

SCOMM

62:32

SENATE COMMITTEE REPORT

OTHER

RES

3/31/89

DATE TURNED INTO OFFICE

Mr. President:

OIL & GAS

Committee considered

HJR 32 am

oil and gas drilling on the North Aleutian Basin Outer Continental Shelf

and recommended

☒ replace with CS HJR 32 (O&G) ☒ same title
☐ or adopt CS ☐ new title
☐ attached amendment(s) and 1 mgmt do pass ☐ technical
☐ letter of intent adopted ☐ title change (HB only)

☐ do pass

☐ do not pass

☐ no recommendation

☒ individual recommendations

☐ further referral to

FISCAL NOTE(S) ☐ zero ☐ fiscal impact ☐ appropriation no FN
☐ new ☐ updated ☐ previous
☐ same as previous fiscal note(s) published

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Tim Kell
Rick Halford
Paul Smith

SCS &
CFM for review

True Leader - DO Pass
 Chairman signature and recommendation



OFFICIAL BUSINESS

Alaska State Legislature

APR 8 1989

P.O. Box V
State Capitol
Juneau, Alaska 99811

April 5, 1989

The Honorable George Bush
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As members of the Alaska Legislature whose districts encompass Bristol Bay, the world's richest salmon fishery, we write to you today to request that you take immediate action to prevent the exploration for oil and gas on federal leases sold under Outer Continental Shelf Lease Sale 92.

The ongoing tragedy wrought upon Alaska's Prince William Sound by the wreck of the supertanker EXXON VALDEZ has finally brought home the truth about the oil industry's inability to recover major oil spills in a marine environment. They just can't do it, Mr. President, and it's beyond us how any reasonable person could claim otherwise in view of the proof floating on the waters of Prince William Sound and the Gulf of Alaska right now.

With one exception, the people of the State of Alaska have supported the OCS leasing program off our coast. But most Alaskans, including the current governor and his two predecessors, have felt very strongly that the relatively low potential for oil and gas recovery in the Sale 92 area does not balance against the known value of the nearby Bristol Bay fishery.

We are even more assured of that simple truth in view of the mounting losses in Prince William Sound. We are watching not only the death of fish, fowl and wildlife, but the loss of jobs, as well; a \$12-million herring fishery already has been cancelled and other cancellations undoubtedly will follow. But as bad as the situation is

in Prince William Sound, a similar accident in Bristol Bay would jeopardize an even larger number of fish, wildlife and human livelihoods.

There are resolutions working their way through the Legislature right now that variously ask the Department of Interior and you, Mr. President, to either delay or suspend indefinitely any oil and gas exploration activity on the federal leases sold in Sale 92. There also was a news story recently indicating Alaska's junior U.S. Senator, Frank Murkowski, has changed his mind in the aftermath of the VALDEZ spill and now supports postponement of Sale 92.

As representatives of the people who make their living from Bristol Bay, we take these requests a step further, and respectfully ask that you cancel the Sale 92 leases outright and refund the bid money to the respective oil companies.

We will not belabor you further in this letter with additional facts and figures of the tragedy of Prince William Sound. We know you sent a team of advisors to Alaska and certainly you've watched the news accounts and receive daily briefings on the situation. But in closing, we do add our voices to that of the Anchorage Daily News, which yesterday urged you to come to Alaska and view this catastrophe yourself.

If you do come to inspect this national disaster, we'd ask you to expand your itinerary to include a look at Bristol Bay and see firsthand the tremendous resource that will be placed in risk if Lease Sale 92 proceeds.

We think you'd conclude, as we did long ago, Mr. President, that you ought to let them keep their bid money, and let us keep our Bristol Bay.

Sincerely,



Rep. George Jacko, Jr.
House District 26



Sen. Fred Zharoff
Senate District N

APR 7 1989

April 4, 1989

Oil & Gas Resource Committee
Alaska State Senate
Attn! Drew Pierce - Chair -
Pouch V
Juneau, Ak. 99811

Dear Senator Pierce;

I am writing in regards to the teleconference on April ^{3rd} ~~X~~ concerning Senate Joint Resolution No. 11. Mr. Sparcks had asked me to testify in his stead as he would be traveling out of state at that time.

Due to unforeseen mechanical/personal difficulties however, I was unable to make it in time to testify. Please accept this written testimony in place of that lost opportunity.

My thanks for your understanding and consideration.

Regards,



Greg Reczicka
Box 513
Bethel, Ak. 99559



Testimony of the Yukon-Kuskokwim Fisheries Task Force to the Alaskan State Senate Seeking the Termination of the North Aleutian Shelf OCS Oil Lease Sale #92

My name is Harold Sparck. I am the director of the Yukon-Kuskokwim Fisheries Task Force, a group composed of 84 villages and their subsistence and commercial fishing interests in Western Alaska. There are over 1800 commercial fishing permit holders, and more than 3,000 subsistence families within our group's zone of representation.

I speak in support of the State Legislative Resolution calling upon President Bush to terminate the recently court approved Oil Lease Sale #92 in Bristol Bay.

Although our region is north of Bristol Bay, we are dependent on the sea life that seasonally uses the North Aleutian Shelf Corridor that is contained within Sale #92. Unimak Pass and the North Shore of the Alaskan Peninsula which fronts Sale #92 acreage is the known migratory route for four of our five species of salmon, the marine mammals, seabirds, and migratory waterfowl so vital to our subsistence economy, and limited commercial economy.

Through the early 1980's, our fishing groups opposed the OCS program in the Bering Sea in the St. George Basin, Norton Sound, and the Navarin Basin for three reasons. First, nowhere in the lease document nor in the permits required for the seismic and exploration program did Industry have to prove under any weather condition that it could clean up a spill at sea or in ice. Our two most glaring examples of this situation were oil spill control tests for Norton Sound and St. George's Basins. This was an open water, no ice environment. The Minerals Management Service allowed Industry to postpone these planned tests because the winds and waves exceeded the technical limits of the existing machinery. No new improvements in this technology exist.

Second, the Federal Government did not require Industry to station adequate oil spill containment equipment on site. In all permits, contingency plans that proved so flawed in the recent Prince Williams Sound spill were proposed, and accepted by Government. We live in the Bush, with its cold, and ice. We know that things do not go right almost all of the time when there is a rush to bring unique technology on site.

Last, at no time did the Federal Government recognize the long term value of the natural system when doing cost-benefit analysis to promote OCS oil development. The Government de-valued our commercial economy, discounted our subsistence way of life, and artificially limited the zone of oil influence to make the numbers demonstrate that oil development was preferred.

The lack of adequate clean-up in Prince Williams Sound clearly demonstrates that Bristol Bay is too valuable to risk.

**Chevron U.S.A. Inc.**

P.O. Box 107839, Anchorage, AK 99510 • Phone (907) 563-2560

*done
bce file***APR 5 1989**

April 4, 1989

Senator Bettye Fahrenkamp
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

On Monday, April 3, 1989, I presented a statement on behalf of Chevron U.S.A., Inc. in opposition to HJR No. 32 and SJR No. 11. These resolutions support the delay or prohibition of drilling in the North Aleutian Basin and the delay or prohibition of future lease sales in the North Aleutian Basin.

After the hearing, I spoke briefly with Senator Zharoff and was asked how much it would cost the federal government to buy back the leases awarded in Sale 92. Apparently, Senator Zharoff understood my response to mean that Chevron would support the refund of our bids and the cancellation of our leases in the North Aleutian Basin. I am sorry if my answer created this impression.

Our position is that we should be allowed to pursue our plans to conduct exploratory drilling in accordance with the terms and conditions of the leases. We do agree that our plans for oil spill containment and cleanup should be subject to scrutiny as will be the case when we submit a plan for exploratory drilling in the North Aleutian Basin.

Sincerely,

Tom Cook
Exploration Representative-Alaska

TC:db

cc: Senator Fred Zharoff
Senator Drue Pearce ✓

Bethel:

Anna Phillip
Qualivert

Harold Spark
Spark Assoc

Greg Kotick
Newman Kitlutsisti
(Protectors of the Land)

Naknak:

Fred Pike
Borough Mayor

Dillingham:

~~Henry~~ Susan Elensburg
Bristol Bay Coastal Mgmt Program

Anchorage:
Henry Mitchell
Bering Sea Fisheries

after
springs
→
Mitchell

← Inman

- Tom Cook

In charge of Exploration for
Cherron in the state

- Bob Williams

runs refinery at Kenai for Cherron
Bristol Bay fisherman (grew up)

Hivelock

Hesh Anderson, Pres
Bristol Bay Salmon
Enhancement Assn

Togiak:
?

—Juncan:

Dept of Law

Gary Amendola

Steyahok

Peter Andrews

and 3 other people

443-5820

Cajalak

Marie or Eliz

Paddock

- Dear ~~Patrick~~

Bristol Bay Drift
Netters Assoc.

friend of O.L. + Greg
Dev.

463-4970

P.O. 20312

June 99802

Sign up



Official Business

COMMITTEE: SENATE

OIL & GAS

DATE: MAR 31, 1989

SIGN-IN

Subject of meeting:

STR 11

NAME

ADDRESS

PHONE

REPRESENTING

DO YOU WANT
TO TESTIFY?

SEN FRED ZHAROFF	P.O. Box V	465-3473	Sponsor of STR 11	YES
GARY AMENDOLA	P.O. Box K Assistant Attorney General	465-3800	DEPT of LAW	YES
Tom Cook			Chevron	YES
BOB WILLIAMS			Chevron	YES
DEAN PADDON	P.O. Box 20312 June 99802	463-4970	BRISTOL BAY DRIFTNETTERS Assoc	YES

Cowper plans a final appeal

Governor takes case to Congress to stop Bristol Bay development

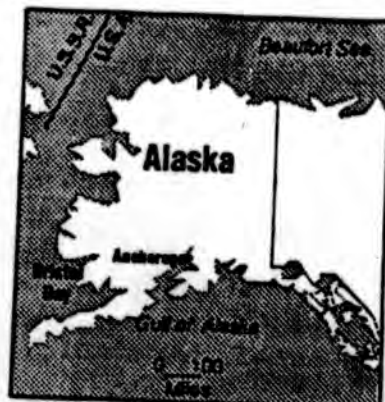
By DAVID WHITNEY

Daily News reporter

WASHINGTON — Alaska Gov. Steve Cowper has turned to Congress in a last-ditch effort to block oil exploration and development in Bristol Bay, the richest fishing ground for Alaska and Pacific Northwest commercial fishermen.

Cowper's appeal follows the state's attempt to stop development through legal challenges. It comes after the Interior Department last fall opened bids in which oil companies pledged \$95 million for the right to drill in nearly two dozen areas of the bay.

In a letter last week, Cowper urged the House Interior Appropriations Subcommittee to order a deferral in Bristol Bay drilling pending further study when the panel writes a 1990 spending bill for the Interior Department.



Knight-Ridder/Tribune News

Noting the state's persistent opposition to any development in the bay, Cowper said that "in the past we have been reluctant to use the appropriations process to further this objective."

But Cowper said the recent 9th Circuit U.S. Court of Appeals decision affirming the lease sale had dimin-

Please see Page C-3, OIL

OIL: Cowper makes last-ditch appeal to Congress

Continued from Page C-1

ished the authority of states to be involved in offshore development decisions "and forces us to return to the legislative process for relief."

Cowper cited the Interior Department's relatively low prediction of oil reserves in Bristol Bay and the high probability of a major oil spill. He quoted government projections that development would damage populations of red crab, tanner crab, salmon, herring and groundfish.

"The first wholesale value of the commercial fisheries can exceed \$1 billion annually and the fishery employs 10,000 people, either directly or indirectly," Cowper wrote. He said the wholesale value of the fishery could be

cut by nearly 60 percent as a result of development.

That the Democratic governor has turned to the appropriations process not only is a sign of increasing desperation but, potentially, puts him on a collision course with the state's Republican congressional delegation.

