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# Alaska State Legislature

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## Senate

### Committee on Resources

TO: Senate Resources Committee Members  
FROM: Senate Resources Committee Staff  
RE: March 25 Hearing  
DATE: March 24, 1983

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On Friday, March 25 at 3:00 pm in the Beltz Room, the following bills will be heard:

SB 120 AN ACT RELATING TO SOIL AND WATER CONSERVATION.

The sponsor of SB 120 has requested that the Committee consider Sponsor Substitute for SB 120 in lieu of the original bill.

SSSB 120 creates the Soil and Water Conservation Board in place of the Soil Conservation Board, and replaces the current system of one Soil Conservation District (which includes the area of the entire state) divided into subdistricts, with a system of Soil and Water Conservation Districts.

The membership of the Board is increased to allow for appointment of 1 member from each of 5 geographic areas of the state; each board member must be a producer of renewable resources and have a cooperative agreement with a soil and water conservation district, rather than possessing land as is currently required. The Board's advisory duties are increased to allow them to hold public hearings and to review appeals. The Commissioner of DNR is authorized to appoint an executive director and clerical staff to assist the Board.

The following 3 bills have passed out of the Resources Subcommittee on Fisheries. Recommendations of the Subcommittee have been incorporated into draft Committee Substitutes, which will be discussed by Senator Mulcahy, Subcommittee Chairman, at the hearing.

CSSB 73 AN ACT RELATING TO COMMERCIAL FISHING LOANS, which changes the residency requirement for a commercial fishing loan from 5 years to 2 years.

CSSB 136 AN ACT RELATING TO THE OPERATION OF STATIONARY FISHING GEAR, which provides exemptions to the present requirement that a permit holder be physically present during the operation of stationary fishing gear.

CSSB 156 AN ACT RELATING TO THE SALE, LEASE OR GRANT OF STATE HATCHERY FACILITIES, which allows the Commissioner of Fish and Game to sell, lease, or grant a state hatchery facility to a qualified regional aquaculture association.

The following two bills will also be heard:

SR 2 RELATING TO THE CROSS ISLAND WELL

SR 2 resolves that the North Slope Borough not impose restrictions in addition to those already required by the state on the operator of the Cross Island Well in the Beaufort Sea.

SB 151 AN ACT RELATING TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES.

The Committee will be considering further a Committee Substitute for SB 151. Additional amendments to the CS are still being prepared, and will be submitted to you under separate cover prior to Friday's hearing.

It is hoped that final Committee action could be taken on several of these bills.

SR 2

BENNETT

RELATING TO THE CROSS ISLAND WELL.

The North Slope Borough has attempted to impose a drilling restriction more severe than what the State requires on the well to be drilled adjacent to Cross Island in the Beaufort Sea. This would add significant costs to the development of those leases, several of which were leased with the State retaining a substantial Net Profit Share, and would reduce potential State income.

SR 2 resolves that the North Slope Borough not impose more stringent provisions on the operator, and that the Attorney General take appropriate legal action to protect the interests of the State and the State's lessee in the Beaufort Sea.

Cross Island Well  
Gulf Oil Company

Latest developments:

1. Gulf appealed the NSB decision to the NSB assembly on March 2, 1983. In the appeal Gulf stated that the appeal needed to be heard by March 9 so Gulf could have time to mobilize equipment and begin drilling by May 1. NSB Assembly responded to Gulf on March 10 stating that a March 16 meeting was possible. Gulf did not pursue the March 16 meeting since it was already too late to mobilize equipment this spring for a May 1 spud date.
2. The gravel well pad is being constructed at this time so that a drilling rig can be mobilized this fall and a well started on November 1.

prepared by Gulf Oil Company  
submitted to DNR/Dmem 2/83

GULF OIL EXPLORATION AND PRODUCTION COMPANY

BEAUFORT SEA - STATE LEASE BLOCK 54

Gulf has always been very desirous to drill the Beaufort Sea Block 54, Cross Island well as soon as possible.

It was our original intention to spud the well November 1982 and staffed our Anchorage Office to do so.

