

INTERSTATE OIL COMPACT COMMISSION

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GEORGE A. SINNER
Chairman
Governor of North Dakota

W. TIMOTHY DOWD
Executive Director

July 24, 1987

The Honorable Henry Bellmon
Governor
State Capitol
Oklahoma City, OK 73105

Dear Henry:

I am writing to alert you to my serious concern about the possibility that petroleum exploration and production wastes will be classified as hazardous and regulated under the Federal Resource Conservation and Recovery Act (RCRA). Oil producing states will suffer severe economic damage if this is allowed to happen, and we must act within a matter of a few short weeks if we are to have an impact on this critical debate.

As you may know, in 1980 Congress required EPA to study the effects of petroleum waste on the environment before recommending whether these wastes should be classified as hazardous under RCRA. EPA is now under a court order to present a draft report to Congress by August 31, 1987, prior to a court-imposed December 1987 deadline for its final report. EPA's April 30, 1987, interim report, Wastes from the Exploration, Development and Production of Crude Oil, Natural Gas and Geothermal Energy, is seriously flawed. EPA's conclusions, if unchallenged, could lead to extremely costly and unnecessary new regulations that would override our states' enforcement efforts while devastating our economies and causing serious damage to our state budgets.

EPA's interim report is flawed in three ways:

1. It overstates the risks posed by exploration and production wastes and understates the costs of hazardous waste requirements.
2. It concludes incorrectly that exploration and production wastes have resulted in significant damage to the environment.

3. It concludes that federal and state regulatory programs are not effectively enforcing current regulations--despite considerable evidence to the contrary.

In reaching these conclusions, EPA completely ignored information which oil producing states have provided to the agency regarding their waste laws and enforcement efforts. Further, EPA's report cites only 228 "damage cases"--many of which are unsubstantiated--out of more than 1 million oil and gas production sites in

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As governors, I know we are all determined to use our states' authority to protect the environment and the public health from irresponsible waste disposal. Oil states have made great strides in recent years in creating flexible, responsive regulations that achieve environmental safety without paralyzing economic activity. However, another costly layer of federal regulation will impose enormous costs on all of our states without delivering any appreciable benefits to the environment.


I disagree with the findings EPA has reached in its interim report on petroleum exploration and production waste. The EPA has ignored a strong body of current laws, state regulatory activity and industry practices in seeking to portray these wastes as hazardous. I think it is important that our states' comments and experiences be included before EPA makes its final recommendations to Congress.

Due to the gravity of the situation, I would urge you to do two things: First, if you have not already, obtain briefing from the oil and gas regulatory agency as to the feeling it has regarding the study. Secondly, if you concur with my thoughts after the briefing, please contact Lee Thomas, Administrator of the EPA, and your congressional delegation to express your thoughts. The earlier in August this is done, the more likely the states are to have an impact on this process.

*Henry - This thing is
putting every - do
what you can!*

GAS/ph

Sincerely,



George A. Sinner
Governor of North Dakota
Chairman, IOCC

OKLAHOMA

Oklahoma ranks fifth among the states in crude oil production and third in natural gas production. Oil and natural gas are produced in 73 of the 77 counties of the state. In 1985, Oklahoma had 127,500 wells producing some 624 thousand barrels of oil equivalent per day. The petroleum industry employed some 90,000 people in the state.

If production wastes were regulated as hazardous wastes under RCRA:

- o 32,600 existing oil wells would be plugged and abandoned, a decrease of 54 percent;
- o 2,300 new oil wells would not be drilled, a 58 percent reduction;
- o 151,000 fewer barrels of oil per day would be produced, a 38 percent decrease;
- o 99,000 workers would be displaced, including workers in the oil, related service, machinery, drilling equipment and supply industries;
- o severance tax revenues to the state would be reduced by \$96 million; and
- o payments made to royalty owners would be reduced by \$127 million.

Note: The RCRA impact was estimated by Charles River Associates for the American Petroleum Institute, using 1985 figures -- the latest full-year data available. These data were adjusted to reflect activity levels at oil prices were \$18 per barrel (1986-87 price levels). Actual prices in 1985 were around \$28 per barrel.

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