Alaska Sens. Ted Stevens and Frank Murkowski and Rep. Don Young are generally pro-development and, now that the appeals court has ruled against the state, it is unlikely that Congress will step into the controversy at this late juncture unless the delegation voices its approval.

"Obviously, what the delegation thinks is going to be very important to the ultimate outcome," said John Katz, special counsel to the

governor in Washington, D.C.

How the House appropriations panel will respond is uncertain. A deferral could raise some thorny questions, including whether the government would face any liability by blocking the oil companies' exercise of their leases.

Among the subcommittee's nine members are Washington Rep. Norm Dicks and Oregon Rep. Les AuCoin. Both Democrats have large constituencies involved in Bristol Bay fishing and both were lobbied earlier this month by members of United Fishermen of Alaska, which represents commercial fishermen in all three states.

However, the full appropriations committee is nearly evenly divided over off-

shore oil development. In earlier sessions in which the committee has looked at offshore oil development, it has declined to impose a moratorium for Bristol Bay even though it did so for waters off California and Florida.

Katz conceded that the state's best hope for stopping the Bristol Bay development is for the Congress to step in, even though a final appeal to the Supreme Court is being prepared.

"The Bristol Bay bids have been opened," Katz said Tuesday. "For that reason, we've felt that if there is any solace short of a judicial remedy, it would have to come from the Congress."

"We've made our views known to the Bush administration," Katz added.

Testimony by Gordon E. Evans
On Behalf of Shell Western E&P Inc.
On Senate Joint Resolution No. 11 and HJR 32 am

Before Alaska Senate Oil & Gas Committee

~~March 31~~, 1989

April 3

Madam Chair, Members of the Senate Oil & Gas Committee:

My name is Gordon Evans and I am here today representing Shell Western E&P Inc. (SWEPI), one of the successful bidders last October in the OCS Sale 92 for the North Aleutian Basin, in the seaward reaches of Bristol Bay. SWEPI appreciates the opportunity to present its views in opposition to Senate Joint Resolution No. 11.

Senate Joint Resolution No. 11 has two stated purposes: first, it states the Legislature's support for the administrative and legal efforts of the Governor to stop or postpone oil and gas leasing in Bristol Bay and the North Aleutian Basin; and secondly, it also takes the unusual and somewhat drastic step of requesting the Secretary of the Interior "to return the bids for Lease Sale 92 and cancel further plans for leasing in Bristol Bay and the North Aleutian Basin."

It is unfortunate, Madam Chair, that this hearing has been scheduled at this time in light of the regrettable accident of last week in Prince William Sound. It is difficult to draw comparisons between a carefully planned exploration program and an accidental tanker spill, but some people will take advantage of that unfortunate incident and try to equate the two.

SWEPI Testimony -- SJR11
Alaska Senate Oil & Gas Committee
March 31, 1989
Page 2

Let me assure you that the oil industry does appreciate the value of Alaska's marine resources, in the North Aleutian Basin as well as in Prince William Sound. Industry is also aware, having produced oil in Cook Inlet for over 25 years, that it has consistently demonstrated an admirable safety record in the production of petroleum in the Alaska offshore without detrimental effects on the marine environment.

SWEPI and the other successful bidders in Sale 92 were awarded their leases in Bristol Bay last fall after a very protracted period of environmental study and legal delays, and we look forward to a drilling program with a partner in the area next year. The potential environmental impact of the drilling of an exploratory well in no way can be compared to the type of accident in Prince William Sound. Over the years, our industry has drilled more than 9,000 exploratory wells in the U.S. OCS without any significant environmental incident -- and we look forward to the same experience next year in Bristol Bay.

However, as you probably know, the Governor's office and a coalition of environmental groups recently submitted testimony to the U.S. House Appropriations Subcommittee on Interior and

SWEPI Testimony -- SJR11
Alaska Senate Oil & Gas Committee
March 31, 1989
Page 3

Related Agencies seeking somewhat similar actions to those proposed by SJR 11. The allegations of SJR 11, and those presented by the Governor to the congressional subcommittee recently, regarding the alleged lack of information and the purported hazards associated with any oil and gas development activities in the Sale 92 area, are essentially the very same arguments which the State administration and the same environmental groups have been making, without success, in the Federal courts for the past three years. The Governor and the environmental groups, in effect, are attempting an end around on the courts, to relitigate in Congress issues which have been decided against them by the courts.

The fact is, Madam Chair, the arguments for further delay or for no exploration are simply unjustified. Leasing in Bristol Bay originally was proposed to take place in 1977 but sales were delayed or rescheduled for nearly 11 years because of various concerns expressed by the state and others. During that time the Department of Interior and the industry worked to satisfy those concerns. Interior continued to acquire additional environmental information, and it significantly reduced the size of the area available to be leased by about 83 percent -- so that the oil and gas activities would be restricted to the southwest

corner of Bristol Bay about 150 miles from its principal salmon fishing areas. A deep stratigraphic test well was drilled in the North Aleutian Basin over six years ago by ARCO Alaska Inc. on behalf of itself and other industry companies. In addition, thousands of miles of seismic surveys have been made in the sale area by various companies.

There is absolutely nothing in the record to indicate that oil and gas activities cannot be conducted safely in the North Aleutian Basin. To the contrary, the history of the petroleum industry in offshore areas such as the North Sea, the Gulf of Mexico, and, of course, in Alaska's Cook Inlet for the past 25 years, proves that oil and gas exploration and production can indeed be accomplished in harmony with the fishing industry and without harm to the area as long as there is cooperation, trust and understanding between all parties concerned.

In addition, Madam Chair, the state and the environmentalists have thoroughly litigated -- through two decisions from the U.S. District Court, two by the Court of Appeals, and one by the United States Supreme Court -- their claims that the Department of Interior was proceeding without adequate information.

As we are all aware, last fall the Ninth Circuit Court of Appeals upheld the District Court's ruling that Interior had fully complied with NEPA, with the OCS Lands Act, and with the Endangered Species Act in conducting its planning for the lease sale. Shortly thereafter, in October, the Department of Interior opened the bids and awarded the leases, with the successful bidders paying nearly \$100 million for the right to proceed with their exploration plans in accordance with the terms of the OCS Lands Act.

That brings me to my next point. The proponents of SJR 11, Madam Chair, have ignored the possible consequences of the action requested by the resolution. The action sought by SJR 11 could place the Secretary of the Interior in a position between a legal "rock and a hard place". It asks the Secretary to do something -- return the bids for Lease Sale 92 -- which we contend he cannot do now without violating existing law governing OCS oil and gas exploratory drilling activities and/or breaching the contractual rights of the successful bidders, as well.

The rights of an OCS lessee are determined by the statutes and regulations in effect at the time the government issues a lease. In the case of Sale 92, one of those statutory rights was the guarantee provided by the OCS Lands Act, as amended in 1978 after four years of hearings, reports and

SWEPI Testimony -- SJR11
Alaska Senate Oil & Gas Committee
March 31, 1989
Page 6

debates, which states very explicitly that the Secretary shall review and act upon an exploration plan "within 30 days of its submission". If the Secretary fails to act within that time frame, whether by his own act or inaction or by congressional directive, as urged by the Governor and the environmentalist groups, the delay in the right to explore is a breach of the contractual rights of the lessees or, alternatively, an unlawful taking of their property rights.

Thus, because the leases have been awarded, the Secretary could not comply with SJR 11's request to return the bids for Sale 92 without clearly violating the OCS Lands Act, and he could possibly be exposing the United States to substantial damages. Remember, the North Aleutian Basin lessees paid nearly \$100 million for those property rights.

In conclusion, Madam Chair, the industry is committed to working with all other parties concerned -- the state and federal agencies, the communities and residents of the Bristol Bay region, the fishermen, and environmental groups -- to conduct prudent and orderly development of the state's Outer Continental Shelf oil and gas resources in an environmentally acceptable manner. We urge you to reject SJR 11 as being counterproductive to that cooperative effort. Thank you.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SCSHJR32(O&G)
PUBLISH DATE: 4/3/89

FISCAL NOTE

REQUEST: _____

REVISION DATE: _____

TITLE: Relating to oil and gas
drilling on the North Aleutian Basin

SPONSOR: House Rules

REQUESTOR: _____

AGENCY: _____

BRU: _____

COMPONENTS: _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERS. SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND/BUILD.	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS/CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS:

PREPARED BY: _____

Senator Drue Pearce
Senator Drue Pearce, Chair
Senate Special Committee on Oil and Gas

DATE: April 3, 1989

PHONE No.: 465-4993

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE SENATE SPECIAL
COMMITTEE ON OIL AND GAS

2 SENATE CS FOR HOUSE JOINT RESOLUTION NO. 32 (O&G)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Relating to oil and gas drilling on
6 the North Aleutian Basin Outer
7 Continental Shelf.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 WHEREAS the state fully supports the prudent and orderly development
10 of the state's outer continental shelf oil and gas resources in an environ-
11 mentally acceptable manner; and

12 WHEREAS the state has been very responsive to the nation's need to
13 decrease its dependence on foreign oil; and

14 WHEREAS there are presently 10 Alaskan planning areas on the Federal
15 Outer Continental Shelf leasing schedule, encompassing approximately
16 480,000,000 acres; and

17 WHEREAS, with the exception of the North Aleutian Basin, the state has
18 not requested a ban or moratorium on oil and gas leasing and drilling on
19 any of Alaska's outer continental shelf planning areas; and

20 WHEREAS the North Aleutian Basin lease sale area has relatively low
21 hydrocarbon potential; and

22 WHEREAS over 1,300,000 marine mammals inhabit or migrate through the
23 North Aleutian Basin area; and

24 WHEREAS virtually the entire world's population of black brant and
25 emperor geese stage in nearby coastal areas during the fall migration;
26 and

27 WHEREAS an annual average of 45,000,000 to 60,000,000 adult salmon
28 have migrated through the North Aleutian Basin each year since 1978; and

29 WHEREAS domestic Bristol Bay fisheries have an average wholesale value

1 of \$250,000,000 and employ over 10,000 people annually; and

2 WHEREAS the Bristol Bay area coastal habitats and fish and wildlife
3 resources are highly vulnerable to oil spill damage and disturbance; and

4 WHEREAS, the Alaska rural population depends heavily on commercial and
5 subsistence use of these fish and wildlife resources; and

6 WHEREAS significant gaps exist in understanding the distribution,
7 abundance, and population dynamics associated with many of these renewable
8 resources; and

9 WHEREAS industry has failed in its efforts to contain or control the
10 catastrophic oil spill in Prince William Sound even under favorable meteo-
11 logical and oceanographic conditions; and

12 WHEREAS industry has not demonstrated the ability to adequately con-
13 tain and clean up oil spills under the extreme meteorological and ocean-
14 ographic conditions common in Bristol Bay; and

15 WHEREAS the people of the state, acting through their duly elected
16 representatives, have delayed oil and gas leasing in adjacent state waters;
17 and

18 WHEREAS by delaying leasing in state waters and delaying drilling in
19 federal waters in the Bristol Bay area, the opportunity exists to gain
20 additional knowledge and develop additional technologies that will protect
21 fish and wildlife resources in the presence of oil and gas activities, and
22 further assess potential impacts to these resources from the presence of
23 oil and gas activities; and

24 WHEREAS, given the facts stated above, it is not in the nation's or
25 the state's best interest to permit drilling in the North Aleutian Basin at
26 this time;

27 BE IT RESOLVED that the Alaska State Legislature respectfully requests
28 the Secretary of the United States Department of the Interior to suspend
29 and reevaluate the approval or permitting of any drilling, exploration

1 activity, or other development on the North Aleutian Basin Outer Conti-
2 nental Shelf; and be it

3 FURTHER RESOLVED that the legislature requests the President to sus-
4 pend Lease Sale 92 and to include oil and gas leasing in Bristol Bay and
5 the North Aleutian Basin to the work assigned to the President's Special
6 Task Force set up to measure the potential for environmental damage in the
7 offshore areas of California and Florida; and be it

8 FURTHER RESOLVED that the legislature respectfully requests the Con-
9 gress of the United States to prohibit the expenditure by the Department of
10 the Interior of any money for the conduct of leasing or the approval of
11 permitting of any drilling or other exploration activity on the North
12 Aleutian Basin Outer Continental Shelf at this time.

