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## **Federal Coordinator Persily Speaks at Inuvik Petroleum Show**

Inuvik, Northwest Territories, Canada – Speaking at the 10<sup>th</sup> annual Inuvik Petroleum Show, Federal Coordinator Larry Persily said building North American demand for cleaner-burning natural gas is essential to attracting investment in an Arctic gas pipeline. He acknowledged there are significant market and fiscal challenges to Arctic gas development, but said large pipeline projects are possible if demand builds.

Several companies are working toward multibillion-dollar pipelines to deliver Arctic gas to North American markets from Alaska’s North Slope and Canada’s Mackenzie Delta. “This is not a race between the Alaska and Mackenzie gas line projects, but rather a test against those who believe the costs and hurdles of Arctic development are insurmountable. The Mackenzie and Alaska projects are partners in studying and passing that test,” Persily said. “The first test is market demand.”

Though North America currently has an overabundance of supply from expanding shale gas production, Persily said shale gas actually could benefit the proposed Arctic pipelines. “Shale gas, while presenting a formidable competitor in the market, actually could help build demand for gas by removing the fear of price spikes. Utilities cannot live with the worry that gas could jump to \$14 again, as it did two summers ago. Stable pricing could lead to higher demand if power generators select gas as their fuel of choice.”

A long-term, dependable gas supply not only helps stabilize prices but also provides a clean alternative source of energy. “President Obama gets it. He wants Congress to get with it too by passing comprehensive energy legislation to reduce greenhouse gas emissions. He knows natural gas is part of the solution, a cleaner-burning solution. And he fully understands the value of Arctic gas to meeting North America’s economic and energy needs,” Persily said.

Governments can’t control all of a project’s risks, but “the job of the federal coordinator’s office is to work with federal agencies to ensure government doesn’t do anything to add to the risks,” he told an audience of more than 200 in Inuvik.

Persily also cautioned those at the petroleum conference that they, too, must play a role in reducing risks to the project. They must understand what the oil and gas industry considers when selecting a project for its next investment. Industry worries that the Arctic region’s politics “add too much risk to already risky ventures.”

“We must remember to count the indirect benefits just as we count the tax dollars,” he said.

A full copy of Persily’s statement can be found [here](#).

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