

Alaska Oil and Gas Association



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VIA E-MAIL: blm_akso_ak932_cpcomments@blm.gov

Chad Padgett, State Director
Bureau of Land Management
Alaska State Office
222 West 7th Avenue, Mailstop 13
Anchorage, Alaska 99513-7504

Re: Call for Nominations and Comments for the Coastal Plain Alaska Oil and Gas Lease Sale (Federal Register Document No. 2020-25316)

Dear Director Padgett:

This letter provides the comments of the Alaska Oil and Gas Association (“AOGA”) in response to the U.S. Bureau of Land Management’s (“BLM”) Call for Nominations and Comments for the Coastal Plain Alaska Oil and Gas Lease Sale (“Lease Sale”). As explained below, AOGA strongly supports BLM’s Lease Sale.

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry for the benefit of all Alaskans. AOGA’s membership includes 14 companies representing the industry in Alaska that have state and federal interests, both onshore and offshore. AOGA’s members have a well-established history of prudent and environmentally responsible oil and gas exploration, development, and production in Alaska.¹

The development of Arctic Alaska’s oil and gas resources has produced enormous economic, social, and scientific benefits while simultaneously minimizing environmental impacts and protecting Alaska’s natural resources.² In its 40-plus years of production, the North Slope has

¹ By submitting this letter, AOGA does not intend to limit the ability of its individual member companies to submit separate comments or present their own views on the topic discussed in this letter.

² See, e.g., 73 Fed. Reg. at 28,212, 28,289 (May 15, 2008) (“[T]he actual history of oil and gas activities in the Beaufort and Chukchi Seas demonstrate that operations have been done safely and with a negligible effect on wildlife and the environment.”).

produced, and Trans-Alaska Pipeline System (“TAPS”) has delivered, over 18 billion barrels of oil. It is without dispute that this production has provided unparalleled economic and social benefits to the State of Alaska, Alaska Native organizations, municipalities, and all of Alaska’s citizens. To this day, the oil and gas industry remains the backbone of Alaska’s economy. Over 77,600 Alaska jobs are attributable to oil and gas investment and activity, which represents 24% of all wage and salary jobs in Alaska. The oil and gas industry has contributed over \$150 billion (not adjusted for inflation) to the State of Alaska through royalties and taxes, and provides the largest cash contribution to the Alaska Permanent Fund. These benefits have been produced through an established record of safe and environmentally responsible development that is respectful of all of Alaska’s natural resources.

Congressional approval to open the Coastal Plain for oil and gas leasing and development has been a high priority of the State of Alaska, North Slope Borough, Arctic Slope Regional Corporation, Kaktovik Iñupiat Corporation, and the oil and gas industry since 1987 when the Department of the Interior (“DOI”) first recommended that action be taken. Oil production from the Coastal Plain will significantly help to maintain the energy advantage America now enjoys and will reduce U.S. expenditures on crude oil and petroleum products imports. Coastal Plain oil, if developed, will add volume to TAPS as state resources diminish. Moreover, Coastal Plain oil is “advantaged oil” because of its close proximity to existing infrastructure. This reduces the overall cost and footprint of new development, minimizing the impacts of oil production and transportation on the surrounding environment.

In 1987, DOI published a report recommending that Congress take action to open the “1002 Area” of the Coastal Plain to oil and gas leasing and to develop an oil and gas leasing program.³ The 1987 Report described the 1002 Area as “the Nation’s best single opportunity to increase significantly domestic oil production” and the “most outstanding petroleum exploration target in the onshore United States.”⁴ In 1998, the U.S. Geological Survey (“USGS”) updated the 1987 Report’s analysis.⁵ USGS’s 1998 Assessment estimated at least 11.6 billion barrels of in-place oil, which more than doubled the 4.8 billion barrels estimated in the 1987 Report. The 1998 Assessment further estimated 7.7 billion barrels (mean) of technically recoverable oil in 10 potential plays.

