

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

February 10, 2004

1:31 p.m.

TAPE(S)04-02

MEMBERS PRESENT

Senator John Cowdery, Co-Chair
Senator Thomas Wagoner, Co-Chair
Senator Gene Therriault

MEMBERS ABSENT

Senator Georgianna Lincoln
Senator Donny Olson

COMMITTEE CALENDAR

HOUSE BILL NO. 304

"An Act naming the Jack Coghill Bridge to the Interior."

MOVED HB 304 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 304

SHORT TITLE: JACK COGHILL BRIDGE TO THE INTERIOR

SPONSOR(S): REPRESENTATIVE(S) COGHILL

05/07/03	(H)	READ THE FIRST TIME - REFERRALS
05/07/03	(H)	TRA, STA
05/12/03	(H)	TRA AT 5:30 PM CAPITOL 102
05/12/03	(H)	Moved Out of Committee
05/12/03	(H)	MINUTE(TRA)
05/13/03	(H)	TRA RPT 5DP
05/13/03	(H)	DP: FATE, OGG, KOHRING, MASEK, HOLM
01/13/04	(H)	STA AT 8:00 AM CAPITOL 102
01/13/04	(H)	Moved Out of Committee
01/13/04	(H)	MINUTE(STA)
01/16/04	(H)	STA RPT 7DP
01/16/04	(H)	DP: GRUENBERG, SEATON, HOLM,
01/16/04	(H)	LYNN, COGHILL, BERKOWITZ, WEYHRAUCH
01/20/04	(H)	TRANSMITTED TO (S)
01/20/04	(H)	VERSION: HB 304
01/21/04	(S)	READ THE FIRST TIME - REFERRALS
01/21/04	(S)	TRA, STA

02/10/04

(S)

TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Mr. Ken Donajkowski, Manager,
Health, Safety and Environmental
ConocoPhillips Alaska
Anchorage AK

POSITION STATEMENT: Nuiqsut Ice Road overview.

Ms. Ruth Germany-Bice
BP Alaska
Anchorage AK

POSITION STATEMENT: Nuiqsut Ice Road overview.

Mr. Jerry McDonald, General Manager
Carlisle Transportation
No address provided

POSITION STATEMENT: Nuiqsut Ice Road overview.

Mr. Richard Schmitz
Staff to Senator Cowdery
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HB 304 for the sponsor.

ACTION NARRATIVE

TAPE 04-2, SIDE A

CO-CHAIR THOMAS WAGONER called the Senate Transportation Standing Committee meeting to order at 1:31 p.m. and handed the gavel to Co-Chair Cowdery. Present were Co-Chairs Wagoner and Cowdery. Senator Therriault arrived at 2:00 p.m. The first order of business to come before the committee was a power point presentation by John MacKinnon, Deputy Commissioner, Department of Transportation and Public Facilities (DOTPF).

DEPUTY COMMISSIONER MACKINNON, DOTPF, introduced one of his senior planners, Mike MacKinnon, who would deliver the power point presentation that documents a year of history on the Colville River Road project. The purpose of the project is to increase domestic oil supply, improve the state economy, improve the North Slope Borough's climate for business opportunities and decrease Nuiqsut's fuel costs and provide access to the Dalton Highway.

CO-CHAIR COWDERY asked if the southern route was more feasible because of its proximity to the gas field.

DEPUTY COMMISSIONER MACKINNON replied that it was decided after months of study that this route was the least environmentally sensitive and follows good material sources on a regular basis. It avoids many of the subsistence areas critical to the Nuiqsut residents.

CO-CHAIR COWDERY asked how wide the corridor would be.

DEPUTY COMMISSIONER MACKINNON replied that it would be wide enough to accommodate a pipeline, about 200 ft.

CO-CHAIR COWDERY asked what the total cost of the project is estimated to be.

DEPUTY COMMISSIONER MACKINNON estimated the cost to be in the \$150 million to \$200 million range, depending on the design.

CO-CHAIR WAGONER asked where the money would come from.

DEPUTY COMMISSIONER MACKINNON replied that he doesn't anticipate using federal highway funds at this point. However, this project lends itself very well to private financing of some sort. State bonds could be used for a finance-design-build-operate contract with a consortium that would pay for the project with tolls. He related that one major oil company spends about \$5.5 million every year to build a 20-mile ice road to Nuiqsut for about 100 - 120 days of use. An all-year road would be worth considerably more.

