

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 20, 2020

1:02 p.m.

MEMBERS PRESENT

Representative John Lincoln, Co-Chair (via teleconference)
Representative Geran Tarr, Co-Chair
Representative Grier Hopkins, Vice Chair
Representative Sara Hannan
Representative Chris Tuck
Representative Ivy Spohnholz
Representative Dave Talerico
Representative George Rauscher

MEMBERS ABSENT

Representative Sara Rasmussen

COMMITTEE CALENDAR

CONFIRMATION HEARING(S) :

Big Game Commercial Services Board

Peter Buist - Fairbanks

- CONFIRMATION ADVANCED

Alaska Oil and Gas Conservation Commission

Jeremy Price - Anchorage

- CONFIRMATION ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

PETER BUIST, Appointee
Big Game Commercial Services Board
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Big Game Commercial Services Board.

JEREMY PRICE, Appointee
Alaska Oil and Gas Conservation Commission
Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Oil and Gas Conservation Commission.

JESSIE CHMIELOWSKI, Petroleum Engineering Commissioner
Alaska Oil and Gas Conservation Commission
Anchorage, Alaska

POSITION STATEMENT: Testified in support during the confirmation hearing of Jeremy Price, Appointee to the Alaska Oil and Gas Conservation Commission.

DAN SEAMOUNT, Geologist Commissioner
Alaska Oil and Gas Conservation Commission

POSITION STATEMENT: Testified in support during the confirmation hearing of Jeremy Price, Appointee to the Alaska Oil and Gas Conservation Commission.

ACTION NARRATIVE

[1:02:50 PM](#)

CO-CHAIR GERAN TARR called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Spohnholz, Talerico, Hannan, Hopkins, Lincoln (via teleconference), and Tarr were present at the call to order. Representatives Tuck and Rauscher arrived as the meeting was in progress.

CONFIRMATION HEARING(S):
Big Game Commercial Services Board
Alaska Oil and Gas Conservation Commission

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CO-CHAIR TARR announced the only order of business would be confirmation hearings for the governor's appointees to the Big Game Commercial Services Board and the Alaska Oil and Gas Conservation Commission.

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PETER BUIST, Appointee, Big Game Commercial Services Board, informed the committee that he was a fifty-year resident of Fairbanks with degrees in biology and environmental

conservation. He retired from a thirty-year career with the Alaska Department of Natural Resources (DNR) as a natural resource officer, firefighter, forester, and master guide, he added. He has served on the Alaska Board of Game, twice served on the Big Game Commercial Services Board, and on the Guide Licensing and Control Board.

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REPRESENTATIVE HANNAN asked Mr. Buist for whom he worked, because it was stated on his application that he was a member of the Alaska Interagency Incident Management Team.

MR. BUIST replied that as a retired Division of Forestry employee, he sometimes worked seasonally as an emergency firefighter for DNR. In response to a follow-up question, he confirmed that he was a DNR employee with the State of Alaska and not a federal employee with the Bureau of Land Management (BLM).

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CO-CHAIR LINCOLN referred to the conflict with subsistence animals and other big game animals, and the concept of a guide concession program on state land. He asked Mr. Buist whether he had any experience with or thoughts on these matters.

MR. BUIST replied that he has had experience at DNR and as a guide. He said he held a federal concession in the Arctic National Wildlife Refuge and supports the idea of a concession system. He added it should not be administered by DNR, as he understood how DNR viewed commercial use of state land.

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REPRESENTATIVE HANNAN asked what state agency would be appropriate and mentioned the Alaska Department of Fish & Game (ADF&G) and the Department of Commerce, Community & Economic Development (DCCED), as concessions are usually described as a land management allocation.

MR. BUIST replied that ADF&G would be most appropriate, and he was almost certain ADF&G did not want it. In that case, he said, DCCED would be the most appropriate administrator.

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CO-CHAIR TARR opened public testimony on the confirmation hearing of Peter Buist to the Big Game Commercial Services Board. After ascertaining that no one wished to testify, she closed public testimony.

MR. BUIST expressed that he was glad to be of service.

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JEREMY PRICE, Appointee, Alaska Oil and Gas Conservation Commission (AOGCC), related that he currently serves as chair to the commission. He informed the committee he was born in Fairbanks and worked for his family's electrical construction business on the North Slope, installing lighting systems at rural airports and running conduit at military installation sites in the Interior. He moved to Washington, D.C., in hopes of becoming a strong voice for Alaskans on Capitol Hill, and in his nine years as a legislative assistant developed broad experience in oil and gas issues. Mr. Price stated that he prepared his boss for Congressional oversight hearings after the Macondo Well Deepwater Horizon Blowout, helped the Cook Inlet Regional Citizens' Advisory Council secure legislation that required oil tankers transiting Prince William Sound to be accompanied by escorts consisting of two tugboats, and helped the Army Corps of Engineers and the Environmental Protection Agency understand that a bridge was better for the environment than a buried pipeline. He has helped represent all segments of the oil and gas industry, he said. He has degrees in business and in government, the latter from Johns Hopkins University, where his thesis was on conventional and renewable energy subsidies.

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MR. PRICE returned to Alaska in 2014 with his family to open the state chapter of Americans for Prosperity, an organization that advocates for removing barriers to opportunity. In his role he frequently provided public testimony. He was hired as deputy chief of staff after the election of Governor Mike Dunleavy, he related. The mission of AOGCC is to protect underground freshwater sources, he said, and ensure greater ultimate recovery after unsafe drilling practices. He related facts about underwater contamination including how AOGCC, with the help of the EPA, has been able to successfully administer the underground injection control program for more than 30 years. He related more accomplishments of AOGCC, especially in terms of Alaska's robust requirements for bonding wells which are the

highest in the U.S. Mr. Price said that he desired to serve Alaskans and responsibly develop resources for the benefit of the people.

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REPRESENTATIVE SPOHNHOLZ asked Mr. Price how he was qualified for his role at AOGCC.

MR. PRICE replied that during his time in Washington, D.C., he had been in a policy aide role which included drafting legislation, reviewing regulations, and providing amendments to bills. He related that he has a great deal of experience with law, admitted that engineering was not his strength, and expressed gratitude for the support he has received from accomplished commissioners.

REPRESENTATIVE SPOHNHOLZ asked why, given the fact the price of oil had dropped again, Mr. Price thought it would be a good idea to change any regulations or provide exemptions from bonding requirements to companies.

MR. PRICE replied that AOGCC had held hearings but has not decided on adjustments and did not expect to change from regulations that were finalized and put in place last year.

REPRESENTATIVE SPOHNHOLZ asked whether Mr. Price would recommend, as an individual commissioner separate from AOGCC, exemptions from bonding requirements for companies.

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MR. PRICE replied he was unable to say at this time and would have to wait until orders were issued.

REPRESENTATIVE SPOHNHOLZ asked whether the current low-price environment gave Mr. Price any pause regarding the financial sustainability of some of the smaller companies in Alaska.

MR. PRICE replied that economic conditions were not part of the criteria looked at by AOGCC. He added that companies were able to argue they could not make the bond, but it was not the role of AOGCC to make those assumptions or calculations.

REPRESENTATIVE SPOHNHOLZ repeated that her question was whether the current low-price environment put some companies at risk for

financial stability and whether bonding was a backstop against that risk.

MR. PRICE responded that said he would not be surprised if some companies had to file for bankruptcy over the low prices, and he agreed that bonding amounts protected public interest of Alaskans.

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REPRESENTATIVE TUCK asked what Mr. Price's role with AOGCC would be if it were not to look at economic factors.

MR. PRICE answered that his role would be to ensure both correlative rights and drinking water sources were protected. He added that AOGCC wanted to ensure zero waste and safety in development and production.

REPRESENTATIVE TUCK asked whether that included maximizing benefits for Alaskans.

MR. PRICE replied that it did include "enhancing total recovery" within AOGCC regulations. He gave, as an example, a way of ensuring operators were not wasting oil or gas.

REPRESENTATIVE TUCK asked which months Mr. Price had worked for the American Petroleum Institute (API).

MR. PRICE replied that he was at API from 2013 to 2014 but he would have to check which months.

REPRESENTATIVE TUCK noted that January 2013 to December 2014 would be more impressive than December 2013 to January 2014. He asked Mr. Price the title of his master's thesis and to what conclusions he had come.

MR. PRICE replied that he would report back to the committee with his thesis title, and that in it he had advocated against subsidies for the fossil fuel industry.

REPRESENTATIVE TUCK observed that it was Mr. Price's master's thesis, which he opined was "kind of a big deal."

MR. PRICE replied that while his thesis was a 100-page document, he had written it 10 years ago. He added that he would provide a copy to the committee.

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REPRESENTATIVE HANNAN asked whether Mr. Price was familiar with per- and polyfluoroalkyl substances (PFAS) contamination of drinking water and the petroleum industry's allowance for petroleum developers to use flame retardant chemicals for PFAS.

MR. PRICE said he was familiar with perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA) as they had occurred in rural airports throughout the state and in military installations. He said he had not come across them on the North Slope or Cook Inlet.

REPRESENTATIVE HANNAN said her understanding was that PFAS was the primary component for fire response on the North Slope, and she would like to know what AOGCC was doing to get away from PFOS and PFOA flame retardants, because they do not decompose and thus permanently damaged water's drinkability.

MR. PRICE said he would be happy to look more into the issue.

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REPRESENTATIVE HANNAN asked what Mr. Price had been engaged in at AOGCC in terms of protecting drinking water.

MR. PRICE replied every time an operator applied for a permit to drill or a request to enter or reenter wells, AOGCC ensured proper plans and procedures from the operator had been obtained. Steps were taken to ensure multiple barriers between hydrocarbons and underground water drinking water sources, he said. Formation integrity tests were required, he added. There had been no documentation that drinking water had been contaminated, Mr. Price said.

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CO-CHAIR LINCOLN asked whether Mr. Price was familiar with the concept of prior liability on decommissioning, removal, and restoration (DR&R) for wells and whether he had any thoughts to share on the topic.

MR. PRICE answered that he had no opinion on that specific draft legislation. As he understood it, he stated, the concept was to hold prior owners of wells liable in certain circumstances; he was unsure whether it was something needed in Alaska.

California and Kansas had the legislation in place, he added, also stating that he was still learning about the issue.

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CO-CHAIR LINCOLN asked whether Mr. Price knew what motivated California and Kansas to implement the legislation.

MR. PRICE replied he did not have the details or exact history.

CO-CHAIR LINCOLN asked whether there had been an incident in Alaska in which an operator had abandoned a well without taking care of it and the bonds had not been enough to cover the cost.

MR. PRICE replied there had been an incident in Cook Inlet which became the impetus for prioritizing the raising of bonding amounts. The landowner had had to come up with the money to properly plug and abandon the wells, Mr. Price related, and AOGCC had acted before further liabilities occurred. This was expected to occur more frequently as fields matured and larger operators sold assets to smaller independents. He added he would like to see AOGCC move forward with at least six more requests as well as have conversations with DNR on the matter.

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REPRESENTATIVE TUCK asked Mr. Price what questions he needed answered before he came up with an opinion regarding DR&R.

MR. PRICE replied specific amounts within DR&R agreements would be helpful to AOGCC.

REPRESENTATIVE TUCK asked if Mr. Price had any questions about DR&R.

MR. PRICE replied there had been other mechanisms states used to pay for well abandonment. In Texas there were multiple revenue streams used for plugging wells. When AOGCC levied a fine against an operator, the money from the fine went to the general fund, he stated. There were many orphan wells in other states which did not have the legislation in place, Mr. Price stated, and he would like to "take a page out of their playbooks."

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REPRESENTATIVE TUCK said AOGCC brought the issue of legacy wells to the committee's attention, and he would think it would be

AOGCC's role to look at what the DR&R was. He stated that it would be nice to know how big "the IOU" was.

MR. PRICE replied that AOGCC was mindful of the issue and sought to work with DNR and BLM. He said AOGCC was interested in BLM working with its own experts, but the problem was that BLM, though receptive to working with AOGCC, has made mistakes in plugging wells, and the work had had to be redone by AOGCC, he related.

REPRESENTATIVE TUCK asked whether Mr. Price referred only to BLM or to industry in general.

MR. PRICE replied that when wells were on state land, AOGCC could ensure they met plugging and abandonment criteria, but there was not as much control when this occurred on federal land.

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REPRESENTATIVE HANNAN asked Mr. Price whether there was a conflict between his work "removing barriers to opportunity" in his role at Americans for Prosperity and his role overseeing complex industry at AOGCC and whether he could explain how his philosophy regarding the government's oversight obligations may have changed when taking on the latter.

MR. PRICE admitted they were two very different roles. He clarified that when he referenced barriers to opportunity at Americans for Prosperity, he never advocated for any rules that negatively impacted health and safety. In the new role at AOGCC, his primary responsibility was to ensure work was being done in a safe and environmentally conscious way in Alaska, so he did not feel there was any contradiction.

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REPRESENTATIVE RAUSCHER asked Mr. Price to explain why he chose to work for AOGCC and what he saw as his purpose looking forward.

MR. PRICE responded that he was interested in the role because he loved serving Alaskans both in Washington, D.C., and in Alaska, and he has always enjoyed working on oil and gas issues. He added he has personally ushered AOGCC into the age of conducting business electronically and has thus already improved efficiency.

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CO-CHAIR TARR asked Mr. Price what would be done in terms of appropriate measures taken regarding the changing climate.

MR. PRICE replied that climate was a priority. He said last year British Petroleum (BP) plugged the worst of wells causing permafrost subsidence and thus compromising integrity when it came to well casings. Fourteen wells were flagged to be plugged by AOGCC, and there was another tier being looked at; wells back to the 1970s showing issues are a standing issue with AOGCC, he stated. Elevation changes are being monitored by all operators; BP and Conoco Phillips are among those operators experiencing this issue.

CO-CHAIR TARR asked whether AOGCC was collaborating with university researchers or anyone else who could use the data, adding that due to budget cuts a lot of research has stopped.

MR. PRICE answered he was unaware of research with the University of Alaska (UA) but could investigate it and get back to the committee.

CO-CHAIR TARR said even beyond research, which may fall outside AOGCC's jurisdiction, there should be more data sharing, and a collaboration with the operators may be a good place to start.

MR. PRICE said AOGCC wanted to ensure all operators and elected officials were aware of what was occurring, and he was committed to sharing as much as he could.

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CO-CHAIR TARR opened public testimony on the confirmation hearing of Jeremy Price to the Alaska Oil and Gas Conservation Commission.

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JESSIE CHMIELOWSKI, Petroleum Engineering Commissioner, Alaska Oil and Gas Conservation Commission, said most of the work done at AOGCC was highly technical in nature, and Mr. Price was resourceful and engaged in learning. Ms. Chmielowski added that Mr. Price was well-connected in Alaska, which helped AOGCC achieve its goals. She related that in 2019, AOGCC updated its

bonding requirements, and Mr. Price had been fair, impartial, and supportive throughout the process.

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DAN SEAMOUNT, Geologist Commissioner, said Mr. Price is hardworking, energetic, and highly qualified. Mr. Seamount echoed Ms. Chmielowski's assessment of Mr. Price's fairness and impartiality and stated that Mr. Price had the public interest of Alaskans in the forefront of his mind when it came to oil and gas. He added Mr. Price was easy to work with in that he was willing to change his mind on an issue. Mr. Seamount reiterated Mr. Price's qualifications.

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MR. SEAMOUNT informed the committee Mr. Price left the U.S. Senate in 2013 to work for API, on which AOGCC relies and from which AOGCC has adopted standards as regulations. Mr. Seamount repeated his recommendation for Mr. Price's appointment.

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CO-CHAIR TARR, after ascertaining no one further wished to testify, closed public testimony.

[2:05:00 PM](#)

REPRESENTATIVE HANNAN read a statement of intent as follows:

The resources committee has reviewed the qualifications of the governor's appointees, Jeremy Price to the Alaska Oil and Gas Conservation Commission and Peter Buist to the Big Game Commercial Services Board and recommends that the names be forwarded to a joint session of the legislature for consideration. This does not reflect intent by any of the members to vote for or against these individuals during any further sessions for the purpose of this confirmation.

[The confirmations of Peter Buist to the Big Game Commercial Services Board and Jeremy Price to the Alaska Oil and Gas Conservation Commission were considered advanced.]

2:06:45 PM

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:07 p.m.