13 COPIES of this resolution shall be sent to the Honorable George Bush,
14 President of the United States; the Honorable Dan Quayle, Vice-President of
15 the United States and President of the United States Senate; the Honorable
16 Robert C. Byrd, President Pro Tem of the United States Senate; the Honor-
17 able Jim Wright, Speaker of the United States House of Representatives; the
18 Honorable Manuel Lujan, Secretary of the Interior; the Honorable James D.
19 Watkins, Secretary of Energy; the Honorable Richard G. Darman, Director,
20 Office of Management and Budget; the Honorable William K. Reilly, Director,
21 Environmental Protection Administration; William E. Evans, Administrator,
22 National Oceanic and Atmospheric Administration; and Robert E. Kallman,
23 Director, Minerals Management Service; and to the Honorable Ted Stevens and
24 the Honorable Frank Murkowski, United States Senators, and the Honorable
25 Don Young, United States Representative, members of the Alaska delegation
26 in Congress.
27
28
29

AMENDMENT

TO: HJR 32

by Senator Pearce

Page 2, delete lines 25-29 and insert:

"BE IT RESOLVED that the Alaska State Legislature respectfully requests the Secretary of the United States Department of the Interior to suspend and reevaluate the approval or permitting of any drilling, exploration activity, or other development on the North Aleutian Basin Outer Continental Shelf; and be it"

Page 3, line 1:

FURTHER RESOLVED that the Legislature requests the President to suspend Lease Sale 92 and to include oil and gas leasing in Bristol Bay and the North Aleutian Basin to the work assigned to his Special Task Force set up to measure the potential for environmental damage in the offshore areas of California and Florida; and be it"

4/3/89

PRESIDENTIAL ADVISORY TASK FORCE
ON OCS LEASING

Members:

Secretary, Department of Interior
Secretary, Department of Energy
Director, Office of Management and Budget
Director, Environmental Protection Administration
Director, National Oceanographic and Atmospheric
Administration

Chairman: Secretary Lujan, Department of Interior

Executive Director: To be announced

Scientific Staff Support: to be provided by
National Academy of Science

generation of students a special incentive to excel in science and mathematics;

- the expanded use of magnet schools, which give families and students greater choice;
- and a new program to encourage "alternative certification," which will let talented people from all fields teach in the classroom.

I have said I would like to be "the Education President." Tonight, I ask you to join me by becoming "the Education Congress."

Just last week, as I settled into this new office, I received a letter from a mother in Pennsylvania who had been struck by my message in the Inaugural Address. "Not 12 hours before," she wrote, "my husband and I received word that our son was addicted to cocaine. He had the world at his feet. Bright, gifted, personable, he could have done anything with his life. Now he has chosen cocaine."

"Please," she wrote, "find a way to curb the supply of cocaine. Get tough with the pushers. Our son needs your help."

My friends, that voice crying out for help could be the voice of your own neighbor. Your own friend. Your own son. Over 23 million Americans used illegal drugs last year—at a staggering cost to our Nation's well-being.

Let this be recorded as the time when America rose up and said "no" to drugs. The scourge of drugs must be stopped.

I am asking tonight for an increase of almost a billion dollars in budget outlays to escalate the war against drugs. The war will be waged on all fronts.

Our new "drug czar," Bill Bennett, and I will be shoulder-to-shoulder, leading the charge.

Some money will be used to expand treatment to the poor and to young mothers. This will offer the helping hand to the many innocent victims of drugs—like the thousands of babies born addicted, or with AIDS, because of the mother's addiction.

Some will be used to cut the waiting time for treatment.

Some money will be devoted to those urban schools where the emergency is now the worst. And much of it will be used to protect our borders, with help from the Coast Guard, the Customs Service, the Departments of State and Justice, and, yes, the U.S. military.

I mean to get tough on the drug criminals. Let me be clear: This President will back up those who put their lives on the line every day—our local police officers.

My budget asks for beefed-up prosecution, for a new attack on organized crime, and for enforcement of tough sentences—and for the worst kingpins, that means the death penalty.

I also want to make sure that when a drug dealer is convicted, there is a cell waiting for him. He should not go free because prisons are too full.

Let the word go out: If you are caught and convicted, you will do time.

But for all we do in law enforcement, in interdiction and treatment, we will never win this war on drugs unless we stop demand for drugs.

So some of this increase will be used to educate the young about the dangers of drugs. We must involve parents. We must involve teachers. We must involve communities. And my friends, we must involve ourselves.

One problem related to drug use demands our urgent attention and our continuing compassion. That is the terrible tragedy of AIDS.

I am asking for \$1.6 billion for education to prevent the disease—and for research to find a cure.

If we are to protect our future, we need a new attitude about the environment.

We must protect the air we breathe.

I will send to you shortly legislation for a new, more effective Clean Air Act. It will include a plan to reduce, by date certain, the emissions that cause acid rain—because the time for study alone has passed, and the time for action is now.

We must make use of clean coal. My budget contains full funding, on schedule, for the clean coal technology agreement we have made with Canada. We intend to honor that agreement.

We must not neglect our parks. So I am asking to fund new acquisitions under the land and water conservation fund.

We must protect our oceans. I support new penalties against those who would dump medical waste and other trash in the oceans. The age of the needle on the beach must end.

In some cases, the gulfs and oceans off our shores hold the promise of oil and gas reserves that can make our Nation more secure and less dependent on foreign oil. When those with the most promise can be tapped safely, as with much of the Alaska National Wildlife Refuge, we should proceed. But we must use caution, and we must respect the environment.

So tonight I am calling for the indefinite postponement of three lease sales that have raised troubling questions—two off the coast of California and one that could threaten the Everglades in Florida.

Action on these three lease sales will await the conclusions of a special task force set up to measure the potential for environmental damage.

I am directing the Attorney General and the Administrator of the Environmental Protection Agency to use every tool at their disposal to speed and toughen the enforcement of our laws against toxic-waste dumpers. I want faster cleanups and tougher enforcement of penalties against polluters.

In addition to caring for our future, we must care for those around us. A decent society shows compassion for the young, the elderly, the vulnerable, and the poor.

Our first obligation is to the most vulnerable—infants, poor mothers, children living in poverty—and my proposed budget recognizes this. I ask for full funding of Medicaid—an increase of over \$3 billion—and an expansion of the program to include coverage of pregnant women who are near the poverty line.

I believe we should help working families cope with the burden of child care.

Our help should be aimed at those who need it most—low-income families with young children. I support a new child care tax credit that will aim our efforts at exactly those families—with-out discriminating against mothers who choose to stay at home.

Now, I know there are competing proposals. But remember this: The overwhelming majority of all preschool child care is now provided by relatives and neighbors, churches and community groups. Families who choose these options should remain eligible for help. Parents should have choice.

And for those children who are unwanted or abused, or whose parents are deceased, we should encourage adoption. I propose to reenact the tax deduction for adoption expenses and to double it to \$3,000. Let us make it easier for those kids to have parents who love them.

We have a moral contract with our senior citizens. In this budget, Social Security is fully funded, including a full cost-of-living adjustment. We must honor our contract.

We must care about those in "the shadows of life," and I, like many Americans, am deeply troubled by the plight of the homeless. The causes of homelessness are many, the history is long, but the moral imperative to act is clear.

Thanks to the deep well of generosity in this great land, many organizations already contribute. But we in government cannot stand on the sidelines. In my budget, I ask for greater support for emergency food and shelter, for health services and measures to prevent substance abuse, and for clinics for the mentally ill—and I propose a new initiative involving the full range of Government agencies. We must confront this national shame.

There is another issue I decided to mention here tonight. I have long believed that the people of Puerto Rico should have the right to determine their own political future. Personally, I favor statehood. But I ask the Congress to take the necessary steps to let the people decide in a referendum.

Certain problems, the result of decades of unwise practices, threaten the health and security of our people. Left unattended, they will only get worse—but we can act now to put them behind us.

Earlier this week, I announced my support for a plan to restore the financial and moral integrity of our savings



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER FOR SJR 11: SUPPORTING EFFORTS TO STOP OR POSTPONE OCS OIL AND GAS LEASES IN BRISTOL BAY AND THE NORTH ALEUTIAN BASIN

The Alaska Environmental Lobby strongly supports SJR 11 due to the national and international significance of Bristol Bay and the North Aleutian Basin for fish and wildlife resources and the insignificance of the area for oil and gas production as evidenced by the following:

The first wholesale value of the fishery, employing 10,000 people, may exceed one billion dollars annually. These areas support the world's largest sockeye salmon fishery, a world class herring fishery, and major components of the king and tanner crab and groundfish resources.

The benefits of area hydrocarbon resources are among the lowest of all the OCS planning areas. In 1985, the Department of the Interior ranked it 14th out of the Nation's 18 OCS planning areas in terms of the net economic value of recoverable hydrocarbon resources.

According to the National Marine Fisheries Service, the Basin is the single most important region of the U. S. Outer Continental Shelf for the conservation of marine mammals, endangered species, and protection and management of fisheries resources. Over one million marine mammals, including the entire world population of northern fur seals and Pacific grey whales, inhabit or migrate through the area. The world's population of black brant and emperor geese stage in the area in the fall; 45-100 million salmon annually migrate through the area.

Potential risks to these fish and wildlife populations are extremely high. Oil spill cleanup technologies are unproven and ineffective as the social, economic, and environmental disaster of Prince William Sound oil spill clearly demonstrates.

--According to the Sale 92 EIS, there is a 52-57% probability that one or more spills exceeding 1000 barrels of oil will occur over the productive life of the leases.

--The Governor's risk analysis estimates a discounted gross economic loss based on first wholesale values to be approximately 563.6 million dollars. The EIS projects major effects to red king crab and impacts to tanner crab, salmon, herring, and groundfish.

--The Department of the Interior has found that mechanical recovery of spilled oil at sea becomes ineffective between sea states 3 and 4, which occur 68-94% of the time in Sale 92 area.

The AEL recognizes that leasing, at this time, is not a wise resource management decision considering the significance of the resources at risk and our unproven ability to protect them. The Lobby believes that national energy needs can be effectively met through energy conservation measures alleviating the need to drill in sensitive areas.

Becky Achten 3-20-89

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB
KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
KNIK KANGERS AND KAYAKERS

STATEMENT OF TOM COOK
FOR CHEVRON U.S.A. INC
ON SENATE JOINT RESOLUTION NO. 11 *and HJR 52*
BEFORE THE SENATE OIL AND GAS COMMITTEE
IN THE SIXTEENTH LEGISLATURE
OF THE STATE OF ALASKA

April 3, 1989
Juneau, Alaska

Good morning Madam Chair and members of the Committee. My name is Tom Cook and I am employed by Chevron U.S.A. Inc. as Exploration Representative for Alaska in Anchorage, Alaska. I appreciate this opportunity to testify in opposition to Senate Joint Resolution No. 11 which seeks to stop or postpone leasing in the North Aleutian Basin and asks the Secretary of the Interior to cancel existing leases and plans for future leasing in the North Aleutian Basin.

I realize it is difficult to keep the impact of various petroleum operations in perspective in the aftermath of the massive oil spill in Prince William Sound, but I urge you to keep in mind that the spill was a marine transportation accident, apparently caused by gross human error. The record clearly shows that the vast majority of oil spills are related to marine transportation and those types of spills tend to be much larger than other spills.

