



121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114
Kara Moriarty, President/CEO

**AOGA: Proposed Waters of the United States Rule is unnecessary,
Will stymie economic development**

Industry believes negative economic consequences are likely if federal rule is implemented

ANCHORAGE- April 6, 2015- At a U.S. Senate field hearing chaired today by U.S. Senator Dan Sullivan, (R)-Alaska, the Alaska Oil and Gas Association (AOGA) testified in opposition to the Environmental Protection Agency's (EPA) proposed Water of the United States Rule. AOGA leadership believes the rule will have negative consequences for Alaska.

“Although we are primarily concerned about this proposed rule’s impacts to the oil and gas industry, we believe it will also adversely impact municipalities and boroughs, and the agricultural and mining industries,” said AOGA President and CEO Kara Moriarty. “The U.S. Supreme Court has repeatedly slapped down the EPA’s attempts to expand its jurisdiction, but the agency keeps proposing new rules that have potential to negatively impact Alaska more than any other state. Under this new rule, we expect the EPA to regulate minor water features, such as canals and ditches that rarely are filled with water, in such a way that could make development impossible.”

The proposed Water of the United States rule, or WOTUS, as it also is called, would greatly expand Clean Water Act jurisdiction in Alaska. AOGA counsel believes such an expansion is illegal, and would infringe on the State of Alaska’s sovereignty. In fact, the U.S. Supreme Court has repeatedly reined in the EPA’s attempts to expand its jurisdiction under the Clean Water Act, and mandated the agency prove that a body of water have a “significant nexus” to a “navigable waterway” as defined under the Act.

“If WOTUS goes into effect, even remote waterways that rarely fill with water, such as dry streambeds, ditches or watering holes, would fall under federal control,” said Moriarty. “The word ‘overreach’ is used a lot, but this is a classic case of the federal government attempting to take over when Alaska really does not need it, especially when the State of Alaska already requires industry to meet some of the strictest environmental standards in the country.”

Beyond the legality of the proposed rule, AOGA members also are concerned about the regulatory gridlock and uncertainty that would inevitably result from another federal rule. With gridlock comes cost, making resource development projects more expensive to pursue. This is in addition to the usual delays caused by permitting requirements, mitigation requirements and citizen lawsuits, which already slow down projects. “We don’t need another layer of bureaucracy

coming between Alaska's resource development," said Moriarty. "Projects already take years to plan and implement, and adding another federal rule into the mix will just slow things down even more."

Public and private sectors spend approximately \$1.7 billion a year to obtain Section 404 permits, the existing EPA permit that regulates discharge of dredged or fill material. ¹It currently takes more than two years to obtain a 404 permit, with an average cost of almost \$300,000. While it is impossible to estimate exactly how the proposed WOTUS rule would affect industry operations in Alaska, it is safe to assume projects would experience delays and become more expensive. "My members are concerned that adding more cost and delay to projects that are already being well-vetted for environmental impacts will make an economic project *uneconomic*," said Moriarty. "No one wins under that scenario."

A full copy of AOGA's testimony is available online at www.aoga.org.

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans. Its 14 members represent the majority of oil and gas producers, explorers, refiners, transporters and marketers in Alaska. More information can be found at www.aoga.org.

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¹ David Sunding and David Zilberman, "The Economics of Environmental Regulation by Licensing: An Assessment of Recent Changes to the Wetlands Permitting Process," 2002.