

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672
1228 SCOMM 46: HOUSE SPEC. COMMITTEE ON OIL AND GAS 1985-86



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STATE OF ALASKA



POUCH V
JUNEAU, ALASKA 99811
(907) 485-4841

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

HJR 31

House Joint Resolution No. 31 requests a 10-year delay in the North Aleutian Basin federal Outer Continental Shelf lease sale. Postponement of this sale would be consistent with the state's Bristol Bay Area Management Plan, which postponed oil and gas activities on adjacent state-owned offshore lands until at least 1994.

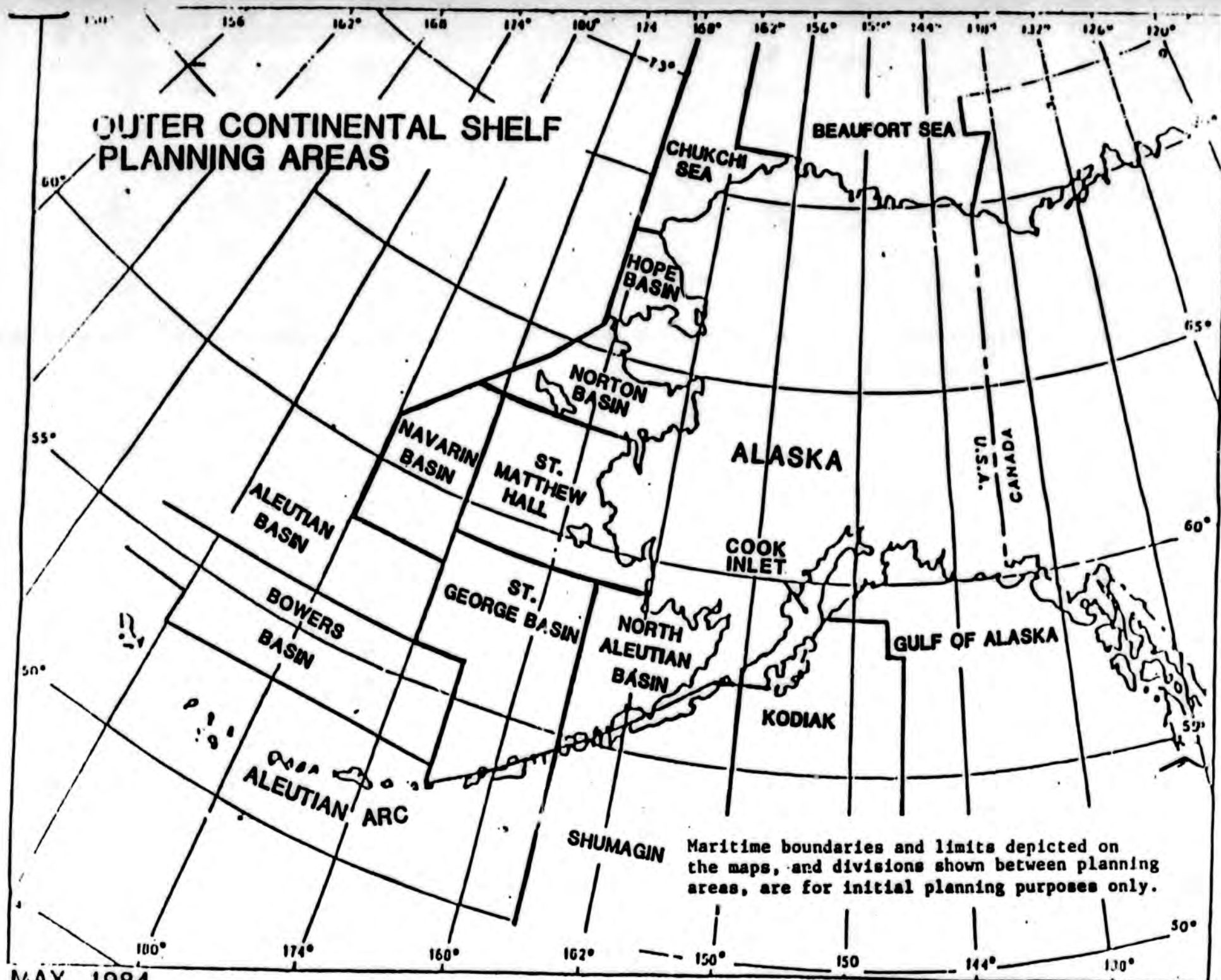
The purpose of this delay is to allow additional environmental impact assessment work to be completed in the area, and to allow time for the development of new technologies that will be better suited for working safely in the extremities of the North Aleutian Basin environment.

This postponement is not intended to delay the development of Alaska's OCS lands as a whole, but to be assured that this development takes place in a manner that does not jeopardize existing resource and revenue bases.

The hydrocarbon potential of this basin is low compared to that of other Alaskan OCS planning areas. For example, the estimated oil reserves of the North Aleutian Basin are about 364 million barrels, whereas the estimated reserves of the St. George Basin, Navarin Basin, and Diapir Field are 660 million, 1.2 billion, and 3 billion barrels of oil, respectively.

In addition to having a relatively limited hydrocarbon potential, Alaska does not presently share in federal OCS revenues. In contrast to this situation, the Bristol Bay fisheries presently employ 10,000 people and produce \$250,000,000 in domestic revenues annually.

This resolution addresses the problem the state is presented with, which is that of managing resource development so as to minimize the possibility that development of one resource base will have a damaging effect upon the other.



MAY 1984

U.S. Department of the Interior

U.S. DEPARTMENT OF THE INTERIOR
BUDGET MANAGEMENT SERVICE

TENTATIVE MILESTONES FOR 5-YEAR OFFSHORE LEASING SCHEDULE

Feb. 27, 1985

[illegible]

- Call for Information	A - Area Identification	H - Public Hearing	P - Proposed Notice of Sale	N - Notice of Sale
Information B	E - D - H - FIC	H - FIC - 1 - 1 - 1	C - Governor's Comments Due	C - C - 1



**OFFICE OF
MANAGEMENT & BUDGET**

MAR 01 1985

**GOVERNMENTAL
COORDINATION**

Coastal Resource Service Area

**P.O. Box 189, Dillingham, Alaska 99576
(907) 842-5257 - 842-5258**

February 23, 1985

**Kurt Fredriksson
Division of Governmental Coordination
Pouch AW
Juneau, Alaska 99811-0165**

RE: Comments of North Aleutian Basin Draft EIS

Dear Mr. Fredriksson:

Following are the Bristol Bay Coastal Resource Service Area (CRSA) Board's comments on the draft environmental impact statement (DEIS) for North Aleutian Basin sale #92. As the legal entity assigned the responsibility of developing and implementing a coastal management program for Bristol Bay, the CRSA Board is very concerned about lease #92; this is both in terms of the specific resource information that is lacking, and also, in regard to the exorbitant weight oil and gas is given in the decision making process versus the region's other physical, biological and cultural resource values.

The DEIS for the North Aleutian Basin sale contains the proposal, as well as three alternatives. The CRSA Board has rejected these four potential courses of action and urges the Secretary of Interior to delay proposed sale #92 for at least ten years. The reasons for this follow:

The CRSA Board has been a participant in the sale #92 lease process from the beginning. In a May 23, 1983 letter responding to the Mineral Management Service's (MMS) Call For Information the CRSA Board stated a number of concerns. This letter emphasized the extreme productivity, and sensitivity, of the nearshore environment of the lease sale area. These areas include: Izenbek and Nelson Lagoons, Herendeen Bay and Port Moller, the Seal Islands barrier islands and lagoon system, Port Heiden, and Ugashik and Egegik Bays. Many of the economically important fisheries resources of the region use these nearshore areas during one or more of their lifestages, particularly the critical juvenile stages. The CRSA Board requested that the MMS extensively research this nearshore zone during the DEIS assessment process.

Kurt Fredriksson
February 23, 1985
Page Two

In this same letter, the CRSA Board also voiced particular concern about the salmon which fuel Bristol Bay's world-renown salmon fishery, which in the last two years has had an average annual ex-vessel value (price paid to the fisherman) of 125 million dollars, with a high of 143 million dollars in 1983. A conservative estimate places the number of jobs involved in this fishery at 10,000 (these figures do not include the value and jobs from the Aleutian Island/Alaska Peninsula Management Area). Due to the paramount importance the salmon fishery holds in the economic lives of the region's residents - as well as the subsistence value of the resource, which is difficult to quantify - the CRSA Board asked for a detailed assessment of the location and timing of the movements of salmon in the nearshore and offshore areas, both for the adult and juvenile life stages.

The MMS did not provide this information in the DEIS. Specific omissions in regard to salmon are as follows:

- 1) What are the seaward migration patterns of king, silver, pink and chum salmon?
- 2) To what degree do salmon stocks become mixed or concentrated in the nearshore water of Bristol Bay?
- 3) How long do juvenile salmon remain in the nearshore waters of outer Bristol Bay?
- 4) What ability do juvenile salmon have in detecting and avoiding oil-contaminated waters?
- 5) Will adult salmon migrate through oil contaminated waters?

Although these questions are couched in terms of Bristol Bay, it must be remembered that all western Alaska salmon stocks migrate through the North Aleutian Basin "portal" and thus, they are of statewide concern.

Salmon are obviously the major economic and subsistence resource to the region's residents. The last decade, though, has seen the emergence of a new fishery in the Bristol Bay region - herring. The Togiak herring fishery, the largest in Alaska, has increased dramatically over the last five years and had an ex-vessel value of 10.5 million dollars in 1983. As markets evolve and stabilize, new herring fisheries will undoubtedly emerge; in fact, several herring fisheries are scheduled for 1985 in the nearshore areas adjacent to lease sale #92. Two basic questions in regard to herring, and were not addressed in the DEIS, are:

- 1) The distribution and abundance of herring in the North Aleutian Basin area;
- 2) The effects of oil contamination on herring spawning substrates.

Kurt Fredriksson
February 23, 1985
Page Three

The lack of information on salmon and herring are of primary concern to the CRSA Board because of the economic importance of these species to the residents of the region.

Significant gaps in other fisheries resources also exist. Basic information on king crab, particularly given the population fluctuations that have occurred in the recent past, is lacking. Also, the distribution and abundance of capelin, important as a food source for species of economic importance, should be undertaken.

The concerns over the impact of lease sale #92 relate to the potential for an oil spill. The MMS spent a significant amount of time in the DEIS quantifying the potential for a spill and concluded that the risk was very low. This did little to allay the fears of the CRSA Board, or the region's resident. The basic question is "what if. . .?" Oil spill response has not been demonstrated in the Bering Sea, which is appropriately referred to by the industry as a "frontier area". A major spill would require relocation of equipment from as far away as California, possible taking two weeks. A recent transportation spill off of the Louisiana coast resulted in 55,000 barrels being dumped into the Gulf of Mexico. Compared to the conditions industry would confront in the Bering Sea, the clean-up of this spill should have been logistically simple; yet only one-tenth of one percent of the spilled oil was contained!

The final comment the CRSA Board wishes to make, and it goes beyond the adequacy of the DEIS, is regard to the national interest of oil and gas leasing and exploration in view of the internationally-recognized resources of Bristol Bay. Unlike oil and gas (through the Outer Continental Shelf Lands Act, as amended), these unique physical and biological resources do not have a comprehensive mandate that states they are of national interest. The questions the CRSA Board poses are these: Is not the largest red salmon fishery in the world of national interest? Are not the largest congregation of marine mammals, and one of the greatest staging areas for waterfowl, in the world of national interest? Is not one of the greatest ground-fish and shellfish harvest areas in the world of national interest? The CRSA Board feels that any one of these, and definitely the combination of all of them, warrant national interest consideration. The Board also believes that if this discussion were held outside of the very technical and lengthy OCS lease sale planning process, broad-based public opinion would support this conclusion.

