

COOK

INLET

OIL

& GAS

Money will put CIRCAC on scene during spills

By KIRSTEN SCHULTZ
Peninsula Clarion

The U.S. Coast Guard may pay for a local oil industry watchdog group to observe spill cleanup operations in Cook Inlet.

If the money comes through, the Cook Inlet Regional Citizens' Advisory Council, criticized for its absence during last month's Kenai Pipe Line Co. spill, will be able to devote more time to monitoring future emergencies.

Capt. Ed Thompson, who oversees Coast Guard activities in Western Alaska, has asked CIRCAC to apply for the federal agency's Basic Ordering Agreement. The agreement allows the Coast Guard to fund spill response contractors if the oil company responsible for the spill refuses.

CIRCAC, which already has changed its policy toward oil spill response, will submit its application for the agreement in the next few months. It may take up to two years for the application to be accepted, but Thompson said if a spill happens during the interim, CIRCAC still would receive funding.

Thompson said the actual application for a Basic Ordering Agreement is somewhat of a formality. CIRCAC's application most likely will be approved.

Earlier this year, CIRCAC decided that to prevent liability problems its staff should not respond to spills. After the Dec. 5 Kenai Pipe Line spill, however, the council reversed its decision.

CIRCAC staff now are allowed to visit spill response command centers, as long as they aren't exposed to hazards or spend any extra money.

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CIRCAC's executive director, Anne McCord, thinks being at spill response headquarters is necessary to get all the information to her member groups. But she's still looking for some direction on what her staff should be doing there.

Unlike Prince William Sound's RCAC, which has a multi-million dollar budget and hazardous-materials trained staff members who visit spill sites, the Cook Inlet council is just supposed to observe what's happening at headquarters.

"We always knew we had some role in a spill," she said. "We were a conduit for information. But (for on-site observation) our funding level's not that big."

Even with the Coast Guard's backing, CIRCAC probably won't be in the trenches, stepping through puddles of oil. Instead, if a big spill happens, it will be able to have someone at the command center 24-hours a day to follow events as they unfold, without worrying about who's going to pick up the tab.

The Coast Guard could pay for things like overtime, long-distance phone calls, and office supplies, among other things.

Thompson said he wants CIR-

CAC there because as federal on-scene coordinator of a spill, he needs to contact groups like commercial fishers, environmentalists and Natives, which CIRCAC represents.

He also wants to have someone at the spill command center who can answer community questions and provide information to area residents.

"(Cook Inlet) RCAC is the most logical group to do that," he said.

According to McCord, CIRCAC probably will discuss its role in oil spill response at the group's annual meeting, set for 10 a.m., Feb. 3, at the Cook Inlet Aquaculture Association building on Kalifornsky Beach Road.

CIRCAC has trouble filling 'green' seat

By IRISTEN SCHULTZ

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It's not easy being green.

Keeping the environmental seat filled on the Cook Inlet Regional Citizens' Advisory Council has been a challenge since the oil industry watchdog group formed in 1990 and this year is no exception.

The board's current environmental representative, Charles Dickson, wants to stay on the board, but this year's election turned into an argument over parliamentary procedure and voting irregularities at CIRCAC's annual meeting Saturday.

Alaska's environmental community, made up of 25 groups, is supposed to elect its own representative to the 13-member board. As in past years, CIRCAC received little response when it asked those groups for nominations to fill the seat, which Dixon has held since September of 1994. His term expired this month.

Such well-known organizations as Greenpeace, Alaska Center for the Environment, the Sierra Club and the Nature Conservancy didn't respond to two letters sent by CIRCAC staff, asking who they wanted to serve on the board.

In fact, only four of the groups wrote back with suggestions, including Dickson's Public Awareness Committee for the Environment, based in Soldotna, which nominated him for a second term.

According to Kevin Harun, executive director of Alaska Center for the Environment in Anchorage, the state's conservation groups have decided to focus their efforts on a different environmental monitoring council, the recently created Cook Inlet Keeper program.

The Keeper program is funded by a \$1 million settlement over oil industry water-quality violations in Cook Inlet. The group's initial funding is almost twice as big as CIRCAC's annual budget.

