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as amended, and the first section of the Act of June 24, 1930 (42 Stat. 1037), the Alaska Native Fund shall, pending distribution under section 6(c) of the Settlement Act, be considered to consist of funds held in trust by the Government of the United States for the benefit of Indian tribes.

Sec. 6. The Settlement Act is further amended by adding a new section 28 to read as follows:

MERGER OF NATIVE CORPORATIONS

"Sec. 28. (a) Notwithstanding any provision of this Act, any corporation created pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3) within any of the twelve regions of Alaska, as established by section 7(a), may, at any time, merge or consolidate, pursuant to the applicable provisions of the laws of the State of Alaska, with any other of such corporation or corporations created within or for the same region. Any corporations resulting from mergers or consolidations further may merge or consolidate with other such merged or consolidated corporations within the same region or with other of the corporations created in said region pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3).

(b) Such mergers or consolidations shall be on such terms and conditions as are approved by vote of the shareholders of the corporations participating therein, including, where appropriate, terms providing for the issuance of additional shares of Regional Corporation stock to persons already owning such stock, and may take place pursuant to votes of shareholders held either before or after the enactment of this section: Provided, That the rights accorded under Alaska law to dissenting shareholders in a merger or consolidation may not be exercised in any merger or consolidation pursuant to this Act effected prior to December 30, 1971. Upon the effectiveness of any such mergers or consolidations the corporations resulting therefrom and the shareholders thereof shall succeed and be entitled to all the rights, privileges, and benefits of this Act, including but not limited to the receipt of lands and moneys and exemptions from various forms of Federal, State, and local taxation, and shall be subject to all the restrictions and obligations of this Act as are applicable to the corporations and shareholders which participated in said mergers or consolidations or as would have been applicable if the mergers or consolidations had taken place.

(c) Notwithstanding the provisions of section 7 (j) or (m), in any merger or consolidation in which the class of stockholders of a Regional Corporation who are not residents of any of the Villages in the region are entitled under Alaska law to vote as a class, the terms of the merger or consolidation may provide for the alteration or elimination of the right of said class to receive dividends pursuant to said section 7 (j) or (m). In the event that such dividend right is not expressly altered or eliminated by the terms of the merger or consolidation, such class of stockholders shall continue to receive such dividends pursuant to section 7 (j) or (m) as would have been applicable if the merger or consolidation had not taken place and all Village Corporations within the affected region continued to exist separately.

(d) Notwithstanding any other provision of this section or of any other law, no corporation referred to in this section may merge or consolidate with any other such corporation unless that corporation's shareholders have approved such merger or consolidation.

(e) The plan of merger or consolidation shall provide that the right of any affected Village Corporation pursuant to section 14(f) to withhold consent to mineral exploration, development or removal within the boundaries of the Native Village may be conveyed, in part of the merger or consolidation, to a

separate entity composed of the Native residents of such Native Village.

Sec. 6. The Settlement Act is amended by adding a new section 29 to read as follows:

TEMPORARY EXEMPTION FROM CERTAIN SECURED LAWS

"Sec. 29. Any corporation organized pursuant to this Act shall be exempt from the provisions of the Investment Company Act of 1940 (51 Stat. 799), the Securities Act of 1933 (48 Stat. 71), and the Securities Exchange Act of 1934 (49 Stat. 891), as amended, through December 31, 1991. Nothing in this section, however, shall be construed to mean that any such corporation shall or shall not after such date be subject to the provisions of such Acts. Any such corporation which, but for this section, would be subject to the provisions of the Securities Exchange Act of 1934 shall transmit to its stockholders each year a report containing substantially all the information required to be included in an annual report to stockholders by a corporation which is subject to the provisions of such Act."

Sec. 7. The Settlement Act is further amended by adding a new section 30 to read as follows:

RELATION TO OTHER PROGRAMS

"Sec. 30. (a) The payments and grants authorized under this Act shall not be deemed a substitute for any governmental programs otherwise available to the Native people of Alaska or citizens of the United States and the State of Alaska.

(b) Notwithstanding section 5(a) and any other provision of the Food Stamp Act of 1961 (38 Stat. 793), as amended, in determining the eligibility of any household to participate in the food stamp program, any compensation, remuneration, revenue, or other benefits received by any member of such household under this Act shall be disregarded."

Sec. 8. Section 17(a)(19) of the Settlement Act is amended to read as follows:

"(19) The Planning Council shall submit, in accordance with the paragraph, comprehensive reports to the President of the United States, the Congress, and the Governor and legislature of the State with respect to its planning and other activities under this Act together with its recommendations for programs or other actions which it determines should be implemented or taken by the United States and the State. An interim, comprehensive report covering the above matter shall be so submitted on or before May 30, 1976. A final and comprehensive report covering the above matter shall be so submitted on or before May 30, 1979. The Commission shall cease to exist effective June 30, 1979."

Sec. 9. (a) The Secretary shall pay, by grant, \$250,000 to each of the corporations established pursuant to section 14(h)(3) of the Settlement Act.

(b) The Secretary will pay, by grant, \$100,000 to each of the following Village Corporations:

- (1) Arctic Village
(2) Elm
(3) Gambell
(4) Saktoviga
(5) Tetlin and
(6) Yvatik.

(c) Funds authorized under this section may be used only for planning, development, and other programs for which the corporations set forth in subsections (a) and (b) are organized under the Settlement Act.

(d) There is authorized to be appropriated to the Secretary for the purpose of this section a sum of \$1,600,000 in fiscal year 1976.

Sec. 10. (a) Section 16 of the Settlement Act is amended by inserting at the end thereof a new subsection (d) to read as follows:

"(d) The lands including and surrounding the Village of Klukwan which were with-

drawn by subsection (a) of this section are hereby rewithdrawn to the same extent and for the same purposes as provided by said subsection (a) for a period of one year from the date of enactment of this subsection, during which period the Village Corporation for the Village of Klukwan shall select an area equal to 23,040 acres in accordance with the provisions of subsection (b) of this section and such Corporation and the shareholders thereof shall otherwise participate fully in the benefits provided by this Act to the same extent as they would have participated had they not elected to acquire title to their former reserve as provided by section 19(b) of this Act: Provided, however, That the foregoing provisions of this subsection shall not become effective unless and until the Village Corporation for the Village of Klukwan shall cede claim to Chilkat Indian Village, organized under the provisions of the Act of June 18, 1934 (48 Stat. 981), as amended by the Act of May 1, 1936 (49 Stat. 1250), all its right, title, and interest in the lands of the reservation defined and vested by the Act of September 2, 1957 (71 Stat. 596), which lands are hereby conveyed and confirmed to said Chilkat Indian Village in fee simple absolute, free of trust, and all restrictions upon alienation, encumbrance, or otherwise."

(b) The Secretary is authorized to poll individual Natives properly enrolled to Native villages or Native groups which are not recognized as Village Corporations under section 4 of the Settlement Act and which are included within the boundaries of former reserves the Village Corporation or Corporations of which elected to acquire title to the surface and subsurface estates of said reserves pursuant to section 19(b) of the Settlement Act. The Secretary may allow these individuals the option to enroll to a Village Corporation which elected the surface and subsurface title under section 19(b) or to enroll on an at-large basis to the Regional Corporation in which the village or group is located.

Sec. 11. Except as specifically provided in this Act, (1) the provisions of the Settlement Act are fully applicable to this Act, and (2) nothing in this Act shall be construed to alter or amend any such provisions.

