

SJR

30



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-463-3366
Fax 907-463-3312

SJR 30 TESTIMONY BEFORE HOUSE RESOURCES COMMITTEE MAY 15, 1991

Mr. Chairman, Members of the Committee: I am Mollie TeVrucht, a volunteer representing the Alaska Environmental Lobby.

We strongly support the resolution to repurchase the oil and gas leases that were sold in North Aleutian Basin Lease Sale 92. The need to preserve this region is paramount:

** The North Aleutian Basin fishery is among the most productive in the world. Bristol Bay region domestic commercial fisheries have an average annual wholesale value of \$1 billion dollars, employing over 10,000 people.

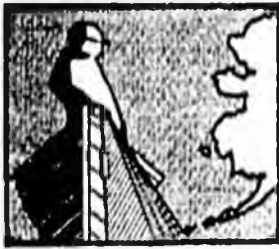
** The oil and gas leases are located in a critical migratory pathway for fish and wildlife populations migrating between the Pacific Ocean and Bristol Bay. Even low-level concentrations of oil can be severely detrimental to the health of this wildlife.

** The hydrocarbon potential of this area is low compared to that of other Alaskan OCS planning areas. Unlike the Bristol Bay fisheries, the oil and gas reserves are a non-renewable resource.

The benefits of protecting this region far outweigh the federal government's needs to explore the region for oil and gas. We urge you to make a wise resource management decision and support SJR30.

Thank you for the opportunity to testify.

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB
ANCHORAGE ALDUBON SOCIETY • ARCTIC ALDUBON SOCIETY • CLEAN AIR C
DENALI GROUP SIERRA CLUB • JUNEAU ALDUBON SOCIETY • JU
KACHEMAK BAY CONSERVATION SOCIETY • KENAI PENINSULA ALDUBON SOCIETY • ENR CANADY AND HARRIS
ANTIA GROUP SIERRA CLUB • KODIAK ALDUBON SOCIETY • LYNN CANAL CONSERVATION • NORTHERN ALASKA ENVIRONMENTAL CENTER
PRINCE WILLIAM SOUND CONSERVATION ALLIANCE • SIERRA CONSERVATION SOCIETY • SOUTHEAST ALASKA CONSERVATION COUNCIL



Bering Sea Fishermen's Association

725 Christensen Drive
Anchorage, Alaska 99501
(907) 279-6519

May 15, 1991

Representative Cliff Davidson
Chairman, House Resources Committee
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Chairman and Committee Members:

The Bering Sea Fishermen's Association strongly supports the underlying concept of SJR 30 to request the cancellation and buyback of Sale 92 oil and gas leases in Bristol Bay. The intent of this resolution as we understand is to afford some measure of permanent protection to the extremely valuable resources in and around Bristol Bay.

Therefore, we would like to see this resolution include language which would request that the federal government prohibit future lease sales from taking place in the North Aleutian Basin. As you are well aware, the commercial value of the fisheries resources in the Bay are worth about a billion dollars annually, and the value of the marine ecosystem to the entire Bering Sea and the cultural importance of the subsistence activities to local people are incalculable. Bristol Bay is a jewel in the Bering Sea which must be preserved.

Sincerely,

Henry Mitchell
Executive Director



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-6250

DURING SESSION:

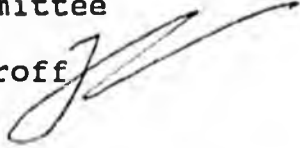
P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Representative Cliff Davidson
Chairman
House Resources Committee

FROM: Senator Fred F. Zharoff 

DATE: May 14, 1991

RE: CS For Senate Joint Resolution 30 (O&G) - "Relating to federal oil leases in the North Aleutian Basin section of Bristol Bay."

CSSJR 30 places the Alaska Legislature on record in support of the repurchase of the oil and gas leases that have been sold in the North Aleutian Basin section of Bristol Bay. It also requests the governor to represent the state in the negotiations for the repurchase.

Bristol Bay is one of the world's richest fisheries, with abundant and commercially-valuable quantities of salmon, crab, halibut, and groundfish. The North Aleutian Basin oil and gas lease sale has been controversial ever since it was first proposed. Alaska's previous three Governors all strongly opposed the sale. Despite their best administrative and legal efforts, the sale was held and, in October, 1988, the bids were opened.

In the aftermath of the Exxon Valdez disaster, Congress in September, 1989 passed a one year moratorium on exploration and development activities in the North Aleutian Basin. In October, 1990, Congress extended this moratorium.

A campaign is now underway to build support for a repurchase of the OCS Sale 92 oil and gas leases in order remove the risk to this resource-rich region once and for all. The passage of SJR 30 would support these efforts.

SJR 30 was drafted in consultation with the Department of Natural Resources and with groups advocating a buyback.

The following backup information is attached:

1. Resolution from the Bristol Bay Native Association.
2. Solicitation notice for the Bristol Bay Protection

Fund.

3. Letter from the Bristol Bay Buyback Coalition to Gov. Walter Hickel, dated Dec. 13, 1990.
4. Bristol Buy Buyback Coalition news release regarding Minerals Management Service study on oil spill response capabilities for the North Aleutian Basin, dated April 19, 1991.
5. Minerals Management Service map of the North Aleutian Basin and Bristol Bay.
6. Oct. 28, 1990 news article on Congressional extension of North Aleutian Basin moratorium.
7. Sept. 7, 1990 letter from Gov. Steve Cowper to Rep. Jamie Whitten in support of the moratorium extension.
8. Feb. 9, 1990 letter from Sen. Ted Stevens with a copy of the language from the FY 90 federal appropriations bill that implemented the first moratorium.
9. Sept. 29, 1989 news article on Congressional approval of moratorium.
10. April 26, 1989 news release announcing Gov. Cowper's support for a Bristol Bay buyback.

