

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672

2139 SCOMM 79: HOUSE SPEC. COMM. ON OIL & GAS, 1991-1992

137



WALT DISNEY Imagineering

302

Mr.

Chris Scranton

Arctic Village School

587-5211

(will set up their ^{-probably more than one} teleconference ^{testifying} equipment)

[dial 800-478-8353]

7 sites total at 830am

SCOMM

79:24

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSIONBILL NO. HJR 32

Revision Date:

Title: EPA's regulation of underground
storage tanksDepartment Affected: DECBRU: Environmental QualitySponsor: (H) Oil and GasComponent: EQ ProjectsRequestor: (H) Oil and Gas

COMPONENT SERIAL NO.

1 | 0 | 1 | 6

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Janice AdairDivision: Commissioner's OfficePhone: 4/8/91Date: 465-2600Approved by Commissioner: *John D. Seiber*Agency: Environmental ConservationDate: 4/8/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

WALTER J. HICKEL, GOVERNOR

April 4, 1991

BILL NUMBER: HJR 32 by House Oil and Gas Committee

TITLE: Relating to regulation of underground petroleum storage tanks

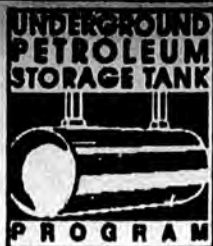
DEPARTMENT POSITION: Support

ANALYSIS: This Resolution would ask that the Environmental Protection Agency (EPA) delay for one year implementation of it's final phase-in of the financial responsibility requirements for UST owners and operators. Currently, owners and operators of 13-99 tanks will have to demonstrate \$ 1 million in financial responsibility for releases associated with their tanks by April 26, 1991. Owners and operators of 1-12 tanks will have to meet that requirement on October 26, 1991.

Alaska's UST program became effective on March 25, 1991, and tank owners and operators are still in the process of assessing their pollution potential. Of particular concern is the small tank owner's ability to meet the requirement. Given the State's short construction season, it is doubtful these tank owners and operators will be able to complete such assessment by October 26.

The Legislature has also discussed finding an alternative funding source for the UST assistance program, one that could be approved by the EPA. Alaska would then have a State assurance or trust fund which would meet the EPA's financial responsibility requirements for all Alaskan owned and operated USTs. The additional year sought by this Resolution would give the State time to find such a funding source.


John A. Sandor
Commissioner



Board of Storage Tank Assistance

Walter J. Hickel, Governor

P.O. BOX "O"
JUNEAU, AK
99811-1800
(907) 465-2110

POSITION PAPER

IN SUPPORT OF

House Joint Resolution No. 32 (HJR32)

By the House Special Committee on Oil and Gas

SUBJECT:

Relating to Underground Petroleum Storage Tanks

A request by the Alaska State Legislature to the EPA for a delay in implementing the October 26, 1991 financial responsibility requirement.

The Board of Storage Tank Assistance wholeheartedly supports House Joint Resolution Number 32 pertaining to underground petroleum storage tanks. The Board recognizes the concerns of Alaskan underground petroleum storage tank owners and operators in regard to the October 26, 1991 deadline for meeting the EPA financial responsibility requirement. Although insurance is steadily becoming available, thereby enabling owners and operators to meet the federal financial responsibility requirement, the insurance is limited to only those owners and operators demonstrating their site is free from petroleum contamination.

Although a new state program has been implemented to assist owners and operators determine the extent and subsequently clean up contamination resulting from underground petroleum storage tanks, a considerable amount of time and effort will need to be invested to achieve that goal. Underground petroleum storage tank owners and operator's in Alaska will need time to participate in this program, time to determine the scope of the problem and time to mitigate the problem. It is absolutely imperative that underground petroleum storage tank owners and operators be allowed an opportunity to clean up their sites to become insurable, without persecution from EPA. The state underground petroleum storage tank program is based on the premise of technical, educational, and financial assistance. House Joint Resolution Number 32 is consistent in that aim.

Dated: April 5, 1991

For and on behalf of the
BOARD OF STORAGE TANK ASSISTANCE,


John C. Barnett, Executive Director

SCOMM

79:25

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 2, 1991

FURTHER REFERRALS:

Resources

Date of Committee Action: _____

The HOUSE SPECIAL COMMITTEE ON OIL AND GAS Committee considered:

HJR 36

HOUSE JOINT RESOLUTION NO. 36

OFFSHORE LEASES/SPILL CONTINGENCY PLANS

Relating to off-shore oil exploration, development, and tanker transportation activities in the Beaufort and Chukchi seas.

RECOMMENDATIONS:

be replaced with CS HJR 36 ☒ the same title
☐ a new title

☐ have attached amendments(s)

☐ do pass

☐ do not pass

☐ no recommendations

☒ individual recommendations

☐ additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

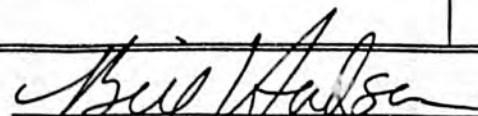
☐ fiscal impact _____

☐ fiscal note(s) _____

☐ zero fiscal note _____

☐ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
~~Paul Brown~~		~~Paul Brown~~		☒	
Paul Brown	☒	Paul Brown	☒		
Bill Hansen	☒	Mike Ferone		☒	
		Gail Phillips	☒		


CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION
BILL NO. HJR 36

Revision Date: _____ Department Affected: Natural Resources
 Title: Off Shore Oil Exploration BRU: Petroleum Management
Development & Transportation Components: _____
 Sponsor: Rep. Maclean, Rep. Hudson
 Requestor: House Oil & Gas Committee COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	*	*	*	*	*	*
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)

- * If this Resolution is enacted, it could directly affect state oil and gas leasing policy and revenues.

Prepared by: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 11-Apr-91

Approved by Commissioner: Harold Heinze *HC Heinze* Date: 11-Apr-91
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723



WHILE IN JUNEAU
Box V
Juneau, Alaska 99811
465-4525
465-4833

HOUSE OF REPRESENTATIVES

District 22

North Slope
Borough

Anaktuvuk Pass
Atkasuk
Barrow
Kaktovik
Nulqsut
Point Hope
Point Lay
Wainwright

Northwest Arctic
Borough

Ambler
Buckland
Deering
Kiana
Kivalina
Kobuk
Kotzebue
Noatak
Noorvik
Selawik
Shungnak

MEMORANDUM

DATE: 4/3/91

TO: Representative Bill Hudson, Chair
Oil and Gas Committee

FROM: Representative Eileen P. MacLean, Co-Chair
House Finance Committee

E.P.M.

RE: Request for Scheduling

I would like to request that HJR 36, regarding off-shore oil exploration, development, and tanker transportation activities in the Beaufort and Chukchi seas, be scheduled for a hearing in the Oil and Gas Committee as soon as possible.

While I support responsible onshore development of the Arctic National Wildlife Refuge, I am deeply concerned about offshore oil and gas activities, which could potentially decimate marine mammals and foul the environment, if a mishap were to occur.

As early as this summer, the Department of Interior proposes to conduct oil and gas lease sales of forty million acres of these waters, without the ability to adequately respond to, contain, or clean up a significant oil spill in arctic water under commonly occurring environmental conditions.

Congress has acknowledged that effective oil spill response options for remote arctic waters remain undemonstrated and therefore mandated preparation of an extensive report on a variety of issues relating to offshore oil spill contingency planning in the Arctic, with particular attention to be given to Native concerns.

The Resolution raises concern about the lease sales proceeding in the Arctic before the Congress, and the public have the opportunity to review the report.

The bill further encourages the Department of Interior to give the Beaufort and Chukchi seas the same scrutiny as waters in the lower 48 states, which were declared off limits to oil and gas leasing and development activities in June 1990.

If you have any questions regarding the resolution, please contact me or Deborah Driver, my Legislative Assistant.

Thank you very much for your Co-Sponsorship of the resolution.

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723



WHILE IN JUNEAU
Box V
Juneau, Alaska 99811
465-4525
465-4833

HOUSE OF REPRESENTATIVES

District 22

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Noatak
Noorvik
Selawik
Shungnak

MEMORANDUM

DATE: 4/8/91

TO: Members of the Special Committee on Oil & Gas

FROM: Representative Eileen P. MacLean *E.P.M.*

SUBJ: HJR 36

The purpose of HJR 36 is to send a message to the U.S. Congress that the Alaska State Legislature is concerned about off-shore oil exploration, development, and tanker transportation activities in the arctic waters of the Beaufort and Chukchi seas. The resolution encourages on-shore oil development before such activity off-shore is considered.

The Department of Interior expects to lease forty million acres of the Beaufort and Chukchi waters as early as the summer of 1991. The Interior's interest in these waters may be at least partly the result of having little new off-shore land to lease for oil development. Last year, President Bush put vast tracks off the coasts of California, Florida, New England, and the Northwest off-limits for up to 10 years.

The Cook Inlet and Prince William Sound spills evidence the oil industry's lack of capability to effectively respond to and clean-up an oil spill in warmer, ice-free waters. In the Arctic such industrial activity becomes even more precarious because of the extreme environmental conditions. Harsh storms occur without warning and the waters are frozen over for a good part of the year.

The findings of the Alaska Oil Spill Commission, the Arctic Research Commission, and the Mineral Management Service itself have determined that there exists no effective oil spill response options for remote Arctic waters. There are few methods except burning to recover oil from the sea.

As part of the 1990 Oil Pollution Act, Congress acknowledged that there is not sufficient data on off-shore oil activity and directed the Secretary of the Interior to develop an extensive report on a variety of issues relating to the impact of potential oil spills and seismic activity in the Arctic ocean, with particular attention to Native concerns. This report is expected to be released in May of 1991. Nevertheless, the lease sales are proceeding without review of the report's findings.

In addition, the resolution states support for development on the coastal plain of the Arctic National Wildlife Refuge (ANWR) on the basis that the oil industry is more capable of preventing and responding to a spill on-shore than in the ocean. On-shore development at Prudhoe Bay has demonstrated no significant impact on wildlife. In the event of a spill, material is concentrated on a section of the tundra, more easily manageable than in the ocean, where rapid wave action serves to spread the oil uncontrollably over a wider area.

Included in member's packets, there are several letters/resolutions of support from various organizations in my district, along with a letter addressed to the Department of Interior from NANA Regional Corporation that clarifies some of the concerns relating to off-shore oil development. Additionally, a copy of the outline for the report mandated by Congress is included for review.

I thank the committee members for their support.

COMMENTS FOR OIL AND GAS HEARING - 4/15

Mr. Chairman, members of the committee, thank you for taking the time to hear testimony on the issue of off-shore oil exploration, development, and tanker transportation operations in the Beaufort and Chukchi seas.

As you know, I'm Representative Eileen P. MacLean from district 22, comprising the North Slope and Northwest Arctic Boroughs. As stated previously during the last hearing on this bill, HJR 36 would convey to the U.S. Congress that the Alaska State Legislature has concerns about off-shore industrial activity in the waters of the Beaufort and Chukchi seas.

I would like committee members to understand that weather conditions of these Arctic waters are more severe than in waters elsewhere in Alaska and the lower 48. I'm confident that Mr. Walt Parker's testimony from Anchorage will lend credibility to this assertion.

Congress itself has acknowledged that there are differences between Arctic waters and warmer, ice-free waters elsewhere in Alaska and the continental United States. As part of the 1990 Oil Pollution Act, Congress

directed the Secretary of the Interior, in consultation with the Governor of Alaska, to develop an extensive report. The report will provide detail of existing environmental conditions in the Beaufort and Chukchi seas; Native concerns about the impact of industrial activity on marine mammals; existing oil spill measures in terms of the ability of the oil industry and the local coastal communities to launch organized, efficient response plans in the event of a spill; the feasibility of oil transportation of this hazardous material through these waters; existing oil spill response technologies to remove oil from the sea; and, monetary compensation to Natives for recovery of damages in the event that subsistence resources are decimated by an oil spill. Each member's folder includes an outline of this report.

The report is due to be completed the latter part of May, shortly before the Secretary of Interior is planning to hold lease sales of 40 million acres of these waters for oil exploration and development. I feel it is important for Congress, the oil industry, and the public to review this report before moving forward with the lease sales in the Beaufort and Chukchi seas.

These waters deserve the same scrutiny as the waters off the coasts of California, Florida, New England, and the Northwest, which the president recently declared

off-limits to oil development for the next 10 years. The people of the coastal communities in Alaska are no less important than those residing in the lower 48.

I commend the oil industry's successful long-standing on-shore oil development which has had minimal impact on the wildlife resources in the area. For this reason, I support on-shore development of the Arctic National Wildlife Refuge.

However, when we talk about any industrial activity off-shore, we must refer to the previous mishaps in Prince William Sound and Cook Inlet. We must never forget these disasters, because they provide a frame of reference to what could potentially happen again. If petroleum is discovered in the Beaufort and Chukchi seas, there will be a need to transport this material to market, possibly by way of tanker.

Industrial activity off-shore that precipitates an accident means the oil is going to end up in the water. It is more difficult to clean-up an oil spill in the water than an oil spill on the land - it's that simple. The spills of Prince William Sound and Cook Inlet revealed the oil industry's inability to launch organized, efficient response plans in the event of a spill off-shore. Response to, and clean-up of, a spill would be even more

exacerbated in Arctic waters, which ice over during a good part of the year and are subject to harsh storms that occur without warning. Further, we don't yet know the full extent of this activity's impact on marine mammals, especially bowhead whale migration on which my people - the Inupiat people - depend.