NSB permit was not issued until August 20, 1982 which delayed Corps of Engineers permit until August 23, 1982. As of the August 23 date it was impossible to construct the gravel island by barge during the open water season 1982.

NSB permits, as issued, contain stringent seasonal drilling restrictions, November 1 to March 31, which are inconsistent with State seasonal drilling restrictions. Under existing NSB permit, the earliest possible spud date is November 1, 1983. NSB imposed other stipulations in the form of Resolution No. 15-82 and the Implementation Agreement. Gulf has always accepted the provisions of the Resolution, however, we have diligently sought relief from the NSB seasonal drilling restriction. Gulf has requested the NSB to revise the permit to allow for a May 1, 1983 spud date, which is in complete compliance with the State permit. In a meeting on November 30, 1982 with Mayor Eugene Brower the Mayor agreed to revise NSB restrictions in accordance with this request. Subsequently, the NSB withdrew this agreement.

Gulf is continuing to seek a modification of NSB restrictions. The latest communication from NSB advises us to appeal to the NSB Assembly if we desire to pursue the matter.

Points relative to Beaufort Sea - Block 54

- Tenneco was the designated operator through issuance of all permits. Tenneco Plan of Operations submitted May 1982 assumed permits issued timely to allow for spudding well November 1, 1982.
- Tenneco had been experiencing delays in negotiations with NSB dating back to 1981, because of this experience neither Gulf nor Tenneco could expend any significant funds prior to receipt of final permits. It was logistically impossible to drill in 1982 on permits issued August 23, 1982.
  1. North Slope Sea-lift was in progress, tying up roads, docks, and barges which prevented gravel haul.
  2. September 18, 1982 is the last date that barges effectively operated in Beaufort Sea. Building a gravel pad using barges would have required at least 21 days of operation.
  3. Additional barge days would be required to move rig and equipment to location.
  4. Gulf conducted a survey of all available construction contractors, every one of which confirmed that it was impossible to construct the gravel island and move in drilling rig prior to freeze-up.
- Gulf is not recognized as operator by NSB until January 25, 1983.
  1. Letter from NSB Eugene Brower, to Gulf, dated October 4, 1982 advising of a delay of any action on the transfer of NSB permits from Tenneco to Gulf.
  2. Letter NSB to Gulf dated January 25, 1983 acknowledges Gulf as operator

CROSS ISLAND - CHRONOLOGY OF EVENTS

- Dec. 1979 - Tenneco acquired BF54 in joint Federal/State lease sale
- Feb. 1980 - Tenneco applied to D.N.R. and received permits for seismic testing near Cross Island
- Oct. 28, 1980 - DNR granted Tenneco Permit To Drill on Cross Island
- Nov. 3, 1980 - Tenneco filed application with N.S.B. for Permit To Drill Exploratory Well on Cross Island and made formal presentation to NSB Planning Commission
- Nov. 17, 1980 - NSB Planning Commission denied Permit Application by letter dated Nov. 17, 1980 citing I.Z.O. Sec. 19.27.070
- Dec. 16, 1981 - Application for Variance from Section 19.27.070 I.Z.O. to allow Exploratory Drilling on Northwest Portion Cross Island
- Jan. 5, 1982 - Gulf purchases interest from Tenneco - Cross Island Tenneco to continue Permitting
- Jan. 8, 1982 - Tenneco presentation made to NSB Planning Commission
- Feb. 4, 1982 - Public Hearing (NSB)- Planning Commission, adjourned without taking action
- Feb. 26, 1982 - NSB Planning Commission denied Tenneco application for variance
- March 24, 1982- Tenneco filed Notice of Appeal from NSB decision to deny variance request Appeal hearing
- May 4, 1982 - NSB Assembly meeting - declined to make decision -rescheduled public hearing
- May 19, 1982 - Letter - Tenneco VP Dan Johnson to NSB Mayor Brower - request Permit to Drill Exploratory Well between spit @ Northwest Portion Cross Island. Plan of Operations submitted (Nov. 1, 1982 spud date)
- May 19, 1982 - NSB Assembly met to hear Appeal - Assembly adjourned without taking action
- May 24, 1982 - NSB adopts Resolution 15-82
- June 4, 1982 - Letter - NSB Mayor Brower to Tenneco VP Johnson - request negotiation leading to agreement regarding training and employment 10 NSB citizens and facility
- Aug. 13, 1982 - Tenneco and NSB execute Implementation Agreement