P.O. BOX 310
DILLINGHAM, ALASKA 99576

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RESOLUTION 91 - 10
BY
FULL BOARD OF DIRECTORS

A RESOLUTION URGING A REPURCHASE OF
OIL AND GAS LEASES IN OUTER BRISTOL BAY (LEASE SALE 92)

- WHEREAS, The Department of the Interior has sold oil and gas leases in outer Bristol Bay (Lease Sale 92), despite overwhelming objections to this sale by the people of Bristol Bay, the State of Alaska, fishing organizations, and other groups, and
- WHEREAS, Concern for subsistence resources and the environment is a precondition of Bristol Bay Native Association for any development activities within the Bay, and
- WHEREAS, Despite its long history of supporting oil and gas development, the State of Alaska, in recognition of both the environmental sensitivity and unparalleled productivity of the region's marine resources has called for a federal buy-back of the leases from Sale 92.

NOW THEREFORE BE IT RESOLVED that the Bristol Bay Native Association Full Board of Directors join with the State of Alaska in calling for a continuation of the moratorium on drilling in Bristol Bay and in support of the State's position that the federal government should repurchase the leases sold in Sale 92.

Dated this 12th day of October, 1990, at Dillingham, Alaska.

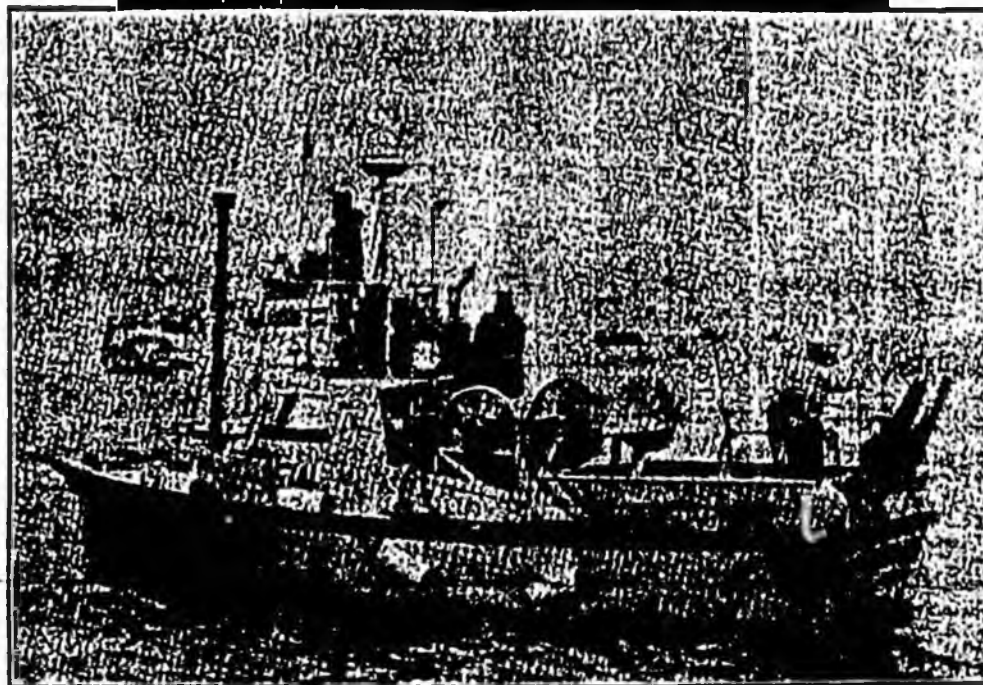
Signed: _____

William P. Jensen
President

ATTEST:

Signed: _____

Robert T. Collins
Secretary



Jon Zuck

You can help save Bristol Bay from oil and gas leasing

In cooperation with the Bristol Bay Buyback Coalition and your fishing association, the Alaska Conservation Foundation announces its Bristol Bay Protection Fund to support cancellation and repurchase of oil and gas lease sale #92. This effort is endorsed by the United Fishermen of Alaska.

Your contribution is needed immediately to help:

- Educate federal and state politicians about your concerns and the importance of this buyback effort for the economic well being of the Bristol Bay region.
- Build national support for the buyback option by educating Americans in all 50 states about the wildlife and fishery values of Bristol Bay and the Bering Sea.

In the wake of the Exxon Valdez, the U.S. House Interior Appropriations Subcommittee placed a moratorium on development of Bristol Bay pending a federal study to examine buyback options. That study is due out this spring and the moratorium will likely be lifted. With a presidential ban on drilling in coastal waters of the contiguous 48 states, pressure is intense to increase Alaska offshore drilling opportunities. Your help is needed to permanently protect the bay's \$1 billion fishery and other marine resources from the threat of oil and gas development.

Yes, I want to support the Bristol Bay Protection Fund. Please use my contribution to support the efforts of the Bristol Bay Buyback Coalition and others working to permanently protect the bay from oil and gas development.

\$100 \$50 \$250 \$500 \$1000 Other _____

Name _____

Address _____

City _____ State _____ Zip _____

Please make your check payable to Alaska Conservation Foundation. Contributions are tax deductible.