In summary, the CRSA Board recommends at least a ten year delay in awarding leases in the North Aleutian Basin. This is in concurrence with the State of Alaska which, through its own planning process, has determined that the economic importance of the area's resources, and the lack of information on them, warrant a delay in oil and gas leasing in the North Aleutian Basin area.

Kurt Fredriksson
February 23, 1985
Page Four

The CRSA Board appreciates the opportunity to comment.

Sincerely,

Tim Hostetler

Tim Hostetler
Acting Director
Bristol Bay CRSA Board

cc: Al Powers

TH/pr

ALEUTIANS EAST COASTAL RESOURCE SERVICE AREA
1680 "C" STREET, SUITE 201
ANCHORAGE, ALASKA 99501

(907) 276-2700

**OFFICE OF
MANAGEMENT & BUDGET**

MAR 1 1985

February 25, 1985

Mr. Robert Grogan
Office of Management and Budget
Division of Governmental Coordination
Pouch AW (MS 0165)
Juneau, Alaska 99811

**GOVERNMENTAL
COORDINATION**

Subject: Aleutians East CRSA Comments on the North Aleutian Shelf Draft Environmental Impact Statement.

Dear Mr. Grogan:

The Board passed resolution 85-3, on February 22, 1985, in support of Governor Sheffield's position for a delay of the N. Aleutian Shelf lease sale until at least 1994. This will assure that the data gaps identified by the State are adequately addressed; that the industry catch up with oil spill cleanup and containment and transshipment technology; and that the region is afforded the opportunity to complete the Aleutians East CRSA Coastal Management Plan and that the State and federal government approve the plan and incorporate it into State and federal consistency reviews.

The Board's review of the DEIS is still incomplete. The Board has appreciated the State's extension of a week. Unfortunately poor weather conditions, a better than expected tanner crab season, and delay by consultants reviewing the DEIS have prevented the Board from completing the Board review by February 25, 1985. The Review of the oil spill trajectory analysis is the major area the Board needs to address before the Board's comments will be finalized. The Board understands that our comments on the oil spill trajectory analysis may not be incorporated into the State comments because we are so late, however we expect that the comments herein will be included in the State's comments.

The Aleutians East CRSA Board has reviewed the North Aleutian Shelf DEIS and has concluded that the lease sale as proposed in the DEIS is not consistent to the maximum extent practicable with the State Coastal Management Program nor with the Aleutians East CRSA public hearing draft Coastal Management Plan. In Section E of the General Comments herein the Board identifies measures that need to be taken in order for the Board to consider the lease sale to be consistent with the Aleutians East public hearing draft CMP.

The timing of the lease sale in relation to the Aleutians East CRSA program is unfortunate. The Aleutians East CRSA does not have an approved program. The Board has been rigorous in producing a plan and is pleased that the public hearing draft is out for review. The policies in the draft plan reflect the Board's position regarding 'balanced development' in the Aleutians East region. As you know the North Aleutian Shelf lease sale area is adjacent to the Aleutians East region. The major potential impacts are all directed at the nearshore areas of the north and south side of the Aleutians East CRSA. If a hydrocarbon resource is found the Aleutians East Board will review the permitted activities using the approved Aleutians East Plan as a guide. In light of this the Board has thoroughly reviewed the North Aleutian Shelf DEIS with the Board's knowledge of the region and the public hearing draft policies in mind.

The Board comments are divided into two parts.

1. General Comments on the DEIS including the Aleutians East CRSA policies that need to be incorporated into the DEIS stipulations and ITL's; and
2. Specific Comments on the DEIS.

The Board has been encouraged by your staff's cooperation in working with us. The State and local districts have come a long way in two years by developing a workable process for the State to incorporate local comments into the State position on OCS lease sales.

The Board looks forward to working with you and your staff over the next few months on this issue.

Sincerely,

Stanley Mack (asa)

Stanley Mack
Chairman Aleutians East CRSA Board

cc: CRSA Board
Kurt Fredrickson, OMB
BBCRSA Board
City of Sand Point
City of King Cove
City of Cold Bay
False Pass Village Council

Nelson Lagoon Village Council
Rep. Zharoff
Rep. Hermann

OFFICE OF
MANAGEMENT & BUDGET

FEB 13 1985

GOVERNMENTAL
COORDINATION

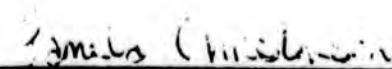
CITY OF PORT HEIDEN
PORT HEIDEN, ALASKA 99549

RESOLUTION 85-20

- WHEREAS, The U.S. Department of Interior has scheduled an oil and gas lease sale in the North Aleutian Basin OCS area; and
- WHEREAS, this sale area supports one of the richest concentrations of fish, waterfowl, marine birds and marine mammals in the world; and
- WHEREAS, the world's largest run of salmon migrates through the lease area; and
- WHEREAS, the Bristol Bay salmon fishery forms the economic backbone of the region and is a resource of state, national and international significance; and
- WHEREAS, the villagers are highly dependent on the Bristol Bay salmon fishery as a major source of subsistence food; and
- WHEREAS, many questions remain unanswered concerning the potential impact of oil and gas development on the fish and wildlife of the area; and
- WHEREAS, the oil industry should gain operation experience in other less sensitive areas before being allowed into the North Aleutian Basin;
- NOW THEREFORE BE IT RESOLVED that the City Council of Port Heiden strongly urges the U.S. Department of Interior (Minerals Management Service) to cancel North Aleutian Basin OCS Sale #92 and defer any future sales in the area for at least ten (10) years.



Mayor



Attested by Clerk

THIS RESOLUTION HAS BEEN PROPERLY ADOPTED THIS 5 day of FEB 1985 by the authorized membership of the City Council of Port Heiden, in Port Heiden, Alaska.



DRAFT

- WHEREAS, The Bristol Bay region of Alaska is internationally recognized for its fish and wildlife resources;
- WHEREAS, these resources, particularly salmon, represent one of the very few opportunities the region's residents have for participating in the cash economy;
- WHEREAS, further dependence on the abundant fish and wildlife of Bristol Bay comes from the subsistence lifestyle that the vast majority of the region's residents lead;
- WHEREAS, the federal Department of Interior is pursuing an outer continental shelf (OCS) lease sale in the North Aleutian Basin (Bristol Bay), scheduled for December of 1985;
- WHEREAS, the State of Alaska has recognized, through its own planning process, that there are significant gaps in resource information on the lease sale area, and that industry must demonstrate, in other frontier areas, its capability to explore and produce in an environmentally safe manner;
- WHEREAS, the state's recognition of these information needs has resulted in its delaying all lease sales in state waters until 1994, and has called upon the federal government to do likewise with the North Aleutian Basin sale;
- NOW THEREFORE BE IT RESOLVED that the City Council of Portage Creek urges the Secretary of Interior to remove North Aleutian Basin Sale #92 from the current OCS leasing schedule until at least 1994.

DRAFT

**OFFICE OF
MANAGEMENT & BUDGET**

FEB 08 1985

**GOVERNMENTAL
COORDINATION**

CITY OF ALEKNAGIK

P.O. Box 88

ALEKNAGIK, ALASKA 99555

(907) 842-5953

**OFFICE OF
MANAGEMENT & BUDGET**

FEB 20 1985

**GOVERNMENTAL
COORDINATION**

February 14, 1985

Coastal Resource Service Area
P.O. Box 189
Dillingham, AK 99576

Attn: Tim Hostetler

Dear Tim:

Enclosed is a copy of Resolution 85-5 that the City Council passed on their Regular Council Meeting held February 12th, and the Council supports this resolution and hope that the Federal and State officials involved in delaying the sale of the North Aleutian Basin (Bristol Bay) OCS Lease will consider our support.

Thank you.

Sincerely,

CITY OF ALEKNAGIK

Helen M. Chythlook

Helen M. Chythlook
City Administrator

cc: Rod Swope, Div. of Governmental Coordination
Governor Bill Sheffield
Senator Ted Stevens
Representative Don Young

CITY OF ALEKNAGIK

P.O. Box 88

ALEKNAGIK, ALASKA 99555

(907) 842-5958

RESOLUTION 85-5

A RESOLUTION DELAYING THE NORTH ALEUTIAN BASIN (BRISTOL BAY) OCS LEASE SALE.

- WHEREAS, The Bristol Bay region of Alaska is internationally recognized its fish and wildlife resources;
- WHEREAS, these resources, particularly salmon, represent one of the very few opportunities the region's residents have for participating in the cash economy;
- WHEREAS, further dependence on the abundant fish and wildlife of Bristol Bay comes from the subsistence lifestyle that the vast majority of the region's residents lead;
- WHEREAS, the federal Department of Interior is pursuing an outer continental shelf (OCS) lease sale in the North Aleutian Basin (Bristol Bay), scheduled for December of 1985;
- WHEREAS, the State of Alaska has recognized, through its own planning process, that there are significant gaps in resource information on the lease sale area, and that industry must demonstrate, in other frontier areas, its capability to explore and produce in an environmentally safe manner;
- WHEREAS, the state's recognition of these information needs has resulted in its delaying all lease sales in state waters until 1994, and has called upon the federal government to do likewise with the North Aleutian Basin sale;

NOW THEREFORE BE IT RESOLVED that the City Council of Aleknagik, Alaska urges the Secretary of Interior to remove North Aleutian Basin Sale #92 from the current OCS leasing schedule until at least 1994.

APPROVED AND ADOPTED THIS 13 DAY OF February, 1985.

[Signature]
Mayor

[Signature]
Vice-Mayor

[Signature]
Secretary-Treasurer

[Signature]
Councilmember

[Signature]
Councilmember

[Signature]
Councilmember

TEST:

[Signature]
City Clerk

2-18-85
Date

EGEGIK VILLAGE COUNCIL

Box 29
Egegik, Alaska 99679

February 4, 1985

Mr. Rod Swope
Office of Management & Budget
Division of Governmental Coordination
Pouch AW
Juneau, Alaska 99811

Subject: North Aleutian Basin (Bristol Bay) OCS Lease Sale

Dear Mr. Swope:

We as a Commercial Fishing community urge you to do all that you can to get the Lease Sale delayed for ten (10) years in order to allow for more time to study the potential environmental impacts and allow the oil companies time to gain experience in other less sensitive areas.

Sincerely yours,

EGEGIK VILLAGE COUNCIL



Richard E. Deigh
President

RED/sk

Enclosure

copies: Honorable Governor Sheffield
Senator Ted Stevens
Representative Don Young
Coastal Resource Service Area Board

OFFICE OF
MANAGEMENT & BUDGET

FEB 20 1985

GOVERNMENTAL
COORDINATION

EGEGIK VILLAGE COUNCIL

Box 29
Egegik, Alaska 99579

RESOLUTION NO. 85-03

NORTH ALEUTIAN BASIN OCS LEASE SALE #92

- WHEREAS, the Village of Egegik is an Alaska Native Village traditionally organized and recognized by the United States thru the Secretary of Interior; and
- WHEREAS, the Egegik Village Council is the governing body of the village of Egegik;
- WHEREAS, the U.S. Department of Interior has scheduled an oil and gas lease sale in the North Aleutian Basin OCS area; and
- WHEREAS, this sale area supports one of the richest concentrations of fish, waterfowl, marine birds and marine mammals in the world; and
- WHEREAS, the world's largest run of salmon migrates through the lease area; and
- WHEREAS, the Bristol Bay salmon fishery forms the economic backbone of the region and is a resource of state, national and international significance; and
- WHEREAS, the Villagers are highly dependent on the Bristol Bay salmon fishery as a major source of subsistence food; and
- WHEREAS, many questions remain unanswered concerning the potential impact of oil and gas development on the fish and wildlife in the area; and
- WHEREAS, the oil industry should gain operating experience in other less sensitive areas before being allowed into the North Aleutian Basin;
- NOW THEREFORE BE IT RESOLVED that the Village Council of EGEKIK strongly urges the U.S. Department of Interior (Minerals Management Service) to cancel North Aleutian Basin OCS Sale #92 and defer any future sales in the area for at least ten (10) years.