- Cross Island - chronology of events p. 1
- Aug. 20, 1982 - NSB issued Permit and Stipulations including March 31 cutoff date
  - Aug. 23, 1982 - C.O.E. Permit issued
  - Sept. 3, 1982 - Tenneco notifies agencies of Transfer of Operatorship to Gulf
  - Oct. 4, 1982 - Letter - NSB Mayor Brower to Gulf VP J. E. Smith - request confirmation Gulf honor Implementation Agreement and Resolution 15-82
  - Oct. 11, 1982 - Letter - Gulf VP Turner to NSB Mayor Brower - Assure NSB - Gulf will fully comply with Implementation Agreement and Resolution 15-82
  - Oct. 27, 1982 - Letter - NSB Mayor Brower to Gulf VP Turner - Acknowledgment of Gulf assurance
  - Nov. 29, 1982 - Letter - Gulf J.A. Layton to NSB Mayor Brower - Gulf requests NSB reconsider Stipulation 2 and revise it to be consistent with State of Alaska Drilling Stipulations
  - Dec. 14, 1982 - NSB denies Gulf request
  - Jan. 6, 1983 - Gulf submits Plan of Operations to NSB for November 1, 1983 spud date
  - Jan. 19, 1982 - NSB revises Drilling Restriction, Flaxman Island (Exxon)
  - Jan. 25, 1983 - NSB approves Gulf Plan of Operations, acknowledges Gulf as Operator, and understands Gulf will comply with Implementation Agreement and NSB Resolution 15-82 (received letter Jan. 27, 1983)
  - Jan. 27, 1983 - (Prior to receipt of NSB Jan. 25 Letter) Gulf requests reconsideration of drilling restriction based on Flaxman Decision (Jan. 19, 1983)
  - Feb. 4, 1983 - NSB denies Gulf request

# GULF OIL CORPORATION BEAUFORT SEA BLOCK 54 WELL #1 ACTIVITY SCHEDULE

NOVEMBER 1, 1983 SPUD DATE

ACTIVITY	1983												1984					
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	
ICE ROAD DESIGN & PRELIMINARY CONSTRUCTION	IIII																	
ICE ROAD CONSTRUCTION	II	II	II									IIII	II					
HAUL GRAVEL & ISLAND CONSTRUCTION OVER ICE		II	II															
MATERIALS & CAMP BY BARGE, MATERIALS & CAMP							II	II										
STANDBY								II	II									
DRILL TO 12,500', LOG, RUN 9 5/8"											II	II						
DRILL TO 15,500', LOG													II					
EVALUATE, TEST, PAA/T&A														II	II			
DEMOLITIZE OVER ICE															II	II		
CLEANUP																II		

\* Exact time frame a function of weather, temperature, and ice conditions.

# GULF OIL CORPORATION BEAUFORT SEA BLOCK 54 WELL #1 ACTIVITY SCHEDULE

MAY 1, 1983 SPUD DATE

ACTIVITY	1983											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
ICE ROAD & ISLAND CONSTRUCTION		■	■									
MI & RU RT'S & CAMP				■								
DRILL TO 12,500'					■	■						
CONTINGENCY							■					
DRILL TO 15,500'							■	■				
TEST								■				
DEMOBILIZE									■			

# NORTH SLOPE BOROUGH

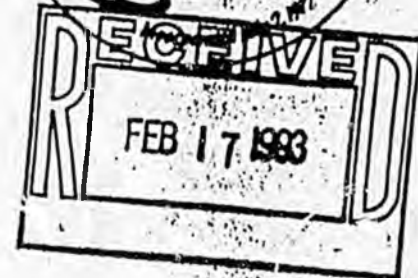
## PLANNING DEPARTMENT

P.O. Box 69

Barrow, Alaska 99723

Phone: (907) 852-2611

George "Bud" Stevens, Director



### MEMORANDUM

To : Eugene Brower, Mayor  
North Slope Borough

From : *Tom Barnes*  
Tom Barnes, Special Assistant to Zoning  
Administrator, Permit Section, Planning Department