The state stands to profit little from off-shore exploration and development activity. I'm introducing this resolution in the state's best interest. I want to emphasize that I am not an ardent environmentalist, opposed to all development. Oil and gas development has been very good for the people of Alaska, even for residents of the North Slope, providing weatherized homes, electricity, decent education for the children, good medical care, and somewhat reliable sanitation facilities. But the people of Alaska will profit very little from off-shore industrial activity. All the leases in the Chukchi sea are federally owned, where the state has no claim to any of the royalty money or production taxes. Prudhoe Bay, by comparison, is on state land. ANWR is on federal land, but oil production there would be subject to state taxes because it's within state borders. In addition, the state could get between 50 and 90 percent of royalties on the oil produced. The state needs to encourage development of oil and gas on land that will benefit the people of Alaska.

I ask the committee's support for HJR 36, and would be happy to answer any questions members may have.

Thank you.

Replace lines 2-5, page 3

Further resolved that the Alaska legislature believes that the report mandated by the Congress in the Oil Pollution Act of 1990 should be reviewed and an environmental assessment of off-shore industrial operations in the Arctic be conducted, and should the findings of that report indicate harm to the delicate environment or the subsistence lifestyle of the people in the region, then all further exploration be put on hold until the people in the region are satisfied that exploration and development can continue in an environmentally sensitive manner; and be it

CS FOR HOUSE JOINT RESOLUTION NO. 36 (O&G)**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS****Offered:****Referred:****Sponsor(s): REPRESENTATIVES MACLEAN, Hudson, Jacko, Koponen, Donley, Finkelstein, Brown, Ivan, Kubina, Ulmer****A RESOLUTION**

**1 Relating to off-shore oil exploration, development, and tanker transportation activities in
2 the Beaufort and Chukchi seas.**

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

**4 WHEREAS the state supports the prudent and orderly development of the state's oil and gas
5 reserves in an environmentally sound manner; and**

**6 WHEREAS the state has been responsive to the nation's need to decrease its dependence on
7 foreign oil; and**

**8 WHEREAS there is a high probability that the coastal plain of the Arctic National Wildlife
9 Refuge contains economically recoverable oil reserves; and**

**10 WHEREAS the oil industry has demonstrated that properly regulated onshore oil and gas
11 exploration, development, and transportation can occur in an environmentally sound manner; and**

**12 WHEREAS, following an expedited environmental assessment by the Outer Continental Shelf
13 Task Force, the President announced in June 1990 the closure until the year 2000 of large outer
14 continental shelf tracts off the coasts of California, Florida, New England, and the Northwest to oil and
15 gas leasing and activities; and**

16 WHEREAS the Outer Continental Shelf Task Force has not yet been asked by the President to

1 complete a similar environmental assessment for off-shore areas totalling some 40,000,000 acres in the
2 Beaufort and Chukchi seas, which are scheduled for leasing by the federal government in 1991; and

3 **WHEREAS** Alaskan water, particularly arctic water, deserves the same, if not higher, scrutiny
4 regarding the wisdom and environmental safety of oil and gas activities as was given to water offshore
5 of the contiguous states; and

6 **WHEREAS** the Beaufort and Chukchi seas are among the world's most dynamic and relatively
7 unspoiled wildlife habitats, containing critical feeding and breeding grounds, rest and brooding areas,
8 and migratory corridors where a wide variety of marine mammal, bird, and fish species concentrate; and

9 **WHEREAS** the Inupiat people largely derive their nutritional needs and cultural identity through
10 the traditional harvest of marine species, particularly the endangered bowhead whale and other marine
11 mammals; and

12 **WHEREAS** the Chukchi and Beaufort seas are characterized by extreme weather conditions,
13 including prolonged ice cover and darkness, frigid temperatures, high winds and waves, and low
14 visibility; and

15 **WHEREAS** the Alaska Oil Spill Commission, the Arctic Research Commission, and the Minerals
16 Management Service have each acknowledged that effective oil spill response options under certain arctic
17 conditions for remote arctic waters remains undemonstrated; and

18 **WHEREAS** the Oil Pollution Act of 1990, P.L. 101-380, 104 Stat. 484, directed the Secretary
19 of the Interior, in consultation with the Governor of Alaska, to prepare an extensive report on a variety
20 of issues relating to offshore oil spill contingency planning in the Arctic, including compilations of
21 known data relating to potentially affected wildlife resources; existing drilling and spill response
22 technology; past, present, and proposed exploratory operations; and, specifically, Native Alaskan
23 concerns; and

24 **WHEREAS** initial scientific data indicates that marine mammals and birds in the Arctic react
25 to industrial noises, including noise from drilling, icebreaker, seismic activities, aircraft overflights and
26 other vessel disturbances;

27 **BE IT RESOLVED** that the Alaska State Legislature believes that the oil industry has yet to
28 conclusively demonstrate the ability to adequately respond to, contain, or clean up a significant oil spill
29 in arctic water under commonly occurring environmental conditions; and be it

30 **FURTHER RESOLVED** that the Alaska State Legislature believes that lease sales in the
31 Beaufort and Chukchi seas must be approached in an extremely cautious way with complete participation
32 by the people residing in the affected areas who are the most knowledgeable about arctic conditions; and

1 be it

2 **FURTHER RESOLVED** that the Alaska Legislature believes that the report mandated by the
3 Congress in the Oil Pollution Act of 1990 should be reviewed and an environmental assessment of off-
4 shore industrial operations in the Arctic be conducted; and be it

5 **FURTHER RESOLVED** that the Alaska State Legislature believes that more research is needed,
6 and urges industry to continue to undertake that research, focusing on the unique and unpredictable
7 conditions found in the Arctic, in terms of oil spill contingency plans and the effect of exploration and
8 development in general as well as specific research to determine the effect of industrial noise on marine
9 mammals and especially on the bowhead whale.

10 **COPIES** of this resolution shall be sent to the Honorable George Bush, President of the United
11 States; to the Honorable Dan Quayle, Vice-President of the United States and President of the U.S.
12 Senate; to the Honorable Robert C. Byrd, President Pro Tempore of the U. S. Senate; to the Honorable
13 George J. Mitchell, Majority Leader of the U. S. Senate; to the Honorable Thomas S. Foley, Speaker
14 of the U.S. House of Representatives; to the Honorable Manuel Lujan, Jr., Secretary of the Interior; to
15 Barry Williamson, Director of the Minerals Management Service; and to the Honorable Ted Stevens and
16 the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative,
17 members of the Alaska delegation in Congress.

7-LS1046J
Chenoweth
4/23/91

CS FOR HOUSE JOINT RESOLUTION NO. 36 (O&G)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered:

Referred:

Sponsor(s): REPRESENTATIVES MACLEAN, Hudson, Jacko, Koponen, Donley, Finkelstein, Brown, Ivan, Kubina, Ulmer

A RESOLUTION

1 Relating to off-shore oil exploration, development, and tanker transportation activities in
2 the Beaufort and Chukchi seas.

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

4 WHEREAS the state supports the prudent and orderly development of the state's oil and gas
5 reserves in an environmentally sound manner; and

6 WHEREAS the state has been responsive to the nation's need to decrease its dependence on
7 foreign oil; and

8 WHEREAS there is a high probability that the coastal plain of the Arctic National Wildlife
9 Refuge contains economically recoverable oil reserves; and

10 WHEREAS the oil industry has demonstrated that properly regulated onshore oil and gas
11 exploration, development, and transportation can occur in an environmentally sound manner; and

12 WHEREAS, following an expedited environmental assessment by the Outer Continental Shelf
13 Task Force, the President announced in June 1990 the closure until the year 2000 of large outer
14 continental shelf tracts off the coasts of California, Florida, New England, and the Northwest to oil and
15 gas leasing and activities; and

16 WHEREAS the Outer Continental Shelf Task Force has not yet been asked by the President to

1 complete a similar environmental assessment for off-shore areas totalling some 40,000,000 acres in the
2 Beaufort and Chukchi seas, which are scheduled for leasing by the federal government in 1991; and

3 **WHEREAS** Alaskan water, particularly arctic water, deserves the same, if not higher, scrutiny
4 regarding the wisdom and environmental safety of oil and gas activities as was given to water offshore
5 of the contiguous states; and

6 **WHEREAS** the Beaufort and Chukchi seas are among the world's most dynamic and relatively
7 unspoiled wildlife habitats, containing critical feeding and breeding grounds, rest and brooding areas,
8 and migratory corridors where a wide variety of marine mammal, bird, and fish species concentrate; and

9 **WHEREAS** the Inupiat people largely derive their nutritional needs and cultural identity through
10 the traditional harvest of marine species, particularly the endangered bowhead whale and other marine
11 mammals; and

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16 Management Service have each acknowledged that effective oil spill response options under certain arctic
17 conditions for remote arctic waters remains undemonstrated; and

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23 concerns; and

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25 to industrial noises, including noise from drilling, icebreaker, seismic activities, aircraft overflights and
26 other vessel disturbances;

27 **BE IT RESOLVED** that the Alaska State Legislature believes that the oil industry has yet to
28 conclusively demonstrate the ability to adequately respond to, contain, or clean up a significant oil spill
29 in arctic water under commonly occurring environmental conditions; and be it

30 **FURTHER RESOLVED** that the Alaska State Legislature believes that lease sales in the
31 Beaufort and Chukchi seas must be approached in an extremely cautious way with complete participation
32 by the people residing in the affected areas who are the most knowledgeable about arctic conditions; and

1 be it

2 **FURTHER RESOLVED** that the Alaska Legislature believes that the report mandated by the
3 Congress in the Oil Pollution Act of 1990 should be reviewed and an environmental assessment of off-
4 shore industrial operations in the Arctic be conducted before further oil and gas exploration and
5 development activities take place in the Beaufort and Chukchi seas; and be it

6 **FURTHER RESOLVED** that the Alaska State Legislature believes that more research is needed
7 focusing on the unique and unpredictable conditions found in the Arctic, in terms of oil spill contingency
8 plans and the effect of exploration and development in general as well as specific research to determine
9 the effect of industrial noise on marine mammals and especially on the bowhead whale.

10 **COPIES** of this resolution shall be sent to the Honorable George Bush, President of the United
11 States; to the Honorable Dan Quayle, Vice-President of the United States and President of the U.S.
12 Senate; to the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; to the
13 Honorable Manuel Lujan, Jr., Secretary of the Interior; to Barry Williamson, Director of the Minerals
14 Management Service; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.
15 Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in
16 Congress.

7-LS1046G

Chenoweth

4/11/91

CS FOR HOUSE JOINT RESOLUTION NO. 36 (O&G)**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS****Offered:****Referred:****Sponsor(s): REPRESENTATIVES MACLEAN, Hudson, Jacko, Koponen, Donley, Finkelstein, Brown, Ivan, Kubina, Ulmer****A RESOLUTION**

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**10 WHEREAS there is a high probability that the coastal plain of the Arctic National Wildlife
11 Refuge contains economically recoverable oil reserves; and**

**12 WHEREAS, following the expedited environmental assessment by the Outer Continental Shelf
13 Task Force, the President announced in June 1990 the closure until the year 2000 of large outer
14 continental shelf tracts off the coast of California, Florida, New England, and the Northwest to oil and
15 gas leasing and activities; and**

16 WHEREAS, without having subjected Alaskan water to a similar environmental assessment, the

1 federal government proposes to conduct in June and August of 1991 oil and gas lease sales in the
2 Beaufort and Chukchi seas totalling more than 40,000,000 acres; and

3 **WHEREAS** Alaskan water, particularly arctic water, deserves the same scrutiny regarding the
4 wisdom and environmental safety of oil and gas activities as was given to water offshore of the
5 contiguous states; and

6 **WHEREAS** the Beaufort and Chukchi seas are among the world's most dynamic and relatively
7 unspoiled wildlife habitats, containing critical feeding and breeding grounds, rest and brooding areas,
8 and migratory corridors where a wide variety of marine mammal, bird, and fish species concentrate; and

9 **WHEREAS** land adjoining the arctic water has been the home of the Inupiat Eskimo people for
10 countless generations; and

11 **WHEREAS** the Inupiat largely derive their nutritional needs and cultural identity through the
12 traditional harvest of marine species, particularly the endangered bowhead whale and other marine
13 mammals; and

14 **WHEREAS** an oil spill in the Arctic could cause irreparable damage to the marine resources in
15 these waters and thus devastate the people of North and Northwest Alaska; and

16 **WHEREAS** the limited amount of well designed and successfully conducted scientific research
17 that has been conducted in the Arctic has indicated that marine mammals and birds react to industrial
18 noise, including noise for drilling, seismic activity, and icebreaker and other vessel disturbances, with
19 effects and potential threats to their well-being not yet fully understood; and

20 **WHEREAS** the arctic environment is characterized by extreme weather conditions, including
21 prolonged ice cover and darkness, frigid temperatures, high winds and waves, and low visibility; and

22 **WHEREAS** effective oil spill response options for remote arctic water remain undemonstrated
23 as has been acknowledged by the Alaska Oil Spill Commission, the Arctic Research Commission, and
24 the Mineral Management Service itself; and

25 **WHEREAS** the Prince William Sound and Cook Inlet spills and the many recent significant
26 spills in the contiguous states evidence both the insufficiency of the oil industry's preventative safety
27 measures, and the industry's inability to respond effectively to a major spill in even less remote, warmer,
28 well-lit, ice-free waters where hundreds of private citizens and vessels have aided in response efforts;
29 and

30 **WHEREAS**, even with the formulation of industry spill contingency plan and response
31 requirements, as mandated by legislation passed during the 1990 legislative session, there remains a lack
32 of the community response preparedness vital to a rapid response, containment, and cleanup effort