Quorum Constituted by 4 members

Voting for 5

Voting against 0

Date Feb. 2, 1985

Certified by Josephine J. Williams

Date 2-8-85

TOGIAC CITY COUNCIL
Resolution No. 85-02

- WHEREAS, The Bristol Bay region of Alaska is internationally recognized for its fish and wildlife resources;
- WHEREAS, these resources, particularly salmon, represent one of the very few opportunities the region's residents have for participating in the cash economy;
- WHEREAS, further dependence on the abundant fish and wildlife of Bristol Bay comes from the subsistence lifestyle that the vast majority of the region's residents lead;
- WHEREAS, the federal Department of Interior is pursuing an outer continental shelf (OCS) lease sale in the North Aleutian Basin (Bristol Bay), scheduled for December of 1985;
- WHEREAS, the State of Alaska has recognized, through its own planning process, that there are significant gaps in resource information on the lease sale area, and that industry must demonstrate, in other frontier areas, its capability to explore and produce in an environmentally safe manner;
- WHEREAS, the state's recognition of these information needs has resulted in its delaying all lease sales in state waters until 1994, and has called upon the federal government to do likewise with the North Aleutian Basin sales;

NOW THEREFORE BE IT RESOLVED that the Togiak City Council of Togiak urges the Secretary of Interior to remove North Aleutian Basin Sale #92 from the current OCS leasing schedule until at least 1994.

Emma Ayjiaak-Carlson
Mayor

ATTEST:

Annette T. Schaeffer

OFFICE OF
MANAGEMENT & BUDGET

FEB 11 1985

GOVERNMENTAL
COORDINATION

20d

Pedro Bay Village Council Resolution #85-01

WHEREAS, The U.S. Department of Interior has scheduled an oil and gas lease sale in the North Aleutian Basin OCS area, and

WHEREAS, this sale area supports one of the richest concentrations of fish, waterfowl, marine birds and marine mammals in the world; and

WHEREAS, the world's largest run of salmon migrates through the lease area; and

WHEREAS, the Bristol Bay salmon fishery forms the economic backbone of the region and is a resource of state, national and international significance; and

WHEREAS, the villagers are highly dependent on the Bristol Bay salmon fishery as a major source of subsistence food; and

WHEREAS, many questions remain unanswered concerning the potential impact of oil and gas development on the fish and wildlife of the area; and

WHEREAS, the oil industry should gain operating experience in other less sensitive areas before being allowed into the North Aleutian Basin;

NOW THEREFORE BE IT RESOLVED that the Village Council of Pedro Bay strongly urges the U.S. Department of Interior (Minerals Management Service) to cancel North Aleutian Basin OCS Sale #92 and defer any future sales in the area for at least ten (10) years.

PASSED THIS 14th DAY OF FEBRUARY, 1985.

Council President, Carl Jensen

Vice-President, Zenia Kolgaha

Secretary, Ruth Andree

Treasurer, Norman Jacko

Members, Elaine Asberg

Keith Jensen

ATTEST.

Village Administrator, Barbara Jacko

OFFICE OF
MANAGEMENT & BUDGET

FEB 26 1985

GOVERNMENTAL
COORDINATION



UNITED FISHERMEN OF ALASKA

319 Seward Street, Suite #10
Juneau, Alaska 99801-1188
(907) 586-2820

Cass M. Parsons
Executive Director

Mr. Kurt Friedrukson
Senior Analyst
Office of the Governor
Division of Governmental Coordination
Pouch AM
Juneau, Alaska 99811

Dear Mr. Friedrukson:

Enclosed please find a copy of initial "information needs" identified by the United Fishermen of Alaska on the proposed North Aleutian Shelf lease sale, as well as a resolution passed last week during the UFA's annual board of director's meeting.

While we have not yet completed the information needs assessment, the UFA feels very strongly that a ten-year delay on the lease sale is still warranted, based on the initial survey showing a tremendous amount of vital information missing from the E.I.S. and research in general.

We will be submitting further information needs sometime within the next three weeks.

Thank you.

Sincerely,

Cass M. Parsons
UFA Executive Director

cc: UFA Board of Directors

OFFICE OF
MANAGEMENT & BUDGET

FEB 26 1985

GOVERNMENTAL
COORDINATION

INFORMATION NEEDS
SUMMARY ASSESSMENT

Salmon

Need: Comprehensive seaward migration patterns of juvenile salmon of all species.

Monthly survey of near-shore waters to identify habitat of juvenile salmon in coastal bays and lagoons.

Study of ability of juvenile salmon to detect and avoid oil contaminated waters; also chronic low-level affects on juvenile salmon.

Study of degree of interference oil has on adult salmon migrations and avoidance capabilities.

Herring

Need: Study of distribution and abundance of herring in lease area, both near shore during spawning activities and off-shore migration patterns after spawning.

Distribution and depths of larval herring in surface waters after hatching.

Study of impacts of oil contaminants on substrates used for spawning.

Caplain

Need: Study of affects of oil contamination on all life stages of caplain.

Study of distribution and abundance of caplain.

Study of impact on spawning areas of caplain once identified.

King Crab

Need: Study of impact of oil contamination on king crab larvae and juveniles.

Study of potential for hydrocarbon uptake by eggs and juveniles.



Cass M. Parsons
Executive Director

UNITED FISHERMEN OF ALASKA

UNITED FISHERMEN OF ALASKA

RESOLUTION 85-3

Resolution 85-3
Adopted June 11, 1985
207-540-2100

WHEREAS the United Fishermen of Alaska is an organization representing individual fishermen as well as 17 member fisheries organizations; and

WHEREAS the UFA is vitally concerned with the use, protection and enhancement of Alaska's fisheries resources and their habitat; and

WHEREAS the Federal government has proposed leasing the Outer Continental Shelf in the area known as the North Aleutian Basin; and

WHEREAS the fisheries resources of the Bristol Bay region and North Aleutian Basin are a renewable resource of extraordinary value to the local fishermen, the State of Alaska, and the United States; and

WHEREAS the UFA has had a long standing concern with protecting the fisheries resources in this region, and has expressed particular concern over the effects which oil and gas development will have on these fisheries; and

WHEREAS the economic value of the fishery will, over the long term, greatly exceed the value of the projected oil reserves in the lease area, and therefore must receive maximum protection; and

WHEREAS both the UFA and the State of Alaska have identified several significant information needs relating to fisheries, marine mammals, birds and oilspill trajectory analyses; and

WHEREAS the UFA believes that this information needs to be addressed prior to any consideration of offshore oil and gas leasing in this region in order for all parties to fully and fairly evaluate the impacts of petroleum exploration and development on the important resources of the region.

NOW THEREFORE BE IT RESOLVED that the United Fishermen of Alaska, supports a 10 year delay in any offshore oil and gas leasing in the North Aleutian Basin; and

BE IT FURTHER RESOLVED that the United Fishermen of Alaska believe that this delay should be used to, among other things, provide time to:

- 1) further develop offshore petroleum drilling and transportation technologies that will ensure safe operations; and
- 2) ensure that oilspill containment and clean-up technologies are further developed, tested and refined so that oilspill clean-up operations will be effective under the weather and oceanographic conditions found in the region; and

- 3) allow time for sufficient scientific studies to address the important scientific questions which have been identified by the state and by the UFA; and

§ BE IT FURTHER RESOLVED that the United Fishermen of Alaska encourages the State of Alaska, and the Alaska Congressional Delegation to work with all parties and to use all of the powers available to them to ensure that the proposed OCS lease sale No. 92 in the North Aleutian Basin is deferred.

Cass M. Parsons

Cass M. Parsons
UFA Executive Director

2/19/85
Date

Bob Blake

Robert M. Blake
UFA President

2/19/85
Date

Natural Resources Defense Council, Inc.

122 EAST 42ND STREET
NEW YORK, N.Y. 10168
212 949-0049

Western Office
25 KALAMAZOO STREET
SAN FRANCISCO, CALIF. 94108
415 421-6361

Washington Office
1350 NEW YORK AVENUE, N.W.
SUITE 300
WASHINGTON, D.C. 20003
202 783-7800

Mr. Kurt A. Fredriksson
Office of the Governor
Division of Governmental Coordination
Pouch AW
Juneau, AK 99811

18 February 1985

Dear Mr. Frederiksson:

This letter is in response to your request for comments on the Draft Environmental Impact Statement (DEIS) prepared for OCS lease Sale 92 scheduled for December, 1985 in Bristol Bay. Based on our preliminary review of the DEIS and of other documents related to OCS leasing in Bristol Bay, we strongly recommend that the State of Alaska adopt a position opposing federal OCS leasing in Bristol Bay. We base this recommendation on the following considerations.

1. The Value of the Biological Resources of Bristol Bay

According to the U.S. Department of the Interior, the Bristol Bay estuary and the associated continental shelf possess the greatest concentration of birds, fish and marine mammals found anywhere on the North American continent (DOI, 1982). The acreage scheduled to be offered for lease in Sale 92 lies in the heart of this enormously productive region. Indeed, the Sale 92 area contains some of the most important and sensitive habitat

New England Office: 850 BOSTON POST ROAD • SUDBURY, MA. 01776 • 617 237-0472
Public Lands Institute: 1720 RACE STREET • DENVER, CO. 80206 • 303 377-9740

for the biological resources of Bristol Bay. These resources include the following.

Fish: The Sale 92 area contains the major red king crab reproductive site for the Bering Sea (Thorsteinson and Thorsteinson, 1984). The ex-vessel value of the red king crab fishery in 1981 was \$169 million (NOAA, 1981).

Bristol Bay also supports the largest sockeye salmon fishery in the world (NMFS, 1980). Approximately 88 percent of all salmon entering streams around the Bering Sea pass through North Aleutian Shelf waters during migration (Thorsteinson and Thorsteinson, 1984). The total Bristol Bay salmon fishery, valued in excess of \$250 million, is thought to employ 10,000 people. Native villages throughout southwestern Alaska depend heavily on salmon for subsistence.

Finally, the Sale 92 region supports several commercial fisheries for food and bait herring, and there is a potential for capelin to support a future commercial fishery along the north Alaska Peninsula (Barton, et al., 1977).

Birds: The Sale 92 area encompasses one of the world's great bird migration crossroads. Izembek Lagoon, which contains the largest eelgrass beds in the world, is utilized by hundreds of thousands of migrating waterfowl each year. The nutrient-rich lagoons and bays on the north side of the Alaska Peninsula support in various seasons major portions of either the North American or Pacific flyway populations of several species of waterfowl, including black brant, emperor goose, and Stellar's

eider. The coastal areas of the north shore are critical wintering and staging areas for huge numbers of waterfowl and shorebirds. A million birds have been recorded along the north shore of the Alaska Peninsula in fall. (Strauch and Hunt, 1982.)

Marine Mammals: At least 20 species of marine mammals are known to occur in the lease sale area. Approximately 4,000 sea lions, 30,000 harbor seals, 15,000 walrus and 17,000 sea otters utilize Bristol Bay habitats during all or parts of the year (Frost et al., 1983). Virtually the entire eastern Pacific gray whale population, estimated at 15,000 - 17,000 individuals, and approximately 1.2 million northern fur seals (roughly 75% of the world population) migrate through Unimak Pass during their spring and fall migrations (Rugh and Braham, 1979; Leatherwood et al., 1983.)

2. Sensitivity of Affected Biological Resources. The Department of the Interior estimates that one spill of 1,000 barrels or more will occur as a result of Sale 92 (DEIS at IV-B-1). In addition, there is a possibility of a catastrophic (greater than 100,000 barrels) spill (id).