Subject : Oil and Gas Issues to be Discussed at Special  
Workshop, February 18, 1983

Date : February 17, 1983

In anticipation of the special Assembly workshop which you have requested for Friday, February 18, 1983, Warren Matumeak, myself, Ralph Andersen and Environmental Protection Office staff met on February 14, 1983 to discuss topics of mutual concern to both the State of Alaska and the North Slope Borough.

As requested by the you, Warren Matumeak focused on those areas which the State and the Borough presently differ on oil and gas development. These include a) seasonal drilling windows, b) offshore islands exempted from drilling restrictions by the State and c) seismic exploration as it impacts the bowhead whale.

The results of that meeting are as follows:

#### Seasonal Drilling Windows:

##### On/Inside Barrier Islands

1. Drilling - Warren Matumeak does not believe that the Borough should allow exploratory drilling after May 15 because the oil industry has not yet shown that oil can successfully be cleaned up in broken ice conditions. The State DNR presently has what the Borough believes to be an indefensible definition of "open water". That definition says that when the ice cover within a one-mile radius of an offshore well site on or inside the barrier islands is 25 percent or less,

this initiates "open water". There is no provision for stopping drilling operations, even if large quantities of ice re-invade the area. Also, EPO has stated that in a 3-knot wind, floating oil will be blown over retaining a boom and thus cannot contain the oil within a confined area.

2. Well Testing - NSB and State are in agreement on allowing testing, through casing, year-round.

3. Drilling off River Mouths - NSB and State are in agreement that drilling should be allowed only from November 1 - March 31, with possible extensions through May 15.

#### B. Outside Barrier Islands

1. Drilling above threshold depth - NSB is in agreement with State on November 1 - September 1 drilling window except that State DNR should more adequately explain the bowhead whale monitoring program and the term "near" when referring to the distance between migrating bowhead whales and the drill site.

2. Drilling below threshold depth - NSB agrees with State that drilling can occur only from November 1 - May 15.

3. Well Testing - NSB agrees with State that testing below threshold, through casing, can occur from November 1 - September 1 only, provided that an adequate bowhead whale monitoring program is established with NSB participation.

#### C. Specially Exempted Islands

The State had declared that Flaxman, Tigvariak and Pingok Islands are exempt from any drilling restrictions due to their size. The following is the Borough's position on each island:

1. Flaxman - No across-the-board exemption should be granted. Each application should be reviewed on a case-by-case basis with heavy emphasis on design criteria.

2. Tigvariak - No across-the-board exemption should be granted. Rather, each application should be reviewed on a case-by-case basis with

Eugene Brower, Mayor  
February 17, 1983  
Page 3

heavy emphasis on design criteria. The Borough objects principally due to its location directly off of the Shaviok River delta. (The State exemption seems to violate its own restriction on drilling off of river deltas.)

3. Pingok - No across-the-board exemption should be granted due largely to its location next to the Colville River delta.

#### D. Seismic Exploration

The Borough is principally concerned with offshore seismic operations and their effects on the bowhead whale and subsistence fish.

Warren Matumeak is opposed to seismic operations west of Barrow prior to the Spring bowhead migrations, as well as barge movements east of Barrow during the Fall bowhead whale migration.

In summary, the following represent those issues which the Borough and the State need to discuss further:

1. Exploratory drilling on/inside barrier island beyond May 15.
2. Definition of "open water" - Borough prefers 10 percent ice cover versus State's 25 percent.
3. Clarification of bowhead whale monitoring program.
4. Drilling exemptions on Flaxman, Tigvariak and Pingok Islands.
5. Seismic offshore testing as it affects the spring bowhead whale migration west of Barrow.
6. Barge traffic east of Barrow as it affects the fall bowhead whale migration.

cc: George "Bud" Stevens, Director NSB Planning  
North Slope Borough Assembly Members  
Lester Suvlu, Director, EPO  
Warren Matumeak, NSB Zoning Administrator  
Planning Commission Members

TB/mc

RECEIVED

JAN 31 1983

ALASKA TASK FORCE

NORTH SLOPE BOROUGH ASSEMBLY  
SPECIAL MEETING  
JANUARY 19, 1983 1:30 P.M.