In 2017, after decades of political gridlock, Congress passed Public Law No. 115-97—the Tax Cuts and Jobs Act (“Tax Act”)—which includes a stand-alone title that expressly directs the Secretary of the Interior to “establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Coastal

³ U.S. Dep’t of Interior, Arctic National Wildlife Refuge Alaska, Coastal Plain Resource Assessment: Report and Recommendation to the Congress of the United States and Final Legislative Environmental Impact Statement (Apr. 21, 1987) (“1987 Report”).

⁴ *Id.* at vii.

⁵ USGS, Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis, Fact Sheet 0028-01: Online Report, <https://pubs.usgs.gov/fs/fs-0028-01/fs-0028-01.htm> (last modified Nov. 29, 2016) (“1998 Assessment”).

Plain.”⁶ The Tax Act requires BLM to conduct two lease sales on the Coastal Plain, not later than December 21, 2021 and December 21, 2024. In August 2020, BLM issued a Record of Decision (“ROD”) approving a leasing program to carry out the Tax Act’s statutory directive.⁷

Alaska’s oil and gas industry has a history of safe, effective, and environmentally responsible development that is respectful of all of Alaska’s natural resources. This outstanding record stems in significant part from an industry commitment to employing best management practices (“BMPs”) and providing extensive training programs for North Slope workers, such as the mandatory safety training course provided through the industry-organized North Slope Training Cooperative.⁸ The associated Alaska Safety Handbook provides standardized safety procedures, including BMPs, for Alaska oil and gas operations. Additionally, the North Slope Environmental Field Handbook provides best environmental practices and standardized measures for compliance with environmental regulations. This standardization ensures that employees and contractors implement a consistent set of safe and responsible practices and procedures.

The development of the North Slope also has an impressive record of environmental stewardship and innovation. For example, oil and gas operators and FWS jointly developed procedures, training, and best practices for managing human-polar bear interactions that set the global gold standard for human-bear interactions and have been repeatedly recognized as a success.⁹ This program establishes detailed plans and procedures that, *inter alia*, reduce and manage oilfield attractants to polar bears, outline a chain-of-command for responding to any polar bear, and provide polar bear awareness and response training for employees.¹⁰ The oil and gas industry has invested millions of dollars into this program and related polar bear research, monitoring, and infrastructure modifications.¹¹ Responsible industry practices have also ensured that polar bear denning in the vicinity of oil and gas operations has been carefully monitored and protected to

⁶ Pub. L. No. 115-97, § 20001(b)(2)(A), 131 Stat. 2054 (2017).

⁷ Coastal Plain Oil and Gas Leasing Program Record of Decision, U.S. Department of the Interior, Bureau of Land Management (August 2020), https://eplanning.blm.gov/public_projects/102555/200241580/20024135/250030339/Coastal%20Plain%20Record%20of%20Decision.pdf.

⁸ See North Slope Training Cooperative, <http://nstc.apicc.org/>.

⁹ See 73 Fed. Reg. 28,306, 28,314 (May 15, 2008) (special rule) (program has “proven to be beneficial to the conservation of marine mammals such as the polar bear”); 73 Fed. Reg. 28,212, 28,266 (May 15, 2008) (listing) (program has “proven to be highly successful in providing for polar bear conservation in Alaska”).

¹⁰ See 73 Fed. Reg. at 28,311 (“The intent of the interaction plan and training activities is to allow for the early detection and appropriate response to polar bears that may be encountered during operations, which eliminates the potential for injury or lethal take of bears in defense of human life. By requiring such steps be taken, we ensure any impacts to polar bears will be minimized and will remain negligible.”).