Petroleum hydrocarbons are extremely toxic to a wide variety of organisms at very low concentrations. Oil spills can affect fish by inhibiting growth, disrupting feeding and reproduction, contaminating spawning areas, and blocking or delaying migrations. Direct contact with oil is usually fatal to birds. The pelage of sea otters and fur seals loses its insulative

capacity when oiled, which can lead to death from hypothermia. Grooming oiled fur may result in ingestion of fatal amounts of oil. The effects of oil on whales are poorly understood, but are potentially serious for species of baleen whale, such as the endangered gray whale, that do not feed in wintering grounds and are thus under stress when migrating through Bristol Bay. For fish, marine mammals and birds, elimination or contamination of food sources may result in stress due to reduced food availability or in the ingestion of hydrocarbons, with concomitant effects on behavior and reproductive success.

Prohibiting oil and gas leasing in the area excluded from leasing in Alternative IV in the DEIS will not ensure that oil will not be spilled in sensitive areas or transported to them by winds and storms during critical periods for fish and other wildlife.

In addition to spills, there are other activities associated with offshore oil and gas development that threaten fish and wildlife. Offshore seismic exploratory activity using airguns has been shown to modify the behavior of bowhead whales at distances of 50 km or more (Richardson, 1983). Drilling muds can have acute and chronic effects, particularly for benthic organisms. Formation waters can retain up to 50 ppm of oil as small droplets and up to 35 ppm as dissolved hydrocarbons -- well above lethal concentrations to larval and adult fish and crabs (.01 - 1 ppm) (DEIS at IV-B-2). Blasting, sand and gravel mining, aircraft traffic, cooling water discharge, construction,

and other activities associated with the development of onshore support facilities could result in the abandonment of nesting, breeding or staging areas for birds and other wildlife as well as damage or destroy important salmon habitat.

3. Risks Associated with Development. Within the Bristol Bay uplands adjacent to the sale area, there are 11 active volcanoes; 6 on Unimak Island and 5 on the Alaska Peninsula. The Bristol Bay region is among the most seismically active in the world, with major and minor faults criss-crossing the ocean bottom. Earthquakes are common. Severe weather, frequent fog, winter ice, earthquakes and tsunamis all significantly contribute to a high probability for the occurrence of spills due to platform and tanker accidents. The regional circulation would probably transport oil along the north coast of the Alaskan Peninsula to the head of Bristol Bay. Mean wind direction in the area is either onshore or coast-parallel 9-10 months out of the year. In short, virtually all significant environmental factors would work in consort to increase the probability for and the degree of damage resulting from an oil spill or blowout. The Department of Interior has concluded that the effectiveness of oil spill response capability in the Sale 92 area is unpredictable (DEIS at IV-A-13).

4. Lack of significant hydrocarbon resources. DOI's conditional mean resource estimate for the Sale 92 area is 364 million barrels of oil and 2.62 tcf of gas. This represents 2% of the total U.S. OCS hydrocarbon reserve.* If gas is determined to be uneconomic in Bristol Bay, this figure falls to 1% of the total U.S. OCS hydrocarbon reserve. At 1984 U.S. consumption rates,** the amount of oil in Bristol Bay represents a 23 day supply.

In terms of dollar value, it is clear that fish will contribute more than oil to the economy of the State of Alaska and the nation. Last year, the Congressional Budget Office estimated that a one-year delay in leasing in Bristol Bay would cost approximately \$150 million in lost bonus bids.*** The Department of the Interior estimated that the total cost of a one year delay (the discounted sum of revenues, less the cost of finding, producing and transporting the resource to market) is \$200 million. As noted above, the value of the Bristol Bay salmon fishery alone is estimated at \$250 million and is thought to employ 10,000 people. From an economic standpoint, it is clearly to the advantage of the State to preserve Bristol Bay as a revenue generator through fish rather than oil.

* Using a conversion factor of 5.62 to convert from tcf of gas to billion barrels of oil equivalent (BOE). $2.62/5.62 = 0.466$ billion BOE. $0.466 + 0.364$ billion barrels of oil = .83 billion BOE. Total US OCS BOE = 36.8 billion BOE (DOI, 1983).

** 15.8 million barrels/day. U.S. Department of Energy, Monthly Energy Review. January, 1985.

*** June 26, 1984 CBO memo "CBO's Estimate of Restriction on OCS Leasing."

5. Data Gaps. Substantial data gaps have been identified by MMS, the State of Alaska and the United Fishermen of Alaska with regards to the impacts of oil development in Bristol Bay on red king crab, salmon, herring, capelin, bottomfish, gray whales, fur seals, Steller's sea lions, overwintering seabirds and waterfowl, staging waterfowl, and sensitive coastal and marine habitats. Information is also lacking regarding the capability of current oil spill containment and cleanup technology to cope with spills in the Bristol Bay environment.

Summary

Due to the importance of the biological resources of Bristol Bay, their sensitivity, the hazards associated with oil development, the relatively small amount oil in relation to the richness of the biological resources present, and the lack of information regarding the potential impacts of hydrocarbon development in Bristol Bay, NRDC strongly recommends that the state adopt a position opposing OCS lease Sale 92.

Thank you for considering these comments.

Sincerely

A handwritten signature in cursive script that reads "Lisa Speer".

Lisa Speer
Coastal Resource Specialist

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THE ALLIANCE

P.O. Box 100100 / Anchorage, Alaska 99510 / (907) 562-0100

TESTIMONY ON

H J R 31

A

**RESOLUTION IN OPPOSITION TO THE SALE OF
OIL AND GAS LEASES IN THE NORTH ALEUTIAN BASIN
(SALE #92)**

**for the
ALASKA SUPPORT INDUSTRY ALLIANCE**

by

Chuck Becker

Director Government Affairs

Brown & Root U.S.A., Inc.

before the

Alaska State

House Special Committee on

OIL AND GAS

10 April, 1985

Alaska Support Industry Alliance

... for responsible economic development

**Milton Byrd - President
Frontier Companies of Alaska**

**Ann Curtis - Vice President
Crowley Maritime**

**Charles F. Becker - Vice President
Brown & Root, Inc.**

**William D. Bennett - Secretary
Perkins, Cole, Stone,
Olsen & Williams**

**Val Molyneux - Treasurer
Veco, Inc.**

**Bill Bettes - Director
Pingo Corporation**

**Randy Goodrich - Director
Executive Travel Service**

**Roger Haxby - Director
Waukesha Alaska Corporation**

**Joe Mathis - Director
Universal Services, Inc.**

**Walt Rafterman - Director
Pacific Industrial Company**

**Jack Thompson - Director
Air Van Lines, Inc.**

**William F. Webb - Director
Arctic Hosts, Inc.**

MY NAME IS CHUCK BECKER. I AM THE DIRECTOR OF GOVERNMENT AFFAIRS IN ALASKA FOR BROWN & ROOT, U.S.A. I AM HERE TODAY REPRESENTING THE ALASKA SUPPORT INDUSTRY ALLIANCE FOR WHICH I AM VICE PRESIDENT OF PUBLIC POLICY.

THE ALASKA SUPPORT INDUSTRY ALLIANCE IS A BUSINESS LEAGUE MADE UP OF SOME 200 COMPANIES WHO DO BUSINESS IN ALASKA. OUR MEMBERS PROVIDE EQUIPMENT, SUPPLIES, AND SERVICES TO THE STATE'S OIL, GAS AND MINING INDUSTRIES. WE ARE THE ENGINEERING COMPANIES AND THE CONSTRUCTORS, THE ARCHITECTS AND ATTORNEYS, OIL WELL LOGGERS AND DRILLING FIRMS, CATERERS AND TRANSPORTATION COMPANIES, EQUIPMENT VENDORS AND DIVING FIRMS. WE ARE UNION AND OPEN SHOP - LARGE AND SMALL, JOINED TOGETHER IN AN ALLIANCE TO FOCUS ON PUBLIC POLICY DECISIONS THROUGHOUT THE THREE LEVELS OF GOVERNMENT.

✓ COMPANIES ARE ATTRACTED TO MEMBERSHIP IN THE ALLIANCE BECAUSE EXECUTIVES HAVE COME TO UNDERSTAND HOW PUBLIC POLICY DECISIONS AND ACTIONS EFFECT THE BOTTOM LINE OF PROFIT AND LOSS STATEMENTS. AN AWARENESS IS QUICKLY DEVELOPING AMONG EXECUTIVES AND EMPLOYEES IN THE SUPPORT INDUSTRY AS TO THE IMPORTANCE A HEALTHY AND VIGOROUS PETROLEUM AND MINING INDUSTRY IS TO THEIR OPERATIONS AND SUCCESS. THAT UNDERSTANDING IS SPREADING LESS QUICKLY TO GOVERNMENTAL DECISIONMAKERS, HOWEVER.

IN AN EFFORT TO FOCUS PUBLIC ATTENTION ON THE CRITICAL ROLE THE STATE'S OIL AND GAS INDUSTRY PLAYS IN THE SOCIAL AND ECONOMIC FABRIC OF ALASKA, THE ALASKA OIL AND GAS ASSOCIATION RECENTLY PUBLISHED THE RESULTS OF A SURVEY WHICH DEMONSTRATES THE ENORMOUS BENEFIT THIS INDUSTRY HAS ON ALASKA.

- ✓ THE SURVEY CONSISTED OF SEPARATE YET INTERRELATED TASKS. FIRST, EACH COMPANY COMPRISING THE STATE'S OIL AND GAS INDUSTRY WAS SENT A FIELD-TESTED SURVEY INSTRUMENT BY DIRECT MAIL; SECONDLY, QUESTIONAIRES WERE SENT TO 2,460 ALASKA BUSINESSES; FINALLY, OVER 1,000 ADULTS THROUGHOUT THE ENTIRE STATE OF ALASKA WERE INTERVIEWED BY TELEPHONE USING RANDOM DIGIT DIALING TECHNIQUES.

SURVEY RESULTS DEMONSTRATED THAT OF THE 147,000 HOUSEHOLDS IN THE STATE OF ALASKA, 42,960 OR 29 PERCENT OF THESE HOUSEHOLDS HAD AT LEAST ONE MEMBER EMPLOYED DIRECTLY BY THE OIL AND GAS INDUSTRY OR BY A COMPANY IN THE SUPPORT INDUSTRY. MOREOVER, NEARLY ONE-THIRD OF ALL HOUSEHOLD INCOME IN ALASKA IS ATTRIBUTABLE EITHER DIRECTLY OR INDIRECTLY TO THE PETROLEUM INDUSTRY. AN ESTIMATED 138,848 MEN, WOMEN AND CHILDREN ARE DEPENDENT ON THE PETROLEUM INDUSTRY AND ITS SUPPORT COMPANY NETWORK. WHEN ASKED ABOUT THE PERCEIVED EFFECT THE OIL AND GAS INDUSTRY HAS HAD ON THEIR HOUSEHOLDS, ALMOST 80% OF ALL ALASKANS SAID THAT THE EFFECT HAS BEEN POSITIVE.

