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**From:** Peter McKay <mckayped@yahoo.com>  
**Sent:** Monday, September 09, 2013 7:56 AM  
**To:** Owens, Jennifer L (DNR)  
**Subject:** DR&R - Cook Inlet

Alaska Department of Natural Resources  
Division of Oil and Gas  
Public Workshop – Offshore Platforms – Rehabilitation Plans and Assurances

Good morning,

I am writing to offer comments and ask some questions via e-mail as I will be unable to attend the Workshop 9/9/13.

I strongly support the ADNR DO&G effort to bring clarity to this issue.

The first step is to recognize that we have a problem. I think we are there.

I compliment the DO&G for their work to date on this issue and for bringing such a well-developed product to the workshop.

Considerable thought and effort went into the Possible Financial Strength Measures document. I support this approach.

One issue – the big companies get a financial break on the bonding, the smaller companies pay more. Several smaller companies are active in Cook Inlet and contribute to the jobs base and oil & gas production.

Perhaps this inequity could be addressed thru creative state financing.

- Is there any way to level the playing field for bonding requirements?

I support DR&R for all Oil and Gas leases in Alaska. This should not be limited to Cook Inlet platforms. At the least - this Cook Inlet effort should be utilized as a model for a state-wide Title 11 AAC regulation change

- Why has the DO&G limited this discussion to Offshore Platforms South of the 68'th Parallel?

My interest in this issue started with abandoned oilfield equipment. I noticed many structures and buildings on North Slope leases that were no longer in service. I petitioned the lease holders to remove them and remediate. They declined to do so – stating that they were not required to do so – because they were not terminating their lease. It was still active and producing oil and gas – so the lease DR&R requirements could not be enforced. This led me to petition the DO&G (I made public comments to Beaufort Sea lease sales) to include tough DR&R language in their lease sales – so that stronger DR&R conditions (that required unused equipment, pipelines and buildings to be removed after being out of service for xxx number of years) would be conditions of the lease and clearly spelled out up front. The DO&G did not support this approach at that time and went to the state court to oppose my position.

- Does the department intend to require/enforce DR&R for equipment that is out of service but the lease is still active? (There are many Cook Inlet pipelines and structures that are out of service. Will these be remediated while those leases are still “active”?)

The current proposal to enforce Cook Inlet mid-lease DR&R conditions may be opposed by the lease holders. Even the 4 platforms that are in “lighthouse mode” may consider their activities “ongoing”.

- What criteria will the DO&G set for beginning DR&R?
  - Out of service for XXX years?
  - No development or renewal plans submitted?
- Will the department begin by requiring lease holders to submit DR&R plans?
- What level of detail will be required in the DR&R plans that the department may specify?
- Will the lease holders be required to estimate the cost for each phase of remediation?

Thanks for considering my opinions.

Please send along updates to this to my e-mail address if possible.

Respectfully

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