By way of background, chevron, along with its partners and other firms in the oil industry, acquired leases in OCS Sale 92 for the North Aleutian Basin in October 1988 after protracted litigation which lasted over two and a half years. OCS Sale 92 was scheduled for January 15, 1986, but legal challenges by the State of Alaska and others delayed the opening of bids and awarding of

leases until October 11, 1988. This delay and extensive review of Sale 92 by the U.S. Courts is in actuality only a small part of the delay in the leasing and exploration of the North Aleutian Basin.

The North Aleutian Basin was among the earliest of all OCS sales planned for the Alaska Outer Continental Shelf. Plans for leasing in this area were first announced in November of 1974 and the first sale was planned for 1977. Previously planned sales were repeatedly delayed and rescheduled because of concerns expressed by the State of Alaska. During this period of over 10 years leading to the Final Notice of Sale 92 in December 1985, there was extensive consultation between the State of Alaska and the U.S. Department of the Interior. Also, during the period leading to the scheduling of Sale 92, there were voluminous studies and numerous research programs undertaken to address the concerns expressed by the State and others opposed to leasing in the area. In fact, there was near total accommodation and compromise by the Department of the Interior of the concerns expressed by the State. The North Aleutian Basin Planning Area, consisting of 32.5 million acres and 5,947 blocks of an average of 5,465 acres each, could have been offered under the area-wide leasing program. Instead, the lease offering was reduced by approximately 83 percent and only 5.6 million acres of the 32.5 million acre Planning Area was offered in Sale 92. Of the 990 blocks representing about 5.6 million acres, only 23 blocks accounting for 121,754 acres were ultimately leased after all the years of delay, compromise, and litigation.

These 23 leases, shown on the map attached to my statement, represent only about 0.4 percent of the North Aleutian Basin Planning Area. The leases involve 5 prospects in a relatively small, concentrated area ranging from 15 to 58 miles from the nearest part of the Aleutian Peninsula.

Our interpretation of geological and geophysical data leads us to believe that the major area of interest is the Bidarka Prospect which is shown on the attached map. This assessment is reinforced by bidding patterns which show that this prospect received \$69.5 million in high bids of total high bids of about \$95.5 million for the 5 prospects. Because this single structure is regarded as the key to establishing commercial production in the Sale 92 area, only limited exploratory drilling will be required to evaluate the area.

In fact, we have proposed the drilling of a single initial exploratory well in partnership with the other lessees. This joint venture could reduce initial drilling to one well. If that initial well should result in a discovery or prove encouraging enough to warrant further drilling, the additional exploration could also be undertaken jointly to minimize impact in the area. If the initial well is discouraging, we believe it is unlikely that additional exploratory drilling will occur in the foreseeable future.

This background brings me to several points which I hope your committee will consider before requesting that the opportunity for exploration and possible development in the North Aleutian Basin be prohibited or further delayed.

1. The petroleum industry has long operated and produced petroleum in many sensitive marine areas world-wide. These include the North Sea, the Gulf of Mexico, offshore California, and here in the Cook Inlet of Alaska. In all of these areas, petroleum exploration and development have proven to be compatible with thriving commercial and sport fisheries. Here in Alaska the industry has over twenty-five years of experience in upper Cook Inlet, which demonstrates the compatibility of petroleum development with commercial and sports fisheries.
2. The industry has demonstrated its capability to conduct exploratory drilling safely in areas of the Bering Sea with similar or more severe environmental conditions. Eighteen exploratory wells have been drilled in the Bering Sea using semi-submersible rigs of the type suitable for drilling in the North Aleutian Basin; eight of these wells were drilled in the St. George Basin just west of the Sale 92 area and ten wells were drilled in the remote and hostile Navarin Basin. Tens of thousands of wells have been drilled all over the world using jack-up drill rigs, drillships, and semi-submersible drilling vessels without significant benefits to society in terms of energy supply, jobs, and economic security.
3. One deep stratigraphic test well (C.O.S.T. well) has been drilled by ARCO Alaska, Inc. in the North Aleutian Basin on behalf of ARCO and 18 partners. This well was drilled off-structure for geological and geophysical information and not for discovery of oil or gas. The well was plugged and

abandoned on January 14, 1983. The drilling of a deep stratigraphic test well is the same kind of operation involved in drilling for the discovery of oil and gas. This well and the thousands of miles of seismic surveys show that operations can be conducted without harm to the area.

4. The North Aleutian Basin has significant petroleum potential. Furthermore, if petroleum is discovered in sufficient quantities, development will be possible from an economic, technical and environmental standpoint. The North Aleutian Basin is one of Alaska's most promising unexplored areas. In our judgment, the North Aleutian Basin and the Arctic National Wildlife Refuge coastal plain are the most promising areas for the next phase of frontier exploration in Alaska.
5. Before bidding in Sale 92, Chevron and several other companies participated in a study of the feasibility of petroleum development in the North Aleutian Basin. If petroleum should be discovered in commercial quantities, our studies demonstrate that transportation would be by buried marine pipeline to a point on the north side of the Alaska Peninsula. Production would then be transported across the Peninsula by pipeline to a terminal on the Pacific side of the Peninsula for tanker movement to market. In other words, tanker transportation would not be required on the waters of Bristol Bay.

I will close my statement with a few comments about Chevron's experience with the Kodiak Island community and its fishermen. When OCS leasing was first proposed for the waters around Kodiak Island in the mid-to-late 1970's, there was a great deal of concern and, in some case, hostility toward any thought of petroleum exploration and potential development. The community had little experience with exploration and what they had wasn't too good. Seismic survey vessels conducting exploration on the Kodiak Shelf and in the Shelikof Strait occasionally destroyed valuable crab fishing gear and our seismic operations were sometimes perceived to impair important fisheries.

As we participated in the pre-sale hearing process which led to OCS Sale 60 in September 29, 1981, we were faced with many questions from the community. We learned from the process. We learned that it was important to work with the local community and see that legitimate concerns and complaints were addressed. Chevron was a leader in forming the Oil/Fisheries Group of Alaska which became a useful forum for resolving conflicts and communicating industry-to-industry.

Through this organization and our direct efforts with fishermen and community leaders, we were able to resolve conflicts. We educated ourselves about their fisheries. We learned where they fished, how they fished, and most importantly how to avoid damage to their gear. And, if we did inadvertently damage their gear, we made restitution. We took into account the seasonal nature of the fisheries and scheduled our operations accordingly, which also helped avoid conflict.

After acquiring a few leases in Sale 60, we proceeded with plans for an exploratory well in Shelikof Strait. After much dialogue and planning with the Kodiak community, we drilled our well. But we worked with the fishermen in planning and conducting the operation. Corridors were established for our support vessels after consultation with fishermen to avoid conflict with commercial fishing and fixed gear. Fishermen were provided with the location of our anchor chains so that fishing gear wouldn't be lost. Communications between our drilling vessel and their fishing boats were established which meant that current weather and sea conditions were widely known.

Although our well did not result in a discovery, it was a success in terms of working with a community which is vitally concerned with protecting its fishing industry.

As I said earlier, we initially faced a great deal of opposition in the Kodiak area, especially from the fishermen. But we met with them, listened to their concerns and really tried to understand their concerns and perspective.

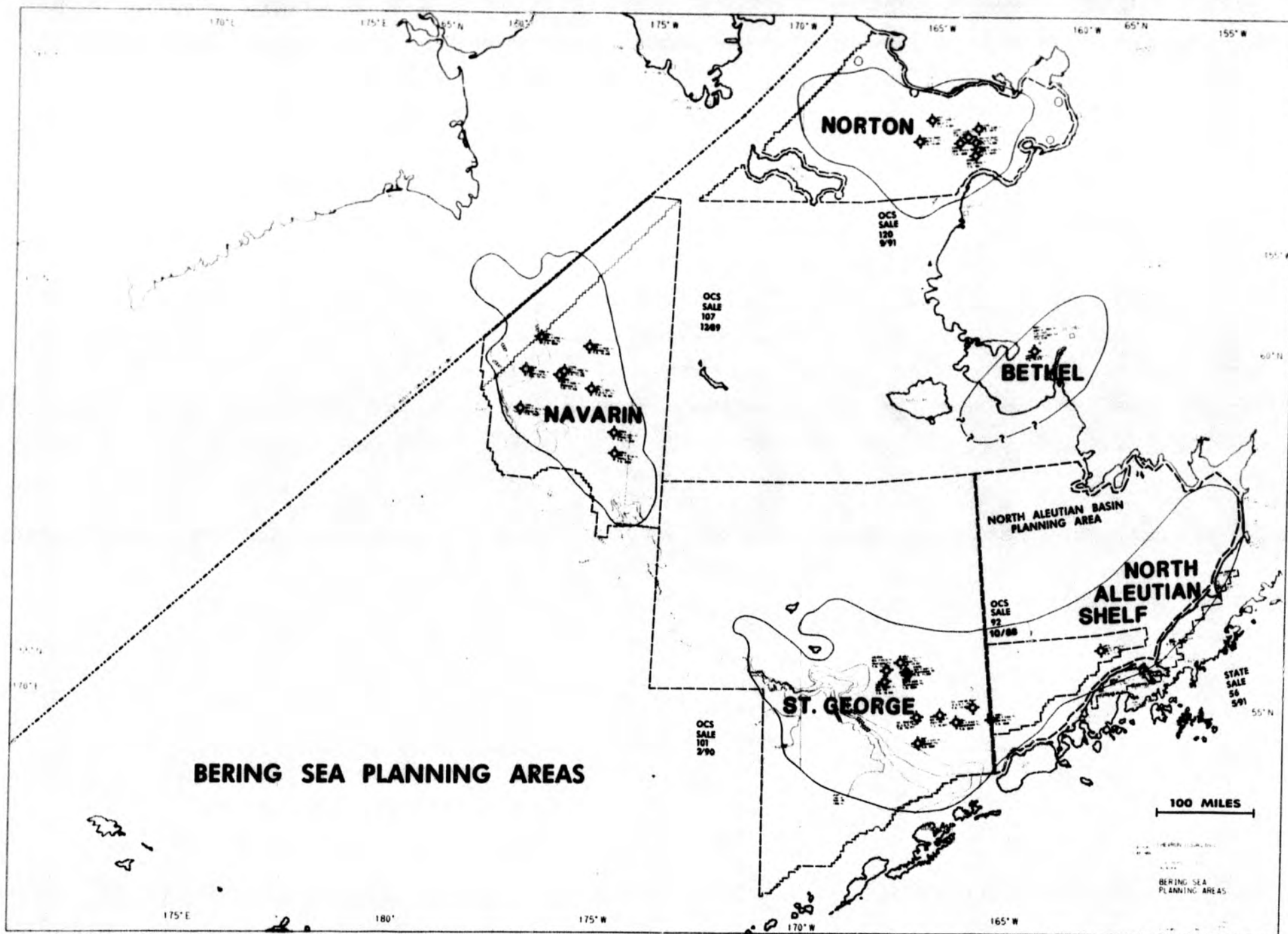
It took some time and a lot of talking, but eventually, we found a way for both groups to work together. We developed an understanding that set general operating guidelines for us and for them. We even developed a unique manual that explains the technology and operations of both groups.

We are committed to working with communities in the Bristol Bay region just as we did in Kodiak. We have had some initial communications with the communities in the Bristol Bay region concern-

ing our plans in the Sale 92 area and intend to work with fishermen and community leaders to see that petroleum exploration in the North Aleutian Basin is conducted in a responsible manner.

I respectfully ask that you do not pass Senate Joint Resolution No. 11. If our efforts are successful in finding new reserves, the Bristol Bay region and the State will have an improved economy and the nation will benefit from increased domestic sources of energy.

Thank you. I'll be happy to respond to your questions.