AMENDMENT OFFERED BY MR. MEEDS

Mr. MEEDS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEEDS: Strike out all after the enacting clause of S. 1469 and insert the provisions of H.R. 6644 as passed.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 6644) was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORTS

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee

M E M O R A N D U M

The attached document entitled "Proposed Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area" is incorporated by this reference as if set out herein. Having determined that the proposed "Terms and Conditions" would facilitate land management in the Cook Inlet basin by effecting land consolidations and encouraging settlement and development on appropriate lands, and that it would serve as an equitable resolution by the United States of Cook Inlet Region's entitlement under ANCSA, the undersigned hereby agree to support federal legislation incorporating the content of the proposed "Terms and Conditions." In the event that such legislation becomes law, the undersigned agree to recommend that the State of Alaska notify the Secretary within sixty-five days of the commencement of the 1976 session of the Alaska State Legislature of its assent to be bound by the requirements of the proposed "Terms and Conditions."

It is understood and agreed between the undersigned that the proposed "Terms and Conditions" will be referred by the Governor to the Alaska State Legislature on the first day of the 1976 session. It is further understood that should the Legislature take an action within sixty days of the commencement of the session disapproving the State's participation in the land exchange transaction, the State will not assent to the agreement.

Cook Inlet Region, Inc. in consideration of the promise both to support such federal legislation and to recommend that the Secretary be notified, as indicated above, agrees now to be bound by the proposed "Terms and Conditions" subject to enactment of the federal legislation and the final consent of the State of Alaska.

By: Roy M. Huhndorf
Roy M. Huhndorf
President, Cook Inlet Region, Inc.

Date: December 17, 1975

By: Michael C. T. Smith
Michael C. T. Smith
Director, Division of Lands

Date: 17 DECEMBER 1975

By: Guy R. Martin
Guy R. Martin, Commissioner
Department of Natural Resources

Date: Dec. 24, 1975

KACHEMAK

BAY.

TESTIMONY

(NOTEBOOK)

STATEMENT OF

CLAYTON D. McAULIFFE
CHEVRON OIL FIELD RESEARCH COMPANY

on

ENVIRONMENTAL ASPECTS OF PETROLEUM DEVELOPMENT
IN KACHEMAK BAY

presented at

HEARING

before the

HOUSE RESOURCES COMMITTEE
STATE OF ALASKA

JUNEAU, ALASKA
APRIL 9, 1976

ENVIRONMENTAL ASPECTS OF PETROLEUM DEVELOPMENT IN KACHEMAK BAY

Statement of Clayton D. McAuliffe,
Chevron Oil Field Research Company

HOUSE RESOURCES COMMITTEE HEARING

April 9, 1976
Juneau, Alaska

I am Clayton McAuliffe, Senior Research Associate, with Chevron Oil Field Research Company, La Habra, California. I received my doctorate in Soil Science with minors in Physical Chemistry and Plant Physiology from Cornell University, and was a professor at Cornell University and North Carolina State University for 8 years before joining Chevron Oil Field Research Company 20 years ago.

I am a member of the American Chemical Society, The Soil Science Society of America, the American Society of Agronomy, a member and Fellow of the American Association for the Advancement of Science, the Society of Petroleum Engineers of AIME, and several honorary societies. I have published over 40 papers covering a variety of subjects in scientific journals and I have a number of U. S. and foreign patents.

For over 6 years I have devoted my time almost exclusively to a study of petroleum in the marine environment. I assisted in the planning and coordinated the extensive chemical and biological studies conducted during and following the 1970 Chevron oil spill in the Gulf of Mexico. I performed a similar function following the collision of the tankers in San Francisco Bay in 1971. I served on the Steering Committee of the

National Academy of Sciences Panel on Inputs, Fates, and Effects of Petroleum in the Marine Environment that resulted in the recent NAS publication "Petroleum in the Marine Environment". For the past four years I have been associated with the American Petroleum Institute's Committee on Fate and Effects of Oil in the Environment. I have also served on other environmental and science advisory committees, including the Kachemak Bay marine studies program conducted at the Auke Bay Laboratory of the National Marine Fisheries Service.

INTRODUCTION

Testimony presented before this committee, and statements made in the media have alleged:

1. That it requires 0.3 parts per million of oil to kill larvae of some marine organisms in Kachemak Bay and that 3 ppm will kill all larvae.
2. That an oil spill of several thousand barrels will kill all larvae in Kachemak Bay.
3. That larval stages are more sensitive to oil than juvenile or adult forms.
4. That cold water species in Kachemak Bay may be more sensitive than warm water species. The "may" is often deleted.

5. That we don't know what will happen to oil in the water column of Kachemak Bay if an oil spill occurs, because we don't know the mixing energy.

Today I would like to review information from the scientific literature to correct these misconceptions, and to place in perspective what happens to spilled oil and the concentrations of crude oil that have adverse effects on marine organisms.

OIL CONCENTRATIONS AND BIOASSAY RESULTS

In the first slide are shown results obtained from the studies conducted at the National Marine Fisheries Service Auke Bay Laboratories.

The data shown are the results of a number of bioassay tests of the toxicity of Cook Inlet and Prudhoe Bay crude oils to larval, juvenile, and adult stages of several commercially important marine species.

A bioassay test is conducted by placing organisms in a series of aquaria or tanks. One tank is the control. To the other aquaria are added increasing amounts of a substance under test. In this case, increasing amounts of crude oil or the water soluble fraction of crude oil. The aquaria are examined each day for 4 days and the number of dead and live organisms counted. From these results, the concentration required to kill one-half of the organisms after 4 days of exposure can be calculated. This is expressed as TL_{50} - 4 days and most often expressed as ppm (parts per million).

Shown in Table 1 are the average concentrations and the range of concentrations to cause one-half kill for all bioassays conducted with the 2 crude oils to all test organisms at Auke Bay. First, note two values. The upper value represents the amount of whole oil required to give the water soluble concentration shown immediately below in parenthesis. As Dr. Stanley D. Rice, Auke Bay Laboratory, testified, it requires approximately 1000 ppm (0.1%) whole crude oil to give 1 ppm water soluble fraction in water using their chemical method of measuring the concentration in water. It is these lower values in parenthesis that have been incorrectly interpreted and quoted as whole oil.

The average concentration to cause one-half kill of adult and juvenile forms of several species is 2400 ppm (2.4 WSF) with a range for the most sensitive organism of 1100 ppm up to 4200 for the most resistant.

Tests of larval forms show an average toxic level of 6300 ppm whole oil (6.3 WSF) with a range from 1700 to more than 10,800 ppm. This high value (over 1% oil) gives the maximum concentration of water soluble constituents. Tanner and Dungeness crab larvae were not killed at this concentration. These data show, contrary to reports, that larval forms for these cold water species are not more sensitive than juvenile or adult stages. In fact, if the differences are significant, larvae are more tolerant of crude oil. Further, the larval bioassays were carried

out in sealed glass jars, whereas the juvenile and adult tests were in open aquaria with air bubbled through the aquaria. This could not be done with larvae because of their sensitivity to mechanical agitation; even gentle stirring with air bubbles cause larval kill. Mr. Daniel Hennick has testified as to this point with reference to location of larvae in Kachemak Bay. They avoid near-surface waters or are destroyed. Instead, they are found throughout the water column feeding on phytoplankton. Because the containers were sealed for 4 days, volatile oil constituents (including aromatic hydrocarbons such as benzene and toluene that are toxic) did not decrease by evaporation accelerated by the bubbling air stream as occurred in open aquaria. Larvae, therefore, were subjected to higher concentrations of water soluble compounds during the 4 day tests. If the test conditions had been the same, the amount of oil to cause toxicity would have been still higher for larval forms.

CAN A MAJOR OIL SPILL KILL ALL MARINE LIFE IN KACHEMAK BAY?

