

I listened to the first hearings held by the Senate Finance Committee on SB - 62 and the following are some thoughts being missed in the explanations.

First and foremost this pertains to the entire state and will open the sub-surface domain for development from a surface domain that an oil and or gas production facility could be permitted except certain described areas of Kachemak Bay in the Bill.

This will set a bad precedent as this means that any state surface domain lands protected by statute are subject to subsurface development, (Proposed change to AS 38.05 Sec. 38.05.176), IE State Parks, Critical Habitat Areas, Special Purpose Areas and more.

The history of the Kachemak Bay Drilling Moratorium and Critical Habitat Area go back to the 1970s. See attached articles.

The original 1973 oil leases issued in Kachemak Bay were bought back by the State after a long legal battle and mishap on the Jack-Up Rig George Ferris. This buy-back of oil leases in Kachemak Bay was negotiated after this incident and was the result of many people and organization working together with the State of Alaska.

Kachemak Bay soon became a Critical Habitat Area and is now part of the National Estuarine Research Reserve System and is identified as a NOAA Habitat Focus Area.

The fact that new technology has made directional drilling a useable technology today still presents many challenges when reaching out the distance that is proposed.

Well engineering for the formations which this directional drilling is proposes will be challenging as seen in the past at the Blue Crest Cosmopolitan Facility.

Drilling in the Cook Inlet Basin has a history of surprises. The first was the loss of well control in the Pan American Tyonek North Cook Inlet Well in 1963 described in the attached AGOCC publication, pg. 27.

The next was the Grayling Platform blowout in 1985 that caused platform damage and the need to barge in many loads of gravel to stabilize the seafloor under the platform jacket leg.

Last was the Steelhead Platform Blowout and fire that caused major damage to the platform.

The point is the loss of drilling fluid (mud) out into formations can happen

resulting in the loss of well control. We have been lucky that incidents in the Cook Inlet Basin have involved gas and not oil.

The statement by AOGCC that there have not been any incidents in the Cook Inlet Basin seems to be wrong.

Fracking has been used for years as stated. The issue is the use of proprietary fluids that includes acids and the need for safe disposal. This step could be the most hazardous to the environment if mishandled.

The chemicals and liquid used to frack a well will have to be recovered as produced fluid and disposed of in a manner consistent with regulations.

The quantities of fresh water needed for drilling these proposed directional wells and fracturing the formations would be substantial. Depending on the amount and means of attaining a fresh water supply, there could be a lowering of the water table affecting the local area.

The maximum distance a well can be drilled out under the bay is to an area that will not affect federal areas which boundary is three miles from the coast. I am not sure of the proposed length of this development

The main purpose of this Bill is to allow directional drilling from the Hilcorp Sea View Pad in Anchor Point to penetrate the surface domain into sub-surface domain then directional drill out miles to a target zone under The Kachemak Bay in State owned areas.

Bringing this Bill forward to include the currently withdrawn, sub-surface domain under The Kachemak Bay is a disservice to efforts of those who worked on buy-back.

Finally, I hope this Committee considers the history for the exclusions of development in an under Kachemak Bay and will reject this Bill as written.

Respectfully
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<https://www.ktoo.org/2016/06/04/activists-remember-oil-gas-buyback-kachemak-bay/>

<https://www.science.org/doi/epdf/10.1126/science.193.4248.131>

