



North Slope Borough



***Presentation to the Alaska House Finance Committee
2-17-11***

The Arctic



NPR-A

- Formerly known as the Naval Petroleum Reserve No. 4, the National Petroleum Reserve-Alaska is a vast 23-million acre area on Alaska's North Slope that has a history of nearly 100 years of petroleum exploration.
- In 1923, mindful of the land's conceivable petroleum value. President Harding set aside these 23 million acres as an emergency oil supply for the U.S. Navy. In 1976, in accordance with the Naval Petroleum Reserves Production Act, the administration of the reserve was transferred to the Department of the Interior, more specifically the Bureau of Land Management, and was renamed to what is now known as the National Petroleum Reserve-Alaska (NPR-A).
- Oil and gas leasing in the National Petroleum Reserve-Alaska (NPR-A) is authorized under the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C.6501 et seq.), as amended and the Department of the Interior and Related Agencies Appropriation Act of 1981 (94 Stat. 2964).

CD-5

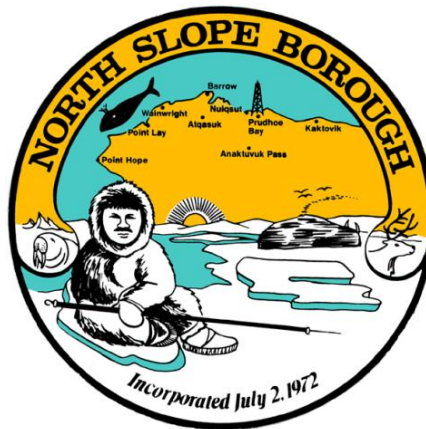
- The political prospects for opening ANWR are no better than they were five years ago, and they may even be worse.
- The CD-5 represents approximately 5 million barrels of domestic oil production a year, 300 construction jobs, 100 operating jobs, and an infrastructure line that would likely lead to more exploration and development in the NPR-A. I hope that in the coming months the NSB, State Legislature, and the permitting agencies can work together to get this valuable project moving forward in an economically and environmentally responsible way.
- The government has so far blocked development by denying permits to cross the channel. We have not given up on this one yet, though, and we're still working with our delegation and the Secretary of the Interior to see what can be done.

Critical Habitat Designation

- The North Slope Borough joined ASRC and other North Slope and Northwest Arctic entities in challenging the federal government's critical habitat designation of a vast area in our region.
- The sea ice is melting through no fault of ours. Nothing that residents of the region are doing is threatening the health of the polar bear. In fact, we have coexisted with and conserved the polar bear very successfully for millennia. In the course of our subsistence activities, we follow the terms of international agreements designed to protect the species.
- This will impact the lives of all Alaskans. From our perspective, it will do this primarily by complicating, delaying and possibly blocking the construction of basic community infrastructure, like airstrips and roads. Important community projects in our villages will be snared in the trap of regulations that flow from critical habitat designation.

Offshore

I've tried to chart a path that doesn't deny the likelihood of offshore development in the very near future. Republican and Democratic administrations in Washington have supported it, as has Congress under the control of either party. The current administration supports offshore development, but not until all the right safeguards and mitigations are in place. They want to get the right balance and they are interested in our ideas for achieving that balance. We need to respond to it realistically so that we can make the very best of it, not for ourselves, but for the generations that come after us.



NSB Arctic Offshore Oil & Gas Development Policy Positions

- *Baseline Science*
- *Stricter Regulation*
- *Cumulative Impacts*
- *Revenue Sharing*
- *Discharge/Emissions*
- *Oil Spill Prevention & Response*
- *Coast Guard Presence*
- *Compulsory Marine Pilotage*



North Slope Borough Mayor Edward Itta testifying during Interior Secretary Ken Salazar's visit to Alaska on April 14, 2009

Baseline Science

- Provide funding for scientific research to gather adequate baseline data prior to new offshore activity.
- Support a collaborative approach to research and data sharing, such as the North Slope Science Initiative (NSSI).
- Tie specific research requirements to industrial activity.
- Collaborative Research agreement with Shell.

Stricter Regulation

- Require OCS production to use pipelines to shore-based facilities rather than tanker transportation.
- Require BOEMRE to apply regulations and stipulations more vigorously.
- Improve standards in the leasing process.

Cumulative Impacts

- Require detailed discussion of area-wide cumulative impacts in EIS/EA documents, including socio-cultural impacts.
- Stipulate limits on the number of projects allowed in an area at one time.
- Impacts to the health, social structure, and culture of communities should also be subjected to substantial analysis.

