



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Environmental
Conservation**

DIVISION OF WATER

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February 23, 2024

The Honorable Bryce Edgmon
The Honorable Neal Foster
The Honorable Delena Johnson
Co-Chairs, House Finance Committee
State Capitol
Juneau AK, 99801

Dear Representatives Edgmon, Foster, and Johnson:

On Monday, February 19, 2024 during the bill hearing for House Bill 50, Carbon Storage, Representative Josephson asked a question regarding “exemptions” the industry enjoys regarding the discharge of “sludge or slurry” into Cook Inlet from Oil and Gas facilities which he heard about at a Cook Inlet Water Quality Summit in October 2023.

Representative Josephson is likely referring to the discharge of well treatment, workover, and completion fluids, drilling fluids, and drill cuttings in Cook Inlet, which is established for facilities engaged in field exploration, drilling, well production, and well treatment via Environmental Protection Agency (EPA) Effluent Limitation Guidance (ELG) at 40 CFR 435, Subpart D – Coastal Subcategory. For the purposes of this ELG, coastal means any location in or on a water of the United States (WOTUS) landward of the inner boundary of the territorial seas. As such, this ELG is only applicable for oil and gas facilities physically located on coastal waters and does not apply to land-based facilities.

EPA’s ELG establishes numerical and narrative discharge limits for the discharge of drilling fluids and drill cuttings from coastal facilities which are unique to Cook Inlet waters. The ELG establishes a toxicity limit, as well as limits for mercury and cadmium for water-based drilling fluids and cuttings. Additionally, the ELG prohibits the discharge of diesel oil, free oil, and all non-water-based drilling fluids and associated drill cuttings. The ELG also establishes numeric limits for oil and grease in any well treatment, workover, and completion fluids. In all other WOTUS besides Cook Inlet, these discharges are prohibited.

The Department executed these ELGs via the issuance of the Oil and Gas Exploration, Development and Production in State Waters in Cook Inlet General Permit AKG315200. The Department issues permits which are protective of human health and the environment and does not

further add requirements which are more stringent than federal requirements as long as those requirements meet the promulgated water quality standards of the State at 18 AAC 70. In the case of this permit, the Department has asserted that water quality standards are met if permittees discharge in accordance with the restrictions of the general permit and the ELG.

If you would like more information or have additional questions, I am happy to assist.

Sincerely,



Gene McCabe
Acting Director

Cc: Brodie Anderson, Staff to Representative Foster
Helen Phillips, House Finance Secretary