Alaska Conservation Foundation

430 W. 7th Ave. #215 • Anchorage, AK, 99501 • (907) 276-1917

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BRISTOL BAY BUYBACK COALITION

725 Christensen Drive, Suite 6 Anchorage, AK 99501 (907) 279-6519

December 13, 1990

The Honorable Walter Hickel
Governor of Alaska
P.O. Box A
Juneau, AK 99811-0101

Dear Governor Hickel:

Congratulations on your recent inauguration as the new Governor of Alaska. The Bristol Bay Buyback Coalition looks forward to working with you, the Lieutenant Governor Jack Coghill, and your staff on the important issue of securing a buyback of the OCS leases in Bristol Bay.

The Bristol Bay Buyback Coalition was formed in the fall of 1990 to organize groups who are in favor of a buyback of the OCS leases in Bristol Bay (North Aleutian Shelf Sale 92). At present, the Buyback Coalition consists of over thirty member groups representing commercial and subsistence fishermen, Native groups, local governments, and Alaskan environmental groups. Many of these groups have been deeply involved in the issue of Bristol Bay OCS leasing and development, most notably in achieving moratoria on exploratory oil and gas drilling in the North Aleutian Shelf Sale 92 Area.

As you well know, Bristol Bay and its surrounding environs are vital to Alaska's economy and environment. The region supports fisheries valued at over one billion dollars, including Alaska's most lucrative commercial salmon fishery as well as fisheries for pollock, crab, cod, halibut, and herring. The Bay's bountiful marine environment is a critically important feeding and migration habitat for a variety of marine mammals, marine fish, and migratory waterfowl. These resources in turn provide the backbone of the subsistence economy for the coastal villages and towns of western Alaska. Simply put, we feel the proven fisheries and bountiful marine ecosystem of the region are too valuable to risk for the relatively small amount of recoverable oil estimated to be contained in the Sale 92 Area.

Governor, we know that you have long advocated a buyback of those OCS leases in the Bristol Bay region. After all, the Federal Government ignored the wishes of the Alaskan people when it offered the leases for sale. We appreciate and strongly endorse your position, and your willingness to carry on the long tradition of opposition by the State of Alaska to this lease sale. We have been able to stave off unwise development in this region so important to Alaskans and their economy. However, we must seek a permanent solution to this problem.

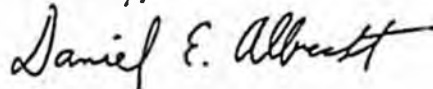
We believe that it is vital to advocate for a Bristol Bay Buyback now. Otherwise, federal bureaucrats will continue to make decisions that affect Alaskans' daily lives. Please do not misunderstand us, Governor. We understand the need for oil development in Alaska, both to provide energy security for our country and to promote Alaska's economy; however, oil development should not threaten already established economies like the Bristol Bay and Bering Sea fisheries which are worth upwards of one to two billion dollars on an annual basis.

Over these past years, we've received strong support on this issue from the Alaska Governor's office in Washington, D.C.. We hope that our groups, now organized into the Buyback Coalition, will continue to receive the support of the Washington office. Alaskans, both individuals and government, must continue to present a united front for a buyback of the Bristol Bay OCS leases.

We would like to meet with you and your staff at your earliest convenience so we can jointly plan a strategy to achieve a federal buyback or cancellation of those leases. By working together in a partnership, we can achieve this goal so vital to Alaskans.

We look forward to hearing from you.

Sincerely,



Daniel E. Albrecht
Coordinator

cc: Coalition members
Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Senator Richard Eliason

Representative Ben Grussendorf
Senator Fred Zharoff ✓
Senator Lyman Hoffman
Representative George Jacko
Representative Martin Ivan

RECEIVED APR 22 1991

(4)

BRISTOL BAY BUYBACK COALITION

725 Christensen Drive, Suite 6 Anchorage, Alaska 99501

April 19, 1991

NEWS RELEASE For more information, contact: Dan Albrecht, (907) 279-6519

Buyback Coalition challenges MMS studies on Bristol Bay oil leases

The Bristol Bay Buyback Coalition is contesting the conclusions of a recent government study on the Bristol Bay OCS oil leases. The Coalition says that the study overestimates the industry's ability to cleanup a major oil spill in the subarctic waters of the region. The Coalition's thirty-two member groups are pushing for Congressional action to authorize a cancellation and repurchase of the Bristol Bay or Sale 92 leases.

The Minerals Management Service (MMS) study, entitled "Oil Spill Response Capabilities for North Aleutian Basin Sale 92", examines cleanup response to a hypothetical worst-case oil well blowout during exploration and is based on a preliminary plan prepared by Shell and Chevron. It concludes that although well blowouts are an extremely rare occurrence, a blowout in the Sale 92 area could spew an estimated 495,000 barrels of oil into the Bay, a discharge more than twice the size of the Exxon Valdez spill. Using the Shell/Chevron response Plan, the MMS estimates that 53 percent of the spilled oil would be burned offshore and that evaporation and mechanical cleanup would further limit the effects of the spill leaving 28 percent of the oil to either naturally disperse or contact the shoreline.

The Buyback Coalition points out several weakpoints in the assumptions by MMS. The spill scenario used in the report is assumed to occur during excellent weather conditions of 10 miles visibility and 3-foot seas. However, Jon Zuck of the Bering Sea Fishermen's Association notes that "the waters off the north shore of the Alaska Peninsula are usually much rougher than that; most of the time the seas are higher than three feet, and during the fall, winter and spring ten foot seas are common. They sure picked a rosy scenario to judge their response capabilities."