Fears have been advanced that even a relatively small oil spill or concentrations of oil in water that are not visible will kill all larvae in Kachemak Bay. Let's consider if this is possible. The next slide shows Kachemak Bay. Let us hypothesis the following:

1. Build a dam across the bay from Anchor Point out 3 miles in State waters and then south across the bay to prevent water exchange with Cook Inlet.

2. Place a cover over the water surface to prevent the evaporation of volatile hydrocarbons.
3. Stop all bacterial activity. (Hydrocarbon oxidizing bacteria are present that use oil for food.)
4. Stir the water to give a water soluble fraction of 1 ppm throughout Kachemak Bay waters. As shown on Table 1, 1 ppm is on the lower toxicity side for larvae and adults. Larvae are throughout the water column - juvenile and adult shrimp and shell fish are on the bottom; fin fish are in water at various depths.

To produce 1 ppm water-soluble fraction throughout Kachemak Bay water would require the discharge of over 200 million barrels of crude oil. (Assumed surface area of 288 square miles and an average depth of 150 feet). It would require 539 simultaneous Metula spills or the complete loss of all oil from 95, 300,000 ton super tankers to produce 1 ppm water-soluble constituents (as measured by the Auke Bay Laboratories chemical method) throughout the waters of Kachemak Bay.

Thus, even damming off Kachemak Bay, putting a lid over it, stopping bacterial activity and adding this amount of oil would only kill a portion of some species of marine life. Obviously, this amount of oil could never be spilled, water exchanges in the bay, many of the toxic constituents of crude oils evaporate, and much of the oil that does go into water is destroyed by bacteria and by photooxidation.

OBSERVED CONCENTRATIONS DURING ACTUAL CRUDE OIL SPILLS

The above example shows that it would not be possible to spill enough oil in Kachemak Bay to significantly adversely affect fin fish and shell fish. Only a few studies have been made of hydrocarbons in water from spills. When oil is discharged to the sea surface, it undergoes a number of rapid physical changes including spreading, dispersion, evaporation, solution, sedimentation. Beginning immediately, but proceeding at slower rates, are other crude oil alterations including biodegradation and photo-oxidation.

Controlled Oil Spills

The American Petroleum Institute, Fate and Effect of Oil Committee conducted 4 controlled oil spills 70 miles east of Boston in October and November, 1975. Two crude oils (24 and 39 API gravity) were discharged under 2 sea states. Each spill was 10 barrels. Water samples were collected with time at 5 and 10 feet under each slick. Samples of the oil were skimmed from the water surface to follow the loss of water soluble toxic hydrocarbons with time. Each slick had a surface area of over 100,000 square feet 20 minutes after discharge (about 3 acres - 200 feet wide X 500 feet long) and all samples were collected from the middle of each slick in order to obtain the highest concentration.

Of about 80 samples collected under the four slicks, dissolved hydrocarbons were found in only 5 samples. The concentrations ranged from 0.002 to 0.060 ppm for samples collected from 15 to 20 minutes after the spills. The highest concentration was found at 5 feet under the 39° API gravity crude spill when waves were 5 - 6 feet with white caps. Dissolved hydrocarbons were found at 10 feet in only one sample at a concentration of 0.002 ppm.

If an excess of oil is mixed with water, a maximum concentration of dissolved hydrocarbons results. The 5 samples had percentages of maximum saturation that ranged from 0.01 to 0.3% and were restricted to the upper 10 feet of water for only 30 minutes. In contrast, Auke Bay toxicity studies to kill one-half of test organisms required an average of 40% of maximum water soluble concentrations with the range from 8 to 100%. Thus, organisms under the controlled oil spills were not exposed to toxic concentrations and the exposure time was less than one hour whereas the Auke Bay bioassays were for 4 days.

The water soluble hydrocarbons were completely lost, principally by evaporation, from all four oil slicks (oil collected from the water surface) in from 4 to 6 hours.

Chevron Gulf of Mexico Spill

Similar observations were made for dispersed (emulsified) oil during the 1970 Gulf of Mexico spill. Dispersant solutions were sprayed on the platform and surrounding water surface. About 30% of the oil was emulsified and mixed in near-surface waters and looked like coffee with cream. Visually it extended as a plume about 1 to 1.5 miles from the platform when oil was discharged at a rate of 1500 barrels per day. Water samples were collected near the platform in the oil emulsion plume and extending outward from the platform.

The highest concentrations of dissolved hydrocarbons ranged from 0.02 to 0.2 ppm at the platform, decreasing to 0.002 ppm at 1 mile. The current was about 0.5 knot and organisms moving with the water were exposed to these decreasing concentrations for about 2 hours. Again, extremely low concentrations with short exposure times compared with concentrations found toxic to marine organisms in 4 day exposures at Auke Bay.

The volume of water (1/4 mile wide, 1.5 miles long and 10 feet deep) affected by even these low concentrations of dissolved hydrocarbons was small, even though the Chevron spill is classified as one of 3 major spills that have occurred during U. S. offshore exploration and production. Such a spill in Kachemak Bay would have no measurable effect on marine life if discharged at the site of the leases at the mouth of the Bay.

RELATIVE SENSITIVITIES OF COLD AND WARM WATER SPECIES

Bioassays conducted under supposedly similar conditions often give differing results. Some of the test variables may not be the same. Some of these variables include temperature, salinity, rate of aeration, weight of organisms per volume of water, and history of the test organisms. In an attempt to compensate for experimental variations and to compare the relative sensitivities of organisms, a standard toxicant (dodecylsodium sulfate) has been used. This material is a dispersant much like a household detergent used to wash clothes.

The Auke Bay marine study used this material for some bioassay tests to determine relative sensitivities of organism. Table 2 (slide) shows the test results compared with warm water species bioassays by other investigators. Following each mean value is a measure of variation of the number comprising the mean (standard deviation). Note that it is large showing appreciable variation. Within this variation, it is not possible to say that cold water species differ from warm water. They are the same.

SUMMARY

1. Larval stages of cold water commercially important marine species are not more sensitive to crude oil than juvenile or adult forms.

2. Cold water and warm water species have similar sensitivities to a common toxicant.
3. No conceivable amount of oil spilled in Kachemak Bay can kill all commercially important marine species.
4. Even a major spill will have a limited, if measureable, effect on these marine species.
5. Based upon known spills, we know that toxic concentrations in water from a possible spill at the lease locations will be below those known to affect Kachemak Bay species, and that the time of exposure would be short - a few hours.

Those in opposition of petroleum exploration and subsequent production of oil or gas, if found, paint a black or white picture - i. e. that if petroleum development occurs, the fisheries will end. Scientific studies show that such speculation is unfounded.

There can be some mechanical interference between petroleum and fishing operations, but with cooperation this can be minimal. The result will be planned development of both renewable and non-renewable resources for the common good of all.