N. ALEUTIAN SHELF, Alaska
O.C.S. SALE 92 RESULTS
OCTOBER 11, 1988

NO 3-7 NO 3-8

NO 3-8 NO 4-7

NO
3-7
NN
3-1

NO
4-7
NN
4-1

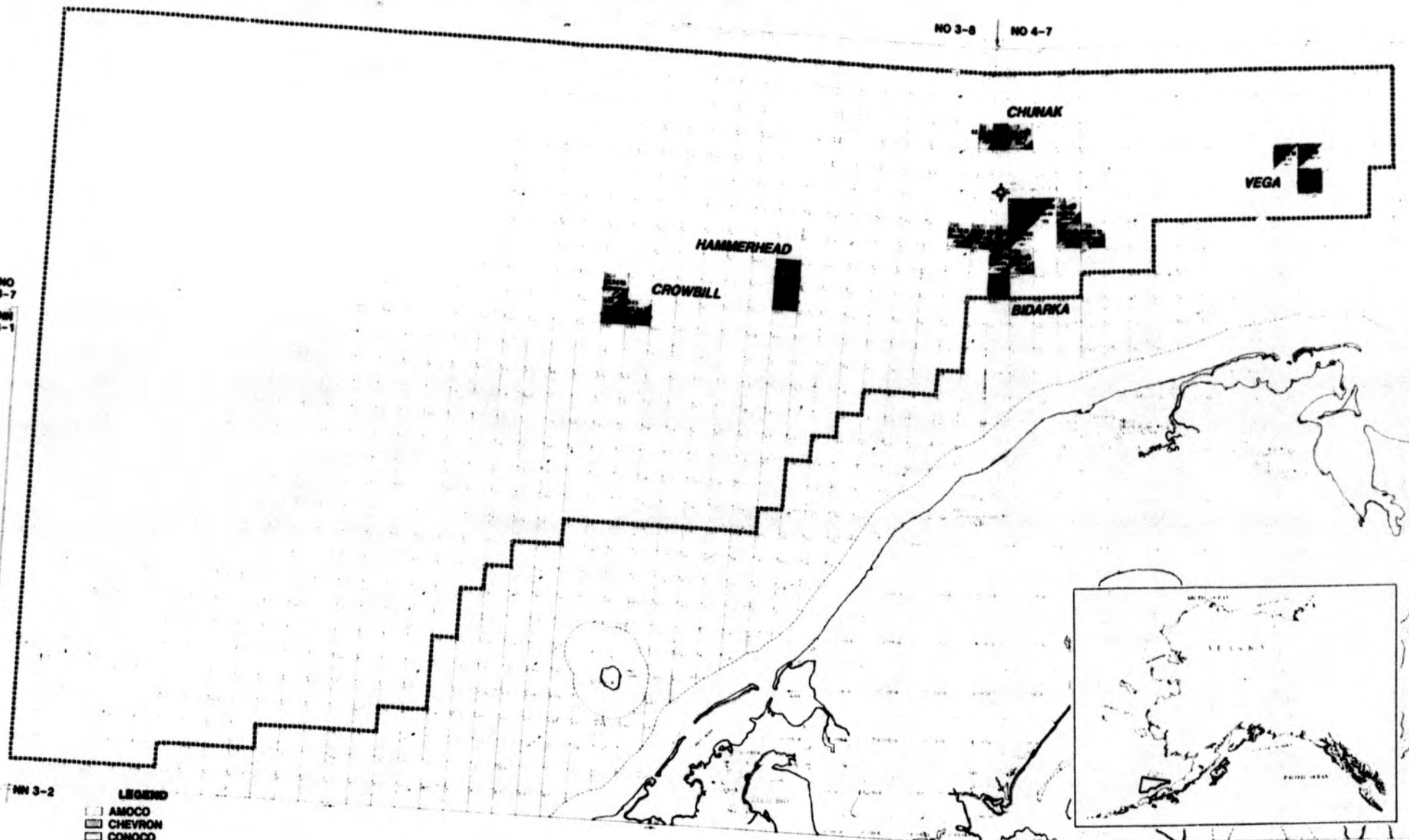
NN
3-1 NN 3-2

LEGEND
 AMOCO
 CHEVRON
 CONOCO
 MOBIL
 MURPHY-ODECO
 PENNZOIL
 SHELL
 UNOCAL

NN 3-2 NN 4-1

1"=16,000'

NOTE: Lease interests reflect all assignments made immediately after sale.





Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER HJR 32 RELATING TO OIL AND GAS DRILLING ON NORTH ALEUTIAN BASIN OUTER CONTINENTAL SHELF

The Alaska Environmental Lobby strongly supports HJR 32 due to the national and international significance of the area for fish and wildlife resources as evidenced by the following:

The North Aleutian Basin fishery is among the most productive in the world. The first wholesale value of the fishery, which employs 10,000 people, can exceed one billion dollars annually.

The benefits of the North Aleutian Basin hydrocarbon resources are among the lowest of all the OCS planning areas. In 1985, the Department of the Interior ranked it 14th out of the Nation's 18 OCS planning areas in terms of the net economic value of recoverable hydrocarbon resources.

According to the National Marine Fisheries Service, the Basin is the single most important region of the U. S. Outer Continental Shelf for the conservation of marine mammals, endangered species, and protection and management of fisheries resources. Over one million marine mammals inhabit or migrate through the area. The world's population of black brant and emperor geese stage in the area in the fall; 45-60 million salmon annually migrate through the area.

Potential risks to these fish and wildlife populations are high given the ineffectiveness of oil spill cleanup technologies in high sea states such as found in the North Aleutian Basin.

According to the Sale 92 EIS, there is a 52-57% probability that one or more spills exceeding 1000 barrels of oil will occur over the productive life of the leases.

The Governor's risk analysis estimates a discounted gross economic loss based on first wholesale values to be approximately \$63.6 million dollars. The EIS projects major effects to the red king crab population and other impacts to tanner crab, salmon, herring, and groundfish.

The Department of the Interior has found that mechanical recovery of spilled oil at sea becomes ineffective between sea states 3 and 4. Sea states of 3 or greater occur from 68 to 94% of the time in the Ale 92 area.

The Alaska Environmental Lobby recognizes that leasing, at this time, is not a wise resource management decision considering the significance of the resources at risk and our unproven ability to protect them. In addition, the Lobby believes that national energy needs can be effectively met through energy conservation measures which may alleviate the need to drill in sensitive areas.

Becky Achten
3-20-89



MAR 14 1989

Coastal Resource Service Area

P.O. Box 849, Dillingham, Alaska 99576

(907) 842-2666—842-2667

March 8, 1989

**Representative George Jacko
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811**

Dear Representative Jacko:

The Bristol Bay CRSA Board would like to thank you for your efforts to defeat the Kodiak annexation. Although HJR 23 did not pass, it has helped alert other legislators of the need to enact legislative changes to the process for annexation and borough formation in rural Alaska. With all the controversy over political boundaries these last two months, we only recently have had a chance to track other pending legislation important to the region and, therefore, would like to take this opportunity to apprise you of the CRSA Board's views on several key bills.

As you are probably aware, Governor Cowper and Senator Zharoff have introduced joint resolutions to delay any post-lease sale 92 activity in Bristol Bay. The Bristol Bay CRSA Board and the region have consistently advocated a delay of oil and gas exploration and development because of the major data gaps in biological information and the technological deficiencies for containing oil spills in conditions similar to Bristol Bay. In fact, the CRSA Board, among others, were co-plaintiffs in the state's lawsuit to block lease sale 92. We realize it will take a strong message from the legislature to convince the Alaska congressional delegation of the need to support, or at least remain neutral on, Governor Cowper's efforts to lobby congress on the merits of deferring any exploration and development on the North Aleutian Basin. Since there will undoubtedly be some resistance in Juneau to this resolution, we ask that you do everything within your means to ensure it's passage. The CRSA Board also remains committed to helping out with this effort and will do what we can by contacting other state and federal legislators as well as local organizations on this important issue. Enclosed is a copy of a resolution we introduced at the Bristol Bay Tribal Government Conference held last week which I understand was passed unanimously.

A bill that recently was brought to our attention is HB 99 relating to rents and royalties on state owned mining lands. We understand that several amendments have been proposed to HB 99 which may be acted on this week by the House Resources Committee. While mineral development has not been a major development issue in Bristol Bay to date, the region does possess several high potential areas and there has been increased exploration activity around the Iliamna Lake area. In addition, the Bristol Bay Area Plan includes approximately 13 million acres open to mineral entry and the coastal area by Togiak and selected beaches on the Alaska Peninsula identified as high potential areas for offshore mining. For these reasons, the CRSA Board strongly

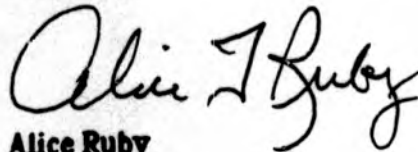
Bristol Bay CRSA
March 8, 1989
Page Two

recommends that HB 99 be amended to apply to offshore areas and, most importantly, include reclamation language.

Offshore mining is more than just a potential use of tide and submerged lands which are owned by the state. If the purpose of 6(i) of the Alaska Statehood Act is to ensure the state receives sufficient rents and royalties from mining activities on state lands then it would seem only appropriate to include offshore mining areas within the state's jurisdiction. Additionally, the royalties from mining activities should be based on gross income, similar to that on oil and gas leases, which would provide a more equitable return to the state. In regard to reclamation, the CRSA Board feels it is extremely important that HB 99 address this issue given the significant environmental impacts of mining on water quality and other resource uses. The state's current reclamation program does not provide adequate statutory authority to the ADNRR, ADFG and ADEC or the necessary coordination between these resource agencies to ensure sound reclamation practices are required and complied with. Because reclamation is such a complex and controversial issue, at a minimum, we feel HB 99 should mandate the ADNRR, ADFG and ADEC to cooperatively develop comprehensive regulations on reclamation and specify a timeframe in which this is to be accomplished.

Your consideration of the CRSA Board's position on HB 99 is appreciated.

Sincerely,



Alice Ruby
Chairperson
Bristol Bay CRSA Board

Encl:

STATUS OF STATE'S EFFORT TO DELAY
LEASING OF THE BRISTOL BAY AREA
March 16, 1989

I. ADMINISTRATIVE

1. An issue paper describing the State's position with regard to oil and gas leasing in the Bristol Bay region was delivered to Bush transition team. (Attachment I 1,2)
2. Governor's letter to President Bush requesting the addition of Alaska's Bristol Bay area to the OCS Task Force review called for in President Bush's budget speech. (Attachment I 1,2)
3. Subject of one-on-one conversation between Governor Cowper and Secretary Lujan during their March meeting.

II. LEGISLATIVE

1. Governor's letter to Chairman Yates of House Interior Appropriations Committee requesting deletion of funding for Bristol Bay development. (Attachment II 1)
2. The State's Washington Office has conveyed the State's position to House Interior Appropriations committee members over the past three weeks. Chairman Yates has communicated his support of the Governor's position.
3. The State's contacts with Representative Miller has resulted in budget report draft requiring Presidential Task Force to include Bristol Bay in its scope of review. (Attachment II 3)
4. Testimony before House Interior Appropriations by Natural Resources Defense Council stated that Section 19 of Outer Continental Shelf Lands Act does not provide adequate deference to views of governors of coastal states. (Attachment II 4)

III. JUDICIAL

1. The State recently appealed the Ninth Circuit Court of Appeals decision and sought rehearing. The Ninth Circuit Court has just advised the State of its decision against the rehearing plea. The Governor has stated his intention to appeal to the Supreme Court.

SUBMITTED BY: BRISTOL BAY COASTAL RESOURCE SERVICE AREA

Bristol Bay Tribal Government Conference

RESOLUTION NO. 89 - ----

Deferral of Oil and Gas Drilling on the North Aleutian Basin (Bristol Bay)

WHEREAS: The North Aleutian Basin is one of the most biologically productive offshore and nearshore areas in the world; and

WHEREAS: The Bristol Bay salmon run is the largest in the world and thousands of people depend on this fishery for their livelihood, and is an equally important subsistence resource for the region's residents; and

WHEREAS: The hydrocarbon potential in the North Aleutian Basin is relatively low but the risks to the fisheries and other biological resources high given the ineffectiveness of oil spill clean up technology in high sea states such as found in the North Aleutian Basin; and

WHEREAS: The Bristol Bay region has consistently expressed its support for a delay of oil and gas exploration and development to allow for additional biological studies and the time necessary to improve oil spill response technology; and

WHEREAS: Governor Cowper and Senator Zharoff have introduced to the Alaska State Legislature joint resolutions requesting the Department of Interior to defer for a reasonable amount of time any drilling, exploration activity, or other development on the North Aleutian Basin.

