



CoastalPlain_EIS, BLM_AK <blm_ak_coastalplain_eis@blm.gov>

[EXTERNAL] Doyon Comments Attached

1 message

Sarah Obed <obeds@doyon.com>

Tue, Jun 19, 2018 at 5:25 PM

To: "blm_ak_coastalplain_EIS@blm.gov" <blm_ak_coastalplain_EIS@blm.gov>

Cc: "nmhayes@blm.gov" <nmhayes@blm.gov>

Please see Doyon's final comments attached regarding Coastal Plain Oil and Gas Leasing EIS. Doyon has requested consultation on the EIS (request sent May 24), and we have received acknowledgement of our request in return. We look forward to scheduling a consultation with BLM staff.

Regards,

Sarah Obed

Sarah E. Obed

VP of External Affairs



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**Doyon Scoping Comments on Coastal Plain Oil and Gas Leasing EIS FINAL 6.19.2018.pdf**
703K



June 19, 2018

Attn: Coastal Plain Oil and Gas Leasing Program EIS
222 West 7th Avenue, Stop #13
Anchorage, Alaska 99513

Submitted via email to blm_ak_coastalplain_EIS@blm.gov

Re: Coastal Plain Oil and Gas Leasing Program EIS

Thank you for providing Doyon, Limited ("Doyon") the opportunity to submit the following comments in response to the "Notice of Intent To Prepare an Environmental Impact Statement for the Coastal Plain Oil and Gas Leasing Program, Alaska" issued by the Bureau of Land Management ("BLM") on April 20, 2018. 83 Fed. Reg. 17562 (2018).

I. Introduction

Doyon is one of the thirteen Native regional corporations established by Congress under the terms of the Alaska Native Claims Settlement Act ("ANCSA"), Pub. L. No. 92-203, 85 Stat. 688 (1971), *as amended*. Headquartered in Fairbanks, Doyon has more than 19,800 Alaska Native shareholders. Doyon is the largest private landowner in Alaska, with a land entitlement under ANCSA of more than 12.5 million acres. Doyon's lands extend from the Brooks Range in the north to the Alaska Range in the south. The Alaska-Canada border forms the eastern border and the western portion almost reaches the Bering Sea. The southern portion of the Arctic National Wildlife Refuge (ANWR) lies within the Doyon region.

Doyon's mission is to promote the economic and social well-being of our present and future shareholders, to strengthen our Native way of life, and to protect and enhance our land and resources. Doyon operates a diverse family of companies in industries including oil and gas service contracting, natural resource development, government contracting and tourism, among others.

Doyon supports the opening of the ANWR Coastal Plain to oil and gas development, providing that leasing, exploration, and production can be shown to be consistent with protection of the Porcupine Caribou Herd. The Gwich'in people, many of whom are Doyon shareholders, rely on the Porcupine Caribou Herd for subsistence and cultural survival. Doyon encourages the United States government to proactively engage in meaningful consultation with the Gwich'in and offer them a role in co-management of the Porcupine Caribou Herd in connection with any leasing program within the Coastal Plain.

Although the Coastal Plain itself is not located within the Doyon Region, the development and implementation of an oil and gas leasing program within the Coastal Plain is of significant importance to Doyon and its shareholders. The revenues, jobs and economic activity from oil exploration and development are of critical importance to the present and future well-being of all Alaskans, including Native people and their village and regional corporations. Services and contracts associated with oil exploration and development are an important source of jobs and revenue for Doyon and many others throughout the State. Meeting the future needs of Alaska's citizens requires that new oil reserves be discovered and placed in production to offset declining production at Prudhoe Bay. Such development, however, must be done in a manner that is environmentally sound and carefully regulated, and that duly protects the Porcupine Caribou Herd and the subsistence needs of the Gwich'in people.

Implications of New Technology for Reduction of Footprint/Impacts of Development

In evaluating the potential environmental impacts associated with a Coastal Plain leasing program, it is important that BLM take into account the extent to which the use of new technology will help minimize the footprint and impacts of new oil and gas development in the Coastal Plain.

When Congress last debated opening ANWR to oil and gas exploration and development in 2005, supporters of development argued that using new technology and advanced engineering designs would allow oil companies to develop ANWR safely while protecting the environment. Since 2005, oil companies and drilling contractors have continued to incorporate new technology into Alaska's oil field and those advances have borne out the claims made in 2005.