LOOKING AHEAD, THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH OF THE UNIVERSITY OF ALASKA FORECASTS CONTINUED GROWTH IN THE STATE'S PETROLEUM INDUSTRY, WITH PROPORTIONAL GROWTH IN ITS SUPPORT SECTOR, IF THE INTEGRITY OF THE FIVE-YEAR OUTER CONTINENTAL SHELF LEASE SALE SCHEDULE IS MAINTAINED. A GRIM FORECAST OF SEVERE ECONOMIC DISLOCATIONS, RESULTING IN LOSS OF JOBS AND A "MASSIVE DECLINE IN STATE EXPENDITURES" IS DEFINED AS A BASE CASE SCENARIO, IN THEIR RECENT STUDY ENTITLED, "ALASKA STATEWIDE AND REGIONAL ECONOMIC AND DEMOGRAPHIC SYSTEMS; EFFECTS OF OCS EXPLORATION AND DEVELOPMENT". IT IS A SCENARIO OF A DETERIORATING FISCAL CONDITION OF THE STATE COUPLED WITH "RISING TAXES, REDUCED PUBLIC SERVICES" AND A LOSS OF JOBS. YET THE BASE CASE SCENARIO MADE BY THE UNIVERSITY ANALYSTS INCORPORATES OPTIMISTIC ASSUMPTIONS RELATIVE TO OTHER ECONOMIC SECTORS IN THE STATE. THE AUTHORS CONCLUDE THAT ONLY IF THE FIVE YEAR OCS LEASE SALE PLAN PROCEEDS ON SCHEDULE WILL THAT UNHAPPY PORTRAYAL OF ALASKA'S FUTURE BE MITIGATED. INDEED, A HEALTHY SOCIOECONOMIC FUTURE IS PROJECTED, UNDER SUCH CIRCUMSTANCES, CONCLUDING WITH AN ESTIMATE THAT 10 PERCENT OF EMPLOYED ALASKANS WILL DEPEND ON THE EXPLORATION AND PRODUCTION ACTIVITIES OF THE OIL AND GAS INDUSTRY IN ALASKA'S OCS, BY THE YEAR 2000.

THIS POINT-IN-TIME PHOTOGRAPH OF ALASKA'S SOCIAL AND ECONOMIC STRUCTURES AND THESE ECONOMIC PROJECTIONS DEPICT BENEFITS OF ENORMOUS MAGNITUDE STEMMING FROM A SINGLE SOURCE - THE ALASKA PETROLEUM INDUSTRY. INDUSTRY GROWTH TRANSLATES INTO JOBS, IMPROVEMENTS IN THE QUALITY OF LIFE, NEW MARKETS RESULTING FROM A BROADER POPULATION BASE, AGGLOMERATION ECONOMIES RESULTING IN LOWER PRICES TO THE ALASKAN CONSUMER, IMPORT SUBSTITUTION AND ECONOMIC DIVERSIFICATION - THE HISTORIC GOALS OF THE MAJORITY OF ALASKANS AT LAST WITHIN OUR REACH!

BUT ALASKANS MUST HAVE THE COLLECTIVE WILL TO REACH OUT AND SEIZE THE MOMENT.

GROWTH IN THE PETROLEUM INDUSTRY IN ALASKA, WITH ITS ATTENDANT PROMISES, IS CRITICALLY DEPENDENT ON AN OPTIMUM SET OF VARIABLES AMONG WHICH ARE PREDICTABILITY AND STABILITY OF THE BUSINESS CLIMATE WHICH, IN TURN, RELIES ON PUBLIC POLICY MAKERS MAKING PRUDENT DECISIONS BASED ON FACTS AND A WELL-FOUNDED UNDERSTANDING OF THE GLOBAL IMPACTS OF THEIR DECISIONS.

ONCE AGAIN, WE ARE AT AN IMPORTANT MILEPOST IN THE HISTORY OF THE GROWTH AND DEVELOPMENT OF ALASKA. RECOGNIZING THAT THE FLOW OF OIL FROM ALASKA CONSTITUTES 20 PERCENT OF ALL DOMESTIC PRODUCTION, THIS DECISIONMAKING PERIOD ALSO REPRESENTS AN IMPORTANT POINT IN THE DEVELOPMENT AND SECURITY OF OUR NATION.

THE PURPOSE OF THIS HEARING IS TO REACH A DECISION RELATIVE TO THE SALE OF OIL AND GAS LEASES IN THE NORTH ALEUTIAN BASIN. A BRIEF GLANCE AT THE EVENTS LEADING UP TO THIS PROPOSED SALE IS ENLIGHTENING. JUST OVER TEN YEARS AGO, INTERIOR SECRETARY KLEPPE PROPOSED TO SELL LEASES IN THIS AREA IN OCTOBER OF 1977. CONGRESS RATIFIED THAT EXECUTIVE DECISION APPROVING SALE #51 BUT REVISED THE SALE DATE SLIGHTLY TO DECEMBER OF 1977. IN 1976, THEN GOVERNOR JAY HAMMOND APPEALED FOR DELETION OF THE AREA FROM THE SALE SCHEDULE BASED ON INSUFFICIENT INFORMATION AND RESOURCE DATA AND FEARS THAT MULTIPLE USE OF THE AREA MIGHT IN SOME WAY HARM THE INDUSTRIES WHICH RELY ON THE AREA'S FISH AND WILDLIFE RESOURCES FOR A PROFIT. RESPONDING TO THE GOVERNOR'S PETITION, THE DEPARTMENT DELETED THE AREA FROM THE LEASE SALE SCHEDULE. IT WAS NOT UNTIL JUNE OF 1979 THAT THE AREA WAS AGAIN PROPOSED FOR INCLUSION IN THE LEASE SCHEDULE. REINCARNATED AS THE NORTH ALEUTIAN SHELF SALE #75, THE SALE WAS PROPOSED TO BE SET FOR BIDS IN APRIL OF 1983 AND WAS AGAIN APPROVED AND INCORPORATED INTO THE REVISED "FINAL" SCHEDULE. IN MARCH OF 1982, THE AREA WAS COMBINED WITH SALE #92 AND RENAMED THE NORTH ALEUTIAN BASIN AND SCHEDULED FOR BIDS IN APRIL OF 1985. IN JULY OF 1982 THAT DECISION WAS "FINALIZED" ONCE AGAIN, RESPONDING TO A SIMILAR REQUEST FROM THE STATE OF ALASKA, THE DEPARTMENT PUSHED

BACK THE DATE OF THE SALE TO DECEMBER OF 1985 AND IN JUNE OF 1984 SOUGHT TO ALLEVIATE THE APPREHENSIONS OF THE STATE BY DELETING ALL TRACTS EAST OF PORT MOLLER AND CAPE NEWENHAM FROM THE SALE - A REDUCTION IN SIZE OF THE SALE OF A WHOPPING 83 PERCENT!

DESPITE THESE EFFORTS TO ACCOMMODATE CONCERNS, THERE REMAIN THOSE WHO WOULD CONTINUE TO ESPOUSE DELAYS IN THE OFFERING FOR AT LEAST ANOTHER TEN YEARS. WHY? FOR ALL THE SAME REASONS GIVEN NEARLY TEN YEARS AGO - FEAR THAT OIL AND GAS EXPLORATION MIGHT IN SOME WAY THREATEN THE WILDLIFE AND MARINE RESOURCES OF THE AREA AND, AGAIN, TEN YEARS LATER, \$100 MILLION LATER _ OVER 130 STUDIES BY THE INTERIOR DEPARTMENT ALONE, LATER - THE SAME REASON - INSUFFICIENT DATA.

WE BELIEVE THAT A MOUNTAIN OF INFORMATION ON RESOURCES IN THE AREA IS AVAILABLE. IT IS OUR UNDERSTANDING THAT SUCH INFORMATION WAS AVAILABLE TEN YEARS AGO AND HAS BEEN AMPLY SUPPLEMENTED IN THE INTERIM PERIOD. COMPILING AND ORDERING THE DATA IS THE TASK AT HAND AND AMPLE TIME REMAINS FOR THAT WORK TO BE COMPLETED. AS TO THE EXPRESSED CONCERN THAT THE RESOURCES OF THE HUNTING, TRAPPING AND FISHING INDUSTRIES MIGHT BE DEPLETED, THAT IS A FEAR NOT FOUNDED ON EXPERIENTIAL EVIDENCE DRAWN FROM ANYWHERE ELSE IN THE WORLD.

AS I MENTIONED EARLIER, PREDICTABILITY IN BUSINESS IS A PREREQUISITE FOR INVESTMENT. SALE #92 IS A CLASSIC EXAMPLE OF THE ANTITHESIS OF CONDITIONS DESIGNED TO FOSTER INVESTMENT WHICH GENERATES JOBS AND ASSURES ECONOMIC VITALITY.

ON BEHALF OF THE MEMBERS OF THE ALASKA SUPPORT INDUSTRY ALLIANCE, I EARNESTLY ASK YOU TO OPPOSE RATIFICATION OF HJR 31.

THANK YOU.



THE ALLIANCE

P.O. Box 100100 / Anchorage, Alaska 99510 / (907) 562-0100

SUPPORTING THE DECEMBER 1985 SALE OF OIL AND GAS LEASES IN THE NORTH

ALEUTIAN BASIN AREA - SALE #92

The State of Alaska has asked Interior Secretary Model to postpone OCS Lease Sale #92 in the North Aleutian Basin for at least another 10 years. This request is based on concerns that the risk to fish and wildlife resources in the area is too great to permit leasing in the Bristol Bay region. The state suggests that industry needs to obtain additional experience in other areas to ensure that adequate technology exists for safe operations in such waters. The state also claims that biological data gaps remain which must be filled before a responsible impact assessment can be performed.

Others have asked Secretary Model to proceed with the sale as scheduled in December, 1985. Citing the fact that the area had originally been set for sale in 1977 and that over 80 percent of the area has been deleted from the proposed offering in an effort to accommodate state objections, many are concerned that added delays will serve no productive purpose. Those who depend on a viable and predictable oil and gas industry in Alaska for their livelihood cite the following facts for their position:

- Over 250 wells have been drilled in the waters off of Alaska's shores over the past 20 years without harm to the environment and without interfering with resources of Alaska's hunting, fishing and trapping industries.
- The Cook Inlet with its exceptional tide, powerful currents, hurricane force winds, and swiftly moving ice floes, poses substantially greater hazards than does the Bristol Bay area.
- Nowhere in the world has the petroleum industry cut into the profits of the fishing industry by compromising their natural resources. If anything, evidence indicates that offshore structures have enhanced fishing in areas where the two industries have developed side by side.
- Biological data gaps will always remain - it comes down to how much is enough? Over \$100 million has been spent by government, industry and academia studying Bristol Bay resources and socio-economic characteristics spanning the past 15 years.
- Under the most optimum of circumstances, the delivery of crude oil out of Alaska is set to drastically decline in the early '90's. As that decline develops, Alaskans will be thrown out of work. University studies demonstrate that -IF- exploration and production in the OCS remains on schedule, it is likely that a minimum of 10 percent of all jobs in Alaska will depend on OCS oil and gas production - a dramatic promise for the future.
- Scientific surveys by Alaska's best pollsters indicate that at least 7 out of 10 Alaskans support exploration and development of oil and gas fields in the OCS. 8 out of 10 Alaskans indicate that the effect of the oil and gas industry upon households has been positive.
- 32 billion barrels of domestic crude oil will have to be found over the next 10 years just to replace what we are using up. Government estimates that Alaska's OCS may contain 44 percent of all OCS oil resources.

Alaska is today, one of the most dynamic and exciting places in the United States in which to live, due to firm and reasoned decisions made more than a decade ago by government and industry leaders. If such leadership is again now exercised, Alaska's tomorrow will be equally as bright.

Care for Bristol Bay

Bristol Bay contains some of Alaska's most valuable resources, and Gov. Bill Sheffield was on target recently with his renewed call for delay in offshore oil development affecting the region.

Interior Secretary Don Hodel has proposed leasing tracts just outside Bristol Bay along the north side of the Alaska Peninsula. A lease sale is scheduled for December as part of the Interior Department's five-year Outer Continental Shelf leasing program, which has received praise in Washington for its restraint.

Secretary Hodel's OCS program might seem modest from a Washington perspective. It also might bring dollars into the state treasury if offshore finds match oil industry expectations. But as Gov. Sheffield emphasized in a letter to the secretary, an oil spill accompanying OCS development in the Bristol Bay area could endanger the region's multi-million-dollar fishing industry and a multitude of birds and marine mammals. In fact, an oil spill in the remote, turbulent waters of Bristol Bay could be an environmental disaster and an economic nightmare.

