

## Alaska Oil and Gas Association

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*Patrick Bergt, Regulatory & Legal Affairs Manager*

November 20, 2020

VIA EMAIL: [aogcc.customer.svc@alaska.gov](mailto:aogcc.customer.svc@alaska.gov)

Jeremy M. Price, Chair, Commissioner  
Alaska Oil and Gas Conservation Commission  
333 West 7<sup>th</sup> Avenue  
Anchorage, Alaska 99501

Re: Notice of Proposed Changes on Bonding in the Regulations of the AOGCC, Second Draft

Dear Commissioner Price:

The Alaska Oil and Gas Association (AOGA) is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry for the benefit of all Alaskans. AOGA's membership includes 14 companies representing the industry in Alaska that have state and federal interests, both onshore and offshore.

These comments are submitted on behalf of AOGA and its members in response to the Public Notice of Proposed Changes on Bonding in the Regulations of the Alaska Oil and Gas Conservation Commission (AOGCC), Second Draft (Second Draft), dated October 15, 2020. AOGA previously provided written comments on the first draft of the Notice of Changes on Bonding in the Regulations of the AOGCC (First Draft). AOGA's comments were submitted on September 10, 2020 and are incorporated by reference hereto.

AOGA commends AOGCC for its efforts to update and modernize the bonding requirements in Alaska Administrative Code (AAC) 20 AAC 25.025 and supports the proposed changes in the Second Draft. Adding a category for 6-20 wells in the permitted wellheads bond amount table will work to increase opportunity in Alaska and, together with the proposed changes to the payment schedule, helps smaller operators shoulder financial burdens resulting from recent developments in the global oil and gas markets.

AOGA also supports allowing for reductions in requisite bond amounts when an operator can demonstrate that it has a bond in place with the landowner dedicated exclusively to the plugging and abandonment of a well or wells. However, AOGA suggests further modifying 20 AAC 25.025 to provide that the Commission can allow a reduction in the requisite bond amount if an operator demonstrates that it has a **bond, cash deposit, or other acceptable form of security** in place with the landowner, **or other affected party**, dedicated exclusively to the plugging and abandonment of a well or wells. The additional changes help protect operators from duplicative bonding requirements and accomplishes the intent of the regulation (to cover the financial burden or costs of plugging or abandoning a well).

Commissioner Jeremy Price

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As stated above, AOGA supports the proposed changes in the regulations as provided for in the Second Draft. AOGA believes that the proposed changes work to modernize and make more efficient bonding regulations, creating a more competitive environment for smaller operators in Alaska.

We look forward to working with the AOGCC and are available to answer any questions it might have regarding the comments in this letter. Please do not hesitate to contact me should the need arise.

Sincerely,

A handwritten signature in blue ink, appearing to read 'P. Bergt', with a stylized flourish at the end.

PATRICK N. BERGT

Regulatory and Legal Affairs Manager