When oil companies developed Alaska's Prudhoe Bay oil field in the early 1970s through the 1980s, they had to drill wells straight down and the spacing of the wells on the surface was usually about 120 feet. The roughly 3,000 wells sunk at Prudhoe Bay and their spacing caused the surface development there to affect about 19,000 acres.

Technological advances made since the Prudhoe Bay oil field's development in the 1970s have resulted in increased oil recovery rates from fewer oil wells with far smaller surface impacts as a result of fewer and smaller drill pads. The technology has resulted in dramatically less overall surface disturbance, meaning far less impact on wildlife habitat and other resources.

Several critically important developments in drilling are the use of directional, extended reach, and multi-lateral drilling. Those techniques allow wells to be drilled in all directions from a well pad, like spokes on a bicycle wheel.

Directional drilling in the 1970s permitted oil companies to produce oil from only about 16 square miles surrounding a single well pad. Today's drilling rigs can easily drill wells from a single pad that can access over 100 square miles. That means that pads can be spaced up to ten miles apart and habitat between pads can be protected with little or no surface disturbance.

One of Doyon's wholly-owned subsidiaries, Doyon Drilling, Inc. (DDI) has played a significant role, and continues to lead its industry, in innovation and the adoption of this new technology. DDI operates on the North Slope of Alaska with eight oil and gas land drilling rigs specially designed to drill oil wells in extreme conditions. DDI also has one more rig, Rig 26, an extended reach rig, under construction.

DDI currently has over 300 employees with its main office located in Anchorage, Alaska. We have demonstrated our commitment to remain competitive in the industry by continually reinvesting in our employees and rigs. Investment and innovation in our fleet has helped to make our rigs more efficient and protective of the environment.

DDI has proudly celebrated a number of "firsts" in the industry. Our Rig 9, now Rig 19, was the first self-propelled, wheel-mounted rig developed for the North Slope. We later applied that same moving system to Rigs 14, 15 and 16. We were also the first drilling company on the North Slope to use highline power and dual fuel turbines.

As an example of the implications of these innovations, Doyon's Rig 142 recently drilled a penta-lateral well in the Kuparuk field on Alaska's North Slope. Five production wells were drilled from a single surface well bore. Doyon directionally drilled each of the legs of the penta-lateral well. Doyon's client is now producing from different reservoir sands at varying depths below the surface through three fault blocks. The total drilled length of the five wells is over 39,000 feet. If Doyon's client had developed these same resources twenty years ago, it would have required several well pads on the surface and multiple wells on each of those pads.

Doyon is currently building an extended reach drilling rig (ERD rig), Rig 26, that will be able to reach out even further. DDI, our client, and our rig builder have designed Rig 26 to drill up to 35,000 feet horizontally. That capability will allow the rig to drill wells covering 125 square miles from a single surface well pad. For perspective, that means that Rig 26 could drill horizontally from Capitol Hill in Washington, D.C. and hit a target the size of a small room at the National Harbor Resort and Convention Center on the Potomac River, six and a half miles away.

Doyon's Rig 26 will join our fleet in the winter of 2019-2020. It will allow our client to develop known but currently untapped oil resources from existing surface infrastructure. In other words, our client will not need to build any new pads, roads or pipelines to produce known oil reserves.

The changes in drilling technology and well design also have resulted in smaller well pads on Alaska's North Slope. Today's well pads are now 70 to 88 percent smaller in acreage than three decades ago. As noted above, the number of pads needed to access a field has fallen by up to 70 percent.

In East Texas in the early 1900s, the surface footprint of oil development was 140,000 acres to produce 5.2 billion barrels of oil from 30,340 wells. By 1969 at the original Prudhoe Bay field in Alaska, 19,000 acres were required to produce 11.9 billion barrels from 3,000 wells. By the time industry developed the Alpine field in Alaska in 2000,

only 97 acres were required to produce 450 million barrels of oil from 116 wells – the footprint being less than 0.5 percent of the productive area.

The Tarn oil field at Prudhoe Bay was finished in 1998 and required a gravel pad of just 6.7 acres. The newest development at Oooguruk at the Kuparuk River Unit consists of a 6-acre drill site holding 50 wells and just a 1.5-acre onshore facility to help transport oil back to the main Prudhoe Bay pipelines.

Recent development by Eni at Spy Island, the Nikaitchuq deposit, has allowed 52 wells with related oil processing facilities to be drilled from a pad about 11 acres in size. Doyon's Rig 15 has drilled all of those wells. It has been on Spy Island since 2009. DDI currently is modifying Rig 15 to allow it to drill up to 35,000 feet horizontally to further extend the reach of wells drilled from Spy Island.

