



November 20, 2020

Jody Colombie  
Alaska Oil and Gas Conservation Commission  
333 West 7<sup>th</sup> Avenue  
Anchorage, AK 99501  
[aogcc.customer.svc@alaska.gov](mailto:aogcc.customer.svc@alaska.gov)

**VIA EMAIL**

Re: Notice of Proposed Changes on Bonding, 20 AAC 25.025

Dear Ms. Columbie,

Oil Search (Alaska), LLC (“OSA”) provides the following comments on the Alaska Oil and Gas Conservation Commission (“AOGCC”) proposed modifications to the bonding regulations in 20 AAC 25.025. OSA appreciates the AOGCC’s consideration of OSA’s comments and the AOGCC’s ongoing efforts to review and revise their regulations to be more streamlined.

Oil Search Limited (Oil Search) was established in 1929 in Papua New Guinea. OSA, a subsidiary of Oil Search, was established in 2017 and began operating on the North Slope of Alaska in early 2018. OSA currently holds 432 leases on approximately 722,000 acres in Alaska and is the operator of the Pikka Unit, comprised of State of Alaska and Arctic Slope Regional Corporation leases. The Pikka Unit is located on State of Alaska and Kuukpik Corporation surface lands northeast of the community of Nuiqsut and east of the boundary of the NPR-A. As a lease holder and operator on the North Slope, OSA supports clear and reasonable bonding requirements.

OSA provided comments to AOGCC’s previously proposed changes to 20 AAC 25.025, in a letter dated October 16, 2018. In OSA’s October 2018 comments, OSA recommended that AOGCC consider the following changes:

- Clarify the State’s expectations of operating companies regarding financial assurances;
- Provide flexibility for individual companies to negotiate bonding structure that consider various factors; and
- Eliminate duplicative bonding requirements where agencies have overlapping regulatory requirements.

OSA is encouraged that AOGCC is proposing revisions that are consistent with changes suggested in OSA’s October 2018 comments. Namely, OSA supports the proposed changes in 20 AAC 25.025(b)(3) to include a provision to increase or decrease a company’s bonding obligation based on (A) engineering, geotechnical, environmental, or location conditions, (B) bond or other security required by a landowner, and (C) bonding or other security required by the U.S. Environmental Protection Agency to address disposal wells. These changes are aligned with OSA’s previous recommendations.



OSA appreciates the opportunity to engage in the public process and comment on the proposed regulation. OSA supports the revisions to 20 AAC 25.025 proposed by AOGCC. These changes will serve to reduce duplicative requirements and provide AOGCC the ability to negotiate reasonable and appropriate bonding requirements tailored to specific projects and activities.

If you have any questions or clarifications, please do not hesitate to contact me at 907-375-4624, or by email at [tim.jones@oilsearch.com](mailto:tim.jones@oilsearch.com).

Sincerely,

A handwritten signature in black ink that reads "Tim Jones". The signature is written in a cursive style with a prominent vertical stroke.

Tim Jones  
Oil Search (Alaska), LLC  
Land Manager