1 following a spill; and

2 **WHEREAS** a major oil spill, particularly the result of a tanker accident or late season well
3 blowout, could have multi-year devastating effects on the sensitive arctic marine environment, wildlife
4 resources, and subsistence lifestyle of the Inupiat people; and

5 **WHEREAS** the Oil Pollution Act of 1990, P.L. 101-380, 104 Stat. 484, directed the Secretary
6 of the Interior, in consultation with the Governor of Alaska, to prepare an extensive report on a variety
7 of issues relating to offshore oil spill contingency planning in the Arctic, with particular attention to be
8 given to Native concerns; and

9 **WHEREAS** the report will likely be published no later than May 1991 and could clearly serve
10 as the initial step in conducting the essential environmental assessment that arctic water has yet to be
11 subjected to; and

12 **WHEREAS** the Secretary of the Interior is therefore charged with producing a landmark
13 comprehensive report to the Congress on the state of oil spill contingency planning in arctic water, and
14 at the same time the secretary is preparing to offer for lease a short time after the report is due to be
15 published more than 40,000,000 acres of offshore tracts in those same arctic waters without the benefit
16 of his own, the Congress', or the public's review of that report;

17 **BE IT RESOLVED** that the Alaska State Legislature recognizes the potentially harmful effects
18 of industrial noise and oil spills on the arctic marine environment, wildlife resources, and the Inupiat
19 Eskimo culture; and be it

20 **FURTHER RESOLVED** that the Alaska State Legislature believes that the oil industry does not
21 have, or at least has yet to conclusively demonstrate, the ability to adequately respond to, contain, or
22 clean up a significant oil spill in arctic water under commonly occurring environmental conditions; and
23 be it

24 **FURTHER RESOLVED** that the Alaska State Legislature recognizes the need and the right to
25 have Alaskan water, particularly in the Arctic, subjected to the same environmental risk assessment that
26 has been applied to water offshore of the contiguous states; and be it

27 **FURTHER RESOLVED** that the Alaska State Legislature believes that the Secretary of the
28 Interior should not proceed with planned offshore lease sales in the Arctic until he, the Congress, and
29 the public have the opportunity to review the report that he himself has been directed by the Congress
30 to produce on oil spill contingency planning in the Arctic.

31 **COPIES** of this resolution shall be sent to the Honorable George Bush, President of the United
32 States; to the Honorable Dan Quayle, Vice-President of the United States and President of the U.S.

- 1 Senate; to the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; to the
- 2 Honorable Manuel Lujan, Jr., Secretary of the Interior; to Barry Williamson, Director of the Minerals
- 3 Management Service; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.
- 4 Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in
- 5 Congress.

HOUSE JOINT RESOLUTION NO. 36
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES MACLEAN, Hudson, Jacko, Koponen, Donley, Finkelstein, Brown, Ivan, Kubina, Ulmer

Introduced: 4/2/91

Referred: House Special Committee on Oil and Gas, Resources

A RESOLUTION

1 Relating to off-shore oil exploration, development, and tanker transportation
2 activities in the Beaufort and Chukchi seas.

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

4 WHEREAS the state supports the prudent and orderly development of the state's oil and
5 gas reserves in an environmentally sound manner; and

6 WHEREAS the state has been responsive to the nation's need to decrease its dependence
7 on foreign oil; and

8 WHEREAS the oil industry has demonstrated that properly regulated onshore oil and gas
9 exploration, development, and transportation can occur in an environmentally sound
10 manner; and

11 WHEREAS there is a high probability that the coastal plain of the Arctic National Wildlife
12 Refuge contains economically recoverable oil reserves; and

13 WHEREAS the Beaufort and Chukchi seas are among the world's most dynamic and
14 relatively unspoiled wildlife habitats, containing critical feeding and breeding grounds, rest

1 and brooding areas, and migratory corridors where a wide variety of marine mammal, bird,
2 and fish species concentrate; and

3 WHEREAS land adjoining the arctic water has been the home of the Inupiat Eskimo
4 people for countless generations; and

5 WHEREAS the Inupiat largely derive their nutritional needs and cultural identity
6 through the traditional harvest of marine species, particularly the endangered bowhead
7 whale and other marine mammals; and

8 WHEREAS the limited amount of well designed and successfully conducted scientific
9 research that has been conducted in the Arctic has indicated that marine mammals and birds
10 react to industrial noise, including noise for drilling, seismic activity, and icebreaker and
11 other vessel disturbances, with effects and potential threats to their well-being not yet fully
12 understood; and

13 WHEREAS the arctic environment is characterized by extreme weather conditions,
14 including prolonged ice cover and darkness, frigid temperatures, high winds and waves, and
15 low visibility; and

16 WHEREAS, with the formulation of industry spill contingency plan and response
17 requirements, as mandated by legislation passed during the 1990 legislative session, increased
18 focus on community response preparedness that is vital to a rapid response, containment, and
19 cleanup effort following a spill; and

20 WHEREAS oil industry representatives with offshore Arctic interests and the federal
21 government have contributed to a significant number of scientific studies on fish and
22 marine mammals; and

24 WHEREAS there have been some positive efforts by the industry to identify and train
25 North Slope residents to respond in the event of oil spill or other emergencies; and

26 WHEREAS Arctic offshore oil industry operators have successfully negotiated major
27 revisions to the Federal Incidental Take Regulations with the Alaska Eskimo Whaling
28 Commission which, among other things, establishes limits on oil exploration in arctic waters;
29 and

30 WHEREAS there is a continuing need for counsel, communication and cooperation
31 between members of the petroleum industry and the communities that may be impacted by its
32 activities;

33 BE IT RESOLVED that the Alaska State Legislature believes that the oil industry has a
34 special obligation to help preserve the Arctic environment and to carefully proceed with its
35 activities in full consultation with the local residents; and be it

36 FURTHER RESOLVED that the Alaska State Legislature urges continuing research to
37 improve the technology necessary to contain, control and clean up oil spills in the Arctic

1 environment and to continue to assess impacts on fish and marine mammals.

2 **COPIES** of this resolution shall be sent to the Honorable George Bush, President of the
3 United States; to the Honorable Dan Quayle, Vice-President of the United States and President
4 of the U.S. Senate; to the Honorable Thomas S. Foley, Speaker of the U.S. House of
5 Representatives; to the Honorable Manuel Lujan, Jr., Secretary of the Interior; to Barry
6 Williamson, Director of the Minerals Management Service; and to the Honorable Ted Stevens
7 and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
8 Representative, members of the Alaska delegation in Congress.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FACSIMILE: (907) 586-2754

April 12, 1991

The Honorable Bill Hudson, Chair
House Special Committee for Oil and Gas
P.O. Box V
Juneau, AK 99811

Dear Representative Hudson:

Subject: HJR 36, which relates to off-shore oil exploration, development, and tanker transportation activities in the Beaufort and Chukchi seas.

Position: The Department of Natural Resources opposes this resolution. The statements it contains are so strong that, if the resolution is enacted, it will directly affect the state's ability to continue oil and gas leasing offshore or near water bodies. We ask the Committee and the Legislature to carefully consider the unsubstantiated statements in this resolution, as well as the subsequent implications for the state's own oil and gas leasing program, before moving it to the next committee of referral.

Many federal offshore areas in Alaska have already been leased. The Hickel administration has taken a strong stance with the federal government to ensure that federal sales are as protective of subsistence activities and have as high a standard for oil spill prevention as state sales. A resolution of this type does not help these efforts.

The resolution appears to mix concerns about tanker accidents such as the Exxon Valdez with concerns about the risks of offshore oil and gas exploration and development. Before the Legislature commits itself to these statements it should make certain they are substantiated.

Recommendation: Allow the federal Minerals Management Service (MMS) an opportunity to appear before the committee and explain the results of noise studies and other studies that relate to the resolution's statements, as well as to describe federal oil spill prevention and clean-up requirements for offshore Alaska exploration and development. Recognize the high standards of protection and prevention established by the state for offshore oil and gas exploration, development and transportation. Amend the resolution accordingly.

Sincerely,

Harold C. Heinze
Harold C. Heinze
Commissioner

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

WALTER J. HICKEL, GOVERNOR

HJR 36 - BEAUFORT AND CHUKCHI SEA EXPLORATION DRILLING MORATORIUM

Level of Activity

To date, there have been few exploratory drilling operations in the Chukchi Sea and Beaufort Sea Outer Continental Shelf (OCS).

- Chukchi Sea:**
- * Drilling only during summer open water period.
 - * Shell Western has drilled in 1989, 1990, and plans to drill in 1991.
 - * Texaco may drill in 1992.
- Beaufort Sea:**
- * Nearshore drilling in winter and offshore drilling in summer open water period.
 - * Arco drilled during winter of 1990 and may drill in winter of 1991.
 - * Amoco may drill offshore during summer of 1991.

Oil Spill Prevention and Response

The U.S. Department of the Interior, Minerals Management Service (MMS) requirements establish a level of response preparedness similar to those outlined in draft State oil-spill regulations and HB 567.

- Spill Drills:**
- * Two oil spill response drills each year.
 - * North Slope Borough and State agencies are invited to attend all drills. DEC staff have attended all drills.
- Monitoring & Inspection**
- * An MMS inspector is stationed on offshore drill ships to inspect spill prevention and emergency response systems.
 - * MMS inspects onsite response equipment on a daily basis, and attendant vessel equipment weekly.

- * MMS inspects offsite equipment inventories annually, prior to the open-water drilling season.

- * Companies are required to have a scheduled maintenance program for response equipment. MMS inspects company records for compliance with the maintenance schedule.

Spill Technology:

- * MMS sponsored the Alaska Arctic Offshore Oil Spill Response Technology Workshop in November-December 1988.

- * MMS, in cooperation with Environment Canada and U.S. Coast Guard, has initiated a major effort to refurbish the only spill response test facility in the United States (OHMSETT) to test Arctic spill containment and cleanup technologies.

Local Involvement:

- * The industry's spill response co-operative, Alaska Clean Seas, is working with the Arctic Slope Regional Corporation to train residents of North Slope villages in oil spill response and cleanup.

- * The Arctic Marine Resources Commission participates as a member of DEC's HB 567 Technical Implementation Work Group.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

ALASKA OUTER CONTINENTAL SHELF REGION
949 E. 36TH AVENUE, ROOM 110 ANCHORAGE, AK 99508-4302



APR 23 1991

Representative Bill Hudson,
Chairman
House Special Committee on
Oil and Gas
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Hudson:

I appreciated the opportunity to testify to the committee on the proposed HJR 36 on April 22, 1991. I am enclosing a copy of information relating to the Minerals Management Service's regulatory program, environmental studies, and other background material, some of which I presented and discussed during my testimony and which I believe the committee will find useful in its further discussions regarding HJR 36.

I would be glad to answer any questions or provide any additional information.

Sincerely,

Irven F. Palmer, Jr.

ccing

Irven F. Palmer, Jr.
Regional Director

Enclosure

MINERALS MANAGEMENT SERVICE INFORMATION RELEVANT TO PROPOSED HJR 36

Background

Offshore oil and gas leasing, exploration and development and production is not new to the Beaufort and Chukchi Seas. The State of Alaska has conducted 13 lease sales which included offshore lands in the Beaufort Sea and has more planned. The Federal Government has held four sales in the Beaufort Sea including the joint Federal/State sale in 1979 and one in the Chukchi Sea.

Twenty-five exploratory wells have been drilled in the Beaufort and Chukchi Seas on Federal leases; over 100 wells have been drilled on State submerged lands in the Beaufort Sea and over 60 wells have been drilled in the Canadian Beaufort Sea. The Endicott Development Project on State submerged lands has been producing offshore oil since 1987.

Oil Pollution Act Report

One of the recommendations of HJR 36 is that Federal offshore lease sales in the Arctic not proceed until the Secretary, the Congress, and the public have had the opportunity to review a report required by Section 8302 of the Oil Pollution Act of 1990 (OPA). The OPA does not require, and the Congressional history of the OPA does not suggest, that the Outer Continental Shelf (OCS) leasing program be delayed pending completion of the report. The report will not provide new information on the lease sales planned for this summer.

The current plan is that a draft will be available for public review in May and the final report delivered to the Congress in August.

The OPA directs the report to cover three subjects: recovery of damages, contingency plans, and coordinated actions in the event of an oil spill in the Arctic Ocean. The language of Section 8302 shows that the principle impetus for the report is concern over spills resulting from tankering of crude oil from the Canadian Beaufort, and the administrative and legal mechanisms for recovery of damages from such oil spills.

The report will include information on Federal, State, local and Canadian and private contingency plans and requirements, but will not address the adequacy of spill-response preparedness, current state-of-the-art technology for spill response, or the effects of industrial noise or spills on wildlife in the region.

Environmental Studies and Assessments

The Minerals Management Service (MMS) has spent over \$245 million dollars in environmental studies for the Alaska OCS Region since 1974. Over one half of that total has been directed at the Arctic. Approximately \$22 million has been spent on studies directly related to bowhead whales.

The MMS studies program has addressed a comprehensive list of subjects:

- o Oil-spill fates and effects;
- o Social, and economic and subsistence effects;
- o Living resources;
- o Endangered species;
- o Environmental monitoring;
- o Pollutant transport;
- o Environmental geology; and
- o Ecosystems.

Organizations other than the MMS have also funded OCS-related studies. The National Marine Fisheries Service (NMFS), the State of Alaska, the North Slope Borough, the Alaska Eskimo Whaling Commission, the Union of Soviet Socialist Republic, Canada and the oil industry have funded almost \$24 million on bowhead whale studies through 1989.