The MMS's major strategy appears to be in situ burning which the study claims is effective in seas up to 6 to 8 feet. "Burning may work," Zuck said, "but heaven help us if a storm kicks up during a blowout."

The MMS report estimated a 0.5 to 19 percent chance that commercial salmon fisheries habitat would be contacted within 30 days of a hypothetical blowout. It identifies the coastline from Izembek Lagoon to Port Heiden as the most likely area to be contacted by spilled oil. Deming Cowles, Washington D.C. representative for the Buyback Coalition, points out that the MMS study completely ignores the potential impacts to non-salmon fisheries; "as soon as any oil is spilled in the Sale 92 area, it's impacting many other fisheries besides salmon such as the harvest of yellowfin sole, rock sole, flounder, pollock and red king crab. Either the fish are directly contacted by the oil or the fisheries will have to shut down to avoid having their gear oiled." Longliners are also concerned about oil drilling in the region since the lease area (located northeast of Unimak Island) has been identified by the National Marine Fisheries Service as a vital juvenile halibut nursery area.

The study was one of two reports prepared by the MMS at the request of Congress when it imposed the first of two one-year moratoria on exploratory drilling in the Sale 92 leases after the March 1989 Exxon Valdez spill. A second report by the MMS estimated the costs to repurchase the 23 leases that were sold to nine companies in October of 1988 for 95.4 million dollars. That report estimates that in 1994 (after the required 5-year period of lease suspension) a buyback would cost between \$141 million and \$186 million. However, bills recently submitted by Senator Bob Graham and Representative Larry Smith of Florida and Representative Leon Panetta of California would amend the OCS Lands Act to allow a buyback after only one year of lease suspension. Congress also ordered the Fish and Wildlife Service to analyze the likely impacts of a spill in the Bay on the region's wildlife. That report, originally due in March, is now being delayed until sometime between this coming September and January of 1992.

The Bristol Bay Buyback Coalition will be hiring independent scientists and economists to review and analyze the MMS studies. Also, since the Federal government has now released some preliminary data from the Valdez spill studies, the Coalition will also prepare a short study similar to the expected F&WS report. Coalition staff will be visiting Washington D.C. during April and May to urge Congress to support a continued moratorium on drilling and to work for a buyback of the leases.

The Coalition recognizes the fiscal constraints on a straight cash buyback of the leases and therefore has been advocating the use of crediting the value of cancelled leases either towards the purchase of leases in upcoming OCS sales or as a credit on royalty or lease rent payments. Another option would be for the Federal government to reimburse the oil companies over several years so as to minimize the impact on the budget process.

The Buyback Coalition is being assisted by the Alaska Conservation Foundation which has set up the Bristol Bay Protection Fund. Contributions to the Fund help support activities of the Coalition and are tax-deductible. Several member groups of the Coalition have already made significant contributions including the Bristol Bay Borough, the Pacific Seafood Processors Association, Concerned Area M Fishermen, the Alaska Crab Coalition and the Egegik Setnetters' Association. The Alaska Fisheries Development Foundation has also made a large contribution to the Fund.

Since its inception in October 1990, the Coalition has grown to include thirty-two member organizations:

Association of Village Council Presidents
Bristol Bay Coastal Resource Service Area
Cenaliurrit Coastal Resource Service Area
Greenpeace Alaska
Northern Alaska Environmental Data Center
Southwest Alaska Municipal Conference

Bristol Bay Borough
Bristol Bay Native Association
Choggiung, Ltd.
Lake & Peninsula Borough
Nunam Kitiutsisti, Inc.
Trustees for Alaska