A Special Meeting of the North Slope Borough Assembly was held on January 19, 1983 at the North Slope Borough Administration Building, Barrow, Alaska at 1:30 P.M. SPECIAL MEETING

JAMES STOTTS called the meeting to order at 1:43 P.M.

CALL TO ORDER

There were present:

PRESENT

- JAMES STOTTS, presiding
- JACOB ADAMS (Came in 1:58 P.M.)
- NELSON AHVAKANA
- FLOSSIE ANDERSEN
- EDWARD E. HOPSON (Came in 1:52 P.M.)
- DONALD LONG

comprising a quorum of the Assembly. Absent was:

ABSENT

LENNIE LANE JR.

Also present for all or part of the meeting were:

- EUGENE BROWER, Mayor
- Ralph Andersen, NSB/Mayor's Office
- Sandy Sagalkin, NSE/Washington, D.C.
- Jim Arlington, ARCO
- S.R. Jaime, ARCO Alaska, Inc.
- Warren Matumeak, NSB
- Tom Albert, NSB
- Harold J. Curran, NSB
- Victor Hart, ARCO Alaska, Inc.
- John Peter, self
- Johnny Brower, self
- Alice Ahgeak, Borough Clerk
- Kathy Iryant, Deputy Clerk

Adams	
JWS	

GUESTS

Discussion of Flaxman Island - Proposed Exploratory Drilling. FLAXMAN ISLAND  
EUGENE BROWER stated that last week before Warren went down to Anchorage, they had discussion with some of the Assembly Members as to how to approach this Flaxman Island issue. And maybe little more time up front, at the tail end of the seasonal drilling and they heavily approached that idea and they contend that this is an upland area and they want to drill all the way through September 1.

WARREN MATUMEAK stated that they met with Exxon and they brought their two Attorneys with them from Houston, you got before you the approval of the permit with the stipulations on Flaxman Island. Main trouble they had on that permit was stipulation Item # 2 and also # 1. Their plan now is to drill beginning March 1 and be done by September 1. This area is little bit different from some of the drillings because State of Alaska is going to get a certain percentage out of the well, if it is a producing well, shared profits. They

got from that notice of appeal until Friday, they wanted an answer by Monday. On the stipulations that was not included was if the Assembly decides to go their way, the map back of you. Pointed out Flaxman Island, the landing strip, the ice roads, the haul road for the area. They are mostly finding gas, but they wanted to make sure whether there is oil down there or not. The reason they are pushing for drilling for March 1 through September 1 is that they got they got to extend on their contract, they are paying some money into it. And they want to utilize that start up on March 1 and after September 1, they want to move that rig and barge it out to another location. And they said they would like to be drilling two wells a year, one well will take 180 days from the start to finish. That's why they don't want to give in, on our drilling window stipulations, on our last meeting they came up with, we were talking about this area where they are going to drill is sloping to one side and we said that this would need a berm around the pad, which would contain 130,000 barrels of oil in case of a spill here, and it has impermeable liner to keep the oil from going below. Except for the drilling window, they would comply with all the other stipulations, but they don't want to give in to our drilling window, they want to drill from March 1 to September 1.

DONALD LONG: Warren, what was the dates that the stipulation had mentioned.

WARREN MATUMEAK: The usual stips that we put in the permit is from November 1 until March 31, with possible extentions beyond March 31 up to May 15th.

DONALD LONG: Ok, my understanding then they want to go from March 1 to September 1.

WARREN MATUMEAK: That Flaxman Island is recognized by State as part of the mainland. Because that is a large Island and it is not a gravel.

JAMES STOTTS: Is that in fact an Island legally, is that an Island, of course it is.

EDWARD HOPSON: It would have to be an Island, it's not part of mainland.