Secretary Hodel is, of course, responsible for the national interest, not just a single state's interest. He faces tough choices in developing an OCS program for the nation's benefit. Yet as Gov. Sheffield said, oil exploration in the Bristol Bay region currently presents a risk to the national interest because of its potential impact on fish and wildlife resources.

And given the vulnerability of those precious resources, the governor's concerns deserve to be taken more seriously in Washington.

ANC Daily News 3/29

Sheffield criticizes Bristol plan

by David Ramsour
Times Washington Bureau

Washington — Oil development near Bristol Bay proposed by the federal government could threaten the area's multimillion dollar fishing industry, 85 species of birds and more than 20 species of marine mammals, according to Gov. Bill Sheffield.

The governor, in a recent letter to Interior Secretary Donald Hodel, reiterated his call for a delay in the North Aleutian Basin outer continental shelf lease sale scheduled for December.

Sheffield said the fishing industry near the sale area is among the productive in the world and suggested that oil development could harm both it and the abundant wildlife that populate the area.

"... Oil and gas exploration and development in this area currently presents too great a risk to the state and national interest in maintaining the extremely productive and valuable fish and wildlife resources which characterize this region," Sheffield said.

The sale, once scheduled for next month, is part of Interior's current national five-year OCS leasing schedule. At Sheffield's request, 83 percent of the sale area was deleted last year by former Secretary William Clark.

The remaining 17 percent was then rescheduled for December despite Sheffield's call for a 10-year delay.

The remaining sale area lies just outside Bristol Bay along the north side of the Alaska Peninsula.

Interior and state officials continue to negotiate over the proposed sale and discussed it during Sheffield's visit here late last month.

According to the governor, the annual value of the fishery in the area averaged \$200 million between 1977 and 1982, about half of which came from salmon. More than 60 million adult salmon and several hundred million juveniles migrate through the proposed sale area annually, he said.

Other fisheries also could be affected, he said, including herring, groundfish, and king and tanner crab.

In addition, scores of species of marine mammals and birds travel through or live in the area. For example, up to 17,000 endangered gray whales annually migrate along the Alaska Peninsula and up to 18,000 sea otter live near the sale area, Sheffield said.

The governor said the world populations of several species of birds live in or migrate through the area. They include 131,000 black brant, 71,000 emperor geese and 60,000 Steller's eiders.

A recent Rand Corporation study for the federal government showed that an oil spill would move toward the wildlife populations along the peninsula.

"... Marine and coastal habitats in the North Aleutian Basin vicinity support fish and wildlife

resources of state, national and international significance," Sheffield told Hodel.

"These resources provide the economic mainstay as well as important subsistence food resources for Bristol Bay communities."



THE ALLIANCE

P.O. Box 100100 / Anchorage, Alaska 99510 / (907) 562-0100

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31 file

April 22, 1985

Dear Fellow Alaskans:

An issue is before us of great importance and vital concern to all Alaskans who wish to preserve and enhance the quality of life we currently enjoy.

A misguided effort is presently being made to place a 10-year moratorium of oil lease sales on the outer continental shelf of Alaska. This effort must be stopped or Alaska will surely face a decline of income and jobs and, ultimately, a quality of life.

Your help and understanding is needed now! Please begin by reviewing the enclosed documents which set out the true facts. If you agree, please sign the enclosed petition and encourage your associates and employees to do likewise.

Write your State Representatives and Senators strongly opposing this moratorium. Ask others to follow your lead. Your efforts can help to preserve a healthy economy in Alaska for all of us and our employees.

The Alliance sees the OCS issue as an ongoing project. In addition to your signature and legislative contacts, we appreciate pledges to help support our extensive educational and media campaigns.

Sincerely yours,

William J. Webb

William Webb
President

Alaska Support Alliance

for responsible economic development

William F. Webb - President Arctic Slope Regional Corporation	William D. Bennett - Secretary Perkins, Cole, Stone & Williams	Charles Becker - Vice President Brown & Root, Inc.	Charles Becker - Vice President Brown & Root, Inc.
Ann Curtis - Vice President Crowley Maritime	Val Mayneux - Treasurer Veco, Inc.	Val Mayneux - Treasurer Veco, Inc.	Val Mayneux - Treasurer Veco, Inc.

TO CONTACT YOUR LEGISLATOR

There are a number of methods used to advise key governmental officials of your preferences pertaining to legislative issues. The following methods are listed in the order of their impact upon the recipients.

1. A brief letter to individual legislator/senator (addresses below).
2. A telephone call to specific legislator/senator.
3. A Public Opinion Message (POM) can be called in to Anchorage [278-3668], Fairbanks [452-4448] or Juneau [465-4648]. These are most effective if directed to individuals rather than blanketing the entire legislature.

The petition enclosed in this package should be returned to the Alliance office no later than May 15, 1985, whether completely filled in or not.

Phone

465-

REPRESENTATIVES

3706	ADAMS, Albert P. [D]Kotzebue
4985	BINKLEY, John [R]Bethel
4931	BOUCHER, H.A. "Red" [D]Anchorage
4858	CATO, Bette [D]Valdez
3704	CLOCKSIN, Don [D]Anchorage
2829	COLLINS, Virginia M. [R]Anchorage
3799	COTTEN, Sam [D]Eagle River
4930	DAVIS, Mike [D]Fairbanks
4766	DUNCAN, Jim [D]Juneau
3709	FRANK, Steve [R]Fairbanks
4984	FULLER, John G. (Jack) [D]Nome
4894	FURNACE, Walter R. [R]Anchorage
4925	GOLL, Peter [D]Haines
4968	GRUENBERG, Max F., Jr. [D]Anchorage
3824	GRUSSENDORF, Ben [D]Sitka
4939	HANLEY, Alyce [R]Anchorage
4942	HERRMANN, Adelheid [D]Naknek
4947	HURLEY, Katie [D]Wasilla
4530	JENKINS, Roger [R]Anchorage
4992	KOPONEN, Niilo [D]Fairbanks
3727	LARSON, Ronald L. [D]Palmer
2719	MARROU, Andre [L]Homer
3782	MARTIN, Terry [R]Anchorage
4990	MILLER, M. Mike [D]Juneau
3764	MILLER, Mike W. [R]North Pole
3892	NAVARRE, Mike [D]Kenai
4993	PEARCE, Drue [R]Anchorage
4937	PETTYJOHN, Fritz [R]Anchorage
4949	PHILLIPS, Randy [R]Eagle River
4944	PIGNALBERI, Marco A. [R]Anchorage
3712	POURCHOT, Pat [D]Anchorage
3464	RIEGER, Steve [R]Anchorage
4998	RINGSTAD, John [R]Fairbanks
4940	SHULTZ, Richard [R]Tok
4919	SUND, John [D]Ketchikan
4978	SZYMANSKI, Mike [D]Anchorage
4905	TAYLOR, Robin L. [R]Wrangell
2498	THOMPSON, Dave [R]Kodiak
4821	UEHLING, Rick [R]Anchorage
3732	WALLIS, F. Kay [D]Fort Yukon

Phone

465-

SENATORS

4522	ABOOD, Mitch [R]Anchorage
3755	BENNETT, Don [R]Fairbanks
4921	COGHILL, John B. [R]Nenana
4989	DEVRIES, Edna B. [R]Palmer
4711	ELIASON, Richard I. [R]Sitka
3834	FAHRENKAMP, Bettye [D]Fairbanks
4523	FAIRS, Jan [R]Anchorage
3862	FERGUSON, Frank [D]Kotzebue
3791	FISCHER, Paul A. [R]Soldotna
4997	FISCHER, Vic [D]Anchorage
4958	HALFORD, Rick [R]Chugiak
4525	JOSEPHSON, Joe P. [D]Anchorage
3770	KELLY, Tim [R]Anchorage
3771	KERTTULA, Jaimar M. [D]Palmer
4922	RAY, Bill [D]Juneau
3793	RODEY, Patrick [D]Anchorage
3753	SACKETT, John C. [R]Ruby
3818	STURGULEWSKI, Arliss [R]Anchorage
3844	ZHAROFF, Fred F. [D]Kodiak
3743	ZIEGLER, Robert H., Sr. [D]Ketchikan

The Honorable Ted Stevens and
The Honorable Frank Murkowski
Senate Office Building
Washington, D.C. 20510

The Honorable Don Young
House Office Building
Washington, D.C. 20515

DURING SESSION address all legislator
and committee mail to:

Name
Alaska State Legislature
Pouch V [MS 3100]
Juneau, Alaska 99811

PETITION

We, the undersigned, support holding the sale of oil and gas leases in the North Aleutian Basin in December of 1985 as presently scheduled by the U.S. Department of the Interior.

[illegible]

Sign your name clearly and only once.

Return this petition no later than May 15th, even if only partially complete. A return envelope is provided. If misplaced, send the petition to The Alliance, Box 100100, Anchorage, Alaska 99510. Be sure to note return name and address for follow-up. For clarification, call 562-0100.



A MIGHTY STRANGE WAY TO CREATE JOBS!

Governor Sheffield's got his head in the sand.

He's asked the federal government to postpone OCS lease sale #92 in the North Aleutian Basin for another ten years. The Governor says that industry lacks the technology to drill safely . . . that the risk to the fish and birds of the area is too great . . . that there's not enough data. He's urging the legislature to support postponement.

HERE ARE THE FACTS:

- Fishing has thrived in all seas, bays and inlets where oil has been discovered . . . isn't 75 years of experience long enough to prove it?
- Over \$100 million has been spent on studies in the area . . . do we really need more studies?
- Over 250 wells have been drilled off Alaska's shorelines emphasizing protection for the environment and our fishermen . . . how many more will it take to prove the point?
- Further OCS lease delays could deny employment to as much as 10% of Alaska's work force . . . is your job secure?
- Polls show that more than 7 out of 10 Alaskans SUPPORT OCS exploration and development . . . are you with us?
- CALL YOUR LEGISLATIVE INFORMATION OFFICE AND SEND A FREE PUBLIC OPINION MESSAGE URGING YOUR LEGISLATORS TO REJECT HJR 31 AND SUPPORT NORTH ALEUTIAN BASIN SALE #92.

Anchorage 278-3668 Fairbanks 452-4448 Juneau 465-4648

Alaskan workers need the jobs that OCS development can provide. We believe that for our state's economy to stay healthy we MUST support responsible resource development.

WE'RE THE ALASKA SUPPORT INDUSTRY ALLIANCE.
JOIN US, 562-0100



THE ALLIANCE

DON YOUNG
CONGRESSMAN FOR ALL ALASKA

WASHINGTON OFFICE
2331 RAYBURN BUILDING
TELEPHONE 202/225-5705

COMMITTEES:
INTERIOR AND INSULAR
AFFAIRS
MERCHANT MARINE AND
FISHERIES

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 3, 1985

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U.S. COURT HOUSE
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BOX 10, 101 12TH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE 907/456-8210
401 FEDERAL BUILDING
P.O. BOX 1247
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RT. 1, BOX 1000
KENAI, ALASKA 99611
BOX 177
KODIAK, ALASKA 99615
501 FEDERAL BUILDING
KETCHIKAN, ALASKA 99902

Representative Mike Davis
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Davis:

It has come to my attention that you are presently circulating a memorandum which misrepresents my position on the proposed Bristol Bay OCS lease sale. Please allow me to clarify my views on this important issue.

As you know, the issue of delaying the lease sale is currently under review by the Department of Interior. This review is based on a study by the Interior Department in cooperation with the United Fisherman of Alaska, which evaluates the fisheries data base being used to determine impact of OCS activity on the Bristol Bay fisheries. I have been in full support of this evaluation procedure. The Interior Department has been willing to obtain the most accurate information available to calculate possible impacts of this lease sale. I have always maintained that this was an acceptable alternative to the Governor's proposal, which would delay the sale for a full decade.

