

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

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July 27, 2010

The Honorable Lisa Murkowski
U.S. Senator
State of Alaska
709 Hart Building
Washington DC 20510-0202

Faxed and Mailed

Re: H.R. 5626, Blowout Prevention Act of 2010

Dear Senator Murkowski:

On July 15, 2010, Congressman Waxman's "Blowout Prevention Act of 2010" was passed out of the House Energy and Commerce Committee. With regard to wells on Federal lands, the Act is an understandable response to the Deepwater Horizon blowout. However, the Act also effects an unwarranted, unprecedented and far-reaching extension of Federal regulatory authority to lands heretofore under State jurisdiction. Judged against the failures of regulators to oversee and enforce Federal regulations, as well as the lack of Federal regulatory oversight and enforcement so instrumental in causing that blowout, this extension of jurisdiction is unwarranted; and, it poses an immediate threat to drilling in Alaska and Alaska's environment.

Oil and gas drilling in Alaska has for the past fifty years been regulated by the Alaska Oil and Gas Conservation Commission (Commission). Generally speaking, the Commission's regulatory requirements for hydrocarbon wells in Alaska – including permitting, oversight of drilling operations, required equipment, and proper plugging and abandoning of wells – are some of the most stringent in the world. The Commission is often criticized by industry for mandating safety equipment deemed by industry to be redundant. This includes safety valve systems and regulations governing required blowout prevention equipment.

Unlike the Federal agencies overseeing wells on Federal lands, the Commission's enforcement of regulations is rigorous. Blowout prevention equipment is required to be tested at least every 14 days with all test results reported to, and reviewed by, Commission staff. At least once every 60 days, each rig in the State is personally inspected by the Commission, including the required blowout prevention equipment. Should any major component fail a blowout prevention test, drilling operations are immediately ordered suspended until it passes.

The only entity which has had difficulty complying with Alaska's regulations is one of the Federal agencies now proposed to oversee Alaska's drilling program: the United States Department of Interior, Federal Bureau of Land Management (BLM). For years the Commission has endeavored to obtain BLM's compliance with the Commission's regulatory scheme. Nonetheless, several BLM wells have been drilled without proper blowout prevention equipment, and BLM has failed and refused to comply with requirements to properly plug and abandon wells they have drilled.

In response to Commission demands that wells be brought into compliance, BLM has: (i) suggested the Federal government should be held to a lesser standard than private operators, (ii) professed its "intent" to comply with the regulations "as opportunities arise," (iii) indicated it is unfamiliar with the regulations, (iv) asserted it has complied with regulations *on some wells*, (v) stated that it will "monitor" wells in lieu of regulatory compliance, (vi) advised that it cannot locate some wells, and (vii) asserted that it lacks funding to comply properly with regulations. BLM has also gone so far as to offer its opinion that out-of-compliance wells pose no risk. Juxtaposed against the lack of regulatory oversight and enforcement implicated in the Deepwater blowout, these statements are chilling. Photographs of wells, taken from the Federal BLM website, are attached hereto and illustrate the danger of Mr. Waxman's proposal to extend Federal regulatory authority to lands now under State jurisdiction.

To date potentially in excess of 200,000,000 gallons of oil have been wasted because of incompetent Federal regulation of the Macando well. Therefore, to suggest the Federal government can do a better job of regulating oil and gas drilling than the States is simply ludicrous.

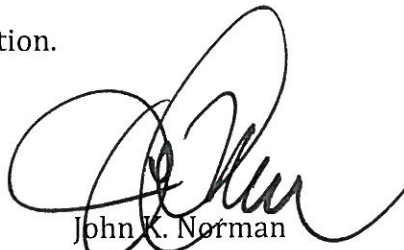
The State of Alaska has a long and proud record of safe oil and gas drilling. In no small measure this is due to local control and the Commission's constant oversight of drilling operations. Vesting oversight in Federal agencies with a demonstrated record of lax oversight and enforcement, including the very agencies implicated in the Deepwater Horizon blowout, cannot be justified and poses an imminent risk to health, safety, the environment, and the important task of conserving valuable oil and gas resources.

For the reasons stated above, we express our absolute opposition to HR 5626 in its present form and urge you to vote against it.

Thank you for your consideration.



Daniel T. Seamount, Jr.
Chair, Commissioner



John K. Norman
Commissioner



Cathy P. Foerster
Commissioner

cc: The Honorable Sean Parnell, Governor, State of Alaska
The Honorable Rick Perry, Governor, State of Texas and Chair, IOGCC
Elizabeth Ames Jones, Commissioner, Railroad Commission of Texas
Daniel S. Sullivan, SOA, Attorney General
Tom Irwin, Commissioner, SOA, DNR
Larry Hartig, Commissioner, SOA, DEC
Marty Rutherford, Deputy Commissioner, SOA, DNR
John Katz, Director, SOA, Office of the Governor
Kevin Banks, Director, SOA, DNR, O&G
Mike Smith, Executive Director IOGCC
Mike Paque, Executive Director, GWPC
Theodore Rockwell, U.S. Environment Protection Agency



Fish Creek Test Well #1 is located within the Northeast Planning Area of the National Petroleum Reserve – Alaska.