JAMES STOTTS: In fact, could it be considered Upland legally.

HAROLD CURRAN: Their argument is that it is so big, it is like upland, so that is the justification for giving it similar stipulations. They can make any decision as long as it's got a reasonable argument to support it, what I am saying is, I don't think we can go into court to suit the state, saying that there argument is not reasonable. They are not trying to say that our stipulation is unreasonable, they are trying to say that we don't have the authority to do it and if it was a reasonable standard we could differ from their opinion and still get support in court and law. The question is you guys don't have the authority to it at all. That's why they are going that way, because their standards are to apply and get an administrative decision changed.

WARREN MATUMEAK: To my estimation, this would be an area where they would have more support, especially from the state. Because the state is 100% behind them and the State will side with them, this would be an area where they would get more backing, the state will protect their own interest.

DONALD LONG: Have we got the Upland stipulation that they are saying that this is Upland and we have no jurisdiction on that

WARREN MATUMEAK: Most of the permits we pretend that it is not there. Upland drilling is year round, we couldn't put any stipulations there.

JAMES STOTTS: Ok, if we did grant this to Exxon, then I would suggest that in fact we don't have a leg to stand on in the future, on any sort of seasonal drilling stipulations.

WARREN MATUMEAK: I think this Flaxman would be different from all the others, we are dealing only on Flaxman.

DONALD LONG: My understanding is that if we go with Exxon on this we wouldn't have or we would eliminate our ability to issue out stipulations.

JAMES STOTTS: Well, if we give in on this one to Exxon, our seasonal stipulations in fact, we reverse ourselves, then if it happens on another Island, what argument do we have to deny that, since we have done it already.

WARREN MATUMEAK: The other Islands are not considered part of the mainland, the only ones that are considered to be part of the mainland are this Flaxman Island and Tigvariak Island.

DONALD LONG: The reason I asked is Jim, the way I see it, if we don't we also lose our ability to impose stipulations, seasonal stipulations on everything. Where the most important part be offshore drilling. Our ability to apply stipulations offshore would be affected by imposing stipulations onshore. If we lose, that is my greatest fear there, if we lose the ability to impose stipulations anywhere.

WARREN MATUMEAK: If you don't revise this stips on the permit, Exxon would appeal to the Assembly and the deadline for that is this coming Friday. If we answer by 4:00 P.M., would be excluding the stipulations on #1 and #2.

EDWARD HOPSON: How far is Flaxman Island from Mainland, anybody know. The reason why I asked is that nobody is going to tell me that Flaxman Island is part of Mainland, an Island is an Island. Nobody is going to tell me that it's part of mainland, yeah, it might have been part of mainland two centuries ago, say two hundred years ago.

DONALD LONG: I think the point is that they are contesting that it is upland.

WARREN MATUMEAK: That is the state's position.

JOHNNY BROWER: From the State's point of views and from the private corporation as to doing business with the State and I think they are going to use the word self-deceivement within selves and to see how far they can get away with it, if they practice that within themselves then they can practically get away with anything until they are led to believe that they are practicing self-deceivement. That is an Island, that is not part of the Mainland.

JACOB ADAMS: What is the recommendation.

EUGENE BROWER: He had a long talk with the Commissioner of DNR and the Attorney General and they are going to protect the interests of the State. And they do whatever it takes, court and they prefer to settle it out of court, but if they have to go to court, they will protect the interest of their lessee which is Exxon, because of the profit making shared they've got, whatever it is leased under. And talking with the Attorney General, he would rather see this thing settled in house rather than in court, but they will not hesitate to protect the interest of the state in court. Right now, they are being pressured by Exxon whether Exxon should sue the State itself, for not taking care of its interest, and the Attorney General is trying to hold them off till they get something resolved here internally. He said they will not hesitate to protect the State's interest from the North Slope Borough.