TABLE 1

AMOUNT OF TWO CRUDE OILS AND WATER SOLUBLE FRACTIONS
TO KILL ONE-HALF OF SEVERAL TEST ORGANISMS

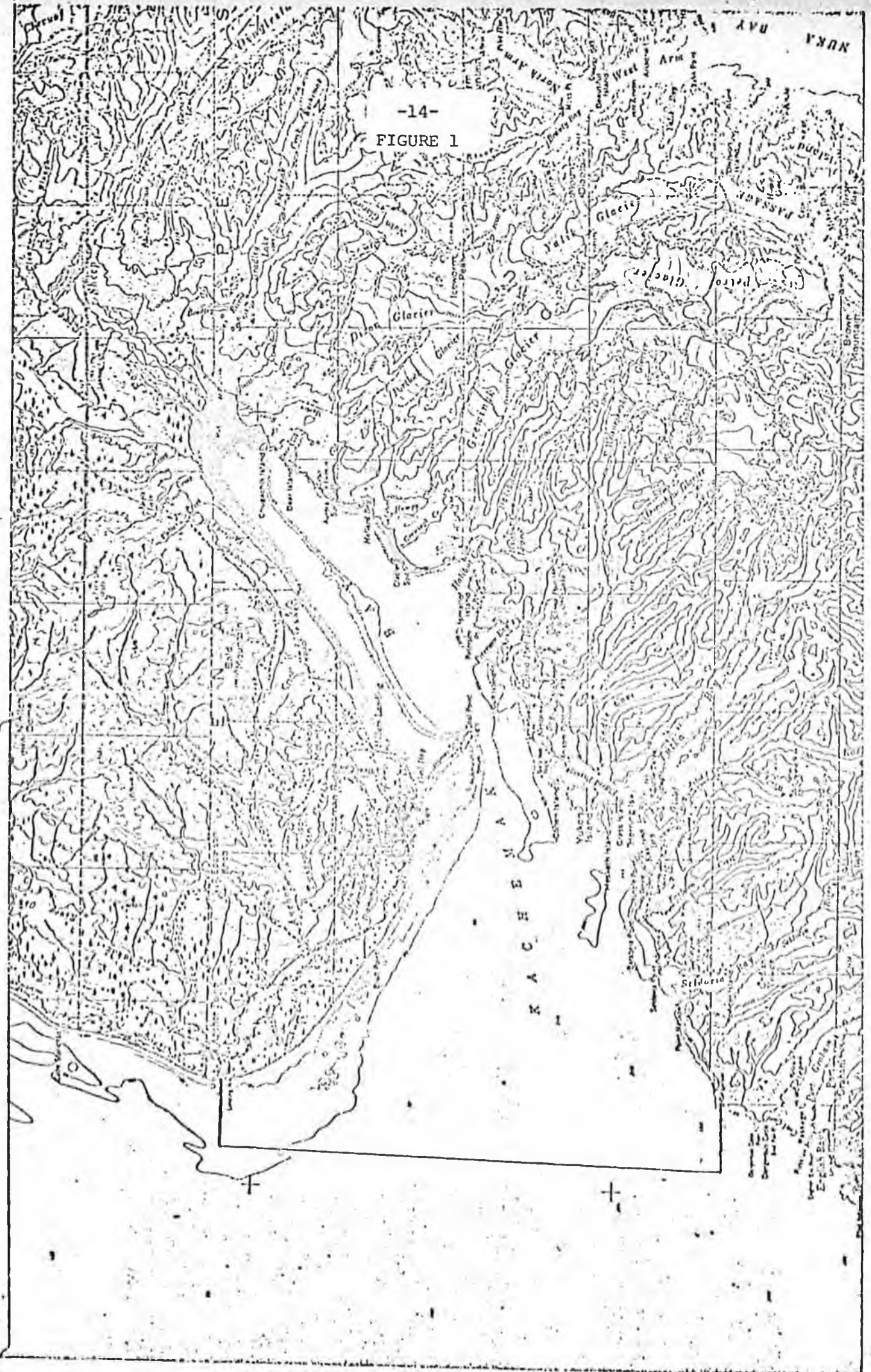
	<u>TL50 - 4 DAYS, ppm</u>	
	<u>AVERAGE</u>	<u>RANGE</u>
<u>ADULTS - JUVENILES</u>	2400	1100 - 4200
KING CRAB, SCALLOP	(2.4)	(1.1 - 4.2)
HUMPBACK SHRIMP, SCOOTER		
SHRIMP, PINK SALMON FRY,		
DOLLY VARDEN SMOLT		
<u>LARVAE, HERRING, TANNER</u>	6300	1700 - > 10800
CRAB, COONSTRIPE SHRIMP,	(6.3)	(1.7 - > 10.8)
HUMPY SHRIMP, SCOOTER		
SHRIMP		

TABLE 2

COMPARISON OF COLD AND WARM WATER SPECIES
TO STANDARD TOXICANT DODECYLSODIUM SULFATE

	<u>NO. OF TESTS</u>	<u>MEAN</u>	<u>±</u>	<u>VARIATION</u>	<u>RANGE</u>
		ppm			ppm
<u>WARM WATER</u>					
FISH, SHRIMP	14	11	+	28	0.5 - 108
(DELETION 1					
HIGH VALUE)	13	3.8	+	3.9	0.5 - 14
<u>COLD WATER</u>					
3 SPECIES OF SHRIMP	4	> 21	+	13	3.1 - > 32
1 SPECIES OF SCALLOP					

FIGURE 1



WRITTEN TESTIMONY
PRESENTED TO THE HOUSE
COMMITTEE ON NATURAL RESOURCES

KACHEMAK BAY

I am Frank J. Hester. My home and office are in Santa Barbara, California. I am a marine biologist by profession with a B.A. from the University of California, Santa Barbara, a M.S. from the University of Hawaii; and a Ph.D. from the Scripps Institution of Oceanography. I was employed by the U.S. Bureau of Commercial Fisheries, now the National Marine Fisheries Service, for thirteen years, most recently as the director of the laboratory in Hawaii. For the past three years I have been a consultant on marine biology and fisheries. It is in that capacity that I am here today, having been retained by the Shell Oil Company in connection with the scientific studies relating to Kachemak Bay.

A little more than two years ago, public hearings began on the question of oil and gas development activities on the submerged state lands in the lower Cook Inlet in the vicinity of Kachemak Bay. At these hearings some of the residents of the area expressed concern over exploration and possible development of the leases off the Bay. Much of the testimony at the hearings reflected concern over potential effects on the aesthetics of the area and changes in the life styles of the residents. Such concerns are understandable, but are not open to scientific evaluation - although I am sure that economists and sociologists would disagree with me on this. Some of the fishermen in the area, however, did make some statements that are open to scientific investigation, and it is toward those statements that I wish to direct your attention.

The fisheries of Kachemak Bay amount to between two and three percent of the ex-vessel value for Alaskan fisheries, however, to the people of the area who make their livings from these fisheries, they are of major importance. At the hearings spokesmen for these fishermen stated:

.That there was a possibility that Alaskan marine animals, particularly those of commercial importance, were considerably more sensitive to the effects of oil than were marine animals from warmer water areas where oil and gas production has been conducted for many years with no apparent, detrimental effect on fisheries.

.That the configuration and circulation of Kachemak Bay was such that the populations of marine animals were self sustaining. That is, that there was a persistent gyre in the area of proposed drilling that caught and held the eggs and larvae of the marine animals in the bay from the time they were released until the time that they settled out of the water column and become residents of the bottom.

At the time these statements were made they were unsupported by scientific data. However, both statements are open to scientific study. Therefore, Shell Oil Company funded a study to determine the sensitivity to oil of selected, commercially important marine animals from the area. This study subsequently was co-sponsored by some of the other companies interested in the problem. These companies were: Marathon Oil Corporation, Phillips Petroleum Corporation, Standard Oil Company of California, Texaco Incorporated, and Union Oil Company of California. The work was contracted to be done by scientists of the National Marine Fisheries Service at the Auke Bay laboratory and its field station at Kasitana Bay. I was retained by the Shell Oil Company to administer the contract, which has just been completed.

Several months after work on sensitivity to oil had begun, the state provided funds to the Alaska Department of Fish and Game to investigate the second question - that is, to determine whether or not Kachemak Bay is a closed system. This work has not been completed, but the preliminary results of this study are available.