NOW THEREFORE BE IT RESOLVED that the Bristol Bay Tribal Government Conference delegates support a deferral of any oil and gas activity in the North Aleutian Basin and request the Alaska State Legislature to act favorably and expediently on the resolutions introduced by Governor Cowper and Senator Zharoff.

SIGNED: _____

Chairperson, Resolutions Committee, Bristol
Bristol Bay Tribal Government Conference

CERTIFICATION:

I hereby certify that the foregoing is a full, true, and correct copy of the resolution adopted by the delegates to the Bristol Bay Tribal Government Conference gathered on February 27, 28, and March 1, 1989 in Dillingham, Alaska.

Resolution 89 - 30 was unanimously adopted by a (voice or roll call vote
of: Yes ☒ No ☐ Abstain ☐

SIGNED: _____

Secretary



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 27, 1989

The Honorable George Bush
The President
The White House
Washington, DC 20500

Mr. President:

Thank you for the opportunity last week, on your stopover in Anchorage, to speak with you on some issues of concern to Alaska. As you know, we are very encouraged with your stance to promote the opening of the Arctic National Wildlife Refuge (ANWR) to responsible oil and gas leasing. The coastal plain of ANWR offers a prospect of substantial oil and gas recovery under adaptable environmental conditions.

On a related issue, I was heartened by your announcement that you have directed Secretary of the Interior Manuel Lujan to set up a task force to examine the environmental impact of proposed outer continental shelf (OCS) lease sales in three areas off the coasts of California and Florida. As you know, Alaska, too, has been seeking to postpone oil and gas exploration in the OCS, off Bristol Bay, an area we believe to be of far greater value for its fish and wildlife than for its hydrocarbon potential.

It is our understanding that your administration is in the process of focusing and shaping the task force's scope of review, and is evaluating whether it will limit the task force's attention to the three geographic areas highlighted in your speech. Since the group has been expanded to include the Environmental Protection Agency and possibly the National Oceanic and Atmospheric Administration, and since questions of both environmental and ocean resources impacts are at the heart of our concern for Bristol Bay, we respectfully request that consideration of the impacts of exploration in the area of Lease Sale 92, the Northern Aleutian Basin, be added to the scope of the review team.

In making this request we are aware that Bristol Bay is distinguishable from the other three OCS areas in that a lease sale already has occurred. Nevertheless, we believe the economic and biological reasons for postponing exploration, while we answer remaining questions, are as compelling as anywhere else in the country. As further elaboration on the risks at stake in Bristol Bay, I have

Mr. President

- 2 -

February 27, 1989

enclosed a copy of an issue paper which was provided to your transition team in January..

Alaska remains responsive to the nation's need to decrease its dependence on foreign oil, as evidenced by our efforts to open the coastal plain of ANWR, and fully supports the prudent and orderly development of the state's outer continental shelf in an environmentally acceptable manner. In Bristol Bay, however, we look for your consideration of deferring exploration in order to protect its exceptional commercial, subsistence, and esthetic fish and wildlife values.

Thank you for your consideration of this important matter.

Sincerely,



Steve Cowper
Governor

Enclosure

cc/enc: Richard G. Darman, Office of Management and Budget
James D. Watkins, Department of Energy
Manuel Lujan, Jr., Department of the Interior
Robert A. Mosbacher, Department of Commerce
William K. Reilly, Environmental Protection Agency
The Honorable Ted Stevens
The Honorable Frank Murkowski
The Honorable Don Young
Philip M. Smith, National Academy of Sciences

BRISTOL BAY OIL AND GAS LEASE SALE

ISSUE:

Should the Department of the Interior postpone exploration and development of Oil and Gas Leases in Bristol Bay (Sale 92)?

SUMMARY OF STATE POSITION:

The State of Alaska supports delay of oil and gas exploration in Bristol Bay because of the low hydrocarbon potential and extremely high fish and wildlife values.

BACKGROUND:

With the exception of Sale 92, the State of Alaska has strongly supported the federal OCS leasing program off Alaska. In 1985, the Governor of Alaska recommended to the Secretary of the Interior under Section 19 of the Outer Continental Shelf Lands Act (OCSLA) that Sale 92 be postponed for ten years. The Secretary rejected this recommendation and conducted the lease sale. The courts enjoined the Secretary from opening the bids received from the sale. In November, 1988, the Ninth Circuit Court of Appeals lifted the injunction. The Secretary of the Interior opened and awarded the bids soon thereafter. Exploration on some tracts could begin in 1989. The state is appealing this decision to the U.S. Supreme Court.

DISCUSSION OF STATE POSITION:

The State of Alaska supports a postponement of exploration and development in this area because of 1) the region's unequalled fish and wildlife values, 2) its low oil and gas potential, and 3) the reasonable expectation that risks will be significantly reduced by deferring activities.

Fish and Wildlife Values

- o The fisheries of the sale area are among the most productive in the world according to the sale 92 EIS. First wholesale value can exceed one billion dollars annually and employs 10,000 people.
- o According to the National Marine Fisheries Service, Alaska Region, the area is the single most important region of the U.S. Outer Continental Shelf for the conservation of marine mammals and endangered species and the protection and management of fishery resources.

Oil and Gas Benefits

- o The Department of the Interior estimates that the potential economic benefits of the North Aleutian Basin hydrocarbon resources are among the lowest of all the nation's OCS planning areas.
- o In 1985, the Department of the Interior ranked it 14 out of the nation's 18 OCS planning areas in terms of the estimated net economic value of recoverable hydrocarbon resources.

Risks of Exploration and Development

- o 52- 57% probability that one or more spills exceeding 1,000 barrels of oil will occur over the productive life of the leases, according to Sale 92 EIS.
- o EIS projects major effects to the red king crab population, as well as less serious impacts to tanner crab, salmon, herring, and groundfish. We estimate the discounted gross economic loss based on the first wholesale values to be approximately 563.6 million dollars.
- o The Department of the Interior has found that mechanical recovery of spilled oil at sea becomes ineffective between sea states three and four. In the Sale 92 area, sea states of three or greater occur from 68 to 94 percent of the time.

Deferral will Reduce Risks

- o Deferral will enable important environmental information to be obtained.
- o Deferral will allow improvements in open-ocean oilspill cleanup capabilities.
- o Deferral will allow the industry to obtain additional operating experience in other less sensitive areas of the Bering Sea.

February 6, 1989

The Honorable Sidney R. Yates
Chairman
House Subcommittee on Interior and
Related Agencies
308 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I am writing to request your assistance in imposing a deferral on oil and gas exploration in Bristol Bay (the Sale 92 area). The Secretary of the Interior awarded these leases in the Fall of 1988. A deferral similar to the one which your committee crafted last year for the lease sale off Florida would allow time for needed research to be completed.

As you know, the State of Alaska has consistently opposed the development of oil and gas in this area. This is the only area in the five year plan where the State has opposed development. We recommend postponing exploration and development in Bristol Bay because of 1) the region's unequalled fish and wildlife values, 2) its low oil and gas potential, and 3) the reasonable expectation that risks will be significantly reduced by deferring activities.

The fisheries of the sale area are among the most productive in the world according to the Environmental Impact Statement prepared by the Department of the Interior. The first wholesale value of the commercial fisheries can exceed one billion dollars annually, and the fishery employs 10,000 people, either directly or indirectly. According to the National Marine Fisheries Service, Alaska Region, the area is the single most important region of the U.S. Outer Continental Shelf for the conservation of marine mammals and endangered species and the protection and management of fishery resources.

In contrast, the Department of the Interior estimates that the potential economic benefits of the area's hydrocarbon resources are among the lowest of all the nation's OCS planning areas. In 1985, the Department of the Interior ranked it 14 out of the nation's 18 OCS planning areas in

February 6, 1989

terms of the estimated net economic value of recoverable hydrocarbon resources.

With regard to the risks of development in the area, the EIS estimated that there was a greater than 50% probability that one or more spills exceeding 1,000 barrels of oil would occur over the productive life of the leases. Further, the EIS projected major effects to the red king crab population, as well as less serious impacts to tanner crab, salmon, herring, and groundfish. The State estimates the discounted gross economic loss based on first wholesale values to be approximately 563.6 million dollars. The Department of the Interior has found that mechanical recovery of spilled oil at sea becomes ineffective between sea states three and four. In the sale area, sea states of three or greater occur over 68 percent of the time.

The State supports deferral of exploration and development because it will reduce the above risks. Deferral will enable important environmental information to be obtained, allow improvements in open-ocean oilspill cleanup capabilities, and permit the industry to obtain additional operating experience in other less sensitive areas of the Bering Sea.

In the past, we have been reluctant to use the appropriation process to further this objective. We believed that the safeguards provided in Section 19 of the Outer Continental Shelf Lands Act (OCSLA) provided the governors of coastal states with a meaningful opportunity to protect important state interests in the federal leasing process. The recent decision by the Ninth Circuit Court of Appeals which upheld the Secretary's decision to lease in Bristol Bay greatly diminishes the consultative role of coastal state governors intended by the Congress and forces us to return to the legislative process for relief.

This committee has provided leadership in the area of balancing the national interests in energy security and the protection of highly valued marine resources and areas. Last year, the Congress, following the lead of this committee, imposed a moratorium on the exploration of leases which had been granted off the coast of Florida. The Congress was concerned by the number of questions which remained unanswered regarding the impact of development on other resources.

The State of Alaska encourages the committee to adopt an approach for Bristol Bay which is similar to that taken last year for Florida. In Bristol Bay, like the Florida Keys, the research conducted in preparation for the sale has left

February 6, 1989

several critical questions unanswered. These include: 1) the effects of seismic energy sources on salmon fisheries, 2) the patterns and timing of salmon migration through Bristol Bay and the North Aleutian Basin, 3) the distribution and abundance of forage fish in and adjacent to the North Aleutian Basin, 4) migratory behavior of egg-bearing female king crab along the north shore of the Alaska Peninsula, 5) the importance and location of juvenile king crab protective rearing habitats in the North Aleutian Basin, 6) the effects of oiled sediment on settling and recruitment of food organisms important to juvenile king crab, 7) effects of oil contamination on gray whales, 8) the importance of the North Aleutian Shelf as a feeding area for gray whales, 9) the effects of oil contamination on eelgrass beds along the northern shoreline of the Alaska Peninsula, and 10) an analysis of oil spill response capabilities.

The enclosed analysis by the Alaska Department of Fish and Game provides a further discussion of the importance of understanding these phenomena prior to proceeding with exploration and development in Bristol Bay.

Thank you for your consideration of this request. I am hopeful that together we can adopt an approach to the lease sale in Bristol Bay which will protect its exceptional commercial, subsistence, and esthetic fish and wildlife values.

