COOK INLET RCAC

"The mission of the Council is to represent the citizens of Cook Inlet in promoting environmentally safe marine transportation and oil facility operations in Cook Inlet."

Members

Tourism Organizations

Alaska Native Groups

Environmental Groups

Recreational Groups

Aquaculture Associations

Commercial Fishing Organizations

City of Kodiak

City of Kenai

City of Seldovia

City of Homer

Kodiak Island Borough

Kenai Peninsula Borough

Municipality of Anchorage

October 16, 2018

Jody Colombie
Alaska Oil and Gas Conservation Commission
33 West 7th Avenue
Anchorage, AK 99501
Submitted via email: ogcc.customer.svc@alaska.gov

RE: Comments on Proposed Changes on Bonding in the Regulations of Alaska Oil and Gas Conservation Commission

Dear Ms. Colombie:

The mission of the Cook Inlet Regional Citizens Advisory Council (CIRCAC) is to represent the citizens of Cook Inlet in promoting environmentally safe marine transportation and crude oil facility operations in Cook Inlet. We appreciate the opportunity to review and comment on the proposed changes to bonding regulations that were released on August 14, 2018.

CIRCAC supports the proposed rule change, which serves the dual purpose of increasing the amount required for bonding (and surety, if required) from the amounts written in regulation almost 20 years ago. The proposed regulatory change will also more appropriately scale the amount required based on the number of wells owned by a company. (Previously a company drilling dozens of wells would not be required to provide a bond or surety in an amount any greater than a company drilling two wells.)

While we appreciate that the new amounts may make it difficult for smaller companies to access the necessary bonds, at the same time we are concerned that a company unable to access a bond may also be one that is unable to properly manage the end-of-life of their wells and other infrastructure, which could negatively impact the lands and waters of the Cook Inlet area and have the same negative impact on the State's economy. We note that the proposed regulations allow some regulator discretion to reduce the required amounts if the operator can demonstrate that engineering or other circumstances significantly reduce the risk to the state.

Thank you for your attention to this important matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

Michael Munger
Executive Director

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