¹¹ For example, the industry conducts annual den detection surveys in December, prior to the start of winter off-road activities. Den surveys are typically done from an aerial fixed wing or rotor platform and use infrared technology/cameras to identify putative dens. Putative dens are then confirmed on the ground and/or avoided with a buffer zone to mitigate against potential impacts to denning bears.

allow for the successful emergence of the sow and cub(s). Indeed, even in FWS's rule listing the polar bear as a "threatened species," FWS expressly recognized that the oil and gas industry has a "beneficial record of protecting polar bears" and that Alaska oil and gas activities have "minimal" impacts that have *no* contribution to the bear's listed status.¹²

Similarly, oil and gas operators regularly employ caribou mitigation measures, such as avoidance of off-road travel during and after peak caribou calving, to minimize potential impacts during the calving season, specifications for pipelines and roads to allow for unaltered caribou movement, and seasonal speed restrictions on vehicles. These measures are largely effective in mitigating oil and gas activity impacts to caribou.¹³

Additionally, innovations in drilling technology have reduced the geographical footprint of oil development while, in certain circumstances, increasing the amount of resources that can be reached. Multilateral wells or sidetracked wells minimize surface facilities and well footprints. As a result of these technological advances, drill pad size has shrunk from 65 acres in 1970 to as little as 12 acres today. These advances demonstrate that oil and gas can be produced efficiently in Arctic Alaska with a minimal geographic footprint and, consequently, with minimal environmental impact. This impact will only continue to lessen as the industry continues to innovate.

Finally, oil produced from the Coastal Plain will have practical benefits. Along with oil from the NPR-A, Coastal Plain oil will add volume to TAPS just as state resources diminish, helping to maintain critical flow and temperature levels. As referenced above, Coastal Plain oil is "advantaged oil" because of its close proximity to existing infrastructure. This reduces the overall cost and footprint of new development, minimizing the impacts of oil production and transportation on the surrounding environment.

In sum, the development of Arctic Alaska's oil and gas resources has produced enormous economic, social, and scientific benefits while simultaneously minimizing environmental impacts and protecting Alaska's natural resources.¹⁴ This record of experience and knowledge,

¹² 73 Fed. Reg. at 28,241, 28,266, 28,284; *see id.* at 28,266 ("Oil and gas exploration, development, and production activities do not threaten the [polar bear] species throughout all or a significant portion of its range").

¹³ *See, e.g.*, Alaska Dep't of Fish & Game, Central Arctic Caribou Herd News, at 2 (Winter 2016-17), http://www.cookinletarchers.com/central_arctic_caribou_herd_news_winter_2016_2017.pdf ("The impact of oil infrastructure on [the Central Arctic caribou herd] has also been considered, but is not thought to be contributing to the decline since the herd grew substantially during peak oil development."); Brian E. Lawhead et al., BLM, *A Literature Review and Synthesis on the Effect of Pipeline Height on Caribou Crossing Success* (Apr. 2006); Lynn E. Noel et al., *Caribou Distribution Near an Oilfield Road on Alaska's North Slope, 1978-2001*, 32 Wildlife Soc'y Bull. 757 (2004), <https://www.uaf.edu/files/snre/Publications/Cronin/14%20Noel%20et%20al%202004%20WSB%20MPU%20caribou.pdf>; Matthew A. Cronin et al., *Mitigation of the Effects of Oil Field Development and Transportation Corridors on Caribou* (July 1994), http://www.arlis.org/docs/vol2/point_thomson/1011/1011A_~1.pdf.

¹⁴ *See, e.g.*, 73 Fed. Reg. at 28,289 ("[T]he actual history of oil and gas activities in the Beaufort and Chukchi Seas demonstrate that operations have been done safely and with a negligible effect on wildlife and the environment.").

along with continued industry innovations, provides a sound basis for the safe and responsible exploration and development of the Coastal Plain, proven by a half-century of responsible development on the North Slope.

The record of development on Alaska's North Slope and associated offshore areas provides strong support for BLM's proposed leasing program for the Coastal Plain. BLM's Call for Nominations represents a significant step towards having a timely lease sale. A successful lease sale in the Coastal Plain could ultimately result in thousands of jobs for hardworking Alaskans and hundreds of thousands of barrels in daily pipeline throughput.

AOGA appreciates this opportunity to comment and offer its support on BLM's Call for Nominations. If you have any questions on these comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'P. Bergt', with a stylized flourish at the end.

Patrick N. Bergt
Regulatory and Legal Affairs Manager