The MMS has prepared seven Environmental Impact Statements (EIS's) for OCS lease sales in the Beaufort and Chukchi Seas. These EIS's have gone through extensive public review and comment, and are based on the most current scientific data and information.

The EIS's are comprehensive analyses of the potential effects of oil and gas activities on the natural and human environments. Through the EIS process, including State and public review, the MMS identifies and mitigates potential effects.

The MMS has also prepared environmental assessments (EA's) on each of the 21 exploration plans (EP's) which have been submitted for the Beaufort Sea and the 3 plans for the Chukchi Sea. The EA's analyze potential environmental effects, and incorporate any information that may have become available since the last EIS.

Arctic waters have been subjected to considerable environmental assessment. Since the OPA report is limited in scope, as directed by the Congress, it will not modify the results of those assessments.

EFFECTS OF NOISE ON MARINE MAMMALS

There have been several studies on the effects of industrial noise on marine mammals, particularly bowhead whales.

Studies on the effects of industrial noise on marine mammals conclude that while marine mammals react to industrial noise, the reactions are localized and short term.

The MMS has evaluated the potential effects of oil and gas activities on marine mammals including bowhead whales in EIS's prepared for OCS sales, most recently Sales 124 and 126.

The Sale 124 EIS concludes that potential effects to marine mammals from noises are low.

The EIS analyses are conservative. The EIS does not assume that special mitigating measures will be in place or that spilled oil will be contained, removed, or cleaned up. The MMS has developed mitigating measures specifically for the protection of bowhead whales and subsistence hunting, including effects from noise. These measures include requirements for site-specific monitoring for the presence of whales and effects on their behavior. The MMS also requires that lessees consult with, and coordinate their activities with local subsistence communities to avoid and minimize interference. Limitations are also placed on seismic operations during the bowhead whale migration and lessees are warned to keep their operations, including vessels and aircraft, at specified distances from marine mammal and bird concentrations.

The NMFS, after reviewing the available scientific information on noise effects on bowhead whales, concluded in the Arctic Regional Biological Opinion "that although some impacts [from noise] to individuals [bowhead whales] may occur, anticipated proposed exploratory activities will not produce noise levels expected to reduce appreciably the likelihood of survival and recovery of the bowhead whales by reducing the reproduction, numbers, or distribution of the species."

In their final regulations for the non-lethal incidental taking of marine mammals adopted in July 1990 for oil and gas exploration and seismic activities in the Beaufort and Chukchi Seas, the NMFS further concluded there would be no significant impact on the populations of marine mammal and that there would be no unmitigable adverse impacts on the availability of the species for subsistence use if certain conditions are met. The conditions required by the NMFS regulations are site-specific monitoring programs and coordination between industry and subsistence communities similar to MMS lease terms.

Postlease Regulatory Program

The MMS has a stringent regulatory program to ensure that offshore oil and gas operations are conducted in a safe and environmentally-sound manner.

This program establishes specific requirements and standards for offshore operations, includes a comprehensive permitting process involving a thorough review of each proposal, and a compliance and inspection program to ensure that each activity is conducted in accordance with regulatory and lease requirements.

Major components of the program include well control and spill prevention.

Before any exploration or development activity can begin, an EP or development and production plan must be approved by the MMS. Each plan undergoes public review and comment and an EA is prepared. The State must also concur that the plan is consistent with the Alaska Coastal Management Program before an activity can be conducted.

Inspection and Compliance

The MMS has a very stringent inspection program in Alaska.

In the Alaska OCS Region, we maintain an inspector on each offshore drilling rig on a continuous or near-continuous basis to ensure that all applicable requirements are being met and that the well is being drilled in a safe manner. We observe all critical operations such as mandatory testing of blowout preventors.

Oil Spills

There have been no blowouts resulting in the release of crude oil from nearly 10,000 exploratory wells drilled on the OCS. The blowouts which have occurred were gas blowouts mostly in areas where shallow gas is prevalent.

Because of the Exxon Valdez spill, many question industry's ability to respond to a major oil spill, such as a blowout from an exploratory well in the Arctic.

It is important to distinguish between oil spills resulting from tanker accidents and spills that could occur from offshore oil and gas operations.

In contrast to tankers, OCS exploration and development and production operations are confined to specific locations where we require onsite spill-response teams and equipment tailored to the type of activity, environmental conditions, and maximum anticipated spill.

Spills from OCS exploratory drilling and production activities would not result in large instantaneous spills such as a tanker spill.

Spill response would be much more effective on a smaller continuous spill that provides continuous fresh oil in moderate volumes than a response to a single massive release of oil, such as occurred from the Exxon Valdez.

The MMS has taken prudent and effective steps to significantly reduce the risk of a spill and to ensure that industry utilizes the best available equipment and technology to drill and produce oil in the Arctic, and to respond to a spill.

There have been substantial improvements in oil-spill-response technology as a result of research and testing by the MMS in concert with Environment Canada and others, and as a result of the State's Tier II program.

In situ burning is a major response strategy for the Arctic, particularly for environmental conditions which might preclude or limit a mechanical response.

Research and testing of in situ burning in test tanks, offshore field trials, and under actual spill conditions have provided documentation on the effectiveness of in situ burning.

Other recent initiatives such, as Alaska Clean Seas' expanded equipment inventories and response organizations, the Regional Response Team's Memorandum of Understanding for preapproval to use in situ burning in the Beaufort and Chukchi Seas, and development of other guidelines and checklists, have improved and facilitated response capabilities and preparedness in the Arctic.

Conclusion

Based on the past drilling and production history in the Arctic and the comprehensive environmental studies and evaluations which have been conducted, the MMS is confident that offshore oil exploration and development in the Beaufort and Chukchi Seas can continue to be conducted in an environmentally-sound manner.

There is ample information regarding the risks of oil and gas operations to proceed with the proposed Beaufort and Chukchi lease sales.

Regulatory requirements for oil-spill-response preparedness, advances in technology in oil-spill response, including in situ burning, and a stringent regulatory and inspection program to prevent oil spills assure that operations are conducted in an environmentally-sound manner.

The MMS requires that industry demonstrate an acceptable level of spill-response preparedness and that current technology is suitable for the maximum anticipated spill which could occur from such activities.

Several oil and gas lease sales and exploration drilling have been conducted in the Beaufort and Chukchi Seas starting with the joint Federal/State Beaufort Sea lease sale in 1979 and there has been a very thorough analysis of all potential effects, including State and local involvement, leading up to each proposed Beaufort and Chukchi lease sale.

The MMS believes that proceeding with the decision-making process for planned Arctic OCS lease sales using the mandated and administrative coordination processes in place is appropriate and little would be gained by delaying the sales for review of the report being prepared under the requirements of Section 8302 of the OPA of 1990. Simply put, the report is not going to shed much light on most of the issues raised in HJR 36.

Testimony on HJR 36

Robert R. Griffeth

Senior Consultant, Environmental Affairs-Offshore

ARCO Alaska, Inc.

April 26, 1991

My name is Bob Griffeth. I am a member of the Environmental Sciences Department staff at ARCO Alaska, Inc. Thank you for this opportunity to offer some commentary on HJR 36.

Among the duties I perform in my assignment with ARCO are organizing and presenting the environmental orientation programs associated with exploratory drilling projects; overseeing the marine mammals scientific and monitoring programs for offshore exploratory operations; coordinating and maintaining cooperative programs with North Slope Inupiat villages; and serving as principal liaison with North Slope villages oil spill response teams.

Much of the testimony and discussion focusing on House Joint Resolution 36, which this committee is considering, directly touches areas of my professional activities. Therefore, I would like to take this opportunity to comment on three particularly relevant areas: (1) The recent history of cooperative programs between offshore oil and gas industry operators and North Slope Native communities. (2) The design and results of marine mammals science and monitoring programs. And (3) the village oil spill response teams which serve as observers, advisers, and participants for industry's offshore oil spill contingency planning and response preparedness.

Since the earliest days of petroleum exploration and development on the North Slope, industry has recognized both the advisability and desirability of fostering programs of mutual benefit to itself and to the resident Inupiat communities. In the early years, these efforts were primarily directed to training and employment opportunities. Such programs remain strong and active today. In other instances the basis for cooperation keys off of joint business ventures between industry and the Native regional and village corporations. Here again, joint venture programs continue to be an essential and vital feature of industry-local resident relations.

In more recent times, the overriding concerns of the area have come to be offshore oil exploration activities that are viewed by some as potentially harmful to marine mammal subsistence resources or in conflict with Native subsistence pursuits. The bowhead whale hunt has been the focal point of this concern for North Slope residents and industry operators alike since both parties are, at times, environmentally constrained to simultaneously operate during the open water conditions when the annual fall whale migration through the Beaufort Sea occurs.

For the past five years, a Cooperative Program for the Beaufort Sea (commonly referred to as the Oil/Whalers Agreement) has been in effect between the Alaska Eskimo Whaling Commission, the whaling captains' associations of Nuiqsut and Kaktovik (which, along with Barrow, constitute the only Beaufort whaling villages) and industry. Prior to the open water season, whaling captains and industry representatives meet to work out a communications system between the parties that prevents use conflicts

between active whaling crews and industry operations. This cooperative effort has succeeded. It has also produced additional benefits to both parties. Industry has been allowed to proceed with exploratory activity and in the process has become very familiar with, and keenly sensitive to, both the practical and cultural dimensions of the Inupiat subsistence hunt. Safety assistance has also been provided to whaling crews in distress on certain occasions. Most of all, the focus on whaling and the fall bowhead migration has created a situation in which industry has proved itself both willing and able to work cooperatively with the Native subsistence communities on what is chief among their concerns about offshore exploration.

While this example touches on the experience gained from cooperative efforts between industry and Inupiat whalers from the Beaufort Sea communities; other efforts have involved environmental projects, archaeological and cultural matters, and local community activities. Without question, however, our highest mutual priority continues to be gaining a better understanding of the dynamics of the offshore arctic environment and scientific and monitoring studies of marine mammals there.

(234)
ARCO, and other industry offshore operators, have recognized that the local expertise and deep knowledge possessed by subsistence hunters absolutely must be incorporated in any study or monitoring programs. Effectively, this is done in two ways. First, by consulting with both whaling captains' associations and the North Slope Borough's Department of Wildlife Management in the design and scientific assessment of results of studies. Second, by including experienced Inupiat monitors in the actual field work associated with the studies. This approach has vastly enriched the quality

and credibility of study results. The benefits to both industry and the whaling communities are obvious. Industry operators can tailor their operations to cause the least possible interference with the subsistence hunt; the whaling community can, in turn, reinforce with hard scientific evidence its long held view that the bowhead whale population is healthy and can sustain an annual take of up to fifty animals. Both of these benefits have been realized from studies conducted over the past several years. I would be happy to supply additional information on these efforts to the committee. I can provide for the record, a detailed report of cooperation and consultation undertaken between industry and the whaling communities and final study reports from recent science and monitoring programs, if you would like to include them.

The final matter which I would like to touch on concerns the extent to which industry consults and incorporates the knowledge of local residents in dealing with oil spill preparedness and response. This committee recently received written testimony saying that ". . . local knowledge of experience[d] whaling captains and hunters and researchers continue[s] to be overlooked. I would like to see our local experts actively participate in the assessment of the oil industr[y's] ability to clean up an oil spill. This includes monitoring oil spill clean up drills that the state calls for occasionally to see if the oil industry is ready to respond to a spill."

There has been similar testimony from several other witnesses at previous hearings on this Resolution.

Local captains, hunters and residents **have** shared in the development of our Arctic programs. In the summer of 1989, ARCO recruited and provided oil spill response technician training (a 40 hour course) to ten residents each in the villages of Nuiqsut and Kaktovik. Members of these two teams included whaling captains (such as Mickey Agiak and George Kaleak of Kaktovik) and crew members (such as Isaac Nukapigak and Tony Cabinboy of Nuiqsut). Each of these individuals plus other team members fully participated in on-site oil spill response drills and demonstrations under all types of environmental conditions (open water, broken ice, and solid ice) at two different Beaufort Sea offshore exploratory drilling locations in 1989 and 1990. In late summer 1990 the initial phases of training were completed for a third ten-member team which included representatives from the Barrow volunteer fire department. Presently, the Alaska Clean Seas Co-op and response organization is continuing and expanding the village response team program in North Slope Borough communities.

This training program serves both the needs of oil companies operating in the area and the continuing needs of North Slope communities. Trained team members have reviewed contingency plans and have offered suggestions that resulted in specific improvements. The North Slope Borough has been an active partner in staging and supporting the training program.

I wish to conclude by stating that ARCO Alaska, Inc. and other offshore Arctic operators, fully intends to maintain the patterns of consultation and cooperation we have established over the years. As has been discussed by some individuals recently, a more formal regional citizens advisory group for

the Beaufort and Chukchi lease sale areas may be established. ARCO would welcome and support such a development.

Thank you for the opportunity to share this information with you. If you have any questions, I would be happy to respond.

