has since acquired a U.S. built and classified drilling rig, which is now being refurbished in a U.S. shipyard in Galveston, Texas. Escopeta plans to begin the trip to Alaska early this year with the jack-up rig via the vessel TAI AN KOU, which has already been approved to transport the jack-up rig to the Cook Inlet. When seeking to move the rig under conditions identical to those in 2006 Escopeta received a reply from U.S. Customs and Border Protection that the waiver was "neither open ended or transferable."

On January 18, 2011, the borough administration was made aware that Escopeta Oil's Jones Act Waiver was possibly denied. The administration acted immediately and provided a letter of support for ratification of the 2006 waiver of the Jones Act or issuance of another waiver for movement of the jack-up rig to the Cook Inlet basin, and sent this letter directly to the U.S. Customs and Border Protection Office, Office of International Trade, Regulations and Filings, Mr. Glen E. Verb, Director, Board Security and Trade Compliance in Washington, D.C.

Administration respectfully requests your support for this resolution.