

## United States Senate

WASHINGTON, DC 20510

January 25, 2011

The Honorable Janet Napolitano  
Secretary  
U.S. Department of Homeland Security  
Washington, DC 20528

Dear Secretary Napolitano:

There is an urgent need to find new reserves of natural gas for Southcentral Alaska and I seek your prompt attention to a request by Escopeta Oil for a Jones Act waiver to deliver a jack up drilling rig from the Gulf of Mexico to Cook Inlet to initiate exploration for natural gas this year.

Southcentral Alaska, home to over half of Alaska's population and two major military bases, has depended on natural gas for electric generation and to heat its homes since the 1950s. These fields are now in decline and it is expected natural gas demand in the growing region may exceed existing supply by 2013. The Alaska State Legislature has offered incentives to encourage new energy exploration in the region.

Escopeta Oil was granted a Jones Act waiver in 2006 to bring a jack up drilling rig to explore for oil and natural gas in Cook Inlet via a foreign flagged heavy-lift vessel but the trip was postponed for various reasons. 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, and plans to begin the trip to Alaska this winter.

As the rig is too large for the Panama Canal, the intended route of transit would take it south of Africa. The company says alternative means of hauling the vessel, such as by barge, are unacceptable due to the risk of stormy seas on the extended route around the Cape of Good Hope.

When informed last November Escopeta Oil intended to make the move under conditions identical to those allowed under the 2006 waiver, the U.S. Customs and Border Protection replied the waiver was "neither open ended nor transferrable." Escopeta Oil does not find the opinion to be definitive and has requested clarification.

I strongly support Jones Act protections for U.S. flagged shippers and domestic shipyards but recognize there are extenuating circumstances when a waiver may be justified. A critical need exists to address expected natural gas shortfalls for residents and the military in Southcentral Alaska. I believe this request is reasonable and responsible.

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Accordingly, and given the short time remaining to mobilize for the summer exploration season, I request a prompt response to the request by Escopeta Oil for a Jones Act waiver to deliver a jack up drilling rig from the Gulf of Mexico to Cook Inlet this year.

Feel free to contact my office with any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Begich". The signature is fluid and cursive, with the first name "Mark" being more prominent than the last name "Begich".

Mark Begich  
United States Senator