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United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

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The Honorable Sally Jewell
Secretary, Department of the Interior
1849 C Street, NW – MS 7729
Washington, D.C. 20240

Dear Secretary Jewell:

I write to call your attention to critical mistakes that have apparently been made by the Bureau of Land Management (BLM) and its contractors during their congressionally mandated cleanup of abandoned oil and gas wells within the National Petroleum Reserve-Alaska (NPR-A).

As you know, for years I have pushed the Department of the Interior to properly remediate all 136 wells and core tests drilled in NPR-A by the U.S. Navy and the U.S. Geological Survey between 1944 and 1982. In 2013, I secured \$50 million in the Helium Stewardship Act (P.L. 113-40) to accelerate the cleanup of these environmentally devastating and physically dangerous “legacy” wells, with the expectation those funds would be used quickly and wisely by the Department to resolve this multi-decade catastrophe.

Initially, this work seemed to be on a good track. In December 2015, BLM announced that 47 legacy wells were still in need of additional work and that \$37.4 million of contracts had been awarded for the 18 judged to be most in need of immediate remediation. A few months later, BLM Director Neil Kornze visited Alaska to personally inspect the agency’s cleanup efforts and noted “We have come a long way in just a few years.”

Recently, however, I have received reports that BLM has not been requiring its contractors to follow industry standards, state and federal regulations, or approved procedures during the remediation process. This appears to have led to an incident with serious safety and environmental implications that could also have financial repercussions for the scope of future cleanup work. Instead of remediating these abandoned wells once and for all, we appear to be witnessing an inexcusable repeat of the sad history of the federal government’s lack of stewardship in the NPR-A.

The incident in question reportedly occurred at Simpson Well #26. Although the well is known to be capable of flowing oil, BLM allowed its contractor to attempt the cleanup without a blowout preventer. To not use such a device when working on wells capable of releasing hydrocarbons is a violation of Alaska State law and the regulations of the Alaska Oil and Gas Conservation Commission, the Alaska Department of Environmental Conservation, and the Alaska Department of Natural Resources. It ignores industry standards and, most consequentially, risks human lives and additional damage to the environment.

I am told that during the cleanup operation at Simpson Well #26, the contractor lost control of the well and that oil flowed onto the tundra. In order to prevent a runaway environmental disaster, the contractor had to use a process to regain well control that not only makes proper remediation more difficult, but also more costly. The contractor then reportedly decided to cut the well casing, weld a cap onto the well, and bury it. This leaves the well as much an environmental risk today as it was before BLM began its "cleanup." The contractor has demobilized cleanup equipment from the area with the approach of summer, and thus will need to remobilize it – incurring additional expenses for itself or taxpayers – in order to return and fully decommission the well next season.

I have also been informed that there was another incident during cleanup at the Iko Bay Well #1, a well currently flowing methane. While no ground contamination resulted, the initial lack of attention to detail during capping of the well seems to indicate that BLM needs to review the terms of its performance-based contracts, and improve its level of oversight and the knowledge and experience of its oversight personnel, to guarantee that all state and federal regulations are properly followed in the future. As with Simpson Well #26, missteps during cleanup have made proper abandonment at Iko Bay Well #1 more difficult and costly.

These incidents leave me with several questions that I urge you to work with other Department officials to answer:

1. BLM awarded \$37.4 million to complete the remediation of 18 high-priority legacy wells. Given the incidents that have reportedly occurred, are all 18 wells still on track to be remediated on the same timeline, using the funds that have already been awarded by the agency?
2. With regard to the incident at Simpson Well #26, will BLM ask the contractor to cover the full cost of remobilizing to properly remediate the well, or will the Department absorb those costs, potentially at the expense of other work that could decommission other abandoned wells?
3. What has BLM done to improve the terms of its contracts for the cleanup of legacy wells, and its oversight of the work carried out by contractors pursuant to them?
4. What is the Department's timeline for the remediation of all abandoned wells in NPR-A?

Given the incidents that have reportedly occurred, I also encourage the Department to make greater use of industry and regulatory professionals in Alaska in its cleanup efforts. Their expertise and dedication will help ensure that taxpayer dollars are not wasted and that Alaska's lands and wildlife are protected as soon as possible.

I look forward to receiving expeditious answers to the questions outlined above, and to continuing to work with the Department to finish the cleanup of legacy wells in NPR-A in the shortest possible timeframe.

Sincerely,



Lisa Murkowski
Chairman