The implications of these technological developments for the footprint and impacts of future development within the Coastal Plain are enormous, and should be reflected in BLM's assessment and development of a Coastal Plain leasing program.

Implications of New Technology for Reduction of Footprint/Impacts of Exploration

As a result of new technologies, impacts to wildlife and the environment will be far less not only during development, but also during exploration. For instance, three-dimensional seismic testing allows oil to be located more accurately, reducing the need for exploratory well drilling. This results in fewer "dry holes" and less physical surface disturbance. BLM should take these technological improvements into account in its evaluation of potential environmental impacts associated with a Coastal Plain leasing program.

Modern oil and gas exploration in Alaska leaves almost no permanent trace until development for production. The oil industry in Alaska uses ice roads and ice pads to support winter-only exploration drilling programs. The surface land is largely unaffected and it is difficult to know a few months later that a large drilling rig and all of the supporting equipment has even been there.

The official environmental impact statement for ANWR development from the U.S. Department of the Interior, now three decades old, showed that ANWR's total potential oil reserves could be developed while only affecting about 2,000 acres of the surface of the Coastal Plain. The technology available to oil and gas companies today supports that assessment. Development will not physically touch 99.99 percent of the Refuge, and it would leave untouched all of the Refuge's current 7.16 million acres of formal wilderness.

Benefits of Natural Resource Development to Doyon and Other Alaska Native Interests

Alaska's oil and gas industry is important to Doyon. We have built a healthy and sustainable business that employs hundreds of our Alaska Native shareholders and gives them career opportunities. Many of our positions are well-paying blue collar jobs, something that seems increasingly rare these days. It has also been a profitable business

that allows us to fund scholarships and training opportunities for our shareholders and to pay dividends.

In Doyon's fiscal year 2017, the Doyon family of companies employed 361 Doyon shareholders and 78 shareholders of other Alaska Native corporations. Responsible development of the Coastal Plain would likely result in additional opportunities for Doyon.

A single rig contract creates job opportunities for up to 80 employees. At current levels, more than forty of those employees would be Doyon shareholders. DDI would pay salaries to those Doyon shareholders of about \$4 million per year.

In fiscal year 2017, Doyon contributed \$2.08 million to our affiliated education foundation, the Doyon Foundation. That total included contributions to the endowment, operating expenses and scholarships, and for the language revitalization program run by the Foundation. The contribution is possible, in large measure, because of our oil and gas contracting business.

In December 2017, we paid a dividend to our Alaska Native shareholders a dividend that totaled \$12.0 million dollars. Doyon will distribute a dividend to its shareholders in December 2018 that will be approximately \$13.1 million. Much of the profit Doyon makes and that supports our dividend is from our oil and gas contracting business.

Doyon's shareholders are not the only Alaska Natives that would benefit from development in ANWR. Subsidiaries of a number of other Alaska Native corporations provide services to the industry on the North Slope. The State as a whole benefits from new development. Each new development results in new jobs for Alaskans, tax revenue for the State, and potential profits for Alaska Native corporations and other companies in the industry. This results in continued services for our shareholders and Alaska citizens. In addition, Congress is considering legislation to ensure that a portion of oil and gas revenues from the Coastal Plain are distributed to Alaska Native corporations to provide for the social and economic needs of Natives. These significant economic benefits and other socioeconomic impacts should be thoroughly assessed as part of BLM's review and decision-making process.

Subsistence Impacts, Particularly Relating to the Porcupine Caribou Herd, Must be Specifically and Carefully Identified, Assessed, and Addressed in the Development and Implementation of Any Coastal Plain Leasing Program, in Consultation With the Gwich'in People; Subsistence Use and Access Must be Protected

As noted above, Doyon's mission is to promote the economic and social well-being of our present and future shareholders, to strengthen our Native way of life, and to protect and enhance our land and resources. Subsistence hunting and fishing is critically important to our shareholders and to our Native culture, as it is to Alaska Natives throughout the State. For thousands of years, Alaska Natives in and near ANWR and the Coastal Plain have depended upon wild plants, fish, and animals for subsistence. Subsistence activities remain an important part of the traditional Native culture and a primary source of nutrition for residents of remote rural villages. In ANILCA, Congress found that "the continuation of the

opportunity for subsistence uses by rural residents of Alaska, including both Natives and non-Natives, on the public lands and by Alaska Natives on Native lands is essential to Native physical, economic, traditional, and cultural existence and to non-Native physical, economic, traditional, and social existence,” and it included substantive provisions to protect such opportunity. 16 U.S.C. § 3111(1).