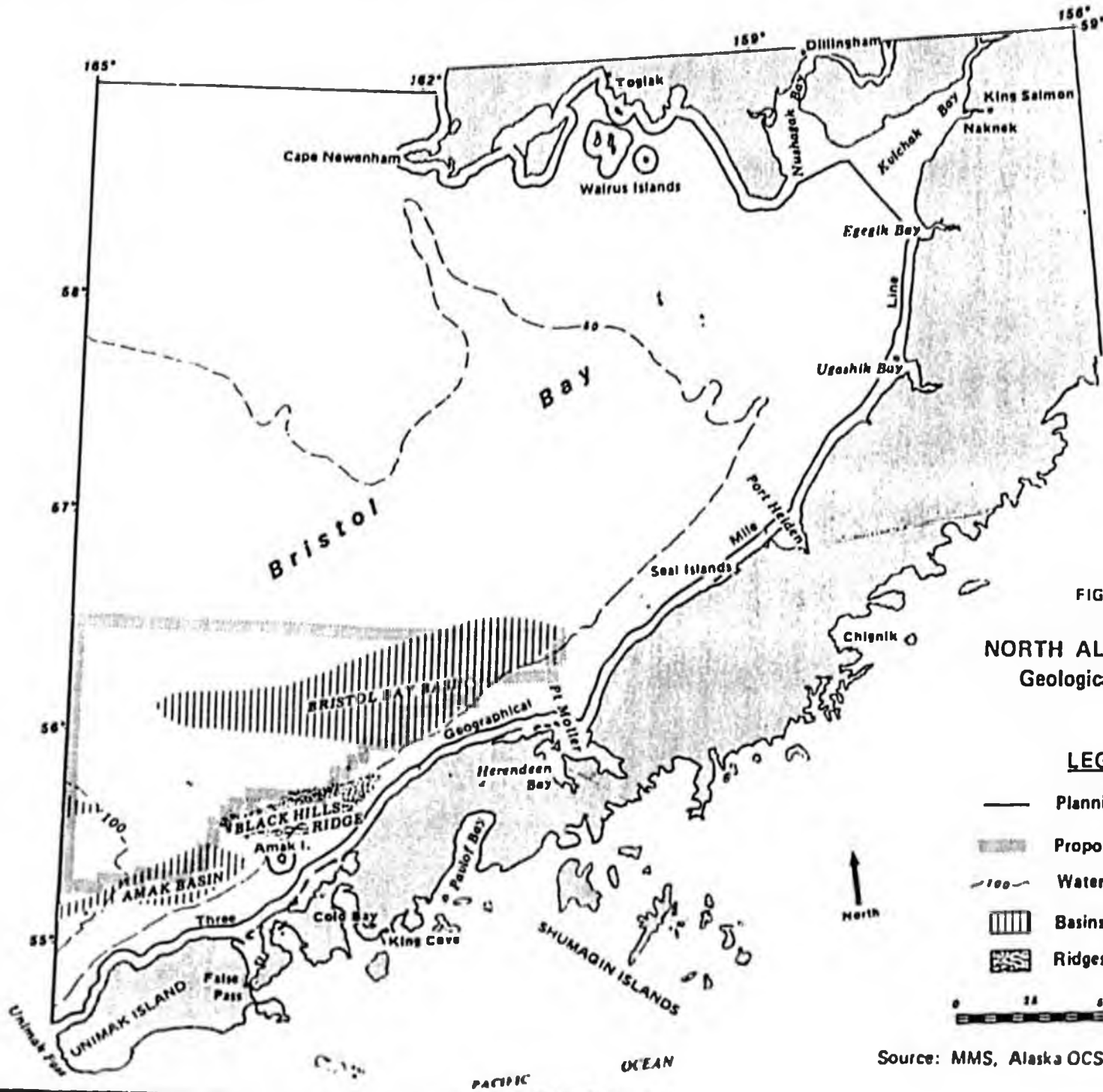


FIGURE III-1

**NORTH ALEUTIAN BASIN
Geological Structures**

LEGEND

- Planning Area Boundary
- ▨ Proposed Lease Sale Area
- 100- Water Depth in Meters
- ▤ Basins
- ▥ Ridges



Source: MMS, Alaska OCS Region, 1983

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Congress maintains drilling moratorium in Bristol Bay waters

By DAVID WHITNEY
Daily News reporter

WASHINGTON — Prohibitions on offshore oil drilling in Bristol Bay will be maintained for another year under a hard-fought compromise congressional leaders accepted Saturday.

The deal, part of a 1991 spending bill for the Interior Department and related agencies, means that the Bush administration also will be legally barred from selling new leases off the coasts of Oregon, Washington, California and Florida.

In another last-minute action, Congress approved reauthorization of the Magnuson Fishery Management and Conservation Act.

That measure bans the use of long driftnets by U.S. fishermen and directs the Bush administration to negotiate a similar worldwide ban with other fishing nations.

The act also creates a new mechanism for spreading the cost of federal observers on commercial fishing vessels throughout the industry.

Until Saturday's compromise on offshore drilling, it appeared that that issue might turn into a hot battle holding up the adjournment of Congress.

The chief opponent of the ban was Sen. J. Bennett Johnston, a Louisiana Democrat whose hefty campaign contributions from the oil and gas industry helped finance his re-election victory this month over former Ku Klux Klan grand dragon David Duke.

Johnston is chairman of the Senate Energy and Natural Resources Committee. He argued that his committee, and not congressional appropriators, had jurisdiction over issuing drilling bans.

But Johnston was criticized because his committee, despite hearings on offshore development, had failed to produce legislation telling the Bush administration which offshore areas could be developed and which could not.

The impasse was broken

Please see Page B-3,
CONGRESS

CONGRESS: Moratorium maintained for Bristol Bay

Continued from Page B-1

when Rep. Les AuCoin, D-Oregon, offered the Senate a deal allowing another year of drilling bans in exchange for the House agreeing not to raise grazing fees that critics claim are so low that federal lands are being ruined by livestock at taxpayer expense.

The deal was an important political victory for coastal states.

One of the most ardent advocates of the House drilling ban was Rep. Bill Lowery, D-Calif., who argued that Bush's June announcement was based on determinations by the National Academy of Sciences that the federal Minerals Management Service didn't have the necessary scientific analysis to support its offshore drilling program.

Sen. Ted Stevens was caught in the middle of the controversy.

Commercial fishermen and the Gov. Steve Cowper don't want Bristol Bay drilled. The area is among the most productive fishing grounds in the world. The annual wholesale value of the Bristol Bay fishery is about \$1 billion.

Federal studies are now under way to determine whether the the federal gov-



ernment should buy back Bristol Bay oil leases worth \$95 million. Those studies were ordered after the Exxon Valdez tanker dumped nearly 11 million gallons of crude oil into Prince William Sound last year.

Stevens said that while he supported the ban on Bristol Bay development for another year, he was not content with the moratoriums in other areas because of the pressure it placed on offshore development in his state.

"My state has 80 percent of the outer continental shelf," Stevens said, referring to those federally owned areas where oil development could occur.

In the end, however, it was Stevens who moved for the Senate to cave in and accept AuCoin's offer.

"Senator Stevens has saved our bacon," said C. Deming Cowles, a lobbyist for the Alaska commercial fishing industry.

"Six weeks ago he told us he would get us another moratorium," Cowles said. "This morning he did it."