Sincerely,

S/S Steve Cowper

Steve Cowper
Governor

Enclosure

Identical Letter sent to all members of the Subcommittee

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young

bcc: Attorney General Grace Schaible
Commissioner Lennie Gorsuch
Commissioner Don Collinsworth
Commissioner Kelso
Bob Grogan
Denby Lloyd
Dem Cowles
Kate Graham, UFA
Henry Mitchell, BSFA
Lisa Speer, NRDC

ANALYSIS OF INFORMATION NEEDS IN THE NORTHERN ALEUTIAN BASIN

PART 1

(3)

Information needs that have not been addressed as of January 1989:

1. Effects of seismic energy sources on salmon fisheries. 1
2. Seaward migration patterns and timing of Pacific salmon through Bristol Bay and the North Aleutian Basin. 2
3. Distribution and abundance of forage fish in and adjacent to the North Aleutian Basin. 3
4. Migratory behavior of egg-bearing female king crab along the north shore of the Alaska Peninsula. 1
5. Importance and location of juvenile king crab protective rearing habitats in the North Aleutian Basin. 4
6. Effects of oiled sediment on settling and recruitment of food organisms important to juvenile king crab. 1
7. Effects of oil contamination on gray whales. 1
8. Importance of the North Aleutian Shelf as a feeding area for Gray whales. 1
9. Effects of oil contamination on eelgrass beds along the northern shoreline of the Alaska Peninsula. 1
10. Analysis of oil spill response capabilities. 1

-
- 1 To our knowledge, no studies addressing this question are underway and no future studies have been funded.
 - 2 Studies that may address this question are currently underway. However, a minimum of three more years of study will be necessary before this question is adequately resolved.
 - 3 Some studies directed at herring use of the Port Moller vicinity are planned for summer 1989. However no studies directed at capelin or sandlance are underway and no future studies have been funded.
 - 4 Previous studies have suggested that rocky, cobble habitat is crucial to juvenile king crab survival. However, no studies have been directed toward identifying the locations of these habitats in the North Aleutian Basin.

PART 2

Discussion of selected information needs

1. MIGRATORY BEHAVIOR OF EGG-BEARING FEMALE KING CRAB ALONG THE NORTH SHORE OF THE ALASKA PENINSULA

Justification: Insufficient information is currently available on the onshore-offshore migration pattern of egg-bearing red king crab in the North Aleutian Basin (NAB). In the Kodiak region, female king crab exhibit an annual onshore-offshore migration pattern (Powell and Nickerson 1965, NPFMC 1980). Due to limited winter surveys, this behavior is not documented for the NAB. McMurray et al. (1984) questioned whether females undergo an onshore-offshore migration, and suggested that remaining in warmer nearshore waters would enhance egg development.

Whether or not gravid females exhibit an onshore-offshore migration is important to the Sale 92 decision process because it affects the potential for increased hydrocarbon exposure to developing eggs and therefore affects the risk assessment. If studies indicate that females do not migrate to deeper offshore areas, the information would provide justification for additional protection to nearshore areas through adoption an alternative lease sale configuration or mitigation measures.

Methodology: Conventional winter field surveys along the North Aleutian Shelf and inner Bristol Bay would be necessary to document the nearshore distribution of egg-bearing female king crab.

Timing: Currently depressed NAB king crab populations may restrict the acquisition of data necessary for proper analysis. Consequently, two or more winter field surveys may be required.

Cost: Estimated cost for this study is 100,000 to 150,000 dollars.

2. IMPORTANCE OF THE NORTH ALEUTIAN SHELF AS A MIGRATORY FEEDING AREA FOR GRAY WHALES

Justification: The relative importance of the North Aleutian Shelf to the overall eastern Pacific gray whale population is currently unknown. Although small numbers of gray whales have been reported feeding in nearby waters during migration and while on the breeding grounds (Sund 1975, Darling 1977, Wellington and Anderson 1978, Norris et al. 1982, and Brueggemann et al. 1987), the majority are not known to begin feeding intensively until they reach the northern Bering Sea (Rice and Wolman 1971, Zimushko and Ivashin 1980, Lowry et al. 1982). However, Gill and Hall

(1983) reported that once gray whales moved into nearshore and estuarine waters along the north side of the Alaska Peninsula, many of them began feeding. During three spring aerial surveys, 50-80 percent of the whales seen within 1 kilometer (km) of shore between Unimak Pass and Naknek were trailing mud plumes or were on their sides characterizing feeding behavior (Gill and Hall 1983). This observation is important because it indicates that a significant percentage of the eastern Pacific gray whale population may utilize coastal areas along the North Aleutian Shelf for "migratory" feeding.

The significance of such "migratory" feeding areas is currently unknown. Gill and Hall (1983) suggested that the use of such feeding areas might be a requisite for survival, due to several prior months of near fasting and the energy demands resulting from a long migration. Consequently, additional studies are needed to provide accurate estimates of: 1) the number of gray whales that utilize this area as feeding habitat; 2) the length of time that feeding occurs in the area; and 3) the principle prey species. If information is obtained that shows the North Aleutian Shelf nearshore area is of critical importance to gray whales, it should significantly influence the reasoned choice between alternatives through supporting selection of an alternative lease sale configuration or the adoption of mitigating measures restricting activities in the nearshore area during the spring migration period.

Methodology: The MMS should consult with the NMFS on designing conventional field studies to address this information need. This study should also be coordinated with the on-going OCSEAP endangered whale monitoring study.

Timing: A minimum of two years of field surveys would be required.

Cost: The study cost is not anticipated to exceed 400,000 dollars.

3. EFFECTS OF OIL CONTAMINATION ON EELGRASS BEDS ALONG THE NORTHERN SHORELINE OF THE ALASKA PENINSULA

Justification: Oil contamination of eelgrass beds is likely if an oilspill reaches the northern shoreline of the Alaska Peninsula. Contamination may reduce productivity of these plants, cause outright mortality, and alter substrates so that recolonization by plants may be hindered. If the growth of these plants is affected, or the plant surfaces are contaminated, the implications could be severe. For instance, the world populations of black brant and emperor geese rely on Bristol Bay eelgrass beds, particularly those found in Izembek Lagoon, as a primary food source prior to their strenuous fall migration. It is also suspected that the eelgrass beds are utilized by herring stocks for spawning substrates.

In order to adequately evaluate the risks to this critically important habitat, and the species dependent upon eelgrass beds, it is essential that there be a better understanding of the potential effects of oil contamination on these plants and their substrates. The final EIS did not adequately address the issue on how long impacts might persist or how the long-term disruption to eelgrass beds might affect waterfowl. However, it did state that East Coast eelgrass beds affected by disease required over 30 years to recover. This suggests that very significant long-term impacts might result from oil contamination. If the proposed studies found this to be true, the information would provide strong justification to support an alternative lease sale configuration or mitigation measures which would lower the risk of oil contamination to these important habitats.

Methodology: In situ field studies should be conducted utilizing various types of hydrocarbon contaminants at varying concentrations.

Timing: The study schedule should be flexible to ensure that long-term impacts are adequately documented. It is anticipated that monitoring will be required for at least three to five years.

Cost: Estimated study costs are not projected to exceed 500,000 dollars.

4. ANALYSIS OF OIL SPILL RESPONSE CAPABILITIES

Justification: To date, an analysis of oilspill response capabilities in the Bering Sea has not been conducted. Considerable information is available that could be utilized in this analysis. This information includes: 1) Coast Guard oilspill logs and response capability evaluations for major oilspill events in U.S. waters; 2) reports on international oilspill events and subsequent cleanup efforts; 3) oilspill response exercises conducted by the Coast Guard and the oil industry; 4) manufacturer equipment specifications; 5) oilspill behavior reports; 6) industry oilspill contingency plans; and 7) meteorological and oceanographic studies of the NAB. The analysis should not only focus on equipment capabilities, but also on the capability to deploy equipment and to logistically support cleanup operations.

The study results could 1) allow the MMS to include an oilspill response capability judgement into their analyses of impacts in Environmental Impact Statements; 2) provide a basis for evaluating the effectiveness of current mitigative measures such as oilspill contingency plans; 3) justify development or adoption of different mitigation measures to reduce oilspill risks; or 4) support adoption of alternative lease sale configurations

Methodology: The study should provide the following information: 1) describe equipment, personnel, and logistical capabilities currently available or anticipated by industry; 2) develop several oilspill scenarios and analyze industry's response capabilities under each scenario; and 3) develop a set of standards for evaluating oilspill contingency plans.

Timing: The study could be completed in one year.

Cost: Estimated study costs could range from 15,000 to 25,000 dollars.

(4)

BRISTOL BAY NATIVE CONVENTION
Resolution 86-07

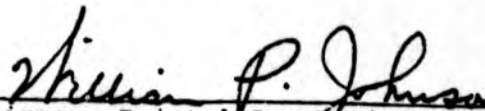
- WHEREAS: the Bristol Bay region is one of the most biologically productive offshore and nearshore areas in the world; and
- WHEREAS: the Bristol Bay salmon run is the largest in the world making up 30 percent of the entire world's salmon harvest, and is an equally important subsistence resource for the region's residents; and
- WHEREAS: the Bristol Bay region has consistently expressed its support for a delay of OCS Lease Sale #92 to allow for additional biological studies and the time necessary to improve oil spill response technology; and
- WHEREAS: Governor Sheffield listened to the concerns of Bristol Bay residents and persistently pursued every possible administrative avenue to delay lease sale #92 until 1994 before resorting to litigation as a last step;

NOW THEREFORE BE IT RESOLVED that the Bristol Bay Native Convention supports and commends Governor Sheffield for having taken the legal measures necessary to delay Lease Sale #92, and congratulates the State on its success for obtaining a preliminary injunction at the federal district court level.

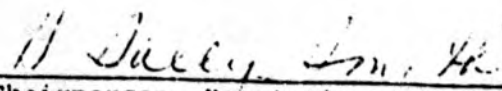
CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the delegates to the 1986 Bristol Bay Native Convention, February 23, 24, 25, & 26, Dillingham, Alaska, at which a quorum was present.

WITNESS My hand and seal this 26th day of February, 1986.


Chairman, Bristol Bay Native Convention

WITNESSED:


Chairperson, Resolutions Committee

Literature cited.

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SEC. _____. No funds provided in this title may be expended by the Department of the Interior for the approval or permitting of any drilling or other exploration activity, on lands within the North Aleutian Basin planning area of the Department of the Interior, and identified by the Department of the Interior as the following blocks: 579, 634, 635, 679, 711, 712, 713, 754, 755, 757, 758, 798, 799, and 842.

Fiscal Year 1990 Budget Requests

**Bureau of Reclamation
Water Resources Division, U.S. Geological Survey
Federal Power Marketing Administrations
Minerals Management Service (OCS Leasing Program)
Bureau of Land Management (Alaska)**

VIEWS AND ESTIMATES REPORT

**RECOMMENDATIONS OF THE
SUBCOMMITTEE ON WATER, POWER AND
OFFSHORE ENERGY RESOURCES**

February 27, 1989

MINERALS MANAGEMENT SERVICE -- OCS PROGRAMS

OCS Escrow Release

The Administration's budget projects \$1.0 billion in FY 1990 revenues from an OCS escrow account release. This anticipates a favorable Supreme Court decision in 1990 concerning title to the submerged lands immediately offshore ANWR, thus permitting the release of the Federal share of the Section 7 escrow funds, including interest.

The Subcommittee notes that there is no firm basis for assuming that the Supreme Court will decide the Alaska submerged lands issue in FY 1990. This complex case, United States v. Alaska, No. 84 Original, has been pending since 1979 and the matter remains delegated to a Special Master appointed by the court.

In addition, while the Subcommittee in no way intends to prejudice the Federal government's position in this case, we question whether the Administration's anticipation of a "favorable" decision can be properly accounted for as \$1 billion in Federal revenues. For example, a recent CRS analysis casts doubt upon such reliance:

"This position of the United States [in United States v. Alaska] has become increasingly tenuous as a result of the holding and the reasoning of the Supreme Court in Utah v. United States, June 8, 1987...."

 OCS Lease Sales

President Bush's budget supplement defers three scheduled OCS lease sales, thus removing \$457 million in anticipated FY 1990 revenues. The President directed that a joint Interior, Department of Energy, and National Academy of Sciences task force be established to review and resolve environmental concerns over adverse impacts of sales in the "three environmentally sensitive areas." Specifically, Lease Sale 91 off Northern California is "indefinitely postponed" (\$126 million); Lease Sale 95 off Southern California is "delayed pending review" (\$321 million); and, Lease Sale 116 off the Gulf Coast of Florida is "indefinitely postponed" (\$10 million).