Environmental groups, said Harun, didn't think CIRCAC was productive or balanced, and withdrew their support "almost unanimously" in 1991.

Initially, Homer resident Larry Smith represented the environmental community on CIRCAC's board, but he too quit in 1991 after the green group complained that the council wasn't getting enough funding and was too tight with its oil industry charter companies, Harun said.

"The board didn't negotiate very hard for funding," Smith said. "There wasn't a lot of environmental bang for the buck."

Smith and Dickson, sandwiched around a three-year vacancy, are the only two people to ever sit in the council's green seat.

This year, those environmental groups that did vote had some trouble reaching consensus. Regroup, a central peninsula recycling organization, nominated one of its members only to change its mind after the deadline and vote for Dickson.

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green seat — to send out another request for nominees, to keep the nominees and redo just the election, or to confirm Dickson for another term.

"We would like to stay out of arbitrarily selecting," said CIRCAC board member Glen Glenzer, head of the group's credentials committee. "We feel obligated to get as much participation as we can... We're not running a banana republic election."

Other board members thought Dickson was the election's clear winner.

"I can't help if there's apathy amongst the different recreational and environmental groups," said Joe Ray Skrha, the recreational representative on the board. "I think we had a fair election here. He did get the majority of votes."

Dickson also had a problem with the other candidates. Trout Unlimited voted for Kenai River guide Dennis Randa and Kodiak Audubon Society voted for Regroup's withdrawn nomination, Sanne Berrig. Those groups, Dickson said, don't know much about how the oil industry affects Cook Inlet water quality.

"An environmental seat and a person who represents wildlife conservation represent two different things," Dickson said.

But the board became bogged down in a procedural question — after 45 minutes of heated discussion they couldn't figure out just how many votes constituted a majority — and the group decided to wait until its next regular meeting in April for tempers to cool down.

Dickson will remain on the board until then. If CIRCAC's board decides to start from scratch, it could be another six months until the whole

mess is sorted out — the 25 environmental groups would have up to 120 days to come up with a new list of nominees.

"We have got to do whatever is necessary to get these people interested," said Betty Glick, the president of CIRCAC's board. "We need that perspective."

Harun said he could see environmental groups returning to the CIRCAC fold if local members show an interest. Harun called Kenai Peninsula members of ACE after receiving CIRCAC's letters, but they told him Cook Inlet Keeper was the way to go.

Also at the meeting, Alan Hastings, an executive with the Cook Inlet Region Inc. Native corporation's oil and gas division, was approved for the board's Alaska Native seat. Other board seats are represented by municipalities, as well as commercial fishing and recreational groups.

Council supports tugs for Cook Inlet

Staff report

The Cook Inlet Regional Citizens' Advisory Council board voted 10-1 Saturday to support tug escorts for Cook Inlet oil tankers.

At CIRCAC's board meeting, commercial fishing representative Ken Castner proposed the idea, saying that the oil industry watchdog group has danced around the issue for too long. "This council has never voted this issue up or down," said Castner, a westside settler.

Board member Marie Becker, a Nibiski business owner who represents the Alaska State Chamber of Commerce, opposed the measure. She said government shouldn't be adding more regulations while the industry is in decline.

The U.S. Coast Guard currently is looking at all waterways in the United States to decide which ones should have tug escorts for tankers. Currently, tankers traveling from Prince William Sound to Cook Inlet only are required to have tug escorts on the first part of their journey.

Cook Inlet Spill Prevention and Response Inc. has a vessel to help if a tanker loses power in the inlet, but Coast Guard Capt. Ed Thompson said he's not sure it would be able to handle such an emergency.

But Thompson also said that using tugs to dock at inlet ports wouldn't be safe either. Thompson would like to see additional training for CISPRI's Banda Sealhouse crew, not a new vessel.

"We've got a little work to do," he said. But tugs are just "the solution to join."

At Saturday's meeting, the board directed CIRCAC executive director Anne McCord to apply for the U.S. Coast Guard's Basic Ordering Agreement. The agreement would pay for CIRCAC staff to be pre-

Stewart Petroleum to drill near Anchor Point

Southern peninsula to get its first oil rig

By KIRSTEN SCHULTZ
Peninsula Clarion

Stewart Petroleum Co. has announced plans to develop its state oil and gas lease tracts near Anchor Point.