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STEVE COWPER
GOVERNOR



7

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

September 7, 1990

The Honorable Jamie L. Whitten
Chairman
House Committee on Appropriations
H-218 Capitol Building
Washington, D.C. 20515

Dear Mr. Chairman:

As you know, the Interior Appropriations Subcommittee has included a moratorium on oil and gas exploration in Bristol Bay in its markup of the House appropriations bill. I am writing to urge you to retain this important protective measure during the full Committee's deliberations.

We anticipate that, given the upheaval in the Persian Gulf, Congress will carefully scrutinize any budget action that has the potential to affect our energy position. For your information, I have included a copy of my recent remarks before a hearing on National Energy Strategy conducted in Fairbanks, Alaska, by Deputy Energy Secretary W. Henson Moore. You will see that Alaska is now, and will continue, doing its share to contribute to the nation's energy security. We now provide 20% of total U.S. domestic production, have more offshore areas under lease than the entire OCS combined, and have taken recent action to enable exploration and development of additional North Slope fields.

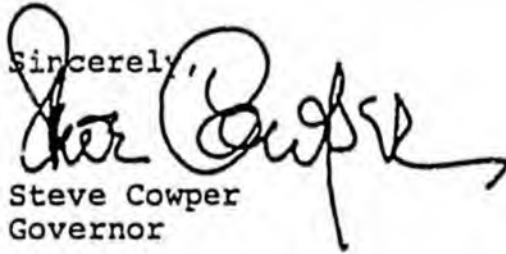
Bristol Bay is the only area where we have ever opposed oil and gas development, and we continue to oppose such development today.

As you know, the report accompanying the FY 1990 appropriation to the Department of the Interior called for studies on contingency planning and response technology for the North Aleutian Basin, an assessment of the applicability of Exxon Valdez oil spill findings to a potential spill in Bristol Bay, and an examination of the possible repurchase of the leases from Sale 92. The conclusion of those studies is not expected until March 1, 1991. It seems logical to us that the moratorium should be extended through the next fiscal year to enable Congress to have the benefit of those studies before deciding whether exploration and development should go forward.

In our view, of course, the known value of the fish and wildlife resources of the North Aleutian Basin clearly outweighs the low potential of the area's hydrocarbon resources, and that view is not changed by the present world situation. For more than a decade, Alaskans have expressed their concern at risking this biologically productive area to the chance of an oil spill. We have consistently opposed oil and gas development in Bristol Bay and continue to believe that the best resolution of the matter is an eventual repurchase of the leases there.

Thank you for your consideration of my views on this important matter.

Sincerely,


Steve Cowper
Governor

Enclosure

Identical letter sent to all members of the House Committee on Appropriations

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young

ROBERT C BYRD, WEST VIRGINIA CHAIRMAN

DANIEL K. INOUE, HAWAII
ERNEST F. HOLLINGS, SOUTH CAROLINA
J. BENNETT JOHNSTON, LOUISIANA
QUENTIN N. BURDICK, NORTH DAKOTA
PATRICK J. LEAHY, VERMONT
JIM SASSER, TENNESSEE
DENNIS D'CONCINI, ARIZONA
DALE BUMPERS, ARKANSAS
FRANK R. LAUTENBERG, NEW JERSEY
TOM HARKIN, IOWA
BARBARA A. MIKULSKI, MARYLAND
HARRY REID, NEVADA
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ROBERT W. KASTEN, JR., WISCONSIN
ALFONSE M. D'AMATO, NEW YORK
WARREN RUDMAN, NEW HAMPSHIRE
ARLEN SPECTER, PENNSYLVANIA
PETE V. DOMENICI, NEW MEXICO
CHARLES E. GRASSLEY, IOWA
DON NICKLES, OKLAHOMA
PHIL GRAMM, TEXAS

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

8

JAMES H. ENGLISH, STAFF DIRECTOR
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

February 9, 1990

The Honorable Fred Zharoff
Alaska State Senate
Box V
Juneau, Alaska 99811

Dear Fred:

Knowing of your interest in drilling in the North Aleutian Basin, I thought you'd like copies of the Interior Appropriations bill addressing that issue. You'll find the relevant sections on pages 25-26. President Bush signed the measure into law on October 23rd. I know my staff called your office after the Congress passed the bill, but I thought you'd like to see the provisions for yourself.

The budget the President sent to Congress the end of January did not include a North Aleutian Basin moratorium for FY91. The reports required in the FY90 conference report -- the review of contingency plans, the analysis of the impacts of the Prince William Sound spill on fisheries resources, and the buy-back options -- will not be completed until March 1, 1991. Therefore, Don and I will work to impose another one-year moratorium in the FY91 Interior Appropriations bill while we wait for those studies to be completed. A one-year moratorium is the maximum delay possible under this bill since it applies only to the 1991 budget year. We're announcing that decision today at the UFA Convention, but wanted to give you a heads up.

Thanks for sharing your views on this important issue to the people Southwest Alaska. Your comments were helpful as we developed our language. We'll continue to keep you posted as we continue to work on this important issue to Western Alaska.

With best wishes,

Cordially,


TED STEVENS

Original mailed with enclosure

MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER
30, 1990, AND FOR OTHER PURPOSES

low:

OCTOBER 2, 1989.—Ordered to be printed

Mr. YATES, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 2788]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2788) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1990, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 17, 19, 40, 42, 46, 51, 52, 53, 65, 66, 67, 68, 69, 73, 77, 80, 89, 90, 99, 101, 103, 108, 109, 115, 116, 117, 127, 130, 147, 154, 155, 156, 157, 158, 159, 160, 161, 162, and 163.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 7, 20, 29, 30, 36, 56, 74, 75, 78, 82, 119, 125, 126, 141, 148, and 151, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$442,084,000; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$5,961,000; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows:

Senate instead of \$10,000,000

The net increase over the amount proposed by the House includes increases of \$1,000,000 in outer continental shelf lands for second year funding of a three-year cost-shared oil spill research initiative and \$3,600,000 in royalty management to initiate a project to place audits on a more timely schedule using additional in-house and State and tribal auditors.

