

Introduced by: Mayor, Tauriainen
Date: 02/15/11
Action: Adopted
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2011-011**

**A RESOLUTION SUPPORTING A PROPOSED PROJECT BY ESCOPETA OIL TO
TRANSPORT AND UTILIZE A JACK-UP RIG FOR NATURAL GAS AND OIL
EXPLORATION IN THE COOK INLET BASIN**

WHEREAS, the producing natural gas and oil fields in the Cook Inlet basin are maturing and the production of oil and gas has decreased significantly; and

WHEREAS, the present demand for natural gas during the winter months may soon exceed the production in the Cook Inlet basin as early as 2013; and

WHEREAS, increased exploration for oil and gas in the Cook Inlet basin is necessary to meet the growing demands within the South Central Region, which is home to over half of Alaska's population; and

WHEREAS, Senate Bill 309 was enacted and signed into law on July 7, 2010, authorizing credits for drilling from a jack-up rig in the Cook Inlet basin; and

WHEREAS, in 2006, Escopeta Oil was granted a Jones Act waiver to bring a jack-up rig to Cook Inlet via a foreign flagged heavy vessel but the trip was postponed and 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, with plans to begin the trip to Cook Inlet early this year; and

WHEREAS, Escopeta Oil intended to make this move under the identical conditions under the 2006 waiver; however the U.S. Customs and Border Protection replied the waiver was "neither open ended nor transferrable;" and

WHEREAS, given the short time remaining to mobilize for summer 2011 exploration, support for Escopeta Oil's request for ratification of their existing 2006 Jones Act waiver is needed in order to transport the jack-up rig named Spartan 151 from the Gulf of Mexico to Cook Inlet, Alaska, and is essential to this project;

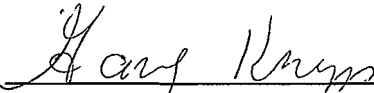
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Assembly supports Escopeta Oil's request for ratification of their existing 2006 Jones Act Waiver for movement of the jack-up rig named Spartan 151.

SECTION 2. That the Kenai Peninsula Borough urges the United States Custom and Border Protection Office to approve or issue another Jones Act waiver to Escopeta Oil for movement of the jack-up rig Spartan 151.


SECTION 3. That this resolution shall take effect immediately upon its adoption.

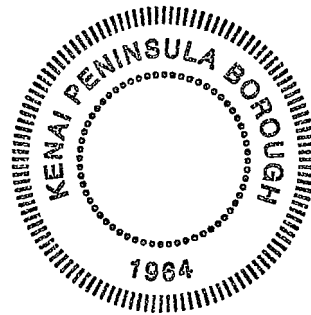
ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 15TH DAY OF FEBRUARY, 2011.



Gary Knopp, Assembly President

ATTEST:


Johni Blankenship, Borough Clerk



Yes: Haggerty, Johnson, McClure, Murphy, Pierce, Smalley, Smith, Tauriainen, Knopp
No: None
Absent: None