Let me now discuss the results of the oil study done by Dr. Rice and his group at the National Oceanic and Atmospheric Administration, National Marine Fisheries Service laboratory at Auke Bay. The final report on this project has been submitted to the sponsors. This report will be available from NOAA in a few weeks as a publication. In the meantime, preprints of the report can be obtained from the Auke Bay Fisheries Laboratory.

When this study was conceived, the first question was to decide what to measure and how to use these measurements for comparison with measurements from other areas. Studies of the effects of oil on marine organisms have been ongoing for a number of years. The best studied aspects of the problem have involved acute toxicity, that is the amount of oil that it takes to kill an animal after a short exposure, and studies of the accumulation in and release of hydrocarbons from the bodies of the organisms. Neither approach has been developed and studied exhaustively, despite the amount of effort that has gone into the subject. This is because petroleum is a very complex mixture of compounds; oils from different areas are quite different, and determining the concentrations of these various compounds administered to the test organisms is difficult. The various workers in this field appreciate the problems and are beginning to be able to get reproducible results, but there still are difficulties.

Despite the difficulties, these two aspects of oil pollution, namely, acute toxicity and uptake and depuration, are the best understood. The NMFS study, therefore, had as its principal objectives the following:

.To determine the acute toxicity of Cook Inlet crude oil to various life stages of fish and shellfish found in Kachemak Bay.

.To determine the rate and degree of uptake and depuration of hydrocarbons by these animals when they were exposed to sublethal concentrations of the water-soluble fractions of crude oil.

.To compare these results to published literature to determine to what degree, if any, Alaskan marine animals differ from animals in other areas in their response to oil contamination.

Invariably, when there is a major oil spill, there are predictions that there will be major kills of marine animals. Studies of such spills do not bear out these fears. This has been the case with all the crude oil spills that occurred in the open ocean including the well-studied Torrey Canyon, Santa Barbara and Bloc. 41 spills. In none of these spills was damage to the fisheries observed. How then does one reconcile this lack of damage with statements such as appeared recently in the newspapers here to the effect that oil poses a severe threat to fisheries in Kachemak Bay. The answer lies in a misunderstanding about the acute toxicity of crude oil to these organisms.

The procedure for determining the acute toxicity of a substance to an organism was developed long ago in connection with drug testing and agricultural pesticide applications. One might expect that it would be a simple matter to use those same methods to determine crude oil toxicity. Unfortunately, this is not the case although the design of the experiment is essentially the same; that is a number of animals are exposed to various doses of the toxicant for a set period of time and the dose at which 50% of the animals survived that time is calculated. In environmental studies the time usually specified is 96 hrs. The dose at which 50% of the organisms survived is called the median tolerance limit (TL₅₀).

Where oil testing differs markedly from the testing of other toxicants is in the administration of the dose, and it is here that major misunderstandings arise.

Crude oil is not very toxic. Crude oil, however does consist of a mixture of compounds, some of which are quite toxic in the accepted sense of the word, and it is in these compounds that interest lies for acute toxicity bioassay work. Different oils contain different amounts of these compounds, and these various compounds differ among themselves in their solubility in water.

In order to run a bioassay, a known dose of these dissolved compounds must be administered to the test organisms. This fact was not recognized by the early pioneers in the field of oil pollution studies and they used the volume of whole oil added to the solution as a measure of dose. When this is done,

typical median tolerance limits were found to range from hundreds to hundred thousand parts per million expressed as the volume of oil added to the volume of water. Moreover, these investigators found that they were unable to get the same results twice in a row. After considerable thought, they decided that the problem lay in using the volume of oil added as a measure of the dose. What they really wanted was a measure of the amount of the soluble fractions of the oil in the water column.

Since those first experiments pointed out the problem, various procedures for controlling the dose more accurately have been developed. These are discussed in some detail in the report and I will not go into them here. What I do want to emphasize is that the doses given in the report are measures of some of the soluble fractions of the oil as determined by analysis of the water used in the tests. They are not indications of the amount of crude oil used to make the solutions. These solutions are prepared by mixing a large amount of oil in the water for a considerable length of time. The amount of oil added is not related in a simple way to the concentrations of the dissolved and suspended compounds used in the bioassay tests.

For example, the stock solutions for the bioassays using the water-soluble fractions of the oils were prepared by using a 1% mixture of oil and water; 10,000 parts per million. This mixture was stirred for 20 hrs., allowed to settle and the water and dissolved oil fractions then diluted by a factor of three or more to make up the test solutions. The assay results are reported as parts or as fractions of parts per million, but these are from analyses of the water. They do not in any way suggest that a few parts per million of whole oil can produce these effects. Nor do they mean that 10,000 parts per million of whole oil will produce this effect. All they say is that a mixture of the same oil and sea water prepared as described, and diluted to give a concentration determined by analytical methods to be the same as in these experiments, should give comparable results.

Now I realize that some people will want to attempt to calculate how much oil it will take to poison the lower Cook Inlet. All that the report says is that it will be a lot. Water column soluble fraction concentrations at least as great as those used in the laboratory studies will have to be achieved and this takes time, a lot of mixing energy, and a great deal of crude oil. The difficulty obtaining these concentrations in nature no doubt explains the apparent lack damage following most oil spills.

The report gives acute bioassay results for eight adult or juvenile Alaskan marine species. These are:

- | | |
|-----------------------|----------------------------------|
| 1) Pink scallop | <u>Chlamys rubida</u> |
| 2) Humpback shrimp | <u>Pandalus goniurus</u> |
| 3) Scooter shrimp | <u>Eualus fabricii</u> |
| 4) Coonstripe shrimp | <u>Pandalus hypsinotus</u> |
| 5) Pink shrimp | <u>Pandalus borealis</u> |
| 6) King crab | <u>Paralithodes camtschatica</u> |
| 7) Pink salmon fry | <u>Oncorhynchus gorbuscha</u> |
| 8) Dolly Varden smolt | <u>Salvelinus malma</u> |

It also provides bioassay results for the larvae of six species, some of which duplicate the ones just mentioned. These are:

- | | |
|----------------------|---------------------------------|
| 1) Humpback shrimp | |
| 2) Scooter shrimp | |
| 3) Coonstripe shrimp | |
| 4) Tanner crab | <u>Chionoecetes bairdi</u> |
| 5) Dungeness crab | <u>Cancer magister</u> |
| 6) Herring | <u>Clupea harengus pallasii</u> |

The results of these bioassays are summarized for you on Table 1 and Figure 1. Before discussing these data in detail, let me make two comments. First, I want to re-emphasize that those values are the concentrations of the water-soluble fractions of the oils and are not equivalent to the amount of oil used to prepare the solutions and the mixtures. Second, I want to call your attention to footnote two on Table 1, which explains the use of EC_m the effective concentration for some of the larvae data. These larvae were counted out even though they were not legally dead. The investigators felt that these larvae had reached a stage past the point of recovery and could be considered dead for the purposes of the bioassays.

Now let's look at the numbers. The results from the NMFS study are given in the bottom half of the table. These ranges include the results for one or more species or organism for bioassays run with Prudhoe Bay and Cook Inlet oils, and with a fuel oil. Some assays were run using a dispersion of oil in water prepared by violently mixing oil and sea water for one minute with a paint stirrer. This procedure resulted in suspending some of the oil in the water in the form of tiny droplets, rather than in a true solution as in the case of the water-soluble fractions.