The increases are partially offset by decreases of \$1,000,000 in outer continental shelf lands for the environmental studies program and in royalty management of \$100,000 for systems development and \$41,000 for refunds on Indian allottee lease overpayments.

The managers agree that the MMS should coordinate and cooperate in the Northwest OCS Task Force which was established to assist in identifying and resolving OCS issues specific to that region. The managers expect the MMS to work closely with the task force on identifying and conducting needed environmental studies and on scheduling the prelease steps leading to Sale 132. The Federal government and the States are urged to appoint high level management officials, authorized to make commitments on behalf of their respective organizations, to the task force.

The managers agree that the focus of the oil spill research initiative should be on containment, cleanup and mitigation measures including those associated with spills from tanker accidents.

Elsewhere in the bill there are restrictions on OCS oil and natural gas leasing activities. None of these restrictions apply to the non-fuel minerals leasing program on the OCS.

The grounding of the Exxon Valdez on March 24, 1989 in Prince William Sound has led to concern among many people, including the fishermen of Bristol Bay, over the possible impact oil and gas exploration and development in the North Aleutian Basin could have on fisheries resources. The managers recognize that these concerns should be addressed before oil and gas exploration in Bristol Bay goes forward. For that reason, the managers have included a one-year moratorium on exploration and development in the North Aleutian Basin.

The managers agree that the Secretary of the Interior should conduct a three-pronged study to address concerns related to oil and gas exploration in the North Aleutian Basin and report to the Committees by March 1, 1991 as follows:

1. Within available funds, the Fish and Wildlife Service, in cooperation with the National Oceanic and Atmospheric Administration and the State of Alaska, is to conduct a study of the effects of the March 24, 1989 oil spill on the Prince William Sound fisheries. The Service may draw upon the results of the fisheries research projects being conducted as part of the damage assessment process under the Clean Water Act and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). These studies are already funded through the CERCLA process. The study should also address the applicability of its findings to reasonable potential threats to the Bristol Bay fisheries if OCS exploration and production were to occur in the North Aleutian Basin.

2. In order to better assess the risk in the North Aleutian Basin, the Secretary is to determine if:

SURVEY

AND RESEARCH

\$484,709,000 for surveys, investigations, and research as proposed by the Senate. The decrease by the House consists of \$67,000 for Louisiana barrier island surveys, \$100,000 for offshore geologic surveys, \$100,000 for roadless and RARE II surveys, and \$100,000 for water data dissemination.

Surveys are expected to continue

to receive priority consideration. Aerial Photography Program

the existing site selection procedure for the side-looking airborne sonar, if priority considerations for Mississippi, and Alabama and Alaska are to be completed;

for coastal studies should include studies in western Texas as part of options

for a feasibility study on alternate marine research facility, including the Science Center in Newport, Oregon

of Tualatin River pollution as part of the joint Federal/State study, and should not be undertaken without participation;

the possibility of assisting the States through the Federal/State Cooperation Program to locate a water supply for use

\$1.5 million appropriated for roadless areas on work identified in the Idaho State Wilderness Act. The managers will coordinate their field operations with the Idaho Geologic Survey and the Idaho State

CONTRACT SERVICE

MANAGEMENT

\$178,525,000 for leasing and management as proposed by the House and \$100,000 by the Senate.

(i) contingency plans for the North Aleutian Basin are acceptable and based on the best available technology;

(ii) the technology, equipment and personnel will be in place and personnel will be adequately trained to implement the contingency plans; and

(iii) the contingency plans together with the technology, equipment and personnel in place to implement them are capable of containing a maximum volume spill during the exploration phase. A maximum volume spill shall be determined by potential spill volume and without reference to the probability of such a spill occurring.

3. The Secretary is to examine the possible repurchase of leases currently held in the North Aleutian Basin, including alternative options for compensating lease holders in the North Aleutian Basin, assuming the compensation procedures outlined in 43 U.S.C. 1334 and applicable court decisions. These options should include, to the extent practicable, credits in lieu of appropriations, such as credits on Federal royalties on producing OCS leases. Based on the results of the Fish and Wildlife study and the North Aleutian Basin risk assessment study, the Secretary is to recommend whether the repurchase options should be exercised. No such option may be exercised, however, without an Act of Congress addressed to this issue.

In directing the Department to conduct these studies, the managers' action should not be construed as support by the Congress for either continuing or discontinuing the moratorium in the North Aleutian Basin. Nor should it be construed as taking a position on whether the leases should be repurchased.

In other matters, the managers endorse the concept of a more timely audit cycle using in-house and State and tribal auditors. The managers caution the MMS to proceed at a reasonable pace in implementing the contemporaneous audit initiative. Candidates for in-house auditing positions should be carefully screened and interviewed to ensure that a high quality and enduring program is maintained. Hiring through term appointments for the audit program should be minimized and used only to the extent that highly qualified candidates are available for such appointments. Routine attrition in the staffing of permanent positions should permit the MMS to manage an orderly reduction of the additional auditors hired to support the project as the contemporaneous audit objectives are achieved.