NORTH SLOPE BOROUGH TESTIMONY ON HRJ 36
HOUSE SPECIAL COMMITTEE ON OIL AND GAS
APRIL 15, 1991

The issues dealt with in HJR 36 can quickly become very complicated if you let them. Inconsistencies in the administration and interpretation of local, state and federal laws by state and local agencies has made the reviews of offshore lease sales, exploration and oil spill contingency plans, and related matters far more complex than they need have been. In the process, the views and concerns of Alaska's northern coastal residents have been obscured by scientific, legalistic, and economic debates which have failed to produce more than paper assurances that industrial operations can be conducted offshore in the Arctic without risking significant harm to the marine environment and the Inupiat Eskimo culture. Simple, critical questions have remained unanswered as the interest in offshore exploration in arctic waters has intensified in recent years. This resolution sponsored by Representative MacLean and others does nothing more than demand that the State of Alaska better investigate and understand the risks of these activities before continuing to support them. Every statement in the resolution is true, and to the extent that negative statements can be proven, each can be substantiated by the scientific and anecdotal records.

If you objectively examine the available data on arctic wildlife resources, the dependence on them among our Native residents, the lack of definitive data regarding the impacts of noise and oil on subsistence resources, the harsh realities of the arctic environment, and the limitations of oil spill response options in the Arctic, we believe that you will find our concerns and recommendations reasonable.

CONTINUUM

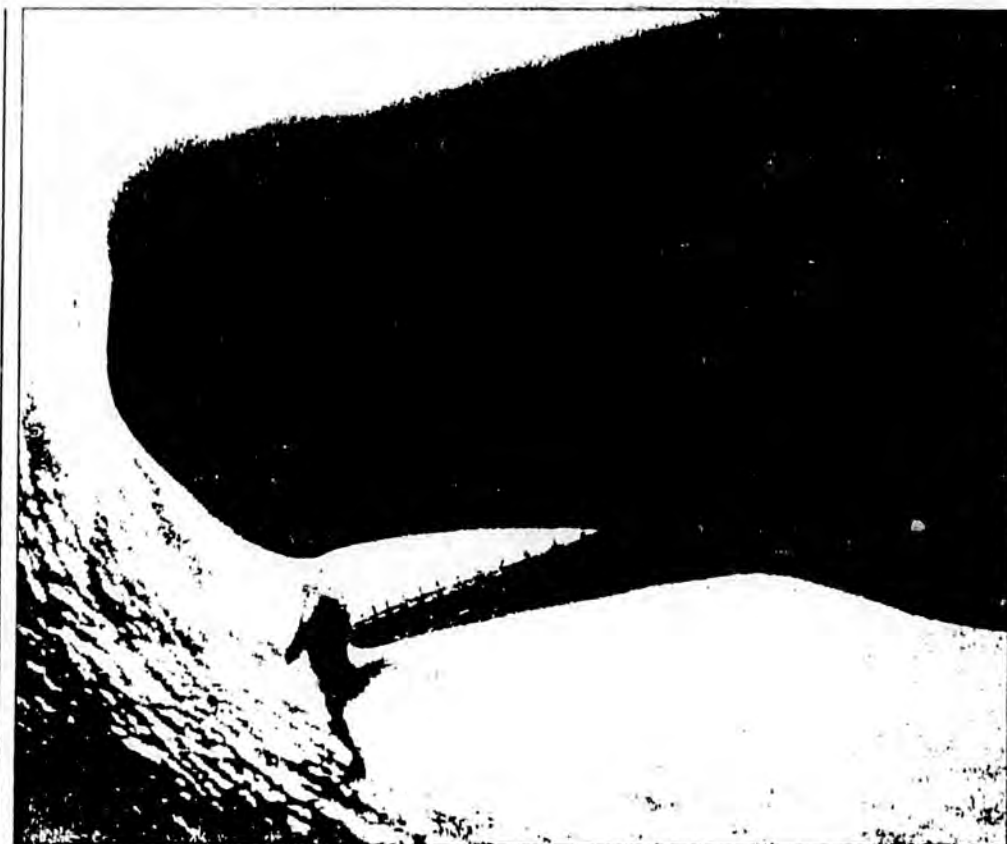
WHEN IS A WHALE LIKE A BAT?

A crystalline curtain of ice extending more than 70 feet below the Arctic Ocean loomed in the path of a herd of migrating bowhead whales. A scout whale, swimming about a mile ahead of the herd, detected the ice by bouncing a low, moaning cry off the blockage. Alerted, the animal then increased the rate of its vocalizations, signaling the rest of the herd.

Aided by its scout, the herd began to turn well ahead of the obstruction. This event is being called the first known example of large mammals using echoes of their own sounds for navigation. Christopher Clark, director of bioacoustics programs at Cornell University, and William Ellison of Marine Acoustics plotted the courses of bowheads off Point Barrow, Alaska, both visually and with hydrophones. Circumstantial evidence, says Clark, points to the conclusion that the whales are using low frequency echolocation.

"In general, bowheads chatter back and forth so the group can stay together. But when they detect heavier ice, the amount of their chatter increases. We call it a burst mode," he explains.

"When we look at where the whale tracks and the ice blockages were on our plotting board, we see that they didn't swim up to the ice and bump their noses. They started to change course before they made visual contact. It all adds up that



Whale song is also collective sonar. Researchers are learning that the haunting sounds produced by a single "scout" whale can help an entire pod navigate in its hazardous environment.

they hear echoes and swim around ice. Not only that, but the animals behind the lead whales started turning several kilometers before they approached blockages. This suggests that whales are hearing their colleagues and their echoes.

"The emerging picture is that these animals have a very refined and sophisticated acoustic, spatial map of their environment. They make sounds and listen to sounds of their surroundings to help themselves survive in an incredibly hazardous environment," Clark says.

—Joel Schwarz

SLIDE RULES SAVED

Once, slide rules ruled. But all that changed in 1972, when calculators that could handle logarithms and other complex functions were put on the market. "Never has anything once as common as slide rules disappeared so fast," says Art Orans of Philomath, Oregon. "There's not one American company making them anymore. Somebody has to save slide rules, or they'll go the way of the dinosaurs."

Toward that end Orans has established the Philomath International Slide Rule

Society. Its goal: to collect and preserve the endangered objects. So far more than 400 people have joined by donating a slide rule to the cause. Orans notes that the mechanical calculators come in all shapes and sizes: "I have several tiny, working tie-tack models—sort of designer jewelry for nerdy-type engineers. And there's a ten-foot-long slide rule that once hung on a high-school class wall."

What's the appeal of a slide rule compared with a modern pocket calculator? "You have a challenge with a slide rule," Orans answers

BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 310
DILLINGHAM, ALASKA 99576
PHONE (907) 842-5257

April 25, 1991

Representative Bill Hudson
Chairman, House Oil & Gas Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representative Hudson:

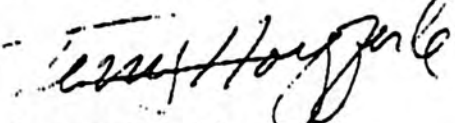
I am writing to you on behalf of the members of the Bristol Bay Native Association in support of HJR 36 which is currently in your committee.

BBNA adamantly opposes offshore oil development. Recent and current developments in national oil policy make this a pressing issue, particularly in Alaska where our coastal weather conditions and recent experience with the Exxon Valdez clean up are vivid in our being. While certain differences exist between the Siberian/Bering Sea weather factory and conditions of the Japanese Current/North Pacific zone, and between the biosphere of Bristol Bay and that of the Chukchi Sea, the overriding fact of our total dependence on the sea remains the same.

Please pass HJR 36 out of the oil and gas committee as soon as possible - while its influence on national oil policy might be the greatest.

Thank you.

Sincerely,



Terry Hoeffler
Executive Director

cc: Representative George Jacko
Senator Fred Zharoff
Members, House & Senate Oil & Gas Committees
Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young

January 15, 1991

Pamela A. Bergmann
Regional Environmental Assistant
Office of Environmental Affairs
U.S. Department of the Interior
1689 C Street, Room 119
Anchorage, Alaska 99501-5126

Dear Pamela:

The meeting in Kotzebue was very helpful. The schedule for reviewing your report to Congress does not leave us much time to comment, but we appreciate any opportunity to express our concerns regarding oil development and transportation in the Arctic.

Based on the Kotzebue meeting, we will not focus on oil tankers, but instead we will address oil issues in a broader context. Furthermore, you indicated that you are more interested in a listing of concerns. If more detail is needed, please contact us.

We also wish to receive a review copy of the draft report prior to its completion and submittal to Congress.

Below is a list of our major concerns relative to oil development and transportation in the Arctic:

A. Exploration Phase

1. Successful exploration will result in development activities, regardless of the extent of knowledge concerning environmental and social impacts. While we are not opposed to exploration, we do not believe that exploration should proceed until the environmental and socioeconomic impacts of such activities are better understood and effective measures for

mitigating those impacts have been developed and are in place.

2. Oil spill response technology in the Arctic is unproven and at present inadequate. Too little thought has been given to oil spill cleanup under Arctic conditions by the industry and the federal government.

B. Development Phase

1. Impacts, both positive and negative, on communities that serve as the base of operations or support for development activities need to be thoroughly assessed. This is especially critical for smaller Native communities.
2. Impacts on larger communities, such as regional centers like Kotzebue, that are not physically close to the lease area but still function as a supply center or support base must also be addressed. Often, the extent of the area impacted by OCS activities is greater than the federal government or industry recognizes.
3. The potential for oil spills increases and a spill could occur at any time, under any conditions.

C. Production Phase

1. The likelihood of a spill of major proportions increases substantially during the production phase. Again, a spill can occur under any circumstances and at any time of year.
2. Oil spill response technologies are unproven in the Arctic. Even MMS points out that the present technology and industry capabilities are inadequate for a spill in ice-covered waters (Chukchi Sea OCS Lease Sale #126 DEIS).
3. The industry and the federal government don't appear to be as diligent as warranted about identifying and mitigating adverse impacts from OCS activities in environmentally sensitive and climatically harsh regions. Areas of concern include offshore regions that host migratory marine mammals as well as onshore areas that provide habitat for a variety of species important as subsistence resources.
4. A conscientious and meaningful effort to provide opportunities for training and employment of local

residents should be considered an integral part of any planning activities for oil development in the Arctic.

5. Options for transporting oil from the Arctic must be carefully and thoroughly evaluated. Before any decisions are reached as to transporting oil by tanker, for example, a thorough assessment of the applicability of existing facilities should be conducted. To the extent possible, existing infrastructure should be utilized for future oil production.
6. If oil is transported by tanker, adequate oil spill response equipment must be available in a number of locations along the coast of Alaska, as far south as the Aleutians or the Alaska Peninsula, to ensure rapid deployment and effective cleanup. (This is an example of how more widespread OCS impacts are than the federal government and industry seem to acknowledge).

D. Subtitle C, Section 8902 Report Annotated Outline

1. A description of subsistence resources and the likely impacts on subsistence as a result of an oil spill needs to recognize the geographic extent of subsistence activities. Impacts from an oil spill will not be confined to marine mammals, fish and seabirds, and the coastal residents who use them, but will impact inland and terrestrial species and subsistence activities as well. This is due to the traditional sharing of subsistence resources by the Inupiaq people. Coastal peoples trade their subsistence resources for those obtained by upriver and inland peoples. Thus, a severe reduction in coastal resources will increase the pressures on and the demand for inland resources. Furthermore, inland people travel to the coast to hunt and fish, supplementing subsistence resources they obtained inland. Finally, migration of animals, such as caribou, can be disrupted in one location due to development activities but result in negative impacts elsewhere. This can happen if, for example, the caribou alter their migration routes, making it more difficult for subsistence hunters to find them and to obtain enough animals for their needs.
2. The report also needs to recognize the seasonality of the rural economy (cash and subsistence). A major oil spill and cleanup effort in the spring and summer will occur at the busiest time of year in rural Alaska. This is when nearly all major con-

struction takes place, as well as commercial fishing and other significant economic activities (such as tourism). Extensive local hiring efforts to combat an oil spill will compete directly with the already high demands for labor during this time of year. Summer is also a critical time of year for subsistence activities. During this time, it would be very disruptive if not impossible to mount a sizeable cleanup operation out of a community like Kotzebue. The services and facilities of a regional center are generally taxed by normal summer activities, let alone a massive cleanup effort or staging operation. Consideration needs to be given in project planning to mounting a large scale effort while minimizing detrimental impacts to the local community(ies). Furthermore, local projects could be severely impacted if a large number of resident laborers opt for higher paying jobs with industry should a spill occur. Given the brevity of the construction season, loss of one summer could be ruinous to a project.

3. Alaska should be afforded a timely and meaningful opportunity to review oil exploration, development and production plans for Canadian activities, particularly if oil is to be transshipped through Alaskan or American waters, or piped across Alaska.
4. The Northwest Arctic Borough should be consulted throughout all phases of oil exploration, development and production. As we have stated above, the Borough is likely to experience impacts from oil activities, even if the activity is to the north in the Beaufort Sea. The Borough has done extensive planning through its coastal management, comprehensive planning and economic development programs, and has numerous policies in place relevant to the types of impacts that may result from various aspects of oil development.
5. Section III.B.1. addresses public sector contingency plans for oil spills. Consideration should be given in this section to the Northwest Arctic Borough (and the North Slope Borough) coastal management programs. Although these plans are not likely to focus specifically on oil spills, they do consider the resources, both human and natural, of the coastal areas within each jurisdiction. They also identify critical areas where development should either be restricted or prevented. This is germane, for example, to the location of onshore facilities such as staging areas.
6. Section III.B.2.c.ii. talks about local contingency plan requirements of the Northwest Arctic Borough

for oil activities in the North Slope Borough. We assume this refers to oil activities in the Northwest Arctic Borough. The Northwest Arctic Borough has no jurisdiction in the North Slope Borough.

NANA Regional Corporation commented on the DEIS for the Chukchi Sea Lease Sale #126. The majority of our comments and concerns are as equally relevant to this matter as they were to the proposed lease sale. Pertinent portions of these comments are summarized here for your information.