Referring now to the values, the values in the column labeled WSF range from about one to four parts per million for the adults and juvenile animals, and from about 0.2 to two parts per million for the larvae. Compare these with the values given in the upper part of the table and you will see that with the exception of the Battelle study with the coonstripe shrimp, that these values are lower, indicating that these animals are apparently more sensitive to oil than are these other animals from elsewhere. Unfortunately, because of some differences in procedure in some of these studies and in the ages or life stages of the organisms tested, the fact that different oils were used, and the fact that some of the test animals used by the other investigators were notoriously hardy, we cannot state that these differences are significant in the

statistical sense. We can say, however, that if these differences are real, and not a result of experimental error, that they are not very big. The conclusion drawn from these data is that no major difference in sensitivity exists between the Alaskan animals tested and the animals from the other areas.

To get a better feel for how Alaska animals compare with their southern relatives let us look at Figure 1. On this figure these same data are graphed. In addition, I have added some summary data compiled by Moore's group at the Massachusetts Institute of Technology as part of a study on the impact of a deep water tanker port for Maine. He has taken the results of about 40 studies on the effects of oil and summarized them into a table which is available in his report or from the Alaska Department of Fish and Game.

Some data from the MIT study, which was summarized in the ADF&G draft Status Report on Kachemak Bay, have been quoted recently as showing that less than 1 ppm of oil is toxic to marine organisms. This is, of course, incorrect. Moore's data refer to dissolved concentrations, not total oil. He does give estimates of the amount of oil needed to produce these dissolved concentrations, but these values are 1000 to 10,000 times greater.

The studies that Moore used are less precise than the present study or the other studies reported in Table 1, and these results were not used in the NMFS report. As you can see, Moore's values for the several categories of organisms have ranges much wider than the other studies, a reflection of both the imprecision of these earlier studies and the diversity of the organisms used. However, these data are useful in confirming the previous conclusion that there are no major differences between Alaskan species and those from elsewhere. This figure covers a range of water-soluble fractions from 0.1 to 100 ppm. The more sensitive stages, the larvae, appear at the lower end of the range and the less sensitive adults at the upper end of the range. The juveniles lie in between. The Alaskan species fit this conceptual picture quite well, confirming the conclusion that the Alaskan species do not show major differences in their sensitivity to oil toxicity than do their southern relatives.

Now let us consider the uptake-depuration question. This portion of the study was undertaken to see if differences in temperature, or in the metabolism of the animals in Alaska, might cause the rates of uptake and depuration in those animals to be different from the rates in southern species. If you will look at Figure 2 you will see a composite diagram illustrating the uptake and depuration of one chemical, methylnaphthalene, from solution by four of the test animals. The amount of uptake and the pattern of uptake and depuration shown here for these four animals is virtually identical with the patterns obtained in similar studies with southern species. The conclusion is that there are no major differences in this respect between the Alaskan animals tested and those from more temperate regions.

What I have presented here are the highlights of this study. The report contains a great deal more information, including some studies on behavior. These are not comparative studies with other areas so I will not go into them.

The other scientific aspect of the Kachemak Bay question is that of the circulation of the waters in the outer bay. The Alaska Department of Fish and Game has prepared a draft report on some of the work they have done to resolve the question of the persistence of the gyre. The report is still in draft form, and I believe that there will be some editorial changes made. None-the-less, the portion of the draft that presents the results of the drogue and drift card studies of the circulation in the vicinity of the bay is quite thorough.

The author states that more work will be done. The results to date are preliminary, and the methods and conclusions have not been reviewed, however, the evidence does suggest that the movement of water in the area is such that it is unlikely that larvae hatched in the bay remain to settle down in the same area. Instead it appears that many of the animals in the bay are carried in from the outside by the currents, and larvae produced in the bay are carried out to settle elsewhere. It also indicates that flushing of the area is more rapid and complete than previously believed.

Not only does this conclusion suggest that the importance of this area as a rearing area for the bay may have been misinterpreted, but it suggests that the rationale for the establishment of crab sanctuary and the critical habitat needs to be re-examined.

In conclusion, I believe that these two studies, one completed and one preliminary, answer the questions raised two years ago. Neither Kachemak Bay nor the animals in it appear to be unique with respect to their response to petroleum. These studies suggest that the situation here is not much different from that in other areas of offshore oil and gas production. There is, at this time, no scientific grounds for suggesting that fisheries and oil exploration and production off Kachemak Bay are incompatible.

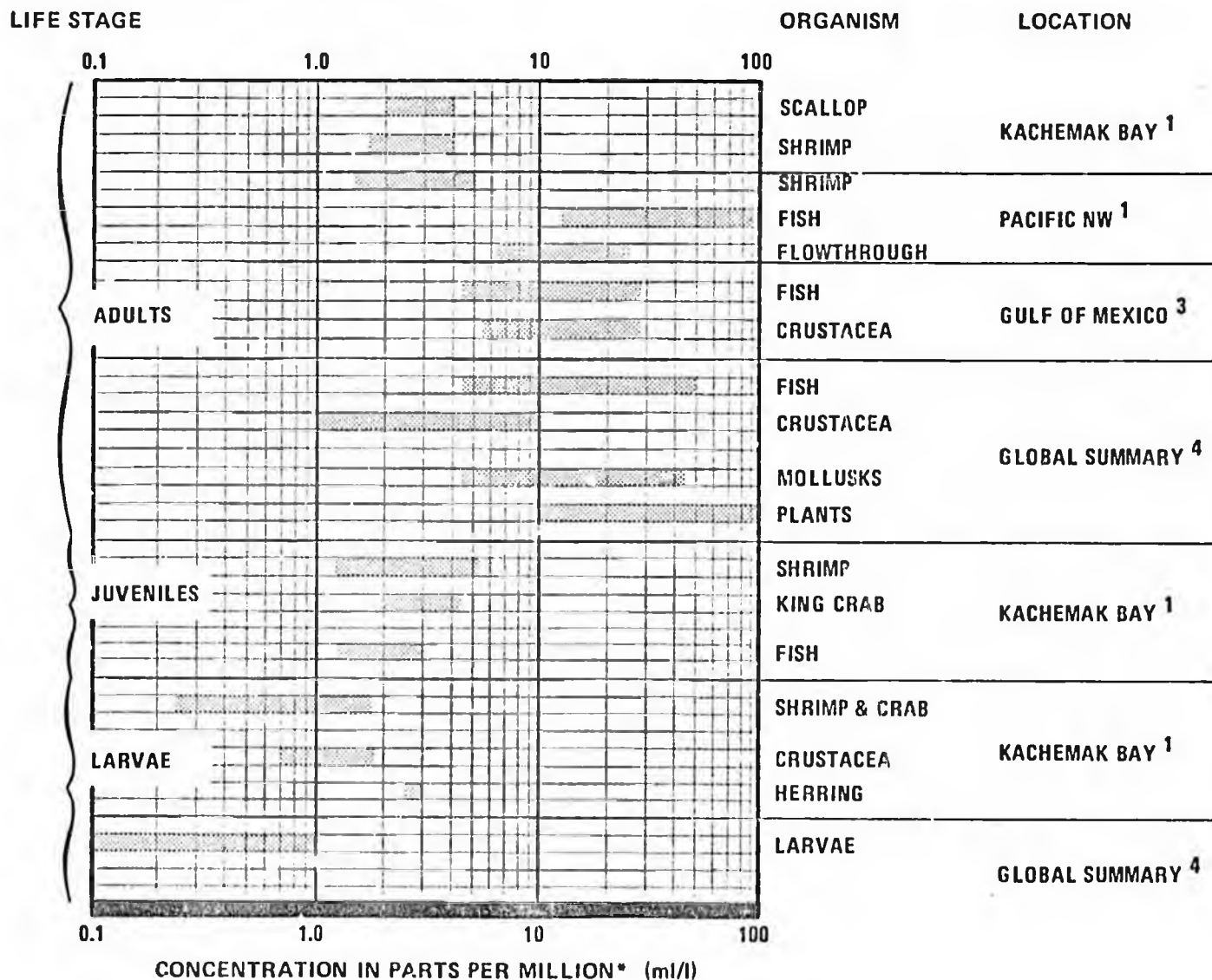
Table 1.--Summary of acute toxicity of several crude oils and No. 2 fuel oil to several marine species. Data are from four studies, each using at least two different crude oils. Ranges of 96-hr median tolerance limits (TLm's) are reported in ppm of oil as measured by IR (2930 cm⁻¹).