MR. KEN DONAJKOWSKI, Health, Safety and Environmental Manager, ConocoPhillips Alaska, said that ConocoPhillips doesn't oppose the road, but had requested a road to access the National Petroleum Reserve Alaska (NPRA). However, ConocoPhillips doesn't require it in connection with its exploration efforts there. He emphasized three key matters that must be addressed as an integral component of the project first:

The first one is that increased security risk is our first concern and is a direct consequence of parties other than the current oil field operators and their contractors being the attendant beneficiaries of the Colville River Road. So, by virtue of this road being an extension of existing infrastructure rather than an independent route means that parties not directly

under the auspices of a current operator, BP and ConocoPhillips, will be driving on roads with direct access to the existing oil field facilities.

CO-CHAIR COWDERY asked who would be doing that.

MR. DONAJKOWSKI replied all other explorers and other users that haven't been determined yet.

CO-CHAIR COWDERY asked if ConocoPhillips intended to provide funding for the road.

MR. DONAJKOWSKI replied no and said he understood that BP wouldn't either. He added that additional potential for terrorist attacks needed to be thoroughly assessed on the road extension and appropriate mitigation should be included in the scope of the project. The safety of those who would drive through the oil fields is as important as the security issue. Employees and contractors who are associated with existing fields have direct access to information on road conditions and hazards through radio communication, safety training, vehicle polices, etc. that are provided by the operators. Even access that is restricted to industrial route use will pose unique challenges to maintaining vehicle safety. Existing infrastructure would have to be upgraded and must be factored into the overall project cost.

Finally, he said that any related capital and incremental maintenance costs must not be borne by the owners and operators of the existing field and that some cost recovery mechanism, such as a user fee, must be established.

MR. DONAJKOWSKI emphasized that the Colville River Road and the connecting oil field infrastructure must be restricted to industrial use with the exception of use by residents.

CO-CHAIR WAGONER asked Ruth Germany-Bice what BP thought about construction of this project.

MS. GERMANY-BICE, BP spokeswoman, replied that BP did not request the road nor does it plan on participating in the consortium for construction of the road. BP would probably not use the road because it isn't doing any exploration in that area.

CO-CHAIR WAGONER asked who other than ConocoPhillips is or plans to do work in the NPRA. There was no answer.

MR. JERRY MACDONALD, General Manager, Carlisle Transportation, said he had been operating on the road to Nuiqsut for quite a few years and supported having the road extension built. He felt that it would reduce environmental impacts and increase safety for the users. Now, village residents drive wherever they want to get to the oil field infrastructure, either up the river or across the tundra. People have had to get rescued half way there. He said that use of the road 90 to 100 days per year is pretty optimistic. Last year it was open only 30 days or so.

CO-CHAIR WAGONER asked how deep the river is in that area.

MR. MACDONALD replied about 20 ft.

CO-CHAIR WAGONER asked how much the bridge is estimated to cost.

DEPUTY COMMISSIONER MACKINNON answered \$100 million.

CO-CHAIR WAGONER said he thought that a ferry could operate on the river.

DEPUTY COMMISSIONER MACKINNON replied that the Corps of Engineers Environmental Impact Statement (EIS) would look at a ferry as one of the alternatives to the project.

DEPUTY COMMISSIONER MACKINNON replied that is not a practical alternative because of the short open water season, but more investigation would be done on that consideration.

SENATOR THERRIALUT joined the committee at 2:00 p.m.

CO-CHAIR WAGONER thanked everyone for their testimony and closed the hearing.

HB 304-JACK COGHILL BRIDGE TO THE INTERIOR

CO-CHAIR WAGONER announced HB 304 to be up for consideration.

MR. RICHARD SCHMITZ, staff to Senator Cowdery, said he was asked by the Senator to present this bill for Representative Coghill who was out of town. He referred the committee to a map where he pointed out the Jack Coghill Bridge's location. Right now it is called Bridge 316.

CO-CHAIR COWDERY moved to pass HB 304 from committee with individual recommendations and zero fiscal note. There were no objections and it was so ordered.

There being no further business to come before the committee, CO-CHAIR WAGONER adjourned the meeting at 2:05 p.m.