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Growing Alaska Through Responsible Resource Development

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February 14, 2013

Representative Charisse Millett
Alaska State Capitol
Juneau, AK 99801

Re: HJR 6, Urging the federal government to open new areas of the National Petroleum Reserve – Alaska to environmentally-responsible oil and gas development and requesting the Office of the Governor to increase nationwide aware about legacy wells and well sites

Dear Representative Millett:

The Resource Development Council is writing in support of HJR 6, urging the federal government to open new areas of the National Petroleum Reserve – Alaska to environmentally-responsible oil and gas development and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites.

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 17 of the legacy wells were properly plugged and reclaimed. An additional ten wells were determined by the Alaska Oil and Gas Conservation Commission (AOGCC) to be of no concern because they were drilled to less than 50 feet in depth and did not encounter hydrocarbons. The remaining wells are out of compliance with regulations adopted by the AOGCC, posing a risk to surface vegetation, groundwater, and wildlife.

The AOGCC has repeatedly reminded the federal government of the obligation to plug legacy wells and properly reclaim well sites. The state cannot impose fines on the

federal government, but if it could do so, the fines would exceed \$8 billion, and more than \$40 billion if the statute of limitations were disregarded.

HJR 6 points out the double standard 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 requires industry to follow. The federal government should lead by example and set even a higher standard for itself.

The resolution respectfully requests the Office of the Governor to disseminate information through appropriate national news outlets and by other means to increase awareness nationwide of the legacy wells and the federal government's failure to properly plug the wells and reclaim well sites.

The resolution also urges the Department of the Interior to open new areas of NPR-A for responsible oil and gas development and production, which would increase throughput in the Trans-Alaska Pipeline System (TAPS). Such action would be in line with the congressional intent establishing NPR-A and would further State of Alaska efforts in helping North America achieve energy independence.

HJR 6 is particularly timely, given Interior Secretary Ken Salazar has affirmed an NPR-A management plan that restricts access to domestic oil and gas resources. Ignoring input from those most knowledgeable about the petroleum reserve, the Obama administration chose the most restrictive management plan possible, which closes half of the reserve to development. This plan seriously jeopardizes the ability to access resources near the coast and north of the Barrow Arch, an area where all major North Slope discoveries have occurred. It also jeopardizes the ability to economically transport oil for delivery to TAPS. This decision occurred despite the fact that the area is designated as a petroleum reserve. In addition, past federal government promises assured access to allow resource development in this area and others not set aside through the Alaska National Interest Lands Conservation Act.

RDC commends you for introducing HJR 6. We strongly encourage its passage.

Sincerely,

Resource Development Council, Inc.



Carl Portman
Deputy Director