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Growing Alaska Through Responsible Resource Development

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February 3, 2012

Representative Charisse Millett
Alaska State Capitol
Juneau, AK 99801

Re: HJR 29, Urging the federal government to plug legacy wells in the Arctic region

Dear Representative Millett:

The Resource Development Council is writing to encourage the House Resources Committee to pass HJR 29, urging the federal government to plug legacy wells properly and to reclaim the legacy wells sites as soon as possible in order to protect the Arctic.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native regional corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

The Department of the Interior and other federal agencies require that private companies operating in the Arctic explore for and produce domestic energy and mineral resources in an environmentally responsible manner. Through federal laws, regulations, and permitting, federal agencies have set a high bar to mitigate impacts to the environment. As a result, industry has been held to the highest standards – among the most stringent in the world. When violations to federal laws or permitting requirements occur, companies are held responsible, often facing steep fines.

However, in the case of federal lands in the Arctic, the federal government has not held itself to the same standards. The U.S. Navy and the U.S. Geological Survey drilled approximately 137 wells on federal lands in northern Alaska between 1944 and 1981, all of which are now abandoned. Only seven of the legacy wells were properly plugged and reclaimed. The remaining wells are out of compliance with regulations adopted by the Alaska Oil and Gas Conservation Commission (AOGCC), posing a risk to surface vegetation, groundwater, and wildlife. Additionally, debris and deteriorating buildings detract from the landscape.

The AOGCC has repeatedly reminded the federal government of the obligation to plug legacy wells and properly reclaims well sites. The state cannot impose fines on the federal government, but if it could do so, the fines would exceed \$8 billion, and much more if the statute of limitations were disregarded.

HJR 29 points out the double standard and hypocrisy that exists in the federal government's regulation and permitting of resource development activities in Alaska. Clearly, the Department of Interior has not held itself to the same standards it demands industry to meet in the responsible development of Alaska's resources.

The resolution rightfully urges the federal government to comply with the same laws and requirements it demands industry to follow. The federal government should lead by example and set even a higher standard for itself.

RDC commends you for introducing HJR 29 and securing 33 cosponsors to the resolution. We strongly encourage its passage.

Sincerely,

Resource Development Council, Inc.

A handwritten signature in black ink, appearing to read "Rick Rogers".

Rick Rogers
Executive Director