Our major concern centers on the unproven ability of the oil industry to safely drill in Arctic waters, to prevent significant accidents or oil spills, and lastly to clean up a spill of any magnitude effectively and quickly.

In fact, the DEIS for Lease Sale #126 is quite pessimistic about the ability of the oil industry to clean up an oil spill in Arctic waters, particularly in the presence of ice. As noted in Appendix L of the DEIS, MMS' own evaluation of the response and cleanup capabilities of the industry found that the majority of the equipment tested performed below ratings. In the case of application in the Chukchi Sea, summer sea conditions would preclude effective use of response equipment for 9% to 24% of the time. Ice cover, which typically occurs 9 months of the year, eliminates standard application of most mechanical response equipment.

The scenarios for mobilizing spill response teams and equipment center on transporting said teams from Barrow, Deadhorse or the Canadian Arctic. However, the minimum response times often exceed the critical initial response time required to contain and clean up the oil. In other words, the response teams will arrive too late. And once they get to the scene of the spill, they will be using equipment and techniques that, by MMS' own admission, are likely to be ineffective and made even more so by the extreme weather and sea conditions that are common to the Beaufort and Chukchi Seas.

There is a real danger in transporting oil by tanker in waters that are covered by ice substantial portions of the year. A tanker that becomes grounded or damaged by pack ice will produce an oil spill of the greatest magnitude under the worst possible conditions for an effective spill response and cleanup. One technique discussed in the Lease Sale #126 DEIS for dealing with oil spills in pack ice is to burn the oil when it reaches the top of the ice. However, as the DEIS notes, the requirements for dealing with a multitude of melted pools of ice and oil would be a "logistical nightmare". Moreover, oil spilled in the early winter is likely to remain underneath the ice for the entire winter before the ice starts melting. There was little discussion addressing the effects of significant quantities of oil trapped underneath pack ice for extended periods of time. It was noted, however, that oil trapped in pack ice may move considerable distances before the ice melts, further complicating the oil spill cleanup. Moreover, such trapped

oil may be slower to lose its volatile and therefore toxic components.

To quote the findings of the DEIS, "industry could effectively clean up an oil spill in moving ice only if the spill is a platform blowout that could be set on fire without endangering platform integrity." The implications of this statement are that the industry is severely limited in its ability to respond to oil spills of any other source or cause. In light of the severe weather conditions commonly experienced in Arctic waters, this admission is quite unsettling. As noted in the DEIS (page II-55), even recovery of most of the oil spilled from a platform is unlikely.

We hope that these comments are useful in your efforts to respond to the mandates of the Oil Pollution Act of 1990. If we may be of further assistance or can provide additional information, please contact me at the letterhead address or call 265-4100.

Sincerely,

John A. L. Rense
Vice President, Resources

cc: Walter Sampson
Vice President, Lands

Chuck Greene, Mayor
Northwest Arctic Borough

EB/111

NOV 21 1990

**REPORT TO CONGRESS
OIL POLLUTION ACT OF 1990
SUBTITLE C, SECTION 8302**

ANNOTATED OUTLINE

I. INTRODUCTION

Background and Objectives of Report

Describe legislative requirement and report objectives and assumptions.

II. EXISTING CONDITIONS IN THE BEAUFORT AND CHUKCHI SEA AREAS

A. Natural/Physical Environment

Briefly describe the characteristics of the natural/physical environment in the Beaufort and Chukchi Sea areas that are taken into account during oil exploration, development, production, and transportation as well as during oil-spill response planning and response (e.g., weather, ice conditions, and water depth).

B. Native Interests and Concerns

1. Background Information

a. Demographics

Briefly describe the locations and numbers of Native people who could potentially be affected by an oil spill in the Beaufort and Chukchi Seas. The section should focus on Native people in coastal communities in the North Slope Borough, Northwest Arctic Borough, and the Bering Strait Coastal Resources Service Area (from Cape Prince of Wales north).

b. Subsistence Resources

Briefly describe subsistence resources at risk (e.g., whales, seals, walruses, polar bears, and migratory waterfowl), and generally identify their seasonal distributions. Briefly describe subsistence hunting activities (emphasizing offshore hunting), subsistence regulations (i.e., harvest quotas for bowhead whales) and the importance of those resources to Native people (e.g., food, clothing, crafts, cultural traditions).

2. Native Concerns Regarding Oil Spills and Oil-Spill Cleanup Activities

Briefly describe Native concerns regarding oil spills and oil-spill cleanup activities. Native concerns may include, but are not limited to, potential: disruptions to subsistence activities (e.g., disruptions resulting from noise or the physical presence of vessels or humans); reductions in wildlife populations (e.g., reductions due to alteration of normal distribution patterns or due to wildlife killed by a spill); limitations in access to wildlife resources; contamination of food; and disruption of lifestyles. In addition, the existence and adequacy of emergency relief and general assistance, and Native participation in preparedness and response activities may also be a Native concern.

C. Oil Exploration, Development, Production, and Transportation

1. Canada

Briefly describe the status of Canadian plans for developing the Amalagak field and subsequent transportation of oil produced from the field (identify open-water months when transportation could occur). Also describe other relevant exploration, development, production, and transportation activities associated with Canadian oil fields that could result in a spill that enters the Beaufort or Chukchi Seas.

2. United States

- a. Outer Continental Shelf**
- b. State Waters**
- c. Onshore (only facilities where oil spills could enter the Beaufort or Chukchi Seas)**

Identify and briefly summarize existing and proposed oil exploration, development, production, and transportation activities.

III. EXISTING OIL SPILL MEASURES

A. Oil Spill Prevention

Oil Exploration, Development, Production, and Transportation Regulations and Stipulations

1. Oil Exploration, Development, and Production

Briefly describe Federal, state/provincial, and local regulations and stipulations (in the United States and Canada) for oil spill prevention.

2. Oil Transportation

Briefly describe United States and Canadian Federal and state/provincial regulations for preventing oil spills associated with oil pipelines and oil tankers. Also briefly describe regulations concerning the location of tanker traffic in the Beaufort and Chukchi Seas, regulations requiring double hulls for tankers, and regulations regarding limits of liability for oil spills from tankers.

B. Oil Spill Contingency Planning/Coordinated Actions

1. Public Sector Contingency Plans

a. International Contingency Plans

- i. United States/Canada
- ii. United States/U.S.S.R.
- iii. International Convention
- iv. Arctic Nations Memorandum of Understanding

b. National Contingency Plans

- i. Canada
- ii. United States

c. Regional Contingency Plans

United States (i.e., Alaska
Regional Response Team's
contingency plan)

d. State/Provincial Contingency Plans

- i. Yukon Territory and Northwest Territory
- ii. State of Alaska

e. Local Contingency Plans

- i. U.S. Coast Guard Marine Safety Office
Plan for Western Alaska
- ii. Borough and/or Village Plans

2. Contingency Plan Requirements for Private Industry

a. Federal Requirements

- i. Minerals Management Service Requirements for Oil Exploration, Development and Production Activities on the Outer Continental Shelf
- ii. Canada Oil and Gas Lands Administration Requirements for Offshore Oil Exploration, Development, and Production
- iii. Bureau of Land Management Requirements for Oil Transportation through the Trans-Alaska Pipeline

b. State/Provincial Requirements

- i. Alaska Department of Environmental Conservation Requirements for Oil Transportation and Oil Exploration, Development, and Production on State Lands and in State Waters
- ii. Canadian Provincial Requirements, if Applicable

c. Local Requirements

- i. North Slope Borough Requirements for Oil Exploration, Development, Production, and Transportation on North Slope Borough Lands
- ii. Northwest Arctic Borough Requirements for Oil Exploration, Development, Production, and Transportation on North Slope Borough Lands (if Applicable)
- iii. Canadian Local Requirements, if Applicable

Each section should briefly summarize contingency planning requirements and any requirements that address Native interests.

3. Private Sector Contingency Plans

- a. Oil Company Contingency Plans for Exploration, Development, Production, and Transportation

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- b. Oil Spill Cooperatives
 - i. Alaska Clean Seas
 - ii. Alyeska Pipeline Service Company
 - iii. Cook Inlet Resource Organization
 - iv. Marine Spill Response Corporation
 - v. Beaufort Sea Oil Spill Equipment Cooperative
 - vi. Canadian West Coast Cooperative
 - vii. Canadian East Coast Cooperative

Each of the contingency plans should be briefly described, including resources for containing and recovering discharges of oil. In addition, a summary of any Native involvement in the plan's preparation (if any) should be included as well as how the plan addresses Native interests (if it does).

C. Oil Spill Response

- a. Minor Discharge of Oil (i.e., less than 10,000 gallons)

United States

- a. Oil Industry
- b. U.S. Coast Guard
- c. State of Alaska

- b. Medium Discharge of Oil (i.e., 10,000 to 100,000 gallons)

- i. International (if Applicable)

- ii. United States

- a. Oil Industry
- b. U.S. Coast Guard
- c. State of Alaska

- iii. Canadian Organizations (if Applicable)

- a. Oil Industry
- b. Canadian Coast Guard

- c. Major Discharge of Oil (i.e., over 100,000 gallons)
 - i. International
 - ii. United States
 - a. Oil Industry
 - b. U.S. Coast Guard
 - c. State of Alaska
 - iii. Canadian Organizations
 - a. Oil Industry
 - b. Canadian Coast Guard

This section should briefly describe how a response would be organized and implemented for containing and recovering minor, medium, and major discharges of oil in the Beaufort and Chukchi Seas, and any provisions for Native involvement.

- D. Research on Oil Spill Response Technologies for the Arctic
 - 1. International
 - 2. United States
 - 3. State of Alaska

This section should briefly describe existing and planned research on oil-spill response technologies for the Arctic. Approximate funding amounts and sources should also be included.

IV. RECOVERY OF DAMAGES

A. International

Identify and describe any international damage assessment provisions. Describe any provisions that would allow Native people to recover damages from an oil spill.

B. National

Identify and describe the Federal natural resource damage assessment process. Identify and describe any other Federal process(es) that would allow Native people to recover damages from an oil spill.

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C. State of Alaska

Identify and describe the State of Alaska's damage assessment process and any other State of Alaska process that would allow Native people to recover damages from an oil spill.

V. IDENTIFICATION OF ISSUES

A. Contingency Plans/Coordinated Actions

Identify Native issues associated with contingency plans/coordinated actions (e.g., Native involvement in developing and exercising contingency plans; adequacy of the contingency plans).

B. Recovery of Damages

Identify areas within existing damage assessment/recovery legislation where Native interests are taken into account. Discuss provisions for emergency relief.

C. Other Issues

Identify other relative issues.

VI. FINDINGS

A. Contingency Plans/Coordinated Actions

Summarize findings based on information in Sections III and V.

B. Recovery of Damages

Summarize findings based on information in Sections IV and V.

C. Other Issues

Summarize findings based on information in Sections III and V.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-463-3366
Fax 907-463-3312

POSITION PAPER HJR 36

The Alaska Environmental Lobby supports HJR 36, relating to off-shore oil exploration, development, and tanker transportation activities in the Beaufort and Chukchi seas. The resolution states the following:

1.) The Alaska State Legislature believes that the oil industry has yet to conclusively demonstrate the ability to adequately respond to, contain, or clean up a significant oil spill in arctic waters under commonly occurring environmental conditions. The oil industry's incapability was clearly demonstrated in Prince William Sound; the problems faced in the relatively calm waters of the Sound would be magnified in the Arctic seas. In a hearing on this resolution, a resident of Kaktovik told of at least one incident when an oil clean-up training session had been cancelled because it was "too windy".

2.) The Alaska State Legislature believes that lease sales in the Beaufort and Chukchi Seas must be approached in an extremely cautious way with complete participation by the people residing in the impacted areas who are most knowledgeable about arctic conditions. Also, in public testimony, several community members from Barrow and Kaktovik supported this resolution describing the unpredictability of the Arctic environment, as well as the effects industry has on marine life and a subsistence lifestyle.

3.) The Alaska State Legislature believes that the report mandated by Congress, in the Oil Pollution Act of 1990, should be reviewed and an environmental assessment of off-shore industrial operations in the Arctic be conducted before further oil and gas exploration and development activities take place in the Beaufort and Chukchi Seas. Simply put, not enough attention has been given to Arctic seas and it is only fair that the Arctic is given the same scrutiny as other states before lease sales proceed. Until this is done, the proverbial cart is before the horse.

In conclusion, the resolution emphasizes the need for more research on Arctic conditions, both in terms of oil spill contingency plans and impacts on marine life. The Lobby feels this is an important issue in a state dependent upon oil for revenue. This resolution gives environmental concerns and community involvement priority.

prepared for AEL by Krista Maciolek, 4/26/91.

April 10, 1991

File

W

Honorable Representative Hudson
Chairman, House Oil and Gas Committee
P.O. Box V
Juneau, Alaska

Dear Representative Hudson,

Enclosed is my testimony before the House Oil and Gas Committee on the teleconference of April 8, 1991. This testimony was requested by Representative Phillips during the proceedings.

Thank you for the opportunity to testify before the House Oil and Gas Committee on this important matter. If I can be of some assistance in the future, please don't hesitate to contact me at the following address.