Doyon appreciates that BLM’s Notice of Intent states that “The BLM will consider subsistence resources and users, as well as potential actions to minimize adverse impacts to subsistence in accordance with section 810 of the Alaska National Interest Lands Conservation Act (ANILCA).” 83 Fed. Reg. at 17563. The EIS must carefully identify, assess, and address the potential impacts of any Coastal Plain leasing program on subsistence uses, and BLM must ensure that, in the development and implementation of any Coastal Plain leasing program, subsistence use and access are protected in accordance with the agency’s obligations under ANCSA and ANILCA.

The Gwich’in people, many of whom are Doyon shareholders, have lived in the area and relied on the Porcupine Caribou Herd since time immemorial. Caribou remain critical to the survival of the Gwich’in people and are integral to their culture. BLM must carefully assess any potential impacts of a Coastal Plain leasing program on the Porcupine Caribou Herd and the Gwich’in people’s access to and customary and traditional uses of this critically important resource, and it must ensure that such access and use are protected in the development and implementation of such a program. In so doing, BLM must actively and meaningfully consult with the Gwich’in people in order to address any concerns regarding potential impacts to subsistence use and access and any other matters of importance. Doyon further encourages the federal government to offer the Gwich’in a role in co-management of the Porcupine Caribou Herd in connection with any leasing program within the Coastal Plain.

BLM Must Meaningfully Consult With Alaska Native Corporations.

As it proceeds with its review and decision-making process with regard to a Coastal Plain leasing program, it is critical that BLM engage in meaningful consultation with affected Alaska Native corporations, including Doyon—as early as possible and at each step of the process.

In Executive Order (EO) 13175, *Consultation and Coordination with Indian Tribal Governments*, the President required federal agencies to implement an effective process to ensure meaningful and timely consultation with tribes during the development of policies or projects that may have tribal implications. Tribal consultation is intended to assure meaningful tribal participation in planning and decision making processes for actions with the potential to affect tribal interests. While EO 13175 applies specifically to federally-recognized tribal governments, pursuant to Public Law No. 108-199, as amended by Public Law No. 108-447, Congress specifically extended these obligations to Alaska Native corporations, requiring the Office of Management and Budget (OMB) and all Federal agencies to “consult with Alaska Native corporations on the same basis as Indian tribes under Executive Order No. 13175.”

In accordance with this mandate, in August 2012, the Department of the Interior ("DOI") issued its Policy on Consultation with Alaska Native Claims Settlement Act ("ANCSA") Corporations. In this Policy, the Department purported to "recognize[] and respect[] the distinct, unique, and individual cultural traditions and values of Alaska Native peoples and the statutory relationship between ANCSA Corporations and the Federal Government." Thus, the Policy states that "[w]hen taking Departmental Action that has a substantial direct effect on ANCSA Corporations, the Department will initiate consultation with ANCSA Corporations." In recognition that "Federal consultation conducted in a meaningful and good-faith manner further facilitates effective Department operations and governance practices," it further commits that the Department will "identify consulting parties early in the planning process and provide a meaningful opportunity for ANCSA Corporations to participate in the consultation policy." The Consultation Guidelines of the Department's Tribal Consultation Policy that are incorporated by reference into the ANCSA Corporation Policy thus require BLM to consult as early as possible, beginning at the Initial Planning Stage, and provide that the agency should give at least 30-days' notice prior to scheduling a consultation, except in exceptional circumstances.

Accordingly, Doyon expects to be engaged by BLM in meaningful consultation throughout each stage of the review and decision-making process, and may provide further comments and input through consultation and the public comment process. Such consultation should not be limited to group format meetings involving multiple tribes and Alaska Native corporations, but must provide ample opportunities for one-on-one conversations. While Doyon appreciates BLM's interest in group meetings for efficiency and other reasons, such meetings are not always conducive to meaningful discussions of Alaska Native corporation issues and concerns. Alaska Native corporations have particularized interests that differ from those of tribal entities, and not all Alaska Native corporations are similarly situated or necessarily share the same interests. Pursuant to Federal law and policy, BLM must ensure that Alaska Native corporations are provided the opportunity to meaningfully participate in Federal agency decision-making processes that could impact our ability to fulfill the purposes for which we were established under ANCSA and to protect and advance the economic, social, and cultural interests of our shareholders.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Schutt", with a stylized, sweeping flourish at the end.

Aaron M. Schutt
President and CEO
Doyon, Limited