Umiat #1 is located about 5 miles from the Umiat airstrip.



Simpson Core #29

Well Specifics:

Well Head Description (from base to top):

3' of 8 1/2" casing

5 1/2" casing with collar sticking 2 1/2' out of 8 1/2"

2 side outlets (both plugged)

top of blind flange (8 x 5/8" studs)

2 3/4" welded collar and nipple, cemented?

TOTAL STICK UP: 5 1/2'

Casing extends about 3 feet from the ground surface with two plugged side outlets. No valves or gauges are present. There is no oil or gas seeping on site.



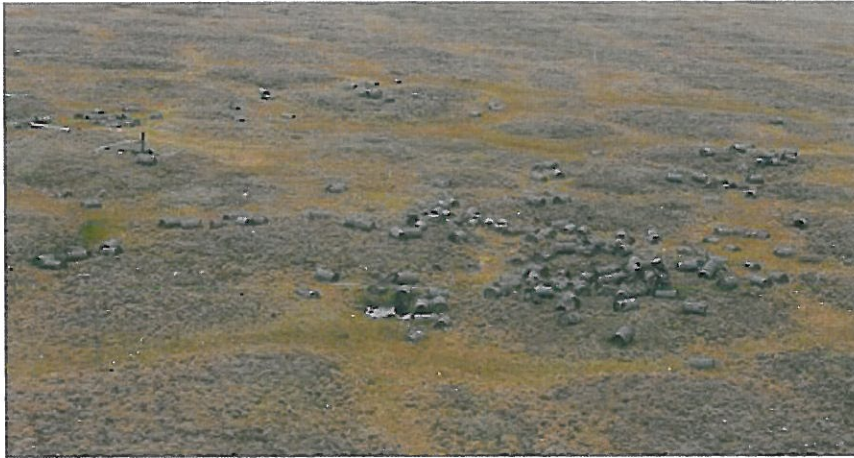
Summer photo - June 18, 2003



Awuna wellhead with exposed wooden pilings and Styrofoam.



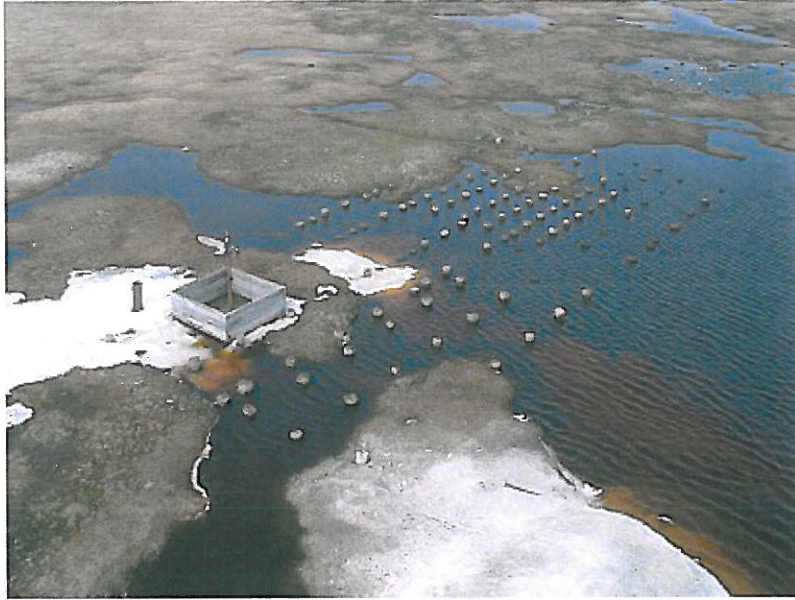
North Simpson #1 is partially submerged in the summer.



Solid waste primarily in the form of empty drums litter the area around Skull Cliff Core Test. The wellhead is in the upper left portion of the photo.



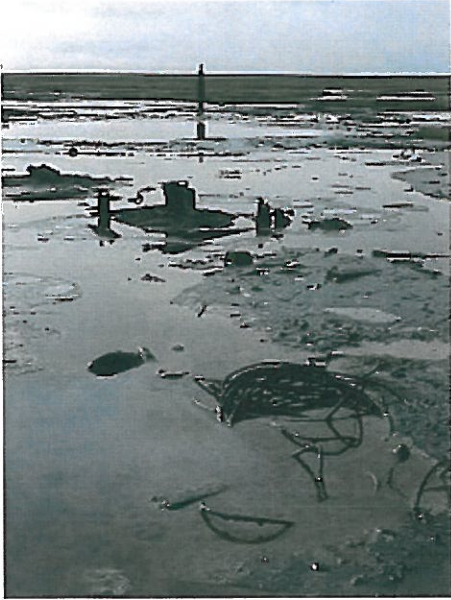
Kaolak #1 with cabin on the drill pad.



East Simpson #2 is partially submerged during the spring thaw. Photo taken June 2003.



Simpson Core #26 drilled in the middle of an oil seep. Depth of the oily-water prohibits access to the wellhead.



Light trash is present in the seep between Cores #30 and #30A.