Amendment No. 33: Earmarks \$56,060,000 for royalty management instead of \$52,601,000 as proposed by the House and \$56,796,000 as proposed by the Senate.

Amendment No. 34: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the matter proposed by said amendment, insert: *Provided further, That of the above enacted amounts, up to one-half of the increase over the fiscal year 1989 funding provided for mineral royalty audits may be used to compensate States and Indian tribes for audit activities under the provisions of sections 202 and 205 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1732, 1735): Provided further, That for fiscal year*

Bill includes oil lease buy-back

By DAVID WHITNEY
Daily News reporter

WASHINGTON — The Interior Department would study buying back about \$95 million worth of oil leases in Bristol Bay under an agreement reached Thursday by House and Senate negotiators working on a 1990 spending bill.

The provision also prohibits any oil drilling in the bay for a year.

The development was a victory for Alaska fishermen and the state. They had long protested any oil development in the bay, one of the world's richest fishing grounds.

The state lost a federal court suit to block leasing in the bay. Those leases were awarded late last year.

Concern about Bristol Bay oil development was heightened after the March 24 oil spill in Prince William Sound, which closed several commercial fishing districts.

Alaska fishermen, joined by national environmental organizations, lobbied the House for a buy-back provision as part of its one-year moratorium.

During the House debate, Alaska Rep. Don Young was equivocal on a lease buy-back and several House members cit-

ed him as being opposed.

When the spending bill reached the Senate, Alaska Sen. Ted Stevens offered a provision that required the Interior Department only to study the impacts of the March 24 oil spill and to evaluate whether oil-spill contingency plans for Bristol Bay development would be adequate.

Young said Thursday that strong support from the state and fishermen for repurchasing the leases caused him and Stevens to fight for the House-passed provision.

The Interior Department report must be approved by both

houses before President Bush may sign it.

What was finally agreed to was a melding of the House and Senate provisions, with some modifications that give plenty of room for the Interior Department to conclude that repurchasing the leases is not warranted.

Any buy-back decision will be tied directly to the results of the oil-spill impact study. Only Congress could authorize the lease repurchases, which probably would be paid for with credits on royalties owed for other offshore oil developments.

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BRISTOL BAY: Bill will include oil lease buy-back

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Besides studying the oil-spill affects, the Interior Department would review oil-spill contingency plans for Bristol Bay, oil-spill technology and equipment that would be in place, and the oil industry's capability of responding to "a maximum volume spill during the exploration phase."

Based on these studies,

the department would have to recommend whether buying back the leases should be authorized.

The reports, and any agency recommendations, are due by March 1991, meaning that no development in Bristol Bay is likely for at least that long.

At the time Stevens' provision was approved by a Senate Appropriations Com-

mittee panel in July, the Republican lawmaker said he would base a decision on whether to support buying back the leases on the oil industry's track record.

"It depends on the credibility of the oil industry at the time," Stevens said. "Today, that credibility is at a low ebb. I would not want Alaska to become again a proving ground for that credibility."

But Stevens said Thursday he will use the Interior Department studies to make up his mind.

"If research shows that the oil spill has caused irrevocable damage to Prince William Sound fisheries and that the impact of a similar incident would be the same in Bristol Bay, I will support buying back the (Bristol Bay) leases," he said.

NEWS RELEASE

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COWPER PROPOSES BUY BACK OF BRISTOL BAY LEASES

JUNEAU--Gov. Steve Cowper has called on the federal government to buy back from the oil industry more than \$114 million worth of leases bid for oil development in fisheries-rich Bristol Bay in the aftermath of the Exxon oil spill.

The Governor, in a letter to the chairman of the U.S. House subcommittee with jurisdiction over Alaska off-shore development, said oil development in the bay should be cancelled and the bid money refunded.

"It is no longer assurance enough to delay exploration and development in Bristol Bay for six months or one year or one year at a time for an indefinite period," Cowper told Rep. Sidney Yates, D-Ill., and chairman of the House Subcommittee on Interior and Related Agencies.

"Studies during such a period would confirm what Alaskans have long contended: the relatively low probability of finding commercial deposits of oil in Bristol Bay does not justify the risk to one of the most biologically productive offshore areas in the world. In our opinion, it is time to cancel the sale and refund the bid money. The risks are too high and the potential benefits too low to pursue any other course."

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Despite opposition to oil development in Bristol Bay by Cowper and his two predecessors, the federal government has proceeded with collecting \$114.7 million in leases in the area. The state has challenged the sale in federal courts and plans to appeal the issue to the U.S. Supreme Court if necessary.

In the meantime, Cowper said the specter of an oil spill similar to the March 24 Exxon spill in Prince William Sound is "unthinkable."

"Alaskans already have had to face the closure of this year's multi-million dollar Prince William Sound salmon herring fishery and black cod fishery and the attendant loss of jobs and community stability," the Governor said. "We face the potential of losing a portion or all of the Prince William Sound salmon fishery. The loss of seabirds, marine mammals and the coastal environment is not yet measurable, but likely immense."

The salmon fishery in Bristol Bay is worth about \$1 billion annually and the region is home to one of the world's largest collections of marine mammals.

Cowper noted that in 1976 the state bought back leases in Kachemak Bay following an oil spill. The federal buy-back he proposed could include tax credits or credits for future leases.

Cowper's proposal comes on the heels of his request to President Bush that a moratorium be imposed on Bristol Bay pending a federal review.

Chairman Yates has not yet formally responded to the Governor's proposal.