The Anchorage company plans to have a land-based rig in place by late this year or early next year, according to George Mason, Stewart's spokesperson.

"By that point the infrastructure and rig

will be established and drilling begun," Mason said. "It's hard to say when production will actually begin."

According to the state Division of Oil and Gas, the rig will be a first for the southern Kenai Peninsula, which until now has stayed out of the oil patch. There are two natural gas wells in the area, one near Clam Gulch and the other inland from Anchor Point, but until now no company has invested in producing oil wells.

Stewart hasn't yet decided where the rig will go, but it most likely will be along the bluff, north of Anchor Point. "It's still too early" to tell, Mason said.

The leases, which Stewart acquired just

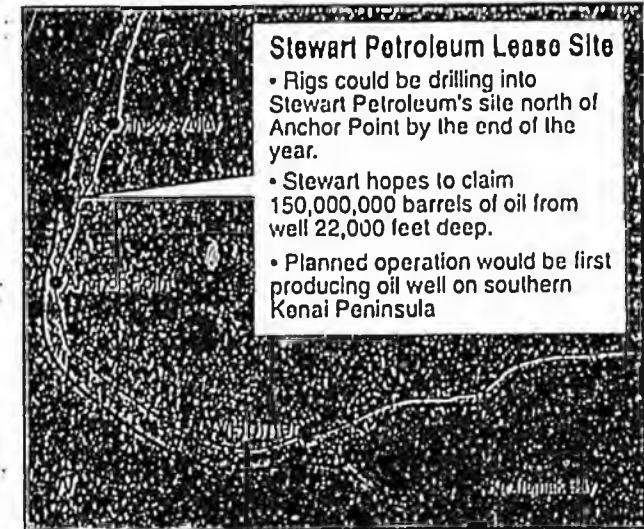
over a year ago in the state's hotly debated Lease Sale 78, are part of the company's Cape Starichkof Prospect in Cook Inlet.

The prospect will be directionally drilled, starting on the shore and angling out to reach crude oil beneath the inlet floor. Stewart plans to drill as far down as 22,000 feet, a depth that no other oil drilling operation in Alaska has reached, according to the state.

"Twenty-two thousand is definitely a state record," said Jim Hansen, chief petroleum geophysicist with Oil and Gas.

Stewart estimates the Cape Starichkof Prospect to be worth between 100 million and 150 million barrels of oil.

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"There's an indication of oil there," Mason said. "There's both a history and indication there. That area is where the first discoveries were made."

Natural gas also is a possibility, but "oil is what they're after," he said.

Stewart didn't conduct any seismic testing, but came up with new estimates based on old data. Another company, Pennzoil, drilled a discovery well on the southern portion of the prospect in the late '60s.

The Division of Oil and Gas said two wells were drilled offshore of Cape Starichkof in 1967 — one

showed natural gas and oil, the other just gas. "It was determined to be noneconomic" at the time, said Hansen. "For almost 30 years."

This new venture, Mason said, is a continuation of that oil discovery.

The big oil field, however, probably is located within the leases held by Stewart, which also will be the project's operator. Stewart snagged two leases in the area, seven miles north of Anchor Point, for about \$36,000 in October of 1994.

Part of the tracts are onshore, between Mile 145 and Mile 151 of the Sterling Highway.

Nerox Energy Corp., based Outside, is Stewart's partner on the project.

Nerox also has interests in the West McArthur River Oil Field,

discovered by Stewart in 1991. West McArthur River, which has one rig and several drill holes, is Stewart's only other production site in the state. That project also is directionally drilled.

The state has not yet received any permit requests from Stewart, according to Molly Birnbaum with Alaska's Governmental Coordination office. The company still must get approval from the state Department of Natural Resources, the state Department of Fish and Game and federal agencies before pushing ahead with the project.

Stewart Petroleum, which employs between 10 and 60 contract workers, is one of the largest oil producers in the inlet, second only to Unocal, according to Mason.