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Questions about platform removal to get attention

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Removing offshore platforms from Cook Inlet received some attention from legislators.

The Legislature passed a bill earlier this week that urges Gov. Frank Murkowski to direct the Alaska Department of Natural Resources Division of Oil and Gas to develop new platform abandonment regulations clarifying what is required to remove them.

Companies with platforms in the inlet lease the land from the DNR. Their leases require them to remove the platforms and restore the leased area to its original condition at the direction of the commissioner of the DNR.

But companies, such as Unocal Corp., say they are not clear on what, specifically, they need to do when they remove a platform. For example, whether they need to remove the platform or remove the legs, too, said Kevin Tabler, manager of land and government affairs for Unocal.

"It's the mechanics of how you do it," Tabler said. "We think the situation needs to be addressed."

Tabler said he would like to see additional guidelines but still have some discretion on how to dismantle them. He added that the legislation, HCR 7, was not introduced at Unocal's request. There had been a commitment from Mark Myers, director of the Alaska Department of Natural Resources Division of Oil and Gas, to address this issue when the division had time, Tabler said.

Platforms started popping up in Cook Inlet in the 1960s to produce the high-quality crude oil in the region. To date about 1.5 billion barrels of oil has been produced in the region, mostly from the offshore platforms.

Proven oil reserves in Cook Inlet are projected to run out by about 2016. Recently, ChevronTexaco announced it plans to acquire Unocal and is going to sell about \$2 billion dollars in assets. It has been speculated that their Alaska assets would be part of those sold.

Of the 16 platforms in the Inlet, 10 are owned by Unocal. Three platforms have been "lighthoused," meaning they are no longer producing but are still in place. One more platform is no longer producing oil but only has an intermittently active gas well.

In 1996, the Alaska Oil and Gas Conservation Commission developed some standards for platform abandonment. Since companies lease the land from the DNR, the attorney general decided that abandonment regulations should be determined by this department.

Dan Seamount, commissioner of the AOGCC, said this continues to be an important issue.

"It (gives) some sort of certainty so organizations can plan their business," he said.

The Senate and House Resources committees held a joint hearing in February in Kenai, giving industry a chance to testify on ways to improve the business climate in the Cook Inlet basin. Developing more clear regulations for platform abandonment was one of the topics that came up.

Seamount said there are many more oil exploration prospects within reach of the existing platforms. At the hearing he said if existing infrastructure remains in place, more oil can be tapped to increase production in the region.

Rep. Kurt Olson, R-Soldotna, sponsor of the bill, said there may be companies interested in purchasing the platforms to drill deeper for more oil. Developing abandonment guidelines will make the platforms more attractive for prospective buyers because they will know the rules up front, Olson said.

The Cook Inlet Regional Citizens Advisory Council has issued a report highlighting different options for removal of the platforms that will be presented to the Division of Oil and Gas.

CIRCAC is a federally mandated nonprofit organization representing the citizens of the inlet by promoting environmentally safe marine transportation and oil facility operations in the inlet.

They are interested in this issue because oil production has been declining and the facilities are old, said Terry Bryant, director of operations for CIRCAC.

The report pointed out the platforms could serve a purpose beyond oil production, such as use for navigational purposes and ice breakers for large chunks of ice floating in the water.

Removing the platforms also has some merits, the report noted, such as eliminating the need for long-term maintenance after they are abandoned and also of pollution from pipelines and gathering lines, to name a few. Removing them also would restore the environment to its pristine state, improving the aesthetic quality of the inlet, the report stated.

The report recommended that an independent engineering firm evaluate the options for the platforms' removal and that the Alaska DNR conduct a full public review of the issue.

"At some point something is going to have to be done with them," Bryant said.