I have stated previously that I would support the Interior Department's final decision, whether it would delay the lease sale or not, and never intended this to be a confirmation of support for the Governor's position. I do not appreciate having my position on this critical issue misrepresented.

Please contact me if you would care to discuss this matter further.

Sincerely,


DON YOUNG
Congressman for all Alaska

DY:jp



UNIVERSITY OF ALASKA
Institute of Social and Economic Research
707 "A" St., Suite 206
Anchorage, Alaska 99501
Phone: (907) 278-4621

April 23, 1985

Hon. Adelheid Herrmann
Co-chairman, Resources Committee
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Herrmann:

I would like to clarify for the House Committee on Resources certain statements attributed to a report by the Institute of Social and Economic Research regarding the effects of the federal Outer Continental Shelf (OCS) leasing program on the Alaska economy. The statements appear in the testimony of Chuck Becker, representing the Alaska Support Industry Alliance, before the House Oil and Gas Committee on House Joint Resolution 31. While Mr. Becker has quoted the study correctly, he has taken the quotes out of context and has inaccurately represented the report's conclusions.

Mr. Becker's testimony refers to a report entitled Alaska Statewide and Regional Economic and Demographic Systems: Effects of OCS Exploration and Development. Teresa Hull and I prepared the report in April 1984 for the U.S. Minerals Management Service, which has published it as Technical Report 106 in the Alaska OCS Region's Social and Economic Studies Program series.

Mr. Becker stated that the report contains a "grim forecast of severe economic dislocations, resulting in loss of jobs and a 'massive decline in state expenditures' It is a scenario of a deteriorating fiscal condition of the state coupled with 'rising taxes, reduced public services' and loss of jobs." According to Mr. Becker, "The authors conclude that only if the the five-year OCS lease plan proceeds on schedule will that unhappy portrayal of Alaska's future be mitigated." (emphasis mine)

In the first place, declining real levels of state expenditures mentioned in the report result directly from projected declines in state petroleum revenues. The report concluded that oil revenues would be likely to decline regardless of the scale of Alaska OCS development. OCS development, while contributing property tax revenue from onshore support facilities, would place demands on public services in excess of new revenues, resulting most likely in "an additional reduction in per capita government services" (p. 33).



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April 23, 1985

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Alaska House of Representatives
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Rep. Adelheid Herrmann
April 23, 1985

Secondly, contrary to Mr. Becker's assertion, the report did not project that the Alaska economy would suffer a long-term net loss of jobs if there were no OCS development. In spite of relatively minor fluctuations in employment projected in the late 1980s and early 1990s, the report projected a long-term pattern of growth leading to an approximate 30 percent increase in employment and population by 2010, even with no OCS development (p. 23).

Finally, and most importantly, the report only considers the contribution to the Alaska economy of one hypothetical scenario representing cumulative oil and gas development from all Alaska OCS leases. It does not address the potential effects of a modification to the proposed five-year lease schedule, as requested in HJR 31. Thus one can not directly apply any of the conclusions of the report to the effects of a delay of a single lease sale such as Sale 92 (North Aleutian Shelf).

We have not made any projections of the effects of a delay of Sale 92 on the overall contribution of OCS development to the Alaska economy. However, one would expect, roughly speaking, that the contribution of a given sale to the total direct and indirect effects would be in proportion to the contribution of that sale's direct employment to the total direct employment.

The scenario of cumulative oil and gas development from all OCS areas used in the report was provided to ISER by the Minerals Management Service. It included total direct OCS employment assumptions of 8,100 long-term jobs, with peak employment including construction jobs of nearly 13 thousand in 1997. Adding indirect effects, the report projected that total contribution of this scenario of cumulative OCS development would reach 10 percent of the economy by 2000.

Direct employment estimates for Sale 92, on the other hand, are contained in MMS Social and Economic Studies Technical Report Number 87, St. George Basin and North Aleutian Basin Economic and Demographic Systems Impacts Analysis, prepared by ISER in June 1984. According to this study, Sale 92 may generate long-term direct employment of around 340, provided commercial quantities of oil are discovered in the basin.

This level of long-term direct employment expected from Sale 92 (if oil is found) is approximately 4 percent of the total for all Alaska OCS areas in the five-year lease schedule. Thus even if oil and gas resources are found and developed, the total direct and indirect contribution of Sale 92 to the Alaska economy would be a small fraction, less than 5 percent, of the total contribution of OCS activity. Sale 92, if held on schedule, will certainly

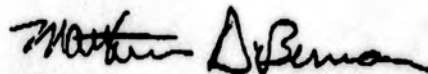
UNIVERSITY OF ALASKA

Rep. Adelheid Herrmann
April 23, 1985

3

contribute some new jobs to the Alaska economy. The total contribution of the sale is unlikely to reach 0.5 percent of total state employment, however.

Sincerely,

A handwritten signature in dark ink, appearing to read "Matthew D. Berman". The signature is fluid and cursive, with the first name "Matthew" and last name "Berman" clearly distinguishable.

Matthew D. Berman
Assistant Professor of Economics

STATE OF ALASKA



Let's Distribute
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4941

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

MEMORANDUM

To: All Legislators
From: Rep. Mike Davis
Date: April 29, 1985
Re: HJR 31

Many questions have arisen regarding HJR 31, which requests a 10-year delay in the North Aleutian Basin federal OCS lease sale. It is important that the following facts be taken into account when evaluating this resolution.

Development. HJR 31 begins by stating that "The state fully supports the prudent and orderly development of the state's oil and gas reserves in an environmentally acceptable manner." The North Aleutian Basin represents only one of 12 federal OCS planning areas in Alaska. Together, these planning areas encompass over 500 million acres.

Revenues. The Bristol Bay fishery is one of the oldest and most stable industries in the state, and is responsible for \$250 million in annual domestic revenues. Under the North Aleutian Basin lease sale, the state would not receive any revenues from bonus bids, lease rentals, royalty payments or severance taxes.

Jobs. The Bristol Bay fishery results in 10,000 jobs every year. Oil and gas development in the North Aleutian Basin will result in about 340 jobs. This is less than one-half of one percent of total projected statewide employment.

Risks. In testimony before the House Resources Committee, it was stated that industry is capable of containing oil spills in 7-8 foot seas. The North Aleutian Basin is characterized by winter storms with seas ranging to 20 feet, however. Under these conditions, it is not even possible to deploy clean-up equipment.

Potential. The North Aleutian Basin is estimated by the Department of the Interior to have the relatively low hydrocarbon potential of 364 million barrels of oil. This represents a one-month supply of oil to the United States based on nationwide consumption. The North Aleutian Basin also has far less potential than the Beaufort, Navarin, St. George and Diapir lease sales, all of which are expected to take place on schedule.

Coastal Plans. The proposed 10-year delay in the North Aleutian Basin lease sale is consistent with the state's Bristol Bay Area Plan, which has postponed oil and gas activities on adjacent state-owned offshore lands until 1994. This delay is also consistent with resolutions passed by the Aleutians East Coastal Resource Service Area, Bristol Bay coastal Resources Service Area, City of Point Heiden, City of Aleknagik, Egegik Village Council, Pedro Bay Village Council, Togiak City Council, and the United Fishermen of Alaska.

The purpose of HJR 31 is to allow additional environmental impact assessment work to be completed in the area, and to allow time for the development of new technologies that will be better suited for working safely in the extremities of the North Aleutian Basin area.

This resolution recognizes the resource management problem that Alaska is facing. Alaska must develop its non-renewable resources in a manner that presents as little risk as possible to our proven renewable resource industries.

Legislature: No comment on oil, gas lease sale

By BRUCE SCANDLING
The Associated Press

A controversial federal sale of oil and gas leases scheduled for Bristol Bay in December is likely to draw a collective "no comment" from the Alaska Legislature.

A resolution calling for a 10-year delay of the sale was yanked off the House floor Monday — at the same time an Anchorage senator was pushing a counter-measure urging that the sale be held as planned.

"I think the threat of a bill passing the Senate certainly helped stall this one," said Rep. Mike Davis, a Fairbanks Democrat who was the prime sponsor of a House measure seeking the 10-year delay.

"It was not worth passing this one and then having the Senate push a resolution for strong support of oil development in the area," Davis said.

As part of its plan to foster oil exploration and development on the Outer Continental Shelf, the federal government wants to put 5.6 million acres up for lease in Bristol Bay — the heart of Alaska's fishing industry.

Gov. Bill Sheffield is lobbying for a 10-year delay of the lease sale, but the Interior Department has the sale set for December.

Sen. Arliss Sturgulewski, an Anchorage Republican, said she wants the sale to proceed on schedule.

"It seems to me that with all the work that's been done on this, it doesn't seem right to delay the sale another 10 years," she said.

Ms. Sturgulewski, who recently announced her candidacy for governor, said she was ready to introduce her resolution if the House had passed a measure seeking the 10-year delay.



ALASKA NEWS

Davis, who chairs a House oil and gas committee, said he pulled the measure off the House floor Monday specifically because of Ms. Sturgulewski's threat to introduce the counter-measure in the Senate.

"I didn't want a mixed signal going back there (to Washington, D.C.)," Davis said.

The Bristol Bay sale — known as Sale 92 — has been the center of controversy since it was first listed in the mid-1970s on a federal schedule of OCS oil and gas leasing.

Under former Gov. Jay Hammond, state officials convinced the Interior Department to delay the sale until 1987. When James Watt took the Interior Department reins in 1981, he unveiled an extensive and unprecedented OCS leasing plan that scheduled Sale 92 for December, 1985.

Watt's plan also expanded the scope of the sale, calling for offering leases on 32.5 million acres of the North Aleutian Shelf.

Sheffield first asked the Interior Department in January 1984 for a 10-year delay of the sale.

Three months later, then-Interior Secretary William Clark reduced the area of the sale by 83 percent, limiting the possibility of oil and gas exploration to 5.6 million acres.

The for-sale region now is north of Cold Bay, an area teeming with salmon, king crab, herring, whales and variety of waterfowl.

"That's the crown jewels of Alaska out there," Davis said. "The fisheries people and some of the other groups wanted the House of Representatives to take a stand on it."

Ms. Sturgulewski, however, said there's been enough study of the region and it's time to find out if there's sufficient oil and gas to prompt development.

"We need to explore out there and know what our resources are, as long as there's environmental protection," she said. "Based on the information we have now, I think that's exactly what will happen."

"I'm very pleased that the House will not go forward with its resolution," Ms. Sturgulewski said.

"But it's not fair to say, 'Arliss killed it,'" she said.

Davis agreed, and said it's no secret that oil-industry lobbyists worked hard to prevent the House from passing its resolution calling for a delay of the lease sale.

"There was a hell of a lot of industry support to kill this," he said.

Davis said a coalition of companies providing support services for the oil industry led the charge in stopping the resolution.

The Alaska Support Industry Alliance — which represents VECO International and other oil-industry companies — lobbied hard against the House proposal, said

Davis.

"They were sort of the shock troops for the oil companies and really drew the line on this issue," said Scott Highleyman, executive director of the Alaska Environmental Lobby.

Although Highleyman said his group has pushed hard for federal officials to delay the sale, environmentalists won't be too disappointed if a legislative resolution seeking the delay is not passed.

"The message that comes from this Mexican standoff between the House and the Senate is that Alaskans are divided on this issue and don't necessarily stand behind the congressional delegation," Highleyman said.

He said Alaska Sens. Ted Stevens and Frank Murkowski and Congressman Don Young — all Republicans — "strongly support the Reagan Administration's overly aggressive development of OCS leasing."

Ms. Sturgulewski said Stevens, Murkowski and Young do support holding the sale in December, but said she did not work with the congressional delegation to thwart attempts to delay the sale.