President Bush's action is an acknowledgement of the flaws in the Reagan budget's assumption that "no legislative moratoria" would be imposed on controversial OCS lease sales. Congressional

² Pamela Baldwin, "Legal issues Related to Ownership of the Submerged Lands Within and Off the Coast of the Arctic National Wildlife Refuge," August 10, 1987, p. 19, CRS # 87-673 A

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concern about the Reagan Administration's accelerated leasing of environmentally sensitive OCS areas is such that, even before the President's deferral, it was extremely unlikely that these three sales would have been held as scheduled.

While the Subcommittee is pleased with the President's proposal, we would recommend the Administration consider the following actions:

1. Representation on the Task Force should be broadened to, at a minimum, include the Environmental Protection Agency.

2. No funds should be expended on any pre-lease sale activities in FY 1990 or prior to the Task Force report, Presidential review and Congressional reaction.

3. The scope of the Task Force review should be expanded to include scrutiny of other no less controversial sales such as #119 off Central California, #92 off Bristol Bay, Alaska, #132 off Washington - Oregon, and others.

4. The Department, and the Task Force, should give greater emphasis to increasing Federal revenues and reducing the deficit by improved royalty collection and management on existing Federal leases.

The Subcommittee notes the establishment of an Advisory Committee under the auspices of the Committee's Ranking Republican, Mr. Young, to resolve fisheries and resource conflicts involved in lease sale #92 should the lease sale proceed.



**Natural Resources
Defense Council**

122 East 42nd Street
New York, New York 10168
212 949-0049

**TESTIMONY
OF THE
NATURAL RESOURCES DEFENSE COUNCIL
AMERICAN LITTORAL SOCIETY
AMERICAN OCEANS CAMPAIGN
CLEAN OCEAN ACTION
FLORIDA PUBLIC INTEREST RESEARCH GROUP
FRIENDS OF THE EARTH
GREENPEACE
NORTH CAROLINA COASTAL FEDERATION
OCEANIC SOCIETY
SIERRA CLUB
AND
TRUSTEES FOR ALASKA**

**BEFORE THE
SUBCOMMITTEE ON INTERIOR AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
ON THE
DEPARTMENT OF INTERIOR'S
OFFSHORE OIL AND GAS LEASING PROGRAM**

February 9, 1989

Prepared by:

**Lisa Speer, Senior Scientist
Natural Resources Defense Council
122 East 42nd Street
New York, New York 10168
212-949-0049**

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**Washington Office:
1150 New York Ave., N.W.
Washington, DC 20005
202 783-7800**

**Western Office:
90 New Montgomery
San Francisco, CA 94105
415 777-0220**

**New England Office:
830 Boston Post Road
Sudbury, MA 01776
617 443-6300**

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NYS: 212 687-6862**

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Mr. Chairman and Members of the Committee:

My name is Lisa Spear. I am senior staff scientist with the Natural Resources Defense Council (NRDC). My testimony is on behalf of NRDC, the American Littoral Society, American Oceans Campaign, Clean Ocean Action, Florida Public Interest Research Group, Friends of the Earth, Greenpeace, the North Carolina Coastal Federation, the Oceanic Society, Sierra Club and Trustees for Alaska (hereinafter, "environmental coalition"). We welcome the opportunity to testify today on the Department of the Interior's Outer Continental Shelf (OCS) Oil and Gas Leasing Program.

I. INTRODUCTION

As this Committee is well aware, the OCS program during the Reagan years was the subject of extraordinary conflict and controversy. From 1981 to 1988, eleven coastal states -- Louisiana, Texas, Alaska, New York, New Jersey, Maryland, Virginia, California, Massachusetts, Washington and Oregon -- filed suit against the OCS program or individual lease sales. In addition, Congress has been forced to intervene to protect highly sensitive offshore areas from the Department's leasing plans each year since 1982. Mounting public concern over the program is reflected by the turnout of hundreds and even thousands of people at recent hearings on OCS leasing off California, Florida and North Carolina. The introduction last month of legislation that would block leasing off the New Jersey coast indicates that Congressional concern over DOI's approach is spreading.

Campaign statements made by President Bush lead to hope that the new Administration will pursue a more moderate course with the OCS Program. However, the Administration's intentions are not yet clear. While we have every expectation that the new Secretary will move to reduce conflict by removing highly sensitive and controversial areas from the OCS program, there are no assurances he will do so in the absence of Congressional encouragement. A one-year delay imposed by this Committee on OCS activities in sensitive areas would provide an important incentive for the Department to overhaul the program quickly, so that the nation can move forward with a more reasonable and balanced program of OCS development. We therefore ask the Committee to consider:

- 1) a one-year delay in leasing off California in those areas previously subject to Congressional leasing restrictions;
- 2) extending the current prohibition on OCS activities in Georges Bank off the New England coast through Fiscal Year 1990;
- 3) extending the ban on leasing and exploration south of 26° north latitude in the Eastern Gulf of Mexico for three years;
- 4) requiring the Department to prepare an EIS prior to approving exploration off the North Carolina coast as requested by Governor Martin;
- 5) a one-year delay on leasing within 50 miles of the coast, around canyon head tracts, in the shelf break zone and north of 40°15' north latitude in the mid-Atlantic; and

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6) a one-year delay on exploration in Bristol Bay, Alaska.

On behalf of the groups I represent, I would like to thank this Committee for its many years of hard work to resolve the difficult and troubling issues surrounding the OCS program. It has been only through this Committee's actions that a modicum of reason and balance were imposed on the program during the Reagan years. From Cape Cod to Cape Mendocino, from Bristol Bay to Florida Bay, this Committee has defended the right of states, local governments and ordinary citizens to have a say in leasing decisions that will profoundly affect their coasts and their lives. On behalf of all those people, we thank you.

II. ENERGY SECURITY

The Interior Department and the oil industry cite the nation's escalating reliance on foreign oil as evidence of the need to drill sensitive areas of the OCS. While rising imports are undeniably a concern, developing hydrocarbons in the areas listed above will not contribute appreciably to the nation's long-term energy security.

For one thing, the Interior Department projects that the oil and gas located offshore Southern and Northern California, all of the North and Mid-Atlantic states, Bristol Bay and the Florida Keys together amount to roughly 735 million barrels of oil equivalent. This represents enough oil and gas to fuel the nation for less than 40 days. These areas are thus clearly not the answer to the nation's long-term energy future. Indeed, the "drain America first" approach advocated by the industry is likely to enhance the nation's reliance on foreign oil over the long term.

Second, the Department's arguments about the need to open sensitive OCS areas on energy security grounds are unconvincing when considered in the context of other federal actions that have increased the nation's dependence on imports. For example, at the same time the Interior Department was pressing Congress to lift the moratorium on drilling off certain areas of California, the Transportation Department was rolling back fuel economy standards for automobiles. These rollbacks will cause roughly 210 million barrels of oil -- almost 30% of the oil the Department thinks underlies the areas listed above -- to be burned needlessly. Other examples of government policies that undermine national energy security include the Administration's deep cuts in funding for energy conservation and alternative energy research. The Administration cannot seriously expect the public to accept oil drilling in national treasures like the Florida Keys while simultaneously advocating a 70% reduction in DOE's energy conservation programs, as the Administration's FY'90 budget proposes.

Pursuing conservation measures could help substantially reduce reliance on oil imports and the need to drill sensitive areas of the OCS for oil and gas. For example:

* An increase to 40 miles per gallon (mpg) fleet average for cars and 30 mpg for trucks by the year 2008 production models would save roughly 20

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Tracts Within 50 Miles of the Coast: In recognition of the importance of nearshore areas, the states of Connecticut, New Jersey, and Virginia have all recommended a 50 mile buffer zone be imposed in the mid-Atlantic in which no leasing takes place.²² North Carolina has additionally recommended that all tracts within the 200 meter isobath be deleted. The Department has deferred this area from further consideration in a previous area identification for this region (Lease Sale 111, which was cancelled due to lack of industry interest).

Submarine Canyon Tracts: As noted above, submarine canyons in the mid-Atlantic are known to be highly productive and important to commercial species of fish as well as seabirds and other species. The States of Rhode Island, Connecticut, New York, New Jersey, and the National Oceanic and Atmospheric Administration, have all requested that all canyon head and associated blocks be deleted from Sale 121.²³

The Shelf Break Zone: Canyon head deferrals will not provide protection for inter-canyon blocks in the shelf break zone. A report by the center for Coastal and Environmental Studies at Rutgers University²⁴ identified the shelf break zone as a particularly sensitive ecotone due to rugged topography and exposed substrate that are associated with increased biological productivity. The state of New Jersey has requested that this zone be deferred from past lease sales because of the unusual productivity that is thought to characterize the shelf break area.

All Tracts North of 40°15' North Latitude: The State of New York has repeatedly voiced its opposition to leasing any tracts north of 40°15' north latitude due to the high population density of the Long Island area and the heavy recreational use of its shores and the importance of its recreational and commercial fisheries.

We ask that the Committee consider imposing a one-year delay on leasing these areas. We note that Congressman Pallone and Courten from New Jersey have both supported a delay in Lease Sale 121 altogether. Congressman Pallone has introduced a bill to delay the sale (H.R. 121).

F. Bristol Bay

We would like to bring to this Committee's attention a recent court decision that will, if allowed to stand, seriously undermine the right of states to meaningfully participate in federal leasing decisions. This court decision arose out of litigation over Sale 92 in Bristol Bay, Alaska.

Bristol Bay supports one of the largest commercial fisheries in the world. The Bristol Bay salmon fishery alone is valued in excess of \$250 million annually and employs an estimated 10,000 people. The Bay also encompasses one of the world's great bird migration crossroads and supports at least 20 species of marine mammals, including eight species of endangered whale. The Department estimated that there is a greater than 50% chance that one or more major spills would occur over the life of the field. The Department predicted "major" to "moderate" impacts to marine and coastal

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birds, the red king crab fishery and to several species of marine mammals from Lease Sale 92. The National Marine Fisheries Service has concluded that a major spill occurring during peak gray whale migration or when right whales are present would be likely to jeopardize the continued existence of these species.

In December of 1985, 10 national and Alaskan conservation organizations, 6 Alaskan villages and Native Alaskan organizations, and the State of Alaska on behalf of itself and a number of fishing groups filed suit to block Sale 92, then scheduled for January 15, 1986. Six states (Washington, Oregon, Hawaii, California, Massachusetts and Texas) filed amicus briefs on the side of the State of Alaska.

Unfortunately, in January of last year, the district court ruled against the State, saying that no deference is due to a governor's recommendation under Section 15 of OCSLA. This decision was upheld by the Ninth Circuit last fall. If allowed to stand, the decision will mean that states could have virtually no say in federal leasing decisions. In response, the State of Alaska recently filed a petition for re-hearing en banc in the Ninth Circuit.

In the event the Ninth Circuit rules against the State, we ask that this Committee impose a one-year delay on exploration in the Bay. This request, which has also been made by the State of Alaska, is based on critical information gaps that must be filled before informed decisions can be made on whether and how to proceed with any drilling in Bristol Bay. These data gaps include:

- * the effects of seismic activities on salmon;
- * the effects of oil contamination on grey whales;
- * the importance of the North Aleutian shelf as habitat for grey whales;
- * the effects of oil contamination on eel grass beds along the northern shoreline of the Alaska Peninsula; and
- * an analysis of oil spill response capabilities.

Until these data gaps are filled responsible decisions on proceeding in Bristol Bay cannot be made.

The district court's decision in the Sale 92 case illustrates the failure of OCSLA to adequately ensure that states have the right to participate meaningfully in OCS leasing decisions. If the states are to be excluded from such decisions, the controversy over OCS leasing -- and the pressure for leasing moratoriums -- will continue to grow.

Thank you for the opportunity to testify.