Study and species tested	Temperature range	(WSF) Crude oil	(WSF) No. 2 fuel oil	(OWD) Crude oil
Battelle 1973b ^{1/} Two species of fish	8°C	15-65	---	---
Battelle 1974a ^{1/} Coonstripe shrimp, juvenile salmon (flowthrough)	10-11°C	6.6-24.9	---	---
Coonstripe shrimp (static)	8°C	1.3-4.9	---	---
Anderson et al. 1974b Three crustacean species	18-22°C	6.6->19.8	1.3-4.9	18-62
Three fish species	18-22°C	5.5-19.8	3.9-6.3	38-78
This study Four shrimp species	3.5-5.4°C	1.26-4.34	0.53-1.69	2.31-13.9
One crab species	3.8-7.8°C	2.35-4.21	5.10	5.3-7.80
One scallop species	3.9-7.4°C	1.57-3.15	0.8	8.04-9.34
Two fish species	3.6-10.2°C	1.10-2.94	0.81-2.29	3.41-16.4
Coonstripe shrimp	3.6-4°C	1.96-2.72	---	---
Six species of crustacean larvae (Stage I-VI)	3.5-13°C	TLm = 0.54->8 ECm = 0.24-1.9	^{2/} --- ---	---

^{1/} Battelle studies do not report TLm's directly in the form of IR ppm. The values presented for Battelle are measured from their raw data. Some of their tests are flowthrough and others are static. They used different mixing procedures and their data may not be directly comparable.

^{2/} For larvae we also report this ECm, or mean effective concentration for moribundity. Moribund larvae showed some motion, but were unable to swim, and destined for death.

FIG. 1
ACUTE TOXICITY OF THE SOLUBLE FRACTIONS OF CRUDE OILS
ON VARIOUS MARINE ORGANISMS



*NOTE: THIS IS THE CONCENTRATION OF THE WATER SOLUBLE FRACTIONS OF THE OIL AS DETERMINED BY INFRARED SPECTROSCOPY. THE TOTAL AMOUNT OF OIL NECESSARY TO PRODUCE THESE DISSOLVED CONCENTRATIONS WILL BE MUCH GREATER DEPENDING ON THE MIXING METHOD USED. ACCORDING TO MOORE ET AL⁴, THE VOLUME OF OIL WILL BE 1,000 TO 10,000 TIMES GREATER THAN THE DISSOLVED FRACTIONS IT CAN PRODUCE.

1/NMFS - RICE ET AL, 1975. "ACUTE TOXICITY AND UPTAKE-DEPURATION STUDIES WITH COOK INLET CRUDE OIL, PRUDHOE BAY CRUDE OIL, NO. 2 FUEL OIL AND SEVERAL SUBARCTIC MARINE ORGANISMS;" 2/BATTELLE PACIFIC NORTHWEST LABORATORIES. 3/TEXAS A & M - ANDERSON ET AL 1974. MARINE BIOLOGY 27, 75-88. 4/MOORE ET AL, 1973. "A PRELIMINARY ASSESSMENT OF THE ENVIRONMENTAL VULNERABILITY OF MACHIAS BAY, MAINE TO OIL SUPERTANKERS;" RALPH PARSONS LABORATORY REPORT # 162.

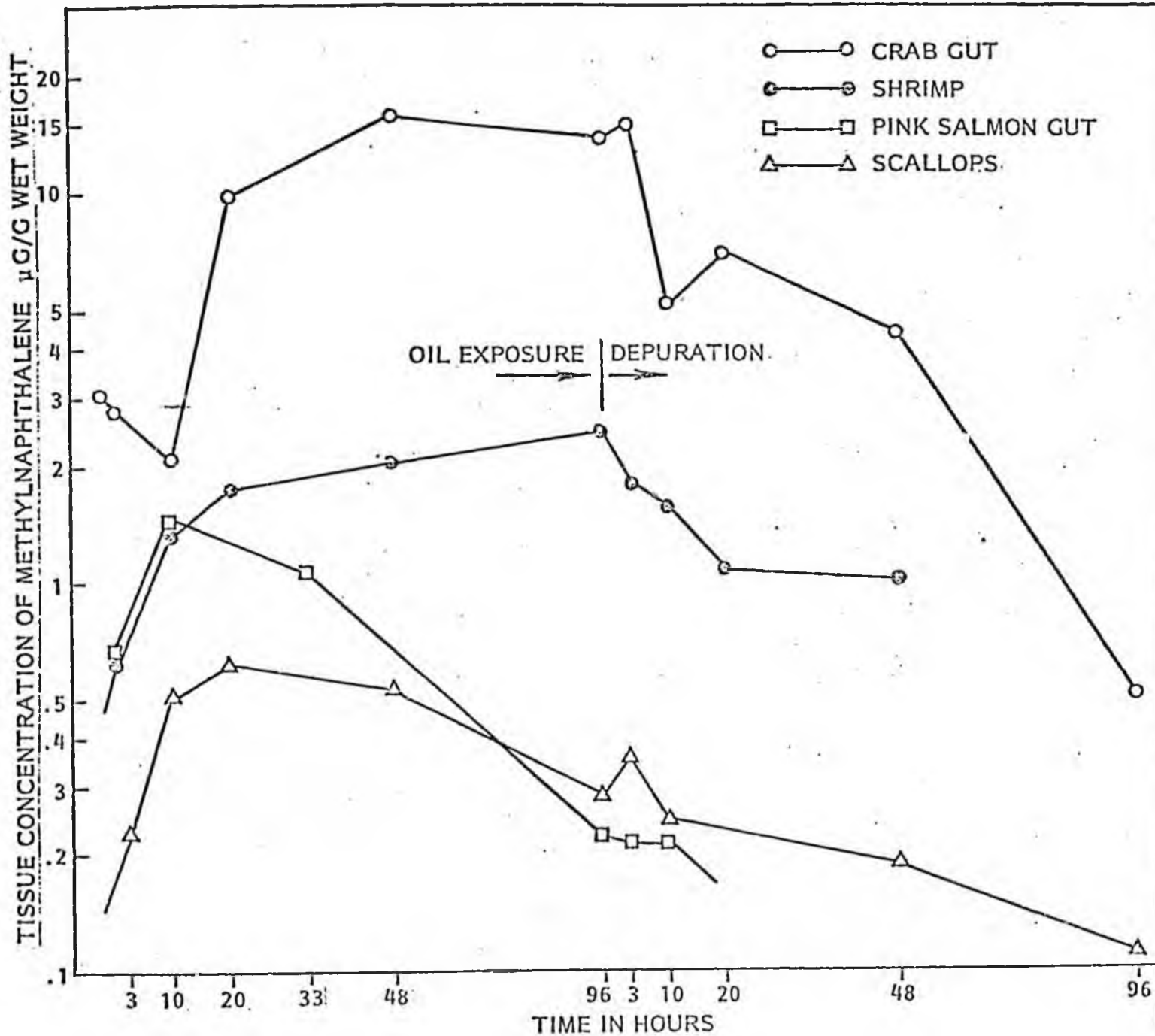


Fig. 2 . . Comparison of methyl-naphthalene accumulation in juvenile king crab gut, whole shrimp, pink salmon gut, and whole scallops exposed to the water-soluble fraction of Cook Inlet crude oil. Methyl-naphthalene accumulated to a greater extent than any other aromatic compound in these tissues. Concentrations during exposure were approximately equal.

