

**HJR**

**6**

<TARGET><BILL>HJR 6</BILL><SUBJECT>HJR  
6</SUBJECT><COMM>SRES28</COMM></TARGET>

# ALASKA STATE LEGISLATURE

Sen. Cathy Giessel, Chair  
Sen. Fred Dyson, Vice Chair  
Sen. Lesil McGuire  
Sen. Anna Fairclough  
Sen. Click Bishop  
Sen. Peter Micciche  
Sen. Hollis French



State Capitol, Room 427  
Juneau AK 99801-1182  
907-465-4843  
Fax: 907-465-3871  
800-465-4843

## Senate Resources Committee

Butrovich Room 205  
Monday, March 25, 2013  
3:30-5:00 p.m.

## AGENDA

➤ **HJR 6 LEGACY OIL WELL CLEAN UP/AWARENESS; NPR-A**

**Cathy Foerster**, Commissioner/Chair, AOGCC

**Bud Cribley**, State Director, Bureau of Land Management

Teleconference

# SENATE COMMITTEE REPORT

DATE: 3/11/13

FURTHER: Rules

DATE TURNED IN TO OFFICE: 3/27/13

Resources Committee considered HOUSE JOINT RESOLUTION NO. 6

HJR 6 LEGACY OIL WELL CLEAN UP/AWARENESS; NPR-A

Relating to legacy wells and legacy well sites; urging the United States Department of the Interior, Bureau of Land Management, to open new areas of the National Petroleum Reserve - Alaska for environmentally responsible oil and gas development; and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites.

and recommends:

- be replaced with SCS HJR 6 (RES)  Same Title [ ] Technical Title Change  
[ ] New Title/SCR No. \_\_\_\_\_
- [ ] adopt previous SCS \_\_\_\_\_ (\_\_\_\_\_) [ ] Same Title [ ] Technical Title Change  
[ ] New Title/SCR No. \_\_\_\_\_
- [ ] attached amendment(s)
- [ ] adopt \_\_\_\_\_ Letter of Intent
- [ ] further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
LEG			✓	1

[ ] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French			✓	
	Micciche	✓			
	Bishop	✓			
	McNamee	✓			
	FAIRCLOUGH	✓			
	Dawson	✓			
CHAIR:	Giessel	✓			

# Alaska Legislature

## Representative Charisse Millett

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[rep.charisse.millet.akleg.gov](http://rep.charisse.millet.akleg.gov)

*District 24*

Version: 28-LS0300\N

## Sponsor Statement – HJR 6 – Legacy Wells

**Relating to legacy wells and legacy well sites; urging the United States Department of the Interior, Bureau of Land Management, to open new areas of the National Petroleum Reserve - Alaska for environmentally responsible oil and gas development; and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites.**

A year after the Alaska Legislature unanimously passed a resolution calling on the federal Bureau of Land Management to clean up and plug dozens of old oil and gas drilling sites in the National Petroleum Reserve-Alaska, Alaskans are still waiting for a comprehensive cleanup plan. House Joint Resolution 6 calls on BLM to protect the land, sea and wildlife by plugging and cleaning up the wells.

Legacy Wells were drilled by the federal government from 1944 to 1981. Since drilling ceased only a handful have been correctly plugged and remediated.

The new resolution includes the following changes and updates:

- Only 17 of the 137 wells have been correctly plugged and cleaned up
- Urges BLM to work in a cooperative manner with the Alaska Oil and Gas Conservation Commission and use the best practices when work is performed on well sites
- Consider handing over responsibility for Legacy Wells to an entity capable of cleaning up the sites more cost effectively within state and federal regulations
- Urges BLM to open new areas of NPR-A to responsible oil and gas leasing

House Joint Resolution 6 was referred to the House Resources Committee.

*Prepared by Jeff Turner on February 4, 2013*

**SENATE CS FOR HOUSE JOINT RESOLUTION NO. 6(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

**BY THE SENATE RESOURCES COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES MILLETT, Kawasaki, Isaacson, Peggy Wilson, Nageak, Johnson, Tuck, Hawker, Feige, Hughes, Gara, Costello, Reinbold, Holmes, Chenault, Austerman, Lynn, Olson, Josephson, Gattis, Tammie Wilson, Thompson, Muñoz, Saddler, Pruitt, Foster**

**SENATORS Micciche, Dyson, McGuire, Gardner, Bishop, Egan, Giessel, Fairclough, Stedman, Meyer, Dunleavy, Wieiechowski**

**A RESOLUTION**

1 **Relating to legacy wells and legacy well sites; urging the United States Department of**  
2 **the Interior, Bureau of Land Management, to open new areas of the National Petroleum**  
3 **Reserve - Alaska for environmentally responsible oil and gas development; and**  
4 **requesting the Office of the Governor to increase nationwide awareness about legacy**  
5 **wells and well sites.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** the United States Navy and the United States Geological Survey drilled  
8 approximately 137 wells on federal land in northern Alaska between 1944 and 1981, all of  
9 which are now abandoned; and

10 **WHEREAS** the United States Bureau of Land Management is the current operator of  
11 the abandoned wells, now referred to by the United States Bureau of Land Management as  
12 legacy wells; and

13 **WHEREAS** the United States Bureau of Land Management inappropriately calls the  
14 abandoned drill sites "legacy wells," a term that does not adequately connote the disastrous

1 legacy of negligence and the environmental damage inflicted by the wells on the Arctic  
2 landscape, and the term "travesty wells" better describes the nature of the abandoned wells;  
3 and

4       **WHEREAS** only 17 of the travesty wells have been properly plugged and reclaimed;  
5 and

6       **WHEREAS** 10 of the travesty wells were determined by the Alaska Oil and Gas  
7 Conservation Commission to be of no concern because they were drilled to less than 50 feet  
8 in depth, were drilled solely for soil stability data, did not encounter hydrocarbons, were never  
9 cased, and have healed and revegetated; and

10       **WHEREAS** the remaining travesty wells are out of compliance with the regulations  
11 adopted by the Alaska Oil and Gas Conservation Commission; and

12       **WHEREAS** at least 10 of the travesty wells out of compliance with the regulations  
13 adopted by the Alaska Oil and Gas Conservation Commission currently leak hydrocarbons,  
14 have leaked hydrocarbons in the past, or have a high potential to leak hydrocarbons in the  
15 future; and

16       **WHEREAS** three of the travesty wells can no longer be found; and

17       **WHEREAS** the changing geography of the Arctic puts additional travesty wells at  
18 risk of being lost before remediation can occur; and

19       **WHEREAS** the Alaska Oil and Gas Conservation Commission has repeatedly  
20 reminded the federal government of the obligation to plug travesty wells properly and to  
21 reclaim travesty well sites; and

22       **WHEREAS** the travesty wells that have not been properly plugged and reclaimed  
23 pose a significant risk to surface vegetation, groundwater, fish, land mammals, and sea  
24 mammals; and

25       **WHEREAS** wood and metal debris and deteriorating buildings at the sites of the  
26 travesty wells litter the landscape and detract from the natural beauty of the Arctic region; and

27       **WHEREAS** the federal government has received \$9,480,946,486 from lease sales in  
28 the National Petroleum Reserve - Alaska and the outer continental shelf of the state and  
29 should use a portion of those funds to plug and reclaim travesty wells in the state; and

30       **WHEREAS** the state cannot impose fines on the federal government for violating the  
31 regulations of the Alaska Oil and Gas Conservation Commission, but if it could do so, the

1 fines would exceed \$8,000,000,000; if the statute of limitations were disregarded, the fines  
2 would exceed \$40,000,000,000; and

3 **WHEREAS** both state and federal regulations require the plugging and reclamation of  
4 travesty wells, and the federal government would not allow a private entity to remain in  
5 violation of those regulations; and

6 **WHEREAS** the National Petroleum Reserve - Alaska was created in 1923 specifically  
7 for oil and gas leasing, exploration, and production; and

8 **WHEREAS** the United States Congress mandated a program of oil and gas leasing  
9 within the National Petroleum Reserve - Alaska in 1980, opening the petroleum reserve to  
10 future development; and

11 **WHEREAS** future oil and gas production from the National Petroleum Reserve -  
12 Alaska could boost throughput in the Trans Alaska Pipeline System and create new jobs and  
13 revenue for the state and the federal government;

14 **BE IT RESOLVED** that the Alaska State Legislature wishes to replace the term  
15 "legacy wells" with the term "travesty wells" so that all people will understand the long  
16 history of negligence and hypocrisy on the part of the federal government, especially the  
17 United States Bureau of Land Management, for failing to live up to its mission statement by  
18 properly plugging and remediating the well sites; and be it

19 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
20 Department of the Interior, Bureau of Land Management, to plug travesty wells properly and  
21 to reclaim the travesty well sites as soon as possible in order to protect the environment in the  
22 Arctic region; and be it

23 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
24 Department of the Interior, Bureau of Land Management, to work collaboratively with the  
25 Alaska Oil and Gas Conservation Commission and other entities in the state to plug travesty  
26 wells and reclaim travesty well sites; and be it

27 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
28 Department of the Interior, Bureau of Land Management, to comply with state regulations and  
29 to use best practices when plugging travesty wells and reclaiming travesty well sites; and be it

30 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
31 Department of the Interior, Bureau of Land Management, to consider turning over the

1 responsibility for plugging travesty wells and reclaiming travesty well sites to an entity,  
2 preferably an entity that hires residents with Arctic expertise, that could expertly perform the  
3 work in compliance with federal and state regulations with greater cost-effectiveness; and be  
4 it

5 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
6 Department of the Interior, Bureau of Land Management, to take more action to plug travesty  
7 wells and reclaim travesty well sites safely so that the Arctic environment suffers no further  
8 harm; and be it

9 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the  
10 Office of the Governor to disseminate information through appropriate national news outlets  
11 and by other available means to increase awareness nationwide of the dangerous conditions of  
12 the travesty wells and travesty well sites in the state and the federal government's failure to  
13 plug the travesty wells properly and reclaim the travesty well sites; and be it

14 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
15 Department of the Interior, Bureau of Land Management, to open new areas of the National  
16 Petroleum Reserve Alaska for environmentally responsible oil and gas development that will  
17 increase throughput in the Trans Alaska Pipeline System and ensure the state plays an even  
18 larger role in making our country energy independent.

19 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of  
20 the United States; the Honorable Ken Salazar, United States Secretary of the Interior; Neil  
21 Kornze, Principal Deputy Director, Bureau of Land Management, United States Department  
22 of the Interior; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S.  
23 Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska  
24 delegation in Congress.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MILLETT

TO: HJR 6

- 1 Page 4, line 8:
- 2 Delete "the Honorable Mike Pool, Acting"
- 3 Insert "Neil Kornze, Principal Deputy"

28-LS0300\C  
Nauman  
3/26/13

**SENATE CS FOR HOUSE JOINT RESOLUTION NO. 6(RES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE RESOURCES COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES MILLETT, Kawasaki, Isaacson, Peggy Wilson, Nageak, Johnson, Tuck, Hawker, Feige, Hughes, Gara, Costello, Reinbold, Holmes, Chenault, Austerman, Lynn, Olson, Josephson, Gattis, Tammie Wilson, Thompson, Muñoz, Saddler, Pruitt, Foster**

**SENATORS Micciche, Dyson, McGuire, Gardner, Bishop, Egan, Giessel, Fairclough, Stedman, Meyer, Dunleavy, Wielechowski**

**A RESOLUTION**

1 **Relating to legacy wells and legacy well sites; urging the United States Department of**  
2 **the Interior, Bureau of Land Management, to open new areas of the National Petroleum**  
3 **Reserve - Alaska for environmentally responsible oil and gas development; and**  
4 **requesting the Office of the Governor to increase nationwide awareness about legacy**  
5 **wells and well sites.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** the United States Navy and the United States Geological Survey drilled  
8 approximately 137 wells on federal land in northern Alaska between 1944 and 1981, all of  
9 which are now abandoned; and

10 **WHEREAS** the United States Bureau of Land Management is the current operator of  
11 the abandoned wells, now referred to as legacy wells; and

12 **WHEREAS** only 17 of the legacy wells have been properly plugged and reclaimed;  
13 and

14 **WHEREAS** 10 of the legacy wells were determined by the Alaska Oil and Gas  
15 Conservation Commission to be of no concern because they were drilled to less than 50 feet

1 in depth, were drilled solely for soil stability data, did not encounter hydrocarbons, were never  
2 cased, and have healed and revegetated; and

3 **WHEREAS** the remaining legacy wells are out of compliance with the regulations  
4 adopted by the Alaska Oil and Gas Conservation Commission; and

5 **WHEREAS** at least 10 of the legacy wells out of compliance with the regulations  
6 adopted by the Alaska Oil and Gas Conservation Commission currently leak hydrocarbons,  
7 have leaked hydrocarbons in the past, or have a high potential to leak hydrocarbons in the  
8 future; and

9 **WHEREAS** three of the legacy wells can no longer be found; and

10 **WHEREAS** the changing geography of the Arctic puts additional legacy wells at risk  
11 of being lost before remediation can occur; and

12 **WHEREAS** the Alaska Oil and Gas Conservation Commission has repeatedly  
13 reminded the federal government of the obligation to plug legacy wells properly and to  
14 reclaim legacy well sites; and

15 **WHEREAS** the legacy wells that have not been properly plugged and reclaimed pose  
16 a significant risk to surface vegetation, groundwater, fish, land mammals, and sea mammals;  
17 and

18 **WHEREAS** wood and metal debris and deteriorating buildings at the sites of the  
19 legacy wells litter the landscape and detract from the natural beauty of the Arctic region; and

20 **WHEREAS** the federal government has received \$9,480,946,486 from lease sales in  
21 the National Petroleum Reserve - Alaska and the outer continental shelf of the state and  
22 should use a portion of those funds to plug and reclaim legacy wells in the state; and

23 **WHEREAS** the state cannot impose fines on the federal government for violating the  
24 regulations of the Alaska Oil and Gas Conservation Commission, but if it could do so, the  
25 fines would exceed \$8,000,000,000; if the statute of limitations were disregarded, the fines  
26 would exceed \$40,000,000,000; and

27 **WHEREAS** both state and federal regulations require the plugging and reclamation of  
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1           **WHEREAS** the United States Congress mandated a program of oil and gas leasing  
2 within the National Petroleum Reserve - Alaska in 1980, opening the petroleum reserve to  
3 future development; and

4           **WHEREAS** future oil and gas production from the National Petroleum Reserve -  
5 Alaska could boost throughput in the Trans Alaska Pipeline System and create new jobs and  
6 revenue for the state and the federal government;

7           **BE IT RESOLVED** that the Alaska State Legislature urges the United States  
8 Department of the Interior, Bureau of Land Management, to plug legacy wells properly and to  
9 reclaim the legacy well sites as soon as possible in order to protect the environment in the  
10 Arctic region; and be it

11           **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
12 Department of the Interior, Bureau of Land Management, to work collaboratively with the  
13 Alaska Oil and Gas Conservation Commission and other entities in the state to plug legacy  
14 wells and reclaim legacy well sites; and be it

15           **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
16 Department of the Interior, Bureau of Land Management, to comply with state regulations and  
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21 could perform the work in compliance with federal and state regulations with greater cost-  
22 effectiveness; and be it

23           **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
24 Department of the Interior, Bureau of Land Management, to take more action to plug legacy  
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27           **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the  
28 Office of the Governor to disseminate information through appropriate national news outlets  
29 and by other available means to increase awareness nationwide of the dangerous conditions of  
30 the legacy wells and legacy well sites in the state and the federal government's failure to plug  
31 the legacy wells properly and reclaim the legacy well sites; and be it

1           **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
2 Department of the Interior, Bureau of Land Management, to open new areas of the National  
3 Petroleum Reserve Alaska for environmentally responsible oil and gas development that will  
4 increase throughput in the Trans Alaska Pipeline System and ensure the state plays an even  
5 larger role in making our country energy independent.

6           **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of  
7 the United States; the Honorable Ken Salazar, United States Secretary of the Interior; Neil  
8 Kornze, Principal Deputy Director, Bureau of Land Management, United States Department  
9 of the Interior; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S.  
10 Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska  
11 delegation in Congress.

adopted  
SRES - 3/25/2013

28-LS0300N.1

Nauman

3/22/13

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MILLETT

TO: HJR 6

- 1 Page 4, line 8:
- 2 Delete "the Honorable Mike Pool, Acting"
- 3 Insert "Neil Kornze, Principal Deputy"

please prepare an  
amended version of SJR 6  
reflecting the above  
adopted amendment

thank you  
Sharon Song  
465-3673

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HJR 6  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HJR6-LEG-SESS-02-20-2013  
Title: BLM LEGACY OIL WELL CLEAN  
UP/AWARENESS  
Sponsor: MILLETT  
Requester: House Resources

Department: Alaska Legislature  
Appropriation: Legislative Council  
Allocation: Session Expenses  
OMB Component Number: 782

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial Version
-----------------

Prepared By: Jessica Geary, Finance Manager  
Division: Legislative Affairs Agency  
Approved By: Pamela Varni, Executive Director  
Legislative Affairs Agency

Phone: (907)465-6626  
Date: 02/20/2013 10:10 AM  
Date: 02/20/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HJR6

**Analysis**

This Legislation has zero fiscal impact on the Legislative Affairs Agency.

# Alaska Legislature

## Representative Charisse Millett

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*District 24*

Here is a list of the 48 legacy wells that the BLM report says are planned for national historic site designation:

Arcon Barrow Core Test #1  
Avak #1  
Barrow Core Rig Test #2  
East Oumalik #1  
East Topagoruk #1  
Fish Creek #1  
Kaolak #1  
Meade #1  
North Simpson #1  
Oumalik #1  
Oumalik Core Test #2  
Oumalik Core Test #11  
Oumalik Core Test #12  
Simpson #1  
Simpson Core Test #13  
Simpson Core Test #14  
Simpson Core Test #14A  
Simpson Core Test #15  
Simpson Core Test #28  
Simpson Core Test #29  
Skull Cliff Core Test #1  
South Barrow #1  
South Barrow #2  
South Barrow #3  
Titaluk #1  
Topagoruk #1  
Umiat #1

Umiat #3  
Umiat #11  
Wolf Creek #1  
Wolf Creek #2  
Wolf Creek #3  
Simpson Core Test (SCT) #1  
SCT #2  
SCT #3  
SCT #4  
SCT #5  
SCT #6  
SCT #7  
SCT #8  
SCT #9  
SCT #10  
SCT #11  
SCT #12  
SCT #30  
SCT #30A  
SCT #31  
Square Lake #1

All of these sites have surface remediation issues and some even the BLM acknowledges as a human hazard.

###

# United States Senate

WASHINGTON, DC 20510

March 7, 2013

Mr. Bud Cribley  
BLM—Alaska State Director  
222 West 7th Avenue #13  
Anchorage, AK 99513-7599

Dear Mr. Cribley:

During my annual address to the Alaska State Legislature, a legislator publically raised concerns that the Bureau of Land Management (BLM) is seeking to designate "legacy wells" in the National Petroleum Reserve-Alaska (NPR-A) as historic sites to avoid clean up responsibilities. I want to thank you and your office for quickly clarifying to my staff and to the Alaska press that BLM is not pursuing this approach and has every intention of cleaning up all the wells.

However, because of the serious and longstanding nature of the NPR-A legacy well issue, I ask you to formally and personally reassure Alaskans BLM has a workable plan to properly plug and abandon these wells. Further, I ask you to explain in clear terms how your agency has and will work with the Alaska State Historic Preservation Office to satisfy the terms of the Federal Historic Preservation Act (FHPA) for these wells while protecting the public and natural resources of the NPR-A.

In addition to the limits of agency budgets, compounded by the remote locations of these legacy wells and seasonal and logistical constraints, Alaskans are understandably concerned this requirement will slow down the cleanup process and consume already constrained BLM resources. I trust you are well aware of the widespread desire in Alaska to see these legacy wells addressed as soon as possible. Given that pressure, what options are available to your agency to expedite the FHPA review for all the wells at one time? What resources are available to your office to move the review quickly and at the least cost to taxpayers?

Additionally, at a recent Alaska Oil and Gas Conservation Commission (AOGCC) hearing, I understand representatives from your agency rather unhelpfully stated the BLM is not bound by state law and state well standards. My general understanding of federal law is that federal law trumps state law, so this may, in

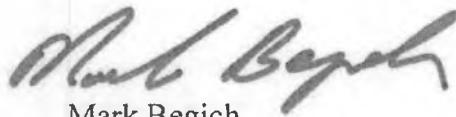
Mr. Bud Cribley  
March 7, 2013  
Page 2

fact, be the case. However, as you know, the AOGCC has done an admirable job ensuring maximum utilization of Alaska's resources and protecting the public and the public's groundwater resources. I ask you to formally commit your agency to plugging and abandoning these wells to a standard that meets or exceeds the State of Alaska's standards.

Former North Slope Borough Mayor Edward Itta first brought this issue to my attention early in 2009. Since that time, I am aware of little progress toward properly plugging and abandoning these decades-old wells. While I stand ready to assist from my position on the Interior, Environment and Related Agencies Appropriations Subcommittee, Alaskans expect better results on the legacy well issue than they have seen to date.

Thank you for taking the time to address this critical issue. Please contact Michael Johnson in my office at (202) 224-3004 or [Michael\\_johnson@begich.senate.gov](mailto:Michael_johnson@begich.senate.gov) with any questions about this request.

Sincerely,



Mark Begich  
United States Senator

cc: Neil Kornze, Acting Director, BLM  
Cathy Foerster, Chair, Alaska Oil and Gas Conservation Commission

REPRESENTATIVE  
CHARISSE MILLETT  
Anchorage

Representative\_Charisse\_Millett@legis.state.ak.us



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April - December:  
716 W. 4th Avenue, Suite 630  
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Tel: 907-269-0222  
Fax: 907-269-0223

March 5, 2013

Mike Pool  
Acting Director  
U.S. Dept. of the Interior  
Bureau of Land Management  
1849 C Street NW, Rm. 5665  
Washington DC 20240

[RE: Legacy Wells Summary Report, February 2013]

Dear Mr. Pool,

It has come to my attention your agency will be determining the eligibility of 48 Legacy Wells in the National Petroleum Reserve-Alaska for designation as national historic sites.

Throughout my public service career, I have seen questionable public policy ideas come and go, but with all due respect, this is unquestionably the worst idea ever to come my way.

What could possibly make polluted, leaking and environmentally hazardous oil and gas wells worthy of historic preservation? I am resolutely opposed to any of the wells receiving historic site designation.

It is my understanding that due to the age of the wells a historic site determination may be required. My question is would it prevent or delay plugging of the wells? Does your agency actually want the wells declared historic sites or is BLM simply following federal law?

The wells are leaking natural gas, crude oil and at least three of them can no longer be found. Your agency's plan for determining historic site status demands an explanation. Alaskans also want to understand why the federal agency responsible for protecting NPR-A has up to now not

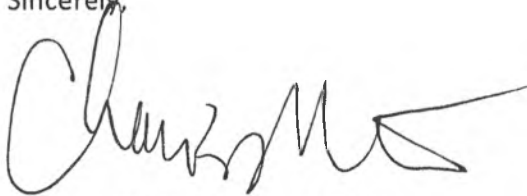
taken the steps necessary to protect the air, water, land, marine mammals, fish and wildlife in the reserve.

My Legacy Well resolution (HJR 6) urges your agency to enact an aggressive plan to correctly plug and clean up the well sites according to regulations set forth by the Alaska Oil and Gas Conservation Commission. It unanimously passed the house last night and has 26 co-sponsors.

I respectfully request your agency provide my office with a detailed explanation of why these polluted well sites deserve the protection provided by a historic site designation. This information will be of interest to all members of the Alaska Legislature and our constituents.

If you need any further details, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Charisse Millett". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Representative Charisse Millett

CC:            Senator Lisa Murkowski, United States Senate  
              Senator Mark Begich, United States Senate  
              Congressman Don Young, United States House of Representatives  
              Governor Sean Parnell, State of Alaska  
              Lieutenant Governor Mead Treadwell, State of Alaska  
              Bud Cribley, BLM Alaska Director  
              Kim Elton, Director of Alaska Affairs, United States Department of the Interior  
              Cathy Foerster, Alaska Oil and Gas Conservation Commission

Statement of  
Bud Cribley  
State Director – Alaska  
Bureau of Land Management  
U.S. Department of the Interior  
**Status Update: Legacy Wells in the NPR-A**  
**Presented to**  
**House Resources Committee**  
February 27, 2013

**Introduction**

Thank you for the opportunity to provide a status update on legacy wells in the National Petroleum Reserve in Alaska. As you know, the BLM is responsible for the management of the NPR-A. Prior to BLM's management responsibilities, the United States Government drilled 136 test wells for exploration purposes from 1943 to 1982. These wells were drilled by the US Navy and the United States Geological Survey. BLM's priority is to protect human health and the environment through the cleanup of the legacy wells. We actively monitor site conditions and direct available funding to address sites that pose a potential risk. The BLM has an ongoing commitment to monitor well and site conditions to evaluate risks and strategically develop and complete appropriate actions for these sites.

**Background**

Since 1952, 19 wells have been plugged. The U.S. Navy plugged 1 well in 1952. The BLM began its plugging efforts in 2002 and has plugged 18 wells and remediated contaminated soils where necessary. An additional 18 wells are partially plugged and are used and managed by the USGS as climate change monitoring wells. Twenty-four wells are on land that has been

transferred out of Federal ownership. Nineteen of those were transferred in the Barrow Gas Transfer Act. The remaining five were conveyed to the Arctic Slope Regional Corporation. Thirty-four are uncased shallow boreholes drilled to assess the geologic characteristics of the permafrost and shallow geologic strata. On the remaining 41 legacy well sites, the BLM continues to monitor site conditions.

### **Inventory, Assessment & Cleanup**

In 2004, the BLM completed an inventory of legacy wells that reviewed conditions and analyzed the risk posed to humans and the environment. The inventory identified a number of legacy wells that posed near-term potential risk to public health, safety and the environment. The inventory determined that many other sites presented no significant threat. The information from the assessments allowed the BLM to direct funding and attention to plug wells and clean up surface soils at sites that posed the greatest risk, while continuing to monitor conditions at the other sites. Since 2002, the Federal government has spent almost \$86 million in legacy well plugging activities and surface cleanup of priority legacy wells. Only one well identified as high priority in the 2004 status report remains to be plugged, Iko Bay.

Over the last three years, the BLM has conducted a comprehensive site inventory, which included participation by AOGCC inspectors when available, to verify current site conditions and determine if sites posed additional risks. Last week we provided the State with an updated draft Legacy Wells Summary Report. The draft summary report contains the current status, site descriptions with photos, and condition assessments for each well under the BLM's management. We look forward to any input the Alaska Oil and Gas Conservation Commission and other stakeholders may have on the draft report before it is finalized.

## **Current Status**

The BLM has been working with the AOGCC to define the scope of the legacy well issue and reach an agreement regarding current conditions. We have also worked together to identify wells of concern and determine how best to address those sites where existing information is limited.

We expect to release a final summary report and a present a draft five-year strategic plan to address the remaining wells of highest concern in the future. The draft strategic plan will identify the actions that the BLM will focus on over the next five years. The plan will include all legacy wells except those transferred through the Barrow Gas Transfer Act. It will include those that are located on lands transferred to ASRC under the Alaska Native Claims Settlement Act.

We have been working with the State and local communities, including the North Slope Borough and the Arctic Slope Regional Corporation, to develop the summary report.

## **Conclusion**

The BLM recognizes the importance of cleaning up the legacy wells in the NPR-A. We will continue to work collaboratively with the State of Alaska, Native Corporations, Tribal governments, and other partners including the Alaska Oil and Gas Conservation Commission as we prioritize well clean-up projects in the strategic plan and during the clean-up efforts.

We remain committed to seek funding to properly address those sites that pose a threat to public health and safety and the environment and to conduct our work in a fiscally responsible manner.

I will be glad to answer any questions.

Statement of  
Bud Cribley  
State Director – Alaska  
Bureau of Land Management  
U.S. Department of the Interior  
**Status Update: Legacy Wells in the NPR-A**  
**Presented to**  
**Senate Resources Committee (DRAFT)**  
March 25, 2013

I appreciate this opportunity to provide you with an update on the BLM's Legacy Wells clean-up program since my comments to the House Resources Committee last month.

The BLM recognizes the importance of cleaning up these well sites. As you know, since 2002, the Federal government has spent almost \$86 million in plugging legacy wells and cleaning up the surface at priority legacy well sites. We have plugged 18 wells and remediated contaminated soils where necessary with that funding.

In the last several weeks, we have been working to finalize the Legacy Wells Summary Report 2013 update. This update has been prepared following a comprehensive site by site inventory. A draft of the report was provided to the Alaska Oil and Gas Conservation Commission (AOGCC), the Alaska Department of Environmental Conservation, the Arctic Slope Regional Corporation (ASRC) and the North Slope Borough and the U.S. Geologic Survey. I understand the AOGCC has prepared comments that will come our way shortly. We welcome their review and input.

The summary report, once finalized, will be used to complete a strategic plan for addressing well clean up. The strategic plan will document our goals for the program and identify actions necessary for “closure” of all legacy wells in the NPR-A.

As you are all too well aware, the cost of plugging these wells is compounded by their remoteness and inaccessibility for most of the year. Ice roads must be developed to move equipment and gear to set up on-site camps adequate to shelter workers in temperatures as cold as minus forty. Provisions and fuel must be constantly resupplied and daylight is limited. Specialized equipment must be winterized and transported on sleds for what can be hundreds of miles from Deadhorse, the principal road accessible supply depot.

**Regarding the SHPO Issue:**

Much has been said in the last few weeks about the BLM’s process of consulting with the State Historic Preservation Office regarding legacy well sites that are more than 50 years old. I want to assure you that this is part of our normal environmental review process, and is not expected to result in any delays in accomplishing clean-up work. In addition, historical significance in and of itself does not preclude plugging or cleanup and is considered well in advance of on the ground activities.

**Regarding Simpson #26:**

Regarding the Simpson #26 well, a picture of which has been widely circulated at meetings on this issue, I would like to make a few clarifying points. What you see in this picture is a well that was drilled in a natural oil seep. That well was plugged by the BLM in 2006. The oil you see is from the natural seep and not leaks. Surface solid waste clean-up still must occur, but is logistically difficult. During plugging operations back in 2006, the tundra was snow covered and

workers at the site were unable to see and retrieve the barrels. Other surface debris has been removed from the site. The BLM's Arctic Field Office is planning to focus on surface remediation projects during the 2013/2014 field seasons, and this site is identified as a high priority.

We appreciate and share your concern about the need to address the legacy wells issue. The BLM remains committed to seek funding to properly address those sites that pose a threat to public health and safety and the environment and to conduct our work in a fiscally responsible manner. We will continue to work collaboratively with the AOGCC, Native Corporations, Tribal governments, and other partners including the ASRC as we prioritize well clean-up projects in the strategic plan and during the clean-up efforts.

Thank you again for the opportunity to address you today. I will glad to answer any questions.



**Providing coverage of Alaska and northern Canada's oil and gas industry  
January 2013**

**Vol. 18, No. 4**

**Week of January 27, 2013**

## **More legacy well drama**

### **Alaska commission convenes public hearing; BLM challenges state jurisdiction**

**Wesley Loy**

*For Petroleum News*

The Alaska Oil and Gas Conservation Commission's tilt with the federal government over so-called legacy wells continued with a pointed hearing Jan. 10.

The commission, led by chair Cathy Foerster, called the hearing to determine who is responsible for five wells located in the National Petroleum Reserve-Alaska.

The commission contends the wells, drilled between 1951 and 1977, were never properly plugged and abandoned or otherwise are out of compliance with state regulations.

The NPR-A landlord, the U.S. Bureau of Land Management, contends at least some of the wells were properly secured.

The question of responsibility was complicated by the fact that four of the wells are now on land conveyed to the Arctic Slope Regional Corp., an Alaska Native corporation.

The four wells are the Gubik No. 1, the Gubik No. 2, the Grandstand No. 1 and the W.T. Foran No. 1.

A fifth well, the Cape Halkett No. 1, also was believed to be on ASRC land, but the BLM said it remains on federal land.

**ASRC: What's the problem?**

The commission, which regulates drilling throughout Alaska, has been pushing the BLM to address dozens of legacy wells that might never have been properly plugged and abandoned, or that might need other remediation.

These wells were drilled over many years by the Navy, the U.S. Geological Survey and their contractors in the Maine-sized NPR-A. President Warren G. Harding created what originally was known as the Naval Petroleum Reserve No. 4 in 1923 after geologists found oil seeps. The idea was to establish an emergency oil supply for the Navy.

Taking a new approach to prodding the BLM to deal with the wells, Foerster on June 28, 2012, sent a letter to ASRC saying commission records indicated five legacy wells were on ASRC-owned land. She gave ASRC 60 days to submit a "plan for bringing these wells into compliance with AOGCC regulations."

That drew an Aug. 15 reply from ASRC chief executive Rex Allen Rock Sr., who wrote: "It is unclear to us why you are raising this issue with ASRC."

Rock said the land conveyances did not transfer liability for the wells. And he said Foerster's letter provided "no information to support your contention that these wells were not properly plugged and abandoned."

After exchanges of further correspondence between the commission, the BLM and ASRC, Foerster finally scheduled the Jan. 10 public hearing, saying neither the agency nor the corporation had responded "in any meaningful way" to the question of responsibility for the wells.

Rock and the BLM's Alaska director, Bud Cribley, said they didn't believe any hearing was necessary. But they or their representatives showed up at the hearing anyway.

#### **Legal opinion cited**

In an opening statement, Cribley thanked the three-member commission for the "opportunity" to participate in the hearing, then advised he was there in an informal capacity only, out of respect for the commission and the state.

He then informed the panel that the BLM had obtained a solicitor's office legal opinion saying the commission lacks jurisdiction and authority to order the BLM, or ASRC, to undertake any additional plugging and abandonment work on the legacy wells.

Cribley added that his appearance at the hearing wasn't to be interpreted as "BLM acquiescence" to the commission's regulatory jurisdiction.

As for the wells on ASRC land, Cribley said BLM would take responsibility for any work it determines is necessary. ASRC, in turn, has said it will provide access to the wells, he said.

Further, Cribley said the BLM is developing a long-range plan for assessing and responding to legacy wells in and around the petroleum reserve. And he said the BLM would welcome the commission's help on the effort.

Cribley's remarks drew sharp-edged questioning from the commissioners.

"So it is the BLM's position that the federal government can come into the state of Alaska and conduct oil and gas operations anywhere it chooses on federal lands in any way that it chooses with no regard for the laws of the state of Alaska, is that your position?" asked Foerster, an engineer.

Cribley deferred to his attorney, Mike Gieryic, who explained that the legacy wells were drilled at the behest of Congress, and without any intent for the state to have jurisdiction over the exploration program.

"In fact, the Navy's program was begun before there was a state of Alaska and a commission for that matter," Gieryic said.

Commissioner John Norman, a lawyer, posed a hypothetical situation: What if the commission issued an order to ASRC to deal with a legacy well in an unstable condition, and the BLM told the company to "just throw it in the waste basket." Couldn't all parties end up in federal court under such a scenario?

Gieryic said he would "hope that we never really get to that point."

"We're just having fun" with a hypothetical, Norman assured him.

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# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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Senator Mark Begich

Senator Lisa Murkowski  
Congressman Don Young

Governor Sean Parnell

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 awareness 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.

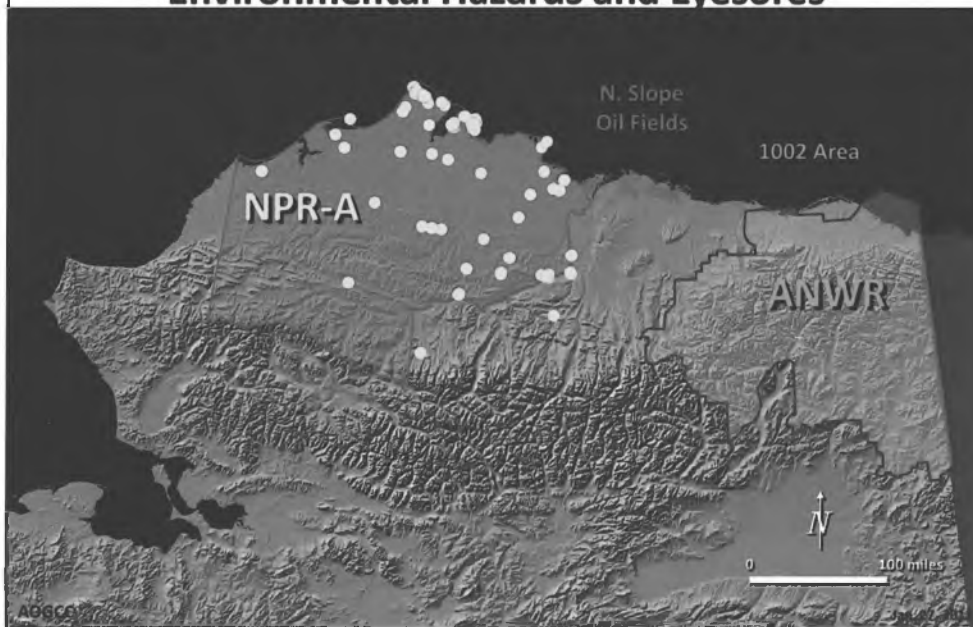
Sincerely,

Resource Development Council, Inc.



Carl Portman  
Deputy Director

## BLM Legacy Wells: Environmental Hazards and Eyesores



Good morning/afternoon.

I'm Cathy Foerster, the engineering commissioner and chair of the Alaska Oil and Gas Conservation Commission.

Thank you, Representative Millett, for carrying the flag on this important issue and thank you to the rest of you for letting me share with you why this is a concern to me, the AOGCC, and the citizens of Alaska.

From 1944 to 1982, the Federal Government drilled numerous wells in northern Alaska. They are called legacy wells.

As shown on this map, the legacy wells are all in the western north slope of Alaska, in or near the NPR-A.

As you know, the Federal Government has recently closed off much of this area to future development, supposedly to protect the environment. But as I show you pictures of what the Federal Government has already done to the area and refuses to clean up, you might ask yourself what the area really needs protection from.

I'm not a big fan of PowerPoint slides that you have to read to the audience – probably because, as an engineer, I'm not a good reader. I prefer pictures.

*- last well drilled 1982  
- several drilled right  
after WWII*



So here we go with some pictures.

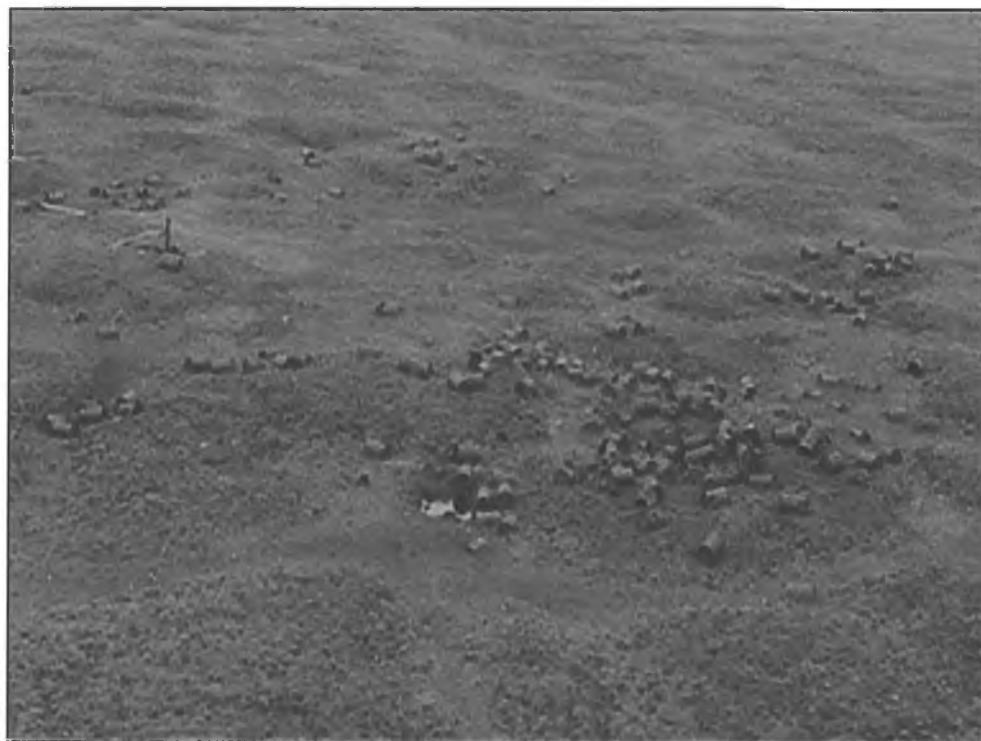
The Bureau of Land Management or BLM within the Department of the Interior operates these legacy wells.

Essentially every one of these wells has been out of compliance with Alaska regulations at one time or another – and most still are.

This well, Avak #1, isn't too bad. But it's still bad. The well has pipe down to about 800' and below that the hole is open to about 4000'. The Feds encountered oil and gas in that open section but left the well filled with drilling fluids and open to the atmosphere. In other words they left no mechanical barriers to keep those fluids in place. Also, in the summer the cellar (that boxed in hole around the well) is a drowning or poison hazard for children and animals. In the winter it is a collision hazard for snow machines. And all year long it is an eyesore and a ticking time bomb. And, again, it's not one of the really bad ones.



This well, the Simpson Core Test #30, is a different kind of mess. It has been leaking natural gas from its primitive wellhead for quite some time; so a few years ago the BLM got approval from my agency to plug and abandon the well. Instead of properly plugging it with a rig, as described in the permit request that we approved, they just went out and pumped a little cement down the pipe. They followed the cement with a bit of water to push the cement down further and then they walked away. They did nothing to ensure that they knew where the cement went or that it actually created a plug. What they did fell way short of what we gave them approval to do, fell way short of our regulatory requirements, fell way short of what good engineering practices would call for, and created such a mess that it'll be hard to get back into the well and fix it correctly. And there's no guarantee that what they did will prevent future leaks.



In a bad way, this is one of my favorite pictures. Those brown blobs aren't musk oxen or caribou – they're rusting barrels that at one time likely contained hazardous fluids. The BLM says that they don't have sufficient budget even to clean up these hundreds of rusting barrels – but they have a big enough budget to rent an expensive helicopter and send staff out on a camping trip to take pictures of them every year. (Our tax dollars at work.)

And you see the pipe sticking out of the ground in the upper left part of the picture? This is another well that was drilled deep, cased shallow, and then left with no wellhead. But this one was left filled with diesel. After more than 50 years of snow melt and fluids swapping, we probably don't have to worry that the diesel is still downhole. Nor do we have to worry about what was left in these barrels; they've all rusted open and are now empty.

Skull Cliff #1



Some of these pictures have appeared in publications/mailers/fundraiser opposing ANWR development. And the oil industry was blamed for them.

As you view these startling pictures, consider the hypocrisy of the Federal Government wanting to protect Alaska from the very sort of mess that they caused and refuse to clean up – in the very same area. They're worrying about imaginary future problems while turning a blind eye to real and present one – and ones that they created and are responsible to clean up.

This is how our federal Department of the Interior protects our pristine wilderness.

Allowing these unsafe and unsightly wells to litter Alaska's wilderness and threaten both human safety and the environment is unacceptable.

Nonetheless the BLM has properly plugged and abandoned only a handful (about 9) of the wells. The North Slope Borough has taken care of another seven themselves.

Simpson Core Test #26



The well on this site was drilled in 1947 – and this is just the debris that is still there; imagine how bad it must've been 65 years ago.

To be fair, the legacy wells have been an issue since the middle of the last century; so they're certainly not solely the fault of the current administration. But this administration is the only one we've got right now and, thus, the only one that we can hold accountable. And they're making a lot of noise about the environment; so here's an opportunity for them to put their money where their mouth is.

And to be fair to the Alaska BLM folks, I think they'd like to clean this mess up, too, but their hands are tied by the meager budget the Department of the Interior parcels out to them.

But I'm not going to cut the Department of the Interior any slack – they take in billions of dollars on lease sales, much of that right here in Alaska. Some of that money should go to fixing the mess they made here.



The United States Geological Survey, another branch of the Department of the Interior, is using seventeen of the legacy wells for temperature monitoring. All seventeen are old wells with old wellheads, dangerous cellars, hundreds of pilings, and assorted other debris and old buildings at or near the sites. We are keeping a close eye on these wells to ensure that they (1) truly are being used and (2) are safe and secure downhole.

And here's that expensive rental helicopter I mentioned earlier.



Natural subsidence and snowmelt have started to obscure this site.

Delaying plugging and abandonment has already caused several of the wells to be "lost" due to subsidence and other normal earth movement.

The BLM has even taken some of the wells off their concern list simply because they can no longer find them. Yikes! I think those might be at the top of my list!

Two wells are at the bottoms of lakes and a third has been buried by a landslide at the edge of the Colville River. Others are lost with no explanation other than "we can't find it".

Postponing abandonment of the remaining wells puts them at risk of also becoming "lost."

near Barrow



The BLM complains that one reason they don't take care of the wells is that it costs so much. (Imagine any other operator giving that excuse for not cleaning up after their drilling operations.)

One reason that it's so expensive is that they wait till a well is an absolute emergency before they work on it. And they do only one or two wells a season, ignoring other wells that are nearby. So they burden each well clean-up with the expensive mob and demob costs rather than doing several wells at a time and incurring those costs only once.

This well, Iko Bay #1, is now considered an emergency because word has gotten out that it's leaking hydrocarbon gas. So, now that it's an emergency, what does that mean. It means that next time the BLM gets money, they'll fix it. But there's no rush – it's been leaking for year.



A few of the sites, but clearly not this one, have revegetated and it is hard even to find the wells. BUT, because those wells have not been properly plugged downhole, they are even more dangerous. They're out of sight and mind, but certainly not safe and secure. They're essentially time-release land mines.

If these wells were operated by an oil company, my agency could and would force compliance with our regulations and impose hefty fines for non-compliance. Unfortunately, while we can find the Federal Government to be in violation of our regulations, there is nothing we can do about it.

And, at a hearing a few months ago, the BLM added insult to injury by informing us that it is their legal opinion that they can come into our state and violate any of regulations that they choose and there's nothing we can do about it.

We shouldn't have to force our own Federal Government into compliance with our state's regulations. As the highest authority protecting America's land, the Department of the Interior should be setting the gold standard. They are setting a standard, but it certainly isn't gold.

This concludes my prepared comments but I will gladly take any questions.

Cape Halkett #1



# Back-up slides

## BLM plans for ~50 wells

- The BLM will need to prepare a determination of eligibility pursuant to Section 106 of the National Historic Preservation Act, due to the age of the site. If the site is not eligible, then the surface debris should be removed as funding allows or in conjunction with other scheduled operations, if possible.

## Better wording

- Under Section 106 of the National Historic Preservation Act, prior to removal/cleanup of the well, the BLM will determine if the site is eligible for the National Register of Historic Places in consultation with the State Historic Preservation Officer (SHPO). If the site is determined not eligible, the BLM will make a finding of “no historic properties affected” and commence with the proposed removal/cleanup action at the site. If the site is determined eligible, this determination in no way precludes removal/cleanup activities. Rather, in consultation with the SHPO, the BLM will mitigate the action – most likely through historic documentation – and commence with the proposed removal/cleanup action at the site.

## **BLM statement of status for 9 improperly remediated wells**

- The well was marked with the well name and plugged date on the cap, but otherwise left in its original condition in accordance with an agreement established with the Alaska State Historic Preservation Office (SHPO).

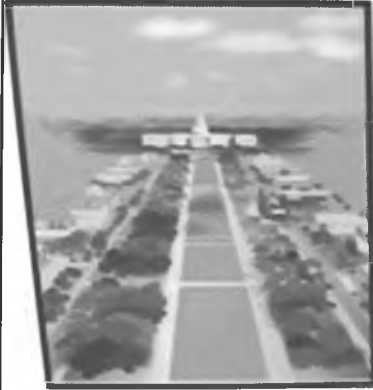
## **Wells BLM already using SHPO as excuse not to remediate**

- Umiat wells #3, #4, #8, #9, #10
- Simpson Core Test wells #26, #27, #30, #30A

## Simpson Core Test 30 and 30A



What BLM's "inartful wording" looks like when put into practice.



## What's Happening?

National Mall and Memorial Parks is restoring the Mall lawn and making other improvements between 3rd Street and 7th Street. The work includes the installation of engineered soil medium to resist soil compaction, durable turf varieties and granite edging. New sustainable systems to improve soil drainage and collect stormwater for irrigation will reduce the use of potable water and help improve regional water quality. This contract work is to be completed by December 2012.

With assistance from the Trust for the National Mall

How could the Dept of the Interior justify spending \$250million to re-sod the National Mall lawn so that it looked pretty for the inauguration (and then gets tramped down again within 6 months by picnickers and frisbee-throwers) and yet nickel and dime the remediation of these legacy wells?

## Status of Legacy Wells

- 16 properly plugged and abandoned (7 by Alaska Native Groups rather than BLM)
- 5 improperly plugged and not abandoned
- 29 not cased & partially revegetated
- 17 used for temperature monitoring by USGS
- 17 transferred to Alaska native ownership
- **2 leaking flammable gases**
- 50 other out-of-compliance wells

This is the status of the 136 wells, as best we can determine thus far.

BLM recently gave us additional information on most of the wells and that information is reflected here. As we get the remaining data, our numbers may change slightly.

Of the 16 properly plugged wells, 7 were plugged by the North Slope Borough, after the US Government transferred ownership to them. (So Alaskans are taking responsibility and cleaning up some of the mess created by the Federal Government.)

Until recently, we had considered the uncased and partially revegetated wells to be of low concern, but BLM had well control issues at about 300' while plugging a well that had no casing from about 30 feet down (Umiat #6). Therefore we now have a heightened level of concern for those 29 wells.

We are attempting to work through the BLM to get the 17 USGS-operated wells monitored for well integrity but have not yet been successful. Nor have we gotten any proof that they are actually being used for anything.

BLM acknowledges that Iko Bay #1 (leaking natural gas) is a high priority to plug – but they currently have insufficient budget to perform that plugging. Our records also indicate that Simpson Core Test #30a also leaks gas. (It sits on oily ground and is completed as an oil well.) We will attempt to get that well also on the BLM high priority list.

The 50 other wells are in a variety of poor conditions – from open casing with no wellheads to having substantial wood, metal and plastic debris on site.

## Example Problems

- At least 26 are open to the atmosphere and at one time were filled with drilling mud
- At least 44 have wood, metal, plastic, glass, and concrete debris on site
- At least 17 are filled with diesel
- 3 can no longer be found - 1 under landslide at Colville River's edge, 2 in lakes

When I say "at least" that just acknowledges that I don't have data on all the wells; so there may be more.

When I say "at one time" that just acknowledges that, since these wells have been open to the atmosphere for 30 years or longer, who knows what fluids are in the hole now.

## Example Problems

- At least 2 leak flammable gases
- 29 are partially revegetated at surface but have unknown downhole conditions; some have surface clean-up issues
- At least 49 have metal piping sticking above ground level

Iko Bay and Simpson Core Test 30a

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## SENATOR CATHY GIESSEL

April 1, 2013

Michael Geraghty  
Attorney General  
Alaska Department of Law  
P.O. Box 110300  
Juneau, AK 99811-0300

RE: BLM Travesty (aka Legacy) Wells

Attorney General Geraghty,

On behalf of the Senate Resources Committee, I would like to thank you for creating time in your busy schedule to speak at our upcoming meeting on Wednesday, April 3.

As you know, Travesty (aka Legacy) Wells were drilled in the National Petroleum Reserve-Alaska (NPR-A) by the federal government over a period of four decades. Drilling ceased in 1981. Less than two dozen of the 137 wells have been correctly plugged and remediated.

The United States Bureau of Land Management (BLM) is the landlord for NPR-A and is responsible for the contaminated well sites. We believe BLM is not taking the safety and environmental threats posed by these derelict wells seriously enough to create an aggressive remediation plan with the funding to pay for it.

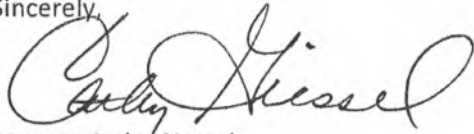
Our committee is frustrated by BLM's legacy of inaction and amended House Joint Resolution 6 by substituting the term "Travesty" for Legacy to express our perception of the true nature of those aging sites.

Our discussion on Wednesday will cover the following issues:

- What legal options does the state have to encourage or even force the BLM to take action?
- Is there opportunity for entities other than the Federal government—private or public—to participate in the cleanup?
- What sort of hurdles to remediation or future development are created with the National Historic Preservation Act of 1966 (NHPA) process? What is the State's role and authority in that process?

We look forward to discussing these issues with you. If you or your staff needs any additional information prior to the meeting, please contact Senate Resources Committee Aide Sharon Long in my office.

Sincerely,

A handwritten signature in cursive script that reads "Cathy Giessel". The signature is written in black ink and is positioned above the printed name.

Senator Cathy Giessel

Enclosed: HJR 6 LEGACY OIL WELL CLEAN UP/AWARENESS; NPR-A

Remarks by Attorney General Michael Geraghty  
Re: BLM Cleanup Issues  
April 3, 2013

By letter dated April 1, I was asked to address three somewhat related issues, which I will address in order:

**1. What legal options does the state have to encourage or even force the BLM to take action?**

Of course, legal options are generally directed to requiring some action to be taken, and so let me start with that first. The state could have a cause of action under the Resource Conservation Recovery Act (RCRA) to require both the cleanup of the solid waste and the closure of the abandoned wells. RCRA has a citizen suit provision which allows third-party enforcement of federal RCRA requirements. In order to make this claim, the state would have to establish: (1) that the conditions at these sites may present an imminent and substantial endangerment; (2) that the endangerment stems from the handling, storage, treatment, transportation or disposal of any solid or hazardous waste; and (3) that the responsible party, in this case BLM, has contributed or is contributing to such handling, storage, treatment, transportation or disposal.

The state would assert that BLM has waived sovereign immunity with respect to these state claims and, in fact, there is a waiver of sovereign immunity provision contained in RCRA. The waiver applies to the federal agency having jurisdiction over the disposal site or having engaged in activities resulting in the disposal of hazardous waste. In such cases, the federal government shall be subject to and comply with all federal, state, interstate, and local requirements, both substantive and procedural, respecting control and abatement of solid waste

or hazardous waste disposal and management in the same manner and to the same extent, as any person.

Using this waiver of sovereign immunity, the state would assert that the federal government is currently not in compliance with the AOGCC regulations governing the abandonment and plugging of wells, which is a requirement of state law in respecting the control and abatement of hazardous waste. It is also not in compliance with Alaska solid waste laws related to prohibitions of litter and polluted runoff which are state regulations concerning control and abatement of solid waste.

I foresee a number of obstacles with any legal action to require the proper abandonment and cleanup of these sites:

- BLM would argue that it has not waived its sovereign immunity. This is a legal defense and I am not going to delve into it anymore except to say that sovereign immunity is a robust defense that is asserted both by the state and federal governments. Whether it applies to this particular situation I would not hazard to predict today.
- There is a statute of limitations that could bar the state's claim. There is a five year statute for citizen suits under RCRA, and Congress has enacted a residual statute of six years that applies when no specific limitation is otherwise provided. Of course, these sites have existed for decades. There is an argument that they constitute a continuing violation, and so the state's claims remain timely and valid. Again, I would not hazard a prediction as to how this defense would fare, except to say that I think it would get serious attention from any judge reviewing this matter.

- As a practical matter, BLM has conceded that it is responsible for the cleanup of these sites. Typically, we go to court to resolve an issue of who is responsible. In this instance, simply seeking a declaration that BLM is legally responsible may not advance the ball too far.
- This brings me to the remedy. Even if the state were able to overcome these defenses and sustain a claim under RCRA or some other theory, I question how far a federal judge would go in mandating that BLM either alter its spending priorities, or create new spending priorities, within the vast realm of BLM's responsibilities. I suspect that is a step the court would be loathe to take. While a court might very well order BLM to cleanup the sites, it cannot require Congress to appropriate monies for the task.

In conclusion, as to this particular question, I believe the legal options available to require BLM to do something are not wholly satisfactory, and there is some level of uncertainty associated with how far those remedies would take us, if at all.

**2. Is there opportunity for entities other than the federal government - private or public - to participate in the cleanup?**

This issue is somewhat related to the earlier question in the sense of what options does the state have to "encourage" BLM to take action?

There are two options that I think merit consideration.

The first concerns possible ways to use the compensatory mitigation requirement associated with wetlands development to possibly provide funds for the cleanup.

As many of you know, development on properly recognized wetlands obligates a permittee, in many instances, to undertake compensatory mitigation - "actions taken to offset unavoidable adverse impacts to wetlands, streams and other aquatic resources."

There are several methods of mitigation, including restoration, enhancement, and the establishment and preservation of wetlands.

There are also several mechanisms for providing mitigation, including mitigation banks and in-lieu fee (ILF) programs.

A mitigation bank is a for-profit business involved in the definition and acquisition of lands for mitigation purposes. It can also provide oversight for mitigation activities and the subsequent sale of mitigation "credits" to permittees.

The ILF program is similar to a mitigation bank, but it can only be operated by non-profits or government entities. In this program, mitigation is typically achieved after credits have been sold.

In Alaska there are relatively few disturbed wetland sites which are eligible for restoration/enhancement. Moreover, for a site to be eligible for preservation in order to meet mitigation requirements, it must be at risk of development. Preservation commonly involves the establishment of a perpetual conservation-type easement that limits the use and development of the land. Accordingly, from Alaska's perspective, where we have relatively few disturbed sites, and not much land in private hands, setting aside land in perpetuity for mitigation purposes is not a preferred alternative.

Reclamation of the legacy well sites represents a potential win-win opportunity to provide mitigation opportunities for North Slope development projects while addressing a pressing environmental need and assisting BLM with meeting its obligations. The cleanup and proper plugging and abandonment of these wells would be a net benefit to surrounding wetlands and surrounding surface and groundwater quality. An ILF program, or mitigation bank, would provide a mechanism for developers to purchase mitigation credits and to transfer mitigation liability from the developer to the ILF program or mitigation bank.

I want to emphasize that this idea is in its very early stages and much work remains to be done. I have tried to summarize in a couple of minutes what would be a complex and lengthy process, and might possibly require some federal legislation. However, I am informed the initial discussions have been positive, and we hope they continue.

Another potential option is the administration's Road to Resources program. One of the roads being discussed would be to Umiat. Again, this is in its very early stages, and to some extent may depend on the potential for exploration and development of resources in the area. A road to Umiat, if constructed, would substantially reduce the cost of cleaning up the contaminated sites in Umiat, and that appears where the biggest concentration is located. BLM contends that the environmental risk posed by many of these sites is at de minimus and, considering the lack of infrastructure and access, the cost would be prohibitive to address some of these sites now. If there were road access, it could make the cleanup effort considerably less expensive.

In conclusion, there may be other options out there, but I think those are two that merit consideration and hold real potential.

**3. What sort of hurdles to remediation or future development are created by the National Historic Preservation Act of 1966 (NHPA)? What is the state's role and authority in that process?**

The short answer: I don't believe it is a hurdle to remediation or future development. Given the age of some of these sites, it is simply a fact that the NHPA must be considered. However, in order for a site to be designated, it must have some "significance." The original Discovery well on the North Slope has been designated under the NHPA. I can appreciate that. However, with respect to the 137 test holes that were drilled as a result of the NPRA delineation process, it would be hard for me to understand how any particular well would be attached much significance.

The state of Alaska does have a State Historic Preservation Office (SHPO) which coordinates with federal agencies to carry out this responsibility. The SHPO can concur or not with the designation, but ultimately it is a federal decision. It is also possible for the feds to propose a programmatic agreement to deal with all of these sites in a collective fashion, which would avoid a piecemeal decision making process. Thus far that has not been proposed by BLM. The NHPA process is, at least as described to me, reasonably straightforward. It is not to be compared, for example, with drafting an Environmental Impact Statement, which is time consuming and expensive.

Furthermore, even if a site were designated under NHPA, it would not foreclose the abandonment or cleanup of a well, or the disposal of solid waste. Obviously that would take precedence.

## **HJR 6 Travesty Wells Talking Points**

**Alaskans are still waiting for BLM to draft a comprehensive cleanup plan for the wells – drilling ceased 30 years ago – that is why we have this resolution before us**

**The term “Legacy Wells” may give some Alaskans the impression there is some historical significance to the wells that makes them worth preserving – nothing could be farther from the truth**

**BLM appears to be preventing or at least delaying remediation efforts by claiming historic site designation status on nine wells**

**The Senate Resources Committee decided the term “Legacy” was inappropriate and renamed the wells “Travesty Wells”**

**A Travesty is exactly what these wells are – a charade put on by the federal agency charged with protecting the National Petroleum Reserve-Alaska**

**Our waters, marine mammals, fish, birds - the entire arctic ecosystem surrounding the wells are in jeopardy because BLM has not made protecting these areas a priority**

**At least 10 wells are leaking flammable hydrocarbons**

**Money is not an issue – the federal government has raked in almost \$9.5 billion in lease sales from NPR-A and Alaska’s outer continental shelf**

**If a private company was responsible for the Travesty Wells it would be hit with fines exceeding \$8 billion - \$40 billion if the statute of limitations were disregarded**