Sheffield, meanwhile, is still pushing for delay. A final environmental impact statement from the federal government is due on the governor's desk in July, giving Sheffield another chance to respond to the lease schedule.

Sheffield officials said the governor is not likely to change his stance on trying to delay the sale.

"I want to make it clear that the governor supports the OCS program by and large," said John Greely, Sheffield's press secretary.

"But this is the one sale on the schedule that the governor doesn't think should be there," he said.

Hunt for attorney expanded

By BETSY LONGENBAUGH
The Juneau Empire

The search for a new city attorney will probably be expanded to outside Alaska, a committee of Juneau City-Borough Assembly members decided Wednesday.

The current city attorney, Lee Sharp, is leaving Juneau at the end of the month for a new job with the Matanuska-Susitna Borough.

Although the city sent out more than 1,700 job proposals to all members of



State may pay more for school building

By BRUCE SCANDLING
The Associated Press

Alaska school districts could sell general obligation bonds for school construction and count on the state to pay 80 percent of the debt, under a bill that passed the House Wednesday.

Current law says state government will cover just 50 percent of the debt on bonds sold since 1983.

The measure is expected to be passed in the Matanuska-Susitna Valley, the Kuskokwim Peninsula and other fast-growing areas of the state where school districts are trying to keep pace with increasing enrollments.

It also allows the issue of debt by allowing to increase the state's part

Although the measure has been approved by both houses, it must be returned to the Senate before going to Gov. Bill Sheffield's desk for final approval.

That's because the House amended portions of Kerttula's bill and Senate lawmakers must agree to the changes before submitting the legislation to Sheffield.

Under the House plan, the state would boost its participation in paying bonded indebtedness from 50 percent to 80 percent. Kerttula's measure, after working its way through several legislative sessions, called for a 70-percent contribution by the state.

Sheffield said he would like to see the bill

STATE OF ALASKA



POUCH V
JUNEAU, ALASKA 99811
(907) 465-4941

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

MEMORANDUM

To: All Legislators
From: Rep. Mike Davis
Date: April 30, 1985
Re: HJR 31

Attached to this memorandum is a letter from Congressman Don Young that should dispel any confusion arising from a recent newspaper article regarding the North Aleutian Basin federal OCS lease sale. As expressed in Mr. Young's letter to the executive director of the United Fishermen of Alaska, it is the intent of the Alaskan congressional delegation that this sale not proceed until all environmental data gaps are filled.

Delegation angry over OCS deal

by David Ramoer
Times Washington Bureau

4/26/85

Washington — In a rare display of public acrimony, Alaska's three federal politicians Thursday accused Gov. Bill Sheffield of renegeing on a deal over the controversial Bristol Bay offshore oil lease sale scheduled for December.

One member of the Republican trio, Rep. Don Young, questioned Sheffield's ability to govern, while Sen. Ted Stevens accused the governor of meddling in Stevens' "home" — Washington, D.C.

"I just think the governor is so preoccupied he is unable to lead the state the way I think he should," Young said.

The blast coincides with announcements Thursday and today by two state Republicans — former Anchorage mayor George Sullivan and State Sen. Arliss Sturgulewski — that they plan to run for governor in 1986.

Sheffield's office here denied any deal had been struck and continued to push for a 10-year delay in the sale over the opposition of the state's congressional members.

The dispute heated up as a contingent of Alaska fishermen concluded a week of lobbying here, claiming the 5 million-acre lease sale could threaten a \$1 billion fishing industry in the Bristol Bay area.

The so-called North Aleutian Shelf sale was scheduled years ago as part of the Interior Department's national five-year outer continental shelf development plan.

In response to protests by Alaska fishing, conservationist and coastal planning groups, former Interior Secretary William Clark in March 1984 reduced the sale area by 83 percent.

Alaska's members of Congress participated in those negotiations and hailed the reduction as environmentally sound.

But Sheffield and the groups, which were excluded from the talks, continued to seek a 10-year delay in the sale. They claim an oil spill in the remaining 17 percent would be devastating for the region which is north of Cold Bay and among the most biologically rich in the world.

According to fishing group lobbyist Deming Cowles, the area is a major spawning ground for halibut, herring, king crab and salmon and feeding area for gray whales and many species of birds.

"If they could have picked an area, they couldn't have picked a worse one" for oil development, Cowles said.

The United Fishermen of Alaska last year financed a \$75,000 study of the area but discovered this week that Interior officials have not read it.

Cowles and his UFA clients, allied with

Sheffield, continued to seek a sale delay.

Noticably irritated by those efforts, Stevens, Young and Sen. Frank Murkowski in separate interviews Thursday accused Sheffield of agreeing to the reduced sale area but now fudging on the deal by pushing for a delay.

To seek a delay "breaks the word of the Alaska delegation to the Interior Department and we face the real threat of them saying, 'Alright, we'll go back to area-wide leasing,'" Young said.

John Katz, head of Sheffield's office here, denied the state ever agreed to any deal.

"For us it's not a numbers game," Katz said. "We appreciate the deletions but the remaining 17 percent has to be considered on its own merit."

DON YOUNG
CONGRESSMAN FOR ALL ALASKA

WASHINGTON OFFICE
2331 RAYBURN BUILDING
TELEPHONE 202/225-5785

COMMITTEES:
**INTERIOR AND INSULAR
AFFAIRS**
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Congress of the United States
House of Representatives
Washington, D.C. 20515

March 11, 1985

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U.S. COURT HOUSE**
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KETCHIKAN, ALASKA 99902

Ms. Cass Parsons
UFA Executive Director
319 Seward St., Suite 10
Juneau, Alaska 99801

Dear Ms. Parsons:

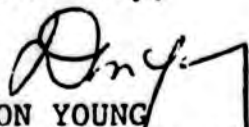
Thank you for your letter regarding the North Aleutian Basin OCS lease sale.

The issue of delaying the lease sale is currently under review by the Department of Interior. I proposed a 3 year delay of the lease sale based on concerns of information inadequacies. The Department is presently determining if there are any data gaps in the fisheries information base that is used in the evaluation of lease sale acceptability. The unique and vastly important fish and wildlife resources of the North Aleutian Basin are being given the utmost consideration. If any data gaps are found, the lease sale will be delayed until adequate information is obtained.

The Interior Department has been willing to obtain the most accurate information available to calculate all possible environmental impacts of the sale. This evaluation procedure is an acceptable alternative to an outright moratorium. I can assure you that the Alaskan fish and wildlife interests will not be compromised.

If I can be of any further assistance please do not hesitate to contact me. With best regards.

Sincerely,


DON YOUNG

Congressman for all Alaska

DY:jp

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

P.O. BOX 63
NAKNEK, ALASKA 99833
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943



CO-CHAIRMAN
RESOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

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EGEGIK
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KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
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PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

TO: House Committee on Resources
House Special Committee on Oil and Gas

FROM: Representative Adelheid Herrmann
Co-Chair Resources Committee

DATE: April 23, 1985

SUBJECT: Economic Impact of North Aleutian Shelf
Sale 92 Delay (HJR 31)

In the recent hearing before the House Special Committee on Oil and Gas on House Joint Resolution 31, testimony was delivered by the Alaska Support Industry Alliance. The testimony referenced research by the Institute of Social and Economic Research (ISER) concerning the importance of the Five Year OCS leasing schedule to the overall Alaska economy.

When provided with a copy of the testimony, Dr. Matthew Berman, the principal author of the ISER study responded with the observation that the referenced studies had been quoted out of context and inaccurately represented. In fact, the report cited by the Alliance concluded that oil revenues would be likely to decline regardless of the scale of OCS development. Further, it is noted that while some property taxes could be contributed to the Alaska economy, OCS development would place demands on public services which would exceed new revenues. Attached please find a copy of a letter from Dr. Berman.

It is important to emphasize that HJR 31 only addresses a single proposed sale among the many that are scheduled for the Alaska OCS. The North Aleutian Basin sale is generally regarded to have a relatively low hydrocarbon potential. The DEIS estimates a mean recoverable resource at 364 million barrels. To put this in perspective, the U.S. average daily consumption is approximately 16 million barrels per day. The North Aleutian Sale is thus roughly equivalent to less than one month worth of consumption.

While the ISER report only addressed the overall OCS schedule and not the impacts of individual sales, other research suggests that deferral of Sale 92 would not significantly impair the Alaska economy. As indicated by Dr. Berman, the long term direct employment associated with the North Aleutian Basin sale could be about 340 jobs (less than 5% of total OCS employment) assuming oil is found. By contrast, the fishing industry currently employs over 10,000 people annually.

COSPONSOR LIST

A RESOLUTION RELATING TO THE NORTH ALEUTIAN BASIN

OUTER CONTINENTAL SHELF LEASE SALE #92

PRIME SPONSOR: SENATOR ARLISS STURGULEWSKI

COSPONSORS: SENATOR BOB ZIEGLER

SENATOR TIM KELLY

SENATOR JAN FAIKS

SENATOR EDNA DEVRIES

SENATOR PAUL FISCHER

SENATOR MITCH ABOOD

SENATOR JACK COGHILL

SENATOR PAT RODEY

SENATOR _____

SENATOR _____

SENATOR _____

1 IN THE SENATE

2 SENATE JOINT RESOLUTION NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 Relating to the North Aleutian Basin
6 Outer Continental Shelf lease sale.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the state fully supports the prudent and orderly development
9 of the state's oil and gas reserves in an environmentally acceptable
10 manner; and

11 WHEREAS the state is responsive to the nation's need to decrease its
12 dependence on foreign oil; and

13 WHEREAS more than 250 wells have been drilled in the waters off
14 Alaska's coast in the past 20 years without harm to the environment; and

15 WHEREAS oil development and exploration in the state has not inter-
16 fered with the state's fishing, hunting, or trapping industries; and

17 WHEREAS stringent measures to protect Bristol Bay's fish, bird, wild-
18 life, and marine mammals are set out in Sale 92's draft environmental
19 impact statement and are required for any oil exploration or development
20 activity in the area; and

21 WHEREAS industry has demonstrated its ability to operate safely under
22 extreme meteorological and oceanographic conditions; and

23 WHEREAS Sale 92 has already been delayed since 1977 when it was origi-
24 nally scheduled for sale; and

25 WHEREAS over 80 percent of the original sale has been deleted; and

26 WHEREAS the economy of the state is heavily dependent upon the produc-
27 tion of oil; and

28 WHEREAS the production of oil in the state is expected to drastically
29 decline in the 1990's; and

1 WHEREAS it is vital to search for and find new sources of oil in the
2 face of expected declines in the Prudhoe Bay reserves; and

3 WHEREAS government estimates indicate that Alaska's Outer Continental
4 Shelf may contain 44 percent of all Outer Continental Shelf oil resources;
5 and

6 WHEREAS a 10-year delay in the North Aleutian Basin lease sale would
7 seriously delay the search for new sources of Alaskan oil; and

8 WHEREAS that delay would discourage business activity and development
9 in the state; and

10 WHEREAS it is in the nation's and the state's best interest to sell
11 leases in the North Aleutian Basin as scheduled in December 1985;

12 BE IT RESOLVED that the Alaska State Legislature respectfully requests
13 the Secretary of the United States Department of the Interior to proceed
14 with the North Aleutian Basin Outer Continental Shelf Lease Sale No. 92
15 scheduled for December 1985.

16 COPIES of this resolution shall be sent to the Honorable Ronald
17 Reagan, President of the United States; to the Honorable George Bush,
18 Vice-President of the United States and President of the U.S. Senate; to
19 the Honorable Thomas P. O'Neill, Jr., Speaker of the U.S. House of Repre-
20 sentatives; to the Honorable Donald Hodel, Secretary of the Interior; and
21 Mr. William Bettenberg, Director, Minerals Management Service; and to the
22 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
23 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
24 tion in Congress.
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