

**Testimony of Steve de Albuquerque**  
**Health, Safety & Environmental Director**  
**ConocoPhillips Alaska**  
**House Community & Regional Affairs Committee**  
**HB 74**  
**February 10, 2009**

Mr. Chairman, members of the House Community & Regional Affairs Committee, good morning. My name is Steve de Albuquerque and I am the Director of Health, Safety & Environment, for ConocoPhillips Alaska. My group is responsible for all local, state & federal land use and environmental permitting for ConocoPhillips operations in Alaska.

Mr. Chairman, ConocoPhillips respectfully opposes the passage of HB74. Simply put, we do not think ACMP legislative reform is needed at this time and question the need for the significant changes proposed by HB74. During testimony last week on Senate Bill 4, we heard coastal districts say many times that these proposed changes to the ACMP will streamline the permitting process and save applicants time. As the person in charge of permitting for the state's largest oil & gas explorer, developer and producer, let me assure you Mr. Chairmen that this simply would not be the case.

This morning I'd like to focus my comments on three areas:

1. The existing ACMP permitting process;
2. The creation of the Coastal Policy Board; and
3. Retention of the Alaska Department of Environmental Conservation carve out.

## The Existing ACMP Process:

Alaska is one of the most complex and rigorously regulated permitting and business environments in the world. We work very closely on a daily basis with local, state, and federal agencies, as well as private landowners, native village and regional corporations, communities and the public to seek input on our permit activities.

While we have heard the frustration expressed by the coastal districts with the way the 2003 statutory changes were implemented, we cannot point to a single example, with respect to our projects, where any district's input or concerns were not adequately addressed in the project decision. We work closely and well with the coastal districts and the Administration. In my four years serving as permitting director for ConocoPhillips under the revised program, I can't think of an instance where we and the coastal districts were not able to satisfactorily resolve an issue.

In 2003, the Alaska Legislature concluded that "the Alaska coastal management program is intended to function with a minimum delay and avoid regulatory confusion, costly litigation, and uncertainty regarding the feasibility of new investment." Furthermore, the legislature said that statewide standards must be "clear, concise, and provide the needed predictability as to the application, scope, and timing of the consistency review process of the program." This is the streamlined process we have today. From the applicant's perspective, the ACMP process as we know it today provides the assurances of an efficient permitting process. Existing statewide standards are clear and concise. We are able to establish relatively firm timelines.

Coastal districts are afforded the ability to propose enforceable policies that conform to the district plan approval criteria and requirements. Districts can also propose enforceable policies that are not duplicative, do not restate existing state or federal policies, and do not redefine, replace, or otherwise modify existing standards. In contrast, this bill would allow districts to restrict selected activities within their coastal district; these activities will undoubtedly involve uses of state concern and would involve matters already adequately addressed by existing regulatory programs. Decision-making authority concerning the management and use of state resources vests with the State. The current approach avoids enforceable policies which may be conflicting between coastal districts, state, and federal agencies, and which could result in a loss of conformity of district policies that currently exists in the ACMP program.

If there is one take-away for the Committee Mr. Chairman, ConocoPhillips simply desires a clear and consistent permitting process. We just want to be clear on the rules and be in a position to accurately estimate time lines. As you know, resource development in Alaska already is burdened with many seasonal constraints and uncertainties. We have short winter drilling and work windows as well as limitations on logistics and restrictions on travel to protect tundra, wildlife and subsistence activities. Our work is extremely time-sensitive. From an applicant's perspective, the existing process provides applicants with a coordinated review and approval process and assurances of an efficient, predictable and timely permitting process.

## The Creation of the Coastal Policy Board:

ConocoPhillips thinks the creation of a Coastal Policy Board is unnecessary and would unduly complicate the program add another layer of complexity. The current program provides clear, concise and consistent statewide standards for resource development activities in Alaska. The existing process prevents conflicts in the regulatory process and provides applicants and stakeholders with assurances of an efficient permitting process. The creation of a Policy Board, with approval and decision-making authority, could lead to an inconsistent permitting landscape.

From the public comment and input perspective, interested stakeholders currently have ample opportunity to review and comment on proposed projects during the mandated public comment periods associated with obtaining local, state, and federal permits. Applicants must comply with municipal codes, enforceable policies, statewide standards, and existing state and federal regulations to obtain final approvals for any proposed project.

## Retention of the Alaska Department of Environmental Conservation Carve Out:

ConocoPhillips does not support elimination of the ADEC carve out. We believe there is significant misunderstanding by stakeholders on this matter. Approvals for environmental permits, air and water included, and oil spill contingency plans have well-documented and clear public notice and comment requirements which allow for public input. The public notice and comment periods for these permits have not been negatively affected by carving out the ADEC permits. Again, the current process works well.

Eliminating the ADEC carve out will re-introduce conflicting regulatory mandates between ADEC and the ACMP process, and will, as in the past, delay the start of the consistency review process and overall project timelines. Adequate public participation and opportunity for review by coastal districts is provided in the existing streamlined program. It is important to note that adequate environmental review and protection is being provided by ADEC as part of the consistency review process.

In closing, Mr. Chairman, ConocoPhillips simply desires a clear and consistent permitting process. We're not trying to reduce the level of environmental protection of the places we work or the subsistence resources upon which so many of our stakeholders depend. We want to understand the rules and to accurately estimate time lines.

As we look at the substantial nature of the changes proposed in HB74, we ask the question: Why?

- Since 2003, the existing consistency review process has ensured that both the state's and coastal districts' concerns have been met prior to permits being issued for development projects in Alaska's coastal zone.

• We suggest that the current program is working as intended and changes are neither necessary nor desirable.

Thank you for the opportunity to testify, Mr. Chairman. At this point I'd be happy to answer any questions you might have.