Revenue Sharing

- Revenue sharing to offset impacts should be included in all phases of development, including pre-lease seismic and sampling work.
- Use the NPR-A model for early funding.
- Broaden acceptable uses for CIAP funds and require that lease revenues are primarily spent in the regions most affected.

Discharge/Emissions

- Require zero-volume discharge standards in arctic waters.
- Require reinjection of all cuttings, muds, produced waters and other byproducts of exploration and development.
- Write subsistence considerations into the Clean Water Act. Do not allow “disaggregation” as a strategy to avoid obtaining a Clean Air Act PSD permit.

Oil Spill Prevention & Response

- Spill prevention efforts should be viewed as an investment.
- Best available technology related to undersea pipelines is an example of a worthy spill prevention investment.
- Real-world demonstrations of cleanup capabilities should be required before activity begins.

Coast Guard Presence

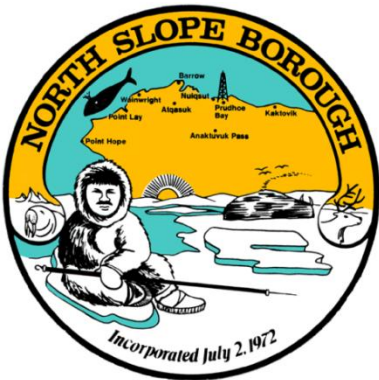
- Offshore development and increasing vessel traffic point to the need for an effective U.S. Coast Guard presence.
- Congress should fund a year-round Coast Guard station with oceangoing and airborne response capabilities.
- Increase funding for the U.S. Coast Guard to establish a year round presence in the Arctic.

Compulsory Marine Pilotage

- Add a provision in federal law that requires state-licensed Alaska marine pilots on qualified vessels in the Beaufort or Chukchi Seas.
- Compulsory pilotage will help protect Alaska's arctic waters and preserve the traditional way of life for the whaling culture of the North Slope.

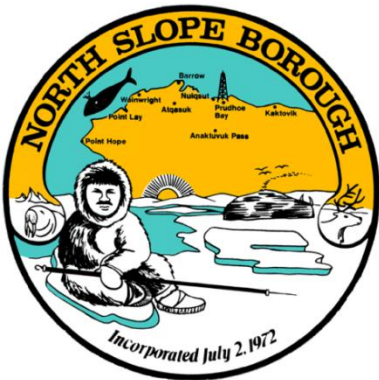
Science Agreement with Shell

- This program will add significantly to our understanding about wildlife species and ecosystem conditions at the front end of the development process.
- It will increase our capacity to review and analyze a wide range of data.
- It will directly involve people from the villages, who will help to guide the program and identify questions that need to be answered.
- The program will allow us to incorporate traditional knowledge in the research process.

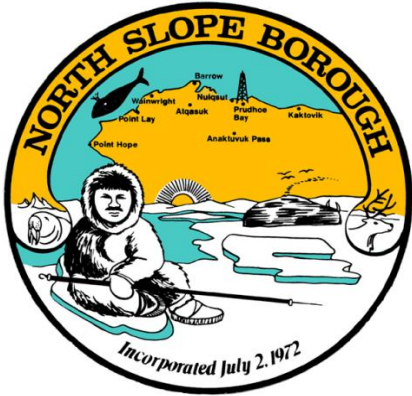


Science Agreement with Shell

- This is an unprecedented step on the part of Shell and the Borough, and the proof of that is in the extensive negotiations leading up to the agreement. We wanted it to be done right; we wanted it to answer the needs and priorities of both Shell and the North Slope Borough; and we wanted it to serve as a model for working together.



Recent Communication with Secretary Salazar



I'm encouraged by the relationship the North Slope Borough has developed with the Department of the Interior and by the policy approach of President Obama's administration regarding offshore oil and gas exploration. It's a lot more balanced than we have seen in a long time, but there is still plenty of work to be done. I will continue to build positive relationships with officials at all levels of the State and Federal Government.

Coastal Zone Management



- It gives local representatives a voice in decisions that will impact their communities.
- It helps to streamline the permitting process by getting issues out on the table early in the process and requiring agencies, industry and local groups to resolve their differences together.
- Lawsuits would be curtailed and local concerns would not be allowed to trump state or federal policies or agency authority.