Respectfully submitted,

Jerry Granoff

Board Member, Arctic Marine Resources Committee

P.O. Box 102

Unalakleet, Alaska

99684

(907) 624-3311

Testimony before the House Oil and Gas Committee on a Resolution
Regarding offshore Oil Exploration in the Chukchi and Beaufort Seas

April 8, 1991

Mr. Chairman and Members of this Committee:

My name is Jerry Ivanoff from Unalakleet, Alaska. I am testifying on behalf of the Arctic Marine Resources Commission, as a member of the board of directors, in support of Representative Mackean's resolution relating to offshore oil exploration and development in the Chukchi and Beaufort Seas. Our board met last week and unanimously supported this resolution.

I should first briefly explain that the Arctic Marine Resources Commission is a newly formed private non-profit corporation whose members are mostly commercial and subsistence fishermen, and subsistence whalers and hunters from the Alaska Eskimo Whaling Commission, the Chukchi Sea Fishermen's Co-op, the Alaska and Inuvialuit Beluga Whale Committee, and the Bering Sea Fishermen's Association.

AMRC's ultimate goal is to protect the marine resources which are critical to the mainly subsistence hunting and fishing economies of our coastal villages. AMRC hopes to provide a structured forum for the

resolution of conflict between local interests and resource development industries in regards to offshore oil development in arctic waters.

It is our opinion that Alaska's Arctic OCS will be the prime target of intense oil and gas development activities in the years to come. In short, we feel as stated by the resolution that these arctic waters of the Chukchi Sea and Beaufort Sea, and other areas of the Bering Sea, deserve the same treatment in the assessment of environmental impacts and in developing prevention and response contingency plans as demanded in other OCS regions of the continental U.S..

Thank you for this chance to provide our view.

STATEMENT OF OLIVER LEAVITT

Good evening. My name is Oliver Leavitt. I am an Inupiat whaling captain and a resident of Barrow, Alaska. I am also the President of the North Slope Borough Assembly and the Vice President of Arctic Slope Regional Corporation.

The questions we are considering here this evening have to do with the use of the Arctic Ocean for the development and transportation of oil and the impact of these activities on our survival as a people.

As a lifelong resident of the North Slope of Alaska, I have witnessed many changes over the last twenty years. Many of these changes -- increased economic opportunity for our people, significantly improved educational facilities and opportunities, and substantially improved living conditions -- have resulted from the discovery and development of the oil resources on the North Slope. We appreciate these changes in our lives that have resulted from oil development on the North Slope.

Prior to the development of the oil resources at Prudhoe Bay, our people were extremely concerned about the effects of oil development on the fish and land wildlife resources on which our people depend. Over the years, we have become convinced that onshore oil and gas development can occur in a manner that does not adversely affect these fish and wildlife resources.

However, our concerns about offshore activities, including oil and gas exploration, production and transportation in the Arctic Ocean, have not been relieved. These activities, using unproven technology and accompanied by insufficient oil spill clean-up equipment, pose a direct threat to our marine subsistence resources.

We have seen our bowhead whales move farther offshore when industrial activity is taking place. We have seen the disastrous consequences of a tanker spill in the relatively calm waters of Prince William Sound, an area free of pack and shore ice.

Far from being convinced that oil can be developed or transported safely in Arctic waters, we remain deeply troubled by the prospect of increased oil and gas activities in the Arctic Ocean. We therefore welcome this study by the United States Department of the Interior and applaud the action of the Congress in directing this study.

As I stated, the discovery and development of oil on the North Slope has brought unprecedented economic opportunity to our people. We also are acutely aware of the importance of these oil resources to our nation and to our national security. However, we must stress the importance of balancing these energy needs against the reality that subsistence hunting continues to provide the principal source of food and livelihood in the majority of our Arctic Native villages.

A substantial portion of our subsistence resources are taken from the waters of the Arctic Ocean. This subsistence hunting, especially the hunt of the bowhead whale, not only provides nutrition to our people, it is the life blood of our living Inupiat culture.

We believe a delicate balance can and must be struck between the competing interests of oil development and the subsistence use of marine resources. However, achieving this balance requires that the exploitation of oil resources in the Arctic proceed according to two fundamental imperatives.

First and foremost, to the greatest extent feasible, oil development and transportation activities should be focused on land rather than in the OCS. Over the past twenty years, we have witnessed an ever-improving ability of the oil industry to explore for and develop oil resources on the North Slope in a manner that does not adversely impact the freshwater fish and the non-marine wildlife resources on which we depend.

We now believe that onshore oil and gas exploration and development can occur in an environmentally sensitive manner. We therefore would urge that oil and gas exploration and development activities be focused onshore rather than offshore in northern Alaska.

We also strongly recommend that transportation of oil and gas resources in the Arctic Ocean be limited to the minimum distances necessary to transport those resources to onshore transportation networks, utilizing the Trans-Alaska Pipeline System or other onshore transportation facilities.

We are all well aware of the risks associated with the offshore transportation of oil. These risks are greatly multiplied when oil is transported through Arctic sea ice. The technology for this type of transportation is unproven and the risks of an oil spill are significant.

Given the very brief window provided by the open water season in the Arctic, any offshore transportation plan ultimately will include transportation through sea ice.

Any spill of crude oil in the Arctic Ocean could devastate the subsistence resources upon which most of our villages rely as their primary food source. As you will come to understand as you listen to the comments made here this evening, even a brief interruption in the availability of these reserves would place many of our villages at serious risk from lack of adequate nutrition.

A clear, simple and acceptable alternative to tankering is provided by over-land transportation systems. Any plan to

transport oil in the Arctic, be it transportation by the United States or by Canada, should be based on the use of an over-land system.

If for any reason an over-land system is not feasible, we strongly urge the use of double hull tankers accompanied by ice breakers and a barge equipped with containment and clean-up equipment. This system should substantially reduce the possibility of a significant and disastrous oil spill.

The second imperative is that, in addition to transportation, any oil exploration or development undertaken in the OCS should occur only in the immediate presence of state-of-the-art containment and clean-up equipment.

We are told that the risks of an oil spill from offshore exploratory drilling are small. Nonetheless, they do exist.

During the gray whale rescue a few years ago, we saw first hand the near impossibility of moving heavy equipment from Prudhoe Bay to Barrow during ice cover. Had this incident been a blowout from an exploratory well, the results could have been disastrous.

The extreme conditions created by Arctic weather and sea ice make it imperative that all companies -- and countries --

operating in the Arctic OCS be required to have response and containment equipment immediately available, and that the available equipment be capable of handling a spill of a worst-case magnitude.

In conclusion, it is our view that the most effective means of dealing with an oil spill in the Arctic Ocean is to keep one from happening. This can be accomplished by confining oil development and transportation to land.

If an offshore spill does occur, from whatever source, whether tankering or drilling and whether the source is under the United States or Canadian jurisdiction, state-of-the-art containment and clean-up equipment must be immediately available.

Finally, your study should clearly document the health risks our people face if we are forced to confront a spill in our marine hunting grounds. A contingency plan must be developed for providing adequate food, preferably traditional foods, to our people in the event of a catastrophe.

I hope that these points are of use to you in conducting your study and I thank you for the opportunity to speak to you today. I would be happy to answer any questions that you may have.



Alaska Eskimo Whaling Commission
P.O. Box 570
Barrow, Alaska 99723
Phone: (907) 852-2392

April 2, 1991

Representative Eileen MacLean
Co-Chair House Finance Committee
Box V
Juneau, Alaska 99811

Dear Eileen:

The Alaska Eskimo Whaling Commission supports your resolution relating to off-shore oil exploration, development and tanker transportation activities in the Beaufort and Chukchi seas.

Those who are most affected by industrial activities have been voicing their doubts about the ability of the oil companies to clean and contain an oil spill under Arctic sea-ice conditions. One hunter, in particular, came to ARCO's recent public meeting in Barrow and said he was trained as a local oil spill response team member, but felt that his training was very inadequate and the equipment was insufficient after seeing the amount of equipment used in Valdez.

This is unsettling at best, since our identity as Inupiaq people is so closely tied to our subsistence way of life. If you need any help from AEWC regarding this resolution, please don't hesitate to call. Good luck, and thank you for all that you are doing for us.

Sincerely,

Beverly Patkotak Grinage
Executive Director

ARCTIC MARINE RESOURCES COMMISSION
725 Christensen Drive
Anchorage, Alaska 99501

Phone: 279-6519 FAX: 258-6688

April 2, 1991

Representative Eileen MacLean
Co-Chair House Finance Committee
Box V
Juneau, Alaska 99811

Dear Representative MacLean:

The Arctic Marine Resources Commission (AMRC) board met yesterday, and unanimously supported your resolution regarding offshore oil exploration in the Beaufort and Chukchi seas.

Board members of the AMRC are:

Chairman:

Gordon Ito - Chukchi Sea Fishermen's Co-op, Kotzebue

Vice Chairman:

Marie Adams - Alaska/Inuvialuit Beluga Whale Committee, Barrow

Secretary/Treasurer:

Jerry Ivanoff - Bering Sea Fishermen's Association, Unalakleet

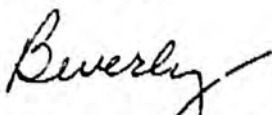
Board member:

Burton Rexford - Alaska Eskimo Whaling Commission, Barrow

As you are aware, the main purpose of the AMRC is to provide a structured forum for handling issues that arise between local interests and resource companies targeting oil and gas development in Arctic waters.

We believe your request is critical for the protection of our marine resources, and hope that it passes the Legislature successfully. If you need any assistance from the AMRC, please don't hesitate to call Jon Zuck at 279-6519.

Sincerely,



Beverly Paikotak Grinage
for the Arctic Marine Resources Commission

NORTHWEST ARCTIC BOROUGH

**P.O. BOX 1110
KOTZEBUE, AK 99752
(907) 442-2500 / FAX 442-2930**

April 5, 1991

Rep. Eileen Panigeo MacLean
Rm. 507, Capitol
P.O. Box V
Juneau, Ak 99811

RE: House Joint Resolution No.36 Before the House Special Committee
on Oil and Gas, Resources

Dear Ms. MacLean,

The Northwest Arctic Borough has reviewed the joint house resolution introduced by Representatives MacLean, Hudson, Jacko, Koponen, Donley, Finkelstein, Brown, Ivan, Kubina and Ulmer relating to off-shore oil exploration, development, and tanker transportation activities in the Beaufort and Chukchi Seas.

We believe that the oil industry currently does not have the capability to effectively and adequately respond to, contain, or clean up a significant oil spill in arctic waters of the Beaufort and Chukchi Seas, let alone respond to, contain, or clean up an oil spill in the "ice-free" waters of Prince William Sound. Other spills in Cook Inlet and in the continental states along with the example of Prince William Sound, point out the glaring insufficiency and inefficiency of the oil industry's preventative safety measures and responses to spills in warm, ice-free and readily accessible waters.

The Arctic waters in the Beaufort Sea and even-more-so in the Chukchi Sea, breed some of the most inhospitable weather conditions in the world and the industry's oil spill response options for remote arctic waters remain undemonstrated and have been acknowledged by the Alaska Oil Spill Commission, the Arctic Research Commission, and the Minerals Management Service.

There remains no viable late season response options in the event of a well blowout in the late season drilling time table. In the event of a late season blowout, no one can drill a diversion well once the ice pack moves in. The industry and other illustrious dreamers claim that ice-breakers can keep a drill site relatively ice-free to drill, but whose ice breakers, the United States? Our ice breaking capabilities remain something to be desired of, as demonstrated by the two gray whales trapped in the ice off Barrow. An oil spill under these conditions will have multi year devastating effects on the sensitive arctic

Page two
letter in Support of House Joint Resolution No. 36

environment, wildlife resources, the minute elements of the fragile food chain and the subsistence lifestyles of the Inupiat people.

There exist many unanswered questions and oil spill scenarios to allow additional oil lease sales to occur and yet the distinguished Secretary of the Interior is preparing to offer over 40 million acres in offshore tracts to the oil industry.

We firmly believe that the Secretary of the Interior should not proceed with the planned lease sales in the Arctic until he, the Congress, and the public have the opportunity to review the comprehensive report on the state of oil spill contingency planning in arctic waters. The Oil Pollution Act of 1990, P.L. 101-380, 104 Stat. 484, mandates the Secretary of the Interior to produce such a report no later than May 1991.

In conclusion, the Northwest Arctic Borough fully supports and is in favor of enacting House Joint Resolution No. 36 which would petition the Secretary of Interior to cancel or hold off the planned offshore lease sales in the Arctic until he, the Congress and the public have the opportunity to review the report that was mandated by Congress.

Thank you for the opportunity to respond to a sensible and logical resolution as introduced and referred to the House Special Committee on Oil and Gas, Resources.

Sincerely,


Chuck J. Greene
Mayor

NORTH SLOPE BOROUGH
RESOLUTION SERIAL NO. 12-91

A RESOLUTION SUPPORTING PASSAGE OF A
RESOLUTION BY THE STATE LEGISLATURE OPPOSING
OFFSHORE OIL AND GAS ACTIVITIES

WHEREAS, Offshore industrial activity presents a grave threat to the arctic marine environment and the Inupiat subsistence culture, and

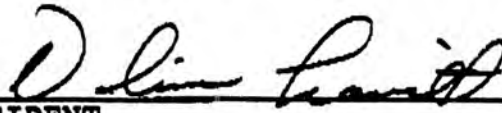
WHEREAS, it would be of great importance to the North Slope Borough in representing its positions to have a resolution passed by the State Legislature opposing continued offshore industrial activity;

NOW THEREFORE BE IT RESOLVED:

The North Slope Borough Assembly supports passage of the attached resolution introduced by Representative Eileen MacLean and co-sponsored by others by the Alaska State Legislature.