TO
HOUSE RESOURCE COMMITTEE
STATE OF ALASKA
CHAIRMAN: NELS A. ANDERSON

STATEMENT CONCERNING DRILL RIG
"GEORGE F. FERRIS" AND ITS
ACTIVITIES AS IT MAY RELATE TO
OIL DRILLING IN KACHEMAK BAY
AND COOK INLET

PREPARED BY: RALPH OXENRIDER
OFFSHORE CONSTRUCTORS INC.
4250 WILSHIRE BLVD.
LOS ANGELES, CALIFORNIA 90010
REPRESENTATIVE OF OWNERS

April 8, 1976

The "George F. Ferris" is a four legged jack-up type oil drilling barge with no propulsion of its own. It is towed from location to location by ocean going tow boats, usually two, with a combined horsepower of 6000 H.P. or more.

During tow the legs of the Ferris are raised to a predesignated position giving the unit a minimum draft of 19 feet. When the rig arrives at its location it is held in position by means of large anchors controlled by winches on board. The legs are lowered to the bottom at a rate of 40 feet per hour by means of a hydraulic jacking system which also elevates the rig out of water when the bottom bearing becomes sufficient to carry the load.

After the elevating procedure is completed the drilling mast is raised and drilling commences immediately. The anchors are usually recovered immediately by means of hoisting them with winches on the supply boat and hauling in the wire to hang the anchors on the rig clear of the water.

The Ferris first arrived in Kachemak Bay on August 26, 1974 and proceeded to anchorage in Jakolof Bay for inspection at the conclusion of the tow from Long Beach, California before proceeding to its first drilling assignment at Kasilof in Cook Inlet. The Ferris proceeded to Kasilof on September 2 and 3, 1974 and commenced drilling on September 4, 1974.

This assignment continued until January 7, 1975 at which time the job of lowering the Ferris began. During this process on January 9, 1975 the jacks on one of the legs broke. Lowering operations could not be continued until repairs were made or an alternate method of removal was devised.

Engineers from our company and technical consultants from many fields immediately convened in Kenai to work out the fastest and safest way to get the Ferris off this location. Several alternatives were being worked on simultaneously. It was decided that demolition of the jacks, allowing the

Ferris to drop into the water, was the most expeditious when the entire spectrum of our position was considered.

The demolition was successfully executed January 29, 1975 with flawless precision. The United States Coast Guard had been advised of all operations and were in attendance. Local agencies kept advised were the fire and police departments. Anchorage arrangements in the Port of Homer were arranged in advance.

The Ferris arrived in Homer on January 31, 1975 and anchored up as planned with no complications. The job of evaluating damage and activating repairs began immediately.

The Ferris entered Kachemak Bay on a planned course that was proposed at that time as a corridor for commercial vessels entering Kachemak Bay. Any minor alterations to this course were made to avoid crab pots in this corridor. It was strikingly evident that no attempt had been made by crab fishermen to leave this corridor clear of crab pots. In that respect no corridor exists.

This writer was on board the lead boat, the Norma Ann II, which traveled the full length of the entrance course and back to the Ferris four times between 6 A.M. and 9 A.M. spotting concentration of crab pots and relaying this information back to the tugs. It is my opinion that the tow boat skippers did an outstanding job of avoiding as many crab pots as they did. I boarded the Ferris approximately 9 A.M. about seven miles from the end of the Homer spit. My first act upon boarding the Ferris was to make a full circle search for crab pot markers and I found and recorded them all, a total of eight. These same markers were still attached when we arrived at the final anchorage site at noon. There were no more.

Immediately after recording the attached pot markers I went to the

Heliport deck and remained there for the completion of the tow. From this vantage point crab pot buoys were readily visible for a considerable distance. From the time I arrived on the Heliport until the tow was completed the Ferris definitely did not run over any crab pots.

The entry of the Ferris into Kachemak Bay in darkness has been criticized by Mr. Ken Moore. I wish to answer that criticism to this committee because I feel his criticism, with all due respect to Mr. Moore, is based only on his concern for the protection of the fishermen's crab pots rather than the real issue involved which are the preservation of life and property, the preservation of the environment, and the discharge of these duties with competence.

The Ferris was a crippled barge to the extent that the legs were being held up with temporary locking pins, well sufficient for this tow in good weather. It would have been foolhardy to hold this tow in the outer bay for any reason and allow it to be caught in a storm which would cause undue stresses on the holding pins with the possibility of the loss of a leg. This is why the Norma Ann II preceded this tow by 2 to 3 hours to confirm sea conditions and order a turn around if conditions were doubtful. The entire operation was planned to take advantage of the usual early morning calmness as well as favorable tides. An operation of this magnitude being completed in two and a half days with the only adverse effect being the collection of a few crab pots in my opinion deserves credit rather than criticism.

The question of the legs of the Ferris striking the ocean floor during jack up operation thus crushing crabs and damaging the natural environment has been publicly voiced by the Kachemak Bay Defense Fund group and by Mr. Lorian Flagg and Dr. Weennekens of the State's Fish and Game Department

with the implication that this will do considerable damage to the marine habitat of the ocean floor.

This is a serious allegation and I present the following facts so this committee will evaluate the protection of the marine habitat from a total use viewpoint rather than an individual use viewpoint.

The Ferris has four legs each covering 256 square feet of bottom area for a total of 1,024 square feet each time the Ferris is set up. I cannot imagine a crab or fish remaining under these legs as the legs descend to the bottom at the rate of 8 inches per minute but if they did remain there, they would surely be crushed. This operation could conceivably take place four times per year but very unlikely that often in Kachemak Bay.

In contrast the crab fishing industry reportedly has 2,500 or more King crab pots fishing Kachemak Bay. The average of these pots cover 36 square feet each and weigh an average of 600 pounds. They descend to the bottom with sufficient speed and force to kill King crabs if struck by one. This fleet of pots striking the bottom with a killing force each time they are set out cover an area of 90,000 square feet. Assuming these pots are set out once a week for 20 weeks per year the total impact area, to say nothing of dragging during storms, is 1,800,000 square feet. This is more than 1,700 times the damage area created by an oil rig for each set up.

I respectfully request this committee give credit where credit is due and give the oil rigs credit for doing minimal damage to the bottom environment rather than serious damage as the allegations would like you to believe.

We are by no means suggesting criticism of practices in the crab fishing industry that are a necessary function of their industry. They produce a valuable and necessary product for the benefit of our entire society. It is their individual inherent right to engage in this industry in the sovereign

waters of the United States. The same standards of evaluating the degree of controls on any one industry should apply to all industries.

Another erroneous allegation, made by Mr. Ken Moore, contained in a movie entitled "Kachemak Bay, Problems of Progress" produced by the State of Alaska with Federal funds and State Tax funds, and circulated primarily by the State of Alaska, implies that Offshore Constructors, Inc. dealt unfairly with the fishermen as to the settlement of their crab pot claims.

We wish at this time to refute these allegations and state to you that most of the evidence supplied by the claimants did not substantiate their claims. The fact is that most of the claims were rendered invalid by virtue of their own evidence provided.

We know the course of the Ferris through Kachemