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[EXTERNAL] Attention: Coastal Plain EIS, API Comments on BLM NOI to Prepare EIS for Arctic NWR Coastal Plain

1 message

Richard Ranger <rangerr@api.org>

Tue, Jun 19, 2018 at 12:49 PM

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To the BLM, Alaska State Office –

With this email, as directed by the agency's Notice of Intent to Prepare an Environmental Impact Statement ("EIS") for the Coastal Plain Oil and Gas Leasing Program, Alaska, published in the Federal Register April 20, 2018, API is pleased to provide this comment letter in support of oil and gas leasing on the coastal plain of the Arctic National Wildlife Refuge.

Thank you for considering these comments. Please do not hesitate to contact the undersigned should you have any questions.

Very truly yours,

Richard Ranger

API

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June 19, 2018

Bureau of Land Management
Alaska State Office
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Re: Attention – Coastal Plain EIS
Comments on Notice of Intent to Prepare an Environmental Impact Statement
For the Coastal Plain Oil and Gas Leasing Program, Alaska
(83 CFR 17562, April 20, 2018)

Dear BLM reviewers:

The American Petroleum Institute (“API”) is pleased to provide these comments in response to the Notice of Intent to Prepare an Environmental Impact Statement (“EIS”) for the Coastal Plain Oil and Gas Leasing Program, Alaska, published in the Federal Register April 20, 2018.

API is a national trade association representing over 625 companies involved in all aspects of the oil and natural gas industry. API’s members include producers, refiners, suppliers, pipeline operators, and marine transporters, as well as service and supply companies that support all segments of the industry. API member companies are leaders of a technology-driven industry that supplies most of America’s energy, supports more than 10.3 million jobs and nearly 8 percent of the U.S. economy, and since 2000, has invested more than \$3 trillion in U.S. capital projects.

With this letter we urge that the scoping process launched by the April 20 notice in the Federal Register proceed expeditiously toward authorization of a plan for opening the coastal plain of the Arctic National Wildlife Refuge (Arctic NWR) to oil and gas leasing. API has been consistent in our support for access to American natural gas and oil resources under federal administration in a manner that allows environmentally responsible development of those resources and appropriate management and protection of habitat, wildlife and other resource values for which agencies of the federal government are responsible. We believe that this balance is achievable in portions of the coastal plain of the Arctic NWR where crude oil and natural gas resources of national and strategic significance are believed to occur, and we believe that the long record of our industry’s exploration and production operations on lands elsewhere on the Alaska North Slope – lands that are likewise of significance to wildlife populations – supports this assertion.

Congressional action concerning the Arctic NWR in the past reflected the recognition that the crude oil and resource believed to lie in geologic strata found below the Arctic NWR coastal plain may be the single largest conventional crude oil resource under U.S. dominion¹. In 2005, the U.S. Geological Society (USGS) estimated that the Arctic NWR coastal plain (including federal and non-federal lands) contains between 5.7 and 16.0 billion barrels of undiscovered, technically recoverable oil². While the precise estimate still needs to be delineated, we know that there is a great deal of petroleum in the Refuge. Working off the USGS estimate and other material in 2008, the U.S. Energy Information Administration projected a low case peak production of 510,000 barrels per day and a high case production of 1.45 million barrels per day³. While oil prices were higher in 2008 than today, the industry has made a number of technical advances since 2008, notably the advancement of 3-D seismic as a key exploration technique to target the larger accumulations of oil and/or natural gas, and horizontal drilling from multi-well pads to reduce the footprints required for development of these resources. In the 1970s, it was not uncommon to have drill pads of more than 40 acres. Now they are about 12 acres. With contemporary field development practices and the long successful experience operating in other sensitive areas on the Alaska North Slope, Americans do not have to choose between development of valuable energy resources *or* the protection of Arctic species and the habitat on which these species live, feed, breed, rear their young, and migrate. Both development and protection can be achieved.

The Arctic NWR was established in 1960 to implement the vision of Robert Marshall to designate areas in the Arctic of sufficient scale to preserve wildlife and wilderness values. In 1980, the Alaska National Interest Lands Conservation Act (ANILCA: Public Law 96-487; 16 U.S.C. §3101 et seq.) more than doubled the size of the Refuge to over 19 million acres, an area approximately the size of the state of South Carolina, renamed it, and designated 8 million acres as wilderness (or an area larger than the combined land and water area of Maryland). In passing ANILCA, Congress recognized the importance of both the environmental and energy resources of the Arctic NWR, by specifying in Section 1002 of ANILCA that about 1.5 million acres of the coastal plain on the Refuge (or about 8 percent of its 19 million acres, often referred to as the “1002 Area”) should be subject to a thorough resource evaluation. Congress also required a comprehensive and continuing inventory of the biological resources on the coastal plain, along with an analysis of the potential impacts of oil and gas exploration, development and production, and reserved to itself the future determination whether production of oil and natural gas resources would later be allowed on the Arctic NWR coastal plain. The coastal plain also includes 92,000 acres of private land owned by the Kaktovik Inupiat Corporation (the village of Kaktovik is the only human settlement within the ANWR coastal plain). The subsurface rights of these 92,000 acres are owned by the Arctic Slope Regional Corporation (ASRC). With a similar recognition of the significant ecological attributes of the Arctic NWR coastal plain, Congress also supported a limit for the total footprint of future energy development in the coastal plain to a

¹ ICF International, 2008, Strengthening Our Economy: The Untapped U.S. Oil and Gas Resources

² Atanas, E.D., 2005, Economics of 1998 U.S. Geological Survey's 1002 Area Regional Assessment: An Economic Update, USGS Open-File Report 2005-1359

³ Energy Information Administration, 2008, Analysis of Crude Oil Production in the Arctic National Wildlife Refuge

total of 2,000 acres, allowing ample room for wildlife in the 1002 Area that is roughly the size of the Commonwealth of Massachusetts.

From the standpoint of the possibility of future development of oil and gas resources under the coastal plain of the Arctic NWR, ANILCA's provisions frame the context for management of this area should leasing proceed. API also recognizes that the context for planning for management of the Arctic NWR is also influenced by the 1990 Federal Subsistence Management Program, gradual increase in public use of many portions of the Refuge (notably float trips on several Refuge rivers) coupled with the opening of the Dalton Highway to public traffic, and changes in populations of Refuge wildlife, fish and habitats that USFWS professionals and third party researchers may have observed. API believes that the management objectives to sustain naturally occurring fish and wildlife species in the Arctic NWR, along with accommodation of other human uses on the coastal plain can be achieved with oil and gas exploration and development activities allowed to proceed on a small portion of the coastal plain.

The history of the Alaska North Slope shows that in the presence of each of the stages of development of the oil and gas resources in the different fields from Point Thomson in the east to the Greater Mooses Tooth Unit in the National Petroleum Reserve-Alaska over 150 miles to the west, the vast majority of the natural environment has been undisturbed. Advances in environmental management practices, and in drilling and production technologies, coupled with oversight from federal, state and local agencies have combined to minimize and in many cases avoid impacts to the tundra and to wildlife.

At Prudhoe Bay, Alpine, Kuparuk and associated fields, drilling advances and improved waste management techniques have resulted in a marked reduction in the land area needed for oilfield development. Wells that were once spaced about 120 feet apart are drilled as closely as 10 feet. With grind and inject technology, drilling wastes are safely reinjected underground into isolated geologic formations, eliminating the need for surface storage areas or reserve pits that were customary during the early years of the development of the Prudhoe Bay field. Prudhoe Bay development directly covers about 5,000 acres, or less than 2 percent of the field's total surface acreage⁴, nearly all of which remains for use by the abundant mammal and bird life with which industry shares the area. In fact, over the period of development of the existing North Slope fields, mitigation measures and design modifications to roads and pipelines have minimized impacts to the Central Arctic caribou herd, whose population remains healthy and strong. Wildlife biologists representing industry, government, and research institutions have collaborated on science-based actions to avoid impacts to polar bears. Pollution and waste-prevention measures across the North Slope assure that the region's network of tundra ponds surrounding the oil fields remain a healthy ecosystem to which populations of more than 200 different species of waterfowl migrate each spring. As an example of evolving technology, the Colville River Unit field to the west of Prudhoe Bay, in the ecologically rich Colville River delta, has been developed from five compact gravel pads and connecting roads that altogether cover less than .2 percent of the leased acreage in the unit. This is analogous to producing subsurface oil and gas resources covering an area roughly the size of the District of Columbia from a

⁴ Maki, Alan W., *Of Measured Risks: The Environmental Impacts of the Prudhoe Bay, Alaska, Oil Field*. 1992. *Environmental Toxicology and Chemistry*, Vol. II, pp. 1691-1707, Pergamon Press Ltd.

footprint slightly larger than the U.S. Capitol grounds. Access to this remote site is provided by construction of winter ice roads to allow transportation of equipment and drilling supplies to the site⁵. These roads minimize environmental impacts because the ice roads melt in the spring, leaving no permanent trace on the tundra. In a similar fashion exploration drilling on the North Slope today is conducted from temporary pads of ice that disappear after the well has been drilled, again leaving virtually no trace. Construction of pipelines and other facilities is also done during the winter from ice roads or pads.

On the North Slope, the oil and natural gas industry has participated as a partner in research with agencies of the federal, state, and borough governments, including the BLM and USFWS, which administers the Arctic NWR. The more than three decades of activity there have resulted in Alaska's North Slope being one of the most intensively studied and surveyed regions in North America, and arguably the best understood environment of the circumpolar Arctic. Environmental studies have documented baseline conditions prior to new development. Data from these studies have been used to assist project engineers with the design and placement of facilities and equipment to minimize environmental impacts. Studies to support permits for exploration and production activities and to comply with environmental laws and regulations have added to the literature about the Arctic that has benefited government agencies as well as the broader research community that continues to develop our knowledge of this important region.

Responsible development of Alaska's resources has proven to be an exercise in balance and adaptation based on continuous evaluation of lessons learned, involving production of vital national energy resources, protection of the environment and wildlife, coordination with residents of the North Slope Borough and its communities and respect for their subsistence way of life.

Our nation's long-term energy security will depend upon diversity of sources of supply. It is important to remember that U.S. domestic production is mostly made up of modest amounts from hundreds of thousands of wells in thousands of oil and gas fields, both onshore and offshore. Except for a few very large fields discovered many decades ago much of our current production comes from fields that can only provide a few weeks or months of supply by themselves. Thus, each discovery makes a proportional contribution to supplies over 10, 20, or in some cases, 50 or more years. The U.S. needs a constant supply of new discoveries to replace declining production from existing and end-of-life wells to meet our nation's growing demand for energy. Otherwise, production will eventually fall, creating a potential supply/demand imbalance that could have adverse impacts on imports and prices for American businesses, consumers and homeowners.

The Energy Information Administration (EIA) forecasts that by 2050, U.S. demand for oil will remain near current levels, while the demand for natural gas is expected to increase by 29%. The EIA also estimates that oil and natural gas will provide two-thirds of the energy consumed in 2025⁶. According to a May 2008 EIA report, the opening of the Arctic NWR coastal plain to oil

⁵ ConocoPhillips. <http://alaska.conocophillips.com/who-we-are/alaska-operations/alpine/>

⁶ Energy Information Administration, 2018. Annual Energy Outlook 2018

and gas development could result in an increment of crude oil production ranging from 510,000 to 1.45 million barrels per day for a period extending for approximately 12 years, with continued production for many years thereafter, lowering the nation's import dependency⁷. Jobs and significant revenue benefits to the treasuries of the U.S. government, the state of Alaska, and the North Slope Borough would also occur.

Development of the oil and gas resources in the Arctic NWR coastal plain would also serve to help maintain the integrity of the Trans Alaskan Pipeline System (TAPS), a critical link to America's energy distribution. TAPS, which stretches from Prudhoe Bay to the port of Valdez, has transported more than 17 billion barrels of oil since it came online 41 years ago – securely supplying the U.S. West coast. In 1988, oil production derived from Alaska's North Slope exceeded two million barrels a day, an amount that traversed TAPS and constituted approximately a quarter of this nation's domestic crude oil production. However, the quantity of oil production in Alaska has declined, with TAPS transporting approximately 527,323 barrels per day in 2017. Given the vast resources available in the Arctic NWR coastal plain, future production would vastly increase the crude oil TAPS delivers to the American people for decades to come.

The resources potentially available in Alaska is first order world class. Industry's ability to operate safely and in an environmentally responsible manner in the Arctic has been demonstrated for five decades. Alaskan oil and gas operations have been a proving ground for technologies that have steadily reduced both the footprint and the impacts of exploration and production activities the industry undertakes.

The oil and natural gas industry has proven itself to be a critical partner in the development of Alaska, and in expanding our knowledge of an Arctic environment. API encourages the expeditious preparation of a robust EIS supporting future lease sales in the Arctic NWR coastal plain that that will allow safe and environmentally responsible production of the area's rich resource endowment for the benefit of our nation's security and economy.

Should you have any questions, please contact the undersigned at 202.682.8057, or via e-mail at rangerr@api.org. Thank you for considering this letter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Richard Ranger". The signature is fluid and cursive, with the first name "Richard" and last name "Ranger" clearly distinguishable.

Richard Ranger
Senior policy Advisor
American Petroleum Institute

⁷ Energy Information Administration, 2008, Analysis of Crude Oil Production in the Arctic National Wildlife Refuge