INTRODUCED: April 2, 1991

ADOPTED: April 2, 1991

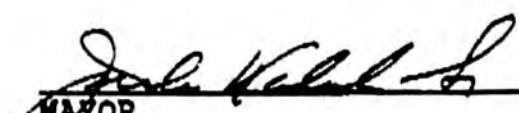

PRESIDENT

Date: 4-2-91

ATTEST:


CLERK

Date: 4-3-91


MAYOR

Date: 4-3-91

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ARCO Alaska, Inc.

Legal
Post Office Box 100360
Anchorage, Alaska 99510
Telephone 907 265 6549

Antoinette M. Tadolini
Senior Attorney



April 5, 1991

**William W. Fox, Jr.
Assistant Administrator for Fisheries
National Marine Fisheries Service
1335 East-West Highway
Silver Spring, MD 30910**

**Re: Application for Letter of Authorization for Activities Associated
 with the Cabot Project (Fall, Winter 1991-92) Pursuant to 50 CFR
 §228.31, et seq.**

Dear Mr. Fox:

Pursuant to 50 CFR §228.31, et seq., and consistent with the Joint Petition to Amend Regulations Governing the Taking of Marine Mammals Incidental to Oil and Gas Exploration Activities in Alaska, which was noticed on March 28, 1991 at 56 Federal Register 12881, ARCO Alaska, Inc. ("ARCO") hereby applies for a Letter of Authorization for the take by harassment of bowhead whales, gray whales, beluga whales, bearded seals, ringed seals, and spotted seals incidental to the oil and gas exploration activities to be conducted at the location of the Cabot Project. The exact location of the Cabot Project is 71° 19', 26.4" North latitude and 155° 12', 50.4" West longitude as shown on the map designated as Exhibit A. ARCO believes that its activities, because of the timing and design, will not result in any takings of marine mammals or interference with whaling. Therefore, this application is not an admission by ARCO that any incidental takes of any of these marine mammals will occur or have occurred, nor does it constitute a waiver

William W. Fox, Jr.
Assistant Administrator for Fisheries
National Marine Fisheries Service
April 5, 1991
Page 2 -

by ARCO of any position it may take that no incidental takes have occurred or will occur in the course of its Cabot Project. This application is being filed to avoid claims by others that ARCO is engaging in unauthorized takings.

1. Description of Activity

The Plan of Exploration for the Cabot Project will be submitted to the Minerals Management Service by May 1, 1991. The Cabot Project will be drilled using the Canmar SSDC/MAT, which is described in the brochure enclosed as Exhibit B. It may be necessary to perform approximately two days of site clearance work during the open water season to ensure a stable base for the SSDC/MAT. In general terms, the CANMAR SSDC/MAT will be towed from the Fireweed Project location commencing on or about August 15, 1991, and should arrive at the Cabot Project location 2-3 days thereafter or by August 18, 1991. The tugs towing the SSDC/MAT will depart immediately after positioning the structure, estimated to take approximately two days. The SSDC/MAT will be on stand by status during the remainder of the open water season. There will be no drilling during the bowhead whale migration. Drilling will commence after ARCO is notified by NMFS that the bowhead whale migration has been completed and will be conducted during the winter. The SSDC/MAT will be demobilized during the summer of 1992.

2. Measures to Ensure Availability of Species for Subsistence

Because of timing, the Cabot Project will not interfere in any way with the bowhead whale migration or with the Fall subsistence hunt by the community of Barrow. Notwithstanding this position, ARCO has undertaken substantial efforts to inform the community of its plans and will undertake measures to minimize any potential impact. Enclosed as Exhibit C, Plan of Cooperation is a detailed description of these contacts and ARCO's intended activities to keep the community informed of its activities.

William W. Fox, Jr.
Assistant Administrator for Fisheries
National Marine Fisheries Service
April 5, 1991
Page 3 -

In addition, ARCO intends to initiate discussions to negotiate a Communications and Avoidance Agreement with the Alaska Eskimo Whaling Commission (AEWC). ARCO submits that these activities comply with 50 CFR §228.36, without waiving its position that such compliance is unnecessary in the absence of any interference with the subsistence hunt. These actions are not intended to nor should they be construed to waive ARCO's position that the Cabot Project will not interfere in any way with the subsistence hunt.

As a demonstration of ARCO's commitment to minimize possible interference with the subsistence whale hunt or the bowhead whale migration, the supplying of the SSDC/MAT will be done at its present location, the Fireweed #1 site. Approximately half of the materials required for the Cabot project will be supplied by a barge included in the Spring Barrow resupply and the remainder will be barged from Prudhoe Bay before the mid-August SSDC/MAT being moved from the Fireweed site. This early outfitting will assure our being on site and fully provisioned well in advance of the Fall bowhead whale migration.

3. Monitoring Plan

ARCO will conduct a bowhead whale monitoring program during the Fall 1991 migration. This research program, which has been designed in conjunction with and approved by NMFS and the North Slope Borough, is described in detail in Exhibit D. This research program will also detect the presence of other marine mammals throughout its duration.

ARCO believes that there will be no takes by harassment of bearded, ring, or spotted seals incidental to the Cabot Project. Without waiving that position, ARCO will gather data on the presence of seals, if any, in the vicinity of the SSDC/MAT in conjunction with the polar bear monitoring plan which will be submitted to the U.S. Fish & Wildlife Service and the Alaska

William W. Fox, Jr.
Assistant Administrator for Fisheries
National Marine Fisheries Service
April 5, 1991
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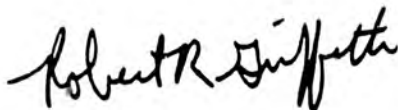
Department of Fish & Game (Exhibit E) for approval. The polar bear watch, who will be an appropriately qualified observer, will be instructed to observe and record any seals sighted during the regular patrols maintained for polar bear sighting.

These results of the bowhead whale research program and records of the presence of other marine mammals will be forwarded to NMFS in compliance with the monitoring requirements of 50 CFR § 228.37.

Based on this application and the enclosed Exhibits, ARCO requests that NMFS issue a Letter of Authorization for the Cabot Project.

Please contact the undersigned at (907) 265-6239 if you have any questions or require any additional information.

Sincerely,



Robert R. Griffeth
Senior Consultant - Offshore

enclosures

cc: Ron Morris, Western Alaska Manager, NMFS

amt\fox.ltr

BEAUFORT

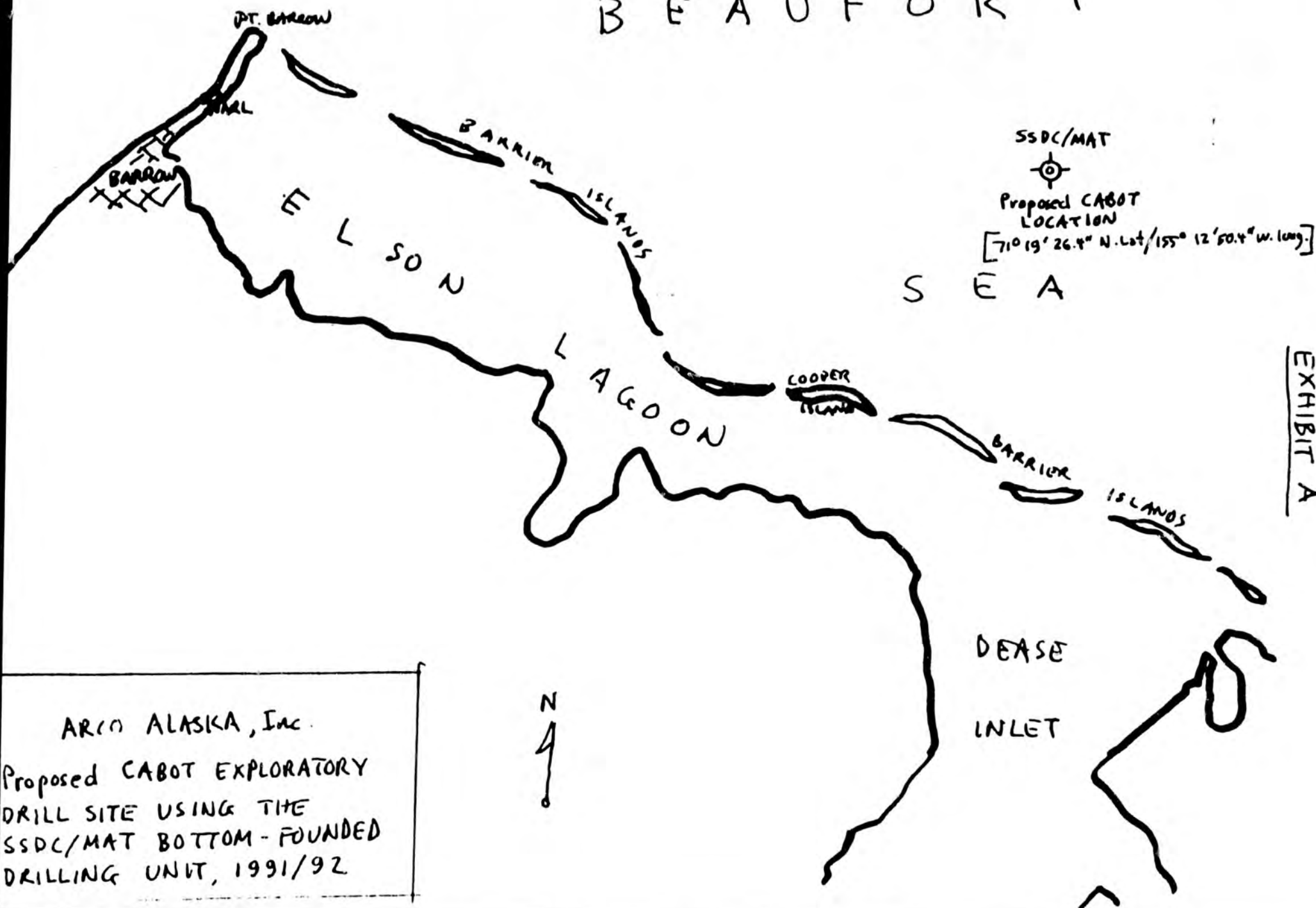


EXHIBIT A

ARCO ALASKA, Inc.

Proposed CABOT EXPLORATORY
DRILL SITE USING THE
SSDC/MAT BOTTOM-FOUNDED
DRILLING UNIT, 1991/92

EXHIBIT B, 1

ARCO Alaska, Inc.
Box 100360
Anchorage, AK 99510

CABOT #1 EXPLORATORY WELL PROJECT, BEAUFORT SEA, 1991/1992

PROPOSED PROJECT: ARCO Alaska proposes to conduct an exploratory oil and gas drilling program on a lease located approximately 30 miles east from Barrow and 15 miles north from Dease Inlet (see attached map). The project would use CANMAR's mobile, bottom-founded drilling unit named the SSDC/MAT (which is presently warm-stacked at the Fireweed #1 exploratory well location 16 miles northeast offshore from Camp Lonely). The program would last from open-water, 1991 until the SSDC/MAT could be towed to a different and as yet undetermined location in the summer of 1992.

TIMING: Most open-water activities associated with the proposed Cabot program would consist of towing the unit to and from the location. Many of the items required in a resupply operation will be brought from Prudhoe to the SSDC/MAT at the Fireweed location prior to the tow. As a result, very little surface vessel traffic will be needed at the Cabot site and quite likely none during the fall bowhead migration. The tow to location would occur as soon after the ice has cleared as possible, or approximately early August. All other trips to the unit would be made by helicopter and those trips would be confined to an operationally necessary minimum (crew shift changeouts, fresh food supplies, etc.) during the fall bowhead migration and subsistence hunt. The same timing is proposed for relocating or moving the drilling unit in 1992 at the completion of the project.

BOWHEAD WHALE FALL MIGRATION MONITORING PROGRAM: On the Cabot project, ARCO proposes to continue into its third year a site specific passive acoustical monitoring program. This program was begun in 1989 at the Stinson (west Camden Bay) exploratory location and continued into 1990 at the Fireweed (west Harrison Bay) site. Dr. John Hall and his team of marine mammal scientists and acoustical analysis specialists conducted these studies and have produced two reports which clearly demonstrate that the drilling units (the CIDS and the SSDC/MAT) provided exceptionally good platforms from which to observe and record the reactions of bowhead whales to drilling rigs operating at idle. Recordings of the source sounds produced by the CIDS and SSDC at idle were made. Calculations of transmission losses from the source to points of reception located at various distances from the rigs were also made.

The conclusions drawn from these two studies are that bowheads do not react negatively to the presence of bottom-founded drilling units which lie within the pathway of the fall migration although the units do produce some levels of sound above ambient even at idle. At both Stinson and Fireweed, small groups of bowheads approached and swam by the rigs. These whales were recorded both acoustically during periods when they were calling and visually by observers aboard the drilling units. Since ARCO does not intend to commence actual drilling operations at the Cabot location until the 1991 migration and fall hunt has been declared over by NMFS and the AEWG, we believe that there is a very low probability that the presence of the SSDC/MAT operating at idle will adversely affect the fall migration or whaling crews ability to conduct the subsistence hunt.

At the same time, ARCO intends to sponsor this third year of effort in order to address a number of intriguing questions raised by both its earlier studies and those conducted by the NSB, AEWG, and other research groups. Many of these questions derive from the recording of bowhead calls during the fall migration, such as comparison of them to the spring calling activity as the whales migrate past Barrow from late April to June and why fall calling activity under open water conditions occurs primarily at night. Others dimensions of the scientific program speak to basic questions such as group size and composition, reidentification of individual animals, patterns of