HAROLD CURRAN: One of the issues that come under this letter, if we grant what Exxon is asking for we will undermine our ability to stipulate to a drilling window elsewhere. The state does that, the state has granted them the right to drill there year round has a stipulation that they have to comply with the terms of drilling elsewhere and the reason for that to get away from that cause they are some things that differ from Gravel Island or small Island. You can fly equipment, men and supplies there during broken ice periods to try to deal with oil spill. You just have a gravel island or a small island, it's difficult to do that cause if you have a blow out, everybody has to get off the Island, there is no platform to deal with. Cause there are some distinctions between Gravel Island and man-made gravel island and small islands as opposed to Flaxman, where you can get people there, you can get support there and those are things that are substantial in terms of the type of protection you provide and that's what the rationales the State has, so would not undermine us in terms of our distinction between Flaxman and the other areas. Flaxman's not as good a case say Cross Island and the reason it is because of the various ways we have characterized Cross Island as being important to the Inupiat people. So what, I guess I am saying is, if we go to court on Flaxman, the facts won't be as good for us, whereas we go to court on as Cross, the facts would be better for us. If I had select which one we would go to court on, I would go for Cross rather than Flaxman. That would be one of the things that would be considered in trying to make a determination as to what we would do in this particular incidence. The facts are important, the law is theoretical, but if you get the facts on your side to help us, they are very important.

JACOB ADAMS: Well, you know, if we are going to extend the drilling season, to the tail end, September and October are critical periods especially on that Island, we've got enough information to share with the fall migration of the bowhead comes close to Flaxman Island. I talk to enough people that done aerial flying in the fall time that the Flaxman Island is one of the critical areas as to where the Bowhead whale migrates in the fall time. Whereas in the spring, they are further out.

WARREN MATUMEAK: Before you entered in, we talked about the Flaxman Island, they plan to start drilling in March 1 and be done by September 1. They want to move their rig to another location, after that. They had planned to start drilling in November, but they have had all kinds of delays and they moved it to March 1.

EUGENE BROWER: They have asked for March 1 to start and get out by September 1, and they plan to move their rig to another location.

JAMES STOTTS: What if they are not done by September 1st.

EDWARD HOPSON: If they are planning to stop by September 1st, the first group of whales will have gone thru Kaktovik.

EUGENE BROWER: They plan to start in March and they will be done by September 1st, they plan to barge the rig and move it to another location.

FLOSSIE ANDERSEN: Not only are we talking about seasonal restriction, it was also brought out that they are also still questioning our ability to grant permits, and then with what, they are wanting to do that is they are going against with what our restrictions are saying on the Interim Zoning and the Comprehensive Plan, and the timing that's my other thing too. What do they have, couldn't they just apply to start this in from November or September after the whales are gone and then go over during winter, I don't think they are that anxious, First of all, they would be going against the dates, they are just opposite of what the restrictions are supposedly to be.

WARREN MATUMEAK: We approached them to start at springtime, but their reason is that they have a plan to drill two rigs a year, if they don't they will just be spending money on the rig that is just standing by. They have the support from the State that Flaxman Island and Tigvariak Island are considered to be part of the mainland. I consider the Gravel Islands and Tapqaq to be different from Flaxman and Tigvariak because the State doesn't consider them to be Uplands.

NELSON AHVAKANA: When did they characterize these two, in the beginning?

WARREN MATUMEAK: Stated he just heard about it not too long ago, too, and doesn't know when.

DONALD LONG: During your meetings with Exxon, how do you think they did, if say no to them they already have the support of the state to go to court.

WARREN MATUMEAK: I think they are ready if we say no, the way I see it, that they would rather go to court. The state already has an interest for profit sharing.

JOHNNY BROWER: On the casing on that Flaxman Island, they already have everything ready to go to court including the papers.

FLOSSIE ANDERSEN: I really hadn't heard much about Flaxman Island being in the Uplands, I'm just wondering what the arguments they had, what are the facts that they use to call it uplands.

WARREN MATUMEAK: One of the reasons they consider it is that it is a very large island.

JAMES STOTTS: I would like to hear a little bit more Mr. Mayor about what this possibility of sitting down with the Department of Natural Resources.

EUGENE BROWER: My discussion with the Attorney General and the newly elected Commissioner of DNR Ms. Wunnicke, they were telling me that some Senators are trying to put into legislation to take our permitting system away from the

North Slope Borough, and one way of taking care of that is setting up permitting system that is uniform across the board, sitting down with the North Slope Borough Assembly, the legislative powers we have here, the state and the Gas and Oil Industry, set up a permitting system that is uniform across, you are going to have to compromise here and there.

JAMES STOTTS: Is the oil and Gas Industry involved?

EUGENE BROWER: Yes, but the initial stages will be with the Assembly here and I've told the new Commissioner in DNR that she should set up an appointment with the Assembly and discuss various issues confronting the permitting system with the Assembly or whatever concerns the state might have in reference to the Natural Resources, and they both had a very good idea and so as Esther Wunnicke gets her schedule straightened out she is going to be writing a letter to either to me or to the Assembly President to set up a date. The state would rather see this settled outside the court, they don't want to see this thing settled in court, they would rather see it settled out of court, if all possible. There is a feeling now if I am not mistaken, one of the Senators is going to introduce a bill to try to take away the permitting system with the North Slope Borough. I think it is Bennett, out of Fairbanks.

JAMES STOTTS: What would be the soonest, she could possibly meet.

EUGENE BROWER: She is looking at her schedule and she is going to be writing a letter, I told her I would rather see this done sometimes this month or next month.

JAMES STOTTS: I would like to entertain a motion to go into Executive Session with the Administrator.

EDWARD HOPSON moved, seconded by DONALD LONG to go into Executive Session.

MOTION FOR  
EXECUTIVE  
SESSION

QUESTION

UNANIMOUS VOICE  
AYES - 6 NAYES - 0

MOTION CARRIED

Executive Session at 2:25 P.M.  
Meeting reconvened at 3:30 P.M.

EXECUTIVE SESSION  
MEETING RECONVENED

NELSON AHVAKANA moved, seconded by JACOB ADAMS that the request of the Administrator be approved, and those those two stipulations be changed to for that one area only and those stipulations be removed, so that Exxon could drill until August 30th. MOTION TO GRANT REQUEST

Discussion: EDWARD HOPSON asked they were requested for March 1st thru August 30th, JAMES STOTTS stated that the still thinks they are doing it wrong, still thinks that Exxon should file an appeal and to be happy to set a date, set a meeting date even on next Friday, which is just a couple days away. I would like to just make that very clear, I think we should let Exxon at least go thru the appeal board process. And I also would like to suggest that if cause I'm reading that this might pass the way it has been proposed that I would like to offer for your consideration an amendment instead of saying August 30 say August 1st and set it back 30 days instead of one day. FLOSSIE ANDERSEN stated she would discuss it further in that Exxon

has the ability to finish that well in minus 30 days, can they do it in 150 days, or are they going to come again after 150 days for another 30 days, do they have the ability to say that they'll do this in 150 days, I think you know the proper place to ask them right with them right in front of us, if we knew the answer to that can they do it in 150 days instead of 180. JAMES STOTTS: I mean what I think you intended to say August 1st or am I wrong a couple days is not that much of a change. And the point you made about if it could be done in 150 days, that backs me up what I suggested earlier that if we had an appeal board with Exxon, we could get more information from the Company itself, maybe they can do it in 150 days, maybe they would agree to do it in 150 days. We haven't talked with them at all. DONALD LONG stated that he would prefer see it with August 30th for the fact he would prefer Exxon not file a lawsuit, I don't know if they are going to file an appeal, the state is right along with them.

QUESTION

VOTE TALLY

MOTION CARRIED

AYES - 4 NAYES - 2 (STOTTS, ANDERSEN)

JACOB ADAMS moved, seconded by DONALD LONG to adjourn the Special Meeting. MOTION TO ADJOURN

QUESTION

UNANIMOUS VOTE

MOTION CARRIED

AYES - 6 NAYES - 0

Meeting adjourned at 3:39 P.M.

ADJOURNMENT

APPROVED: \_\_\_\_\_

\_\_\_\_\_  
PRESIDENT OF THE ASSEMBLY

ATTEST:

\_\_\_\_\_  
BOROUGH CLERK

Respectfully submitted:

\_\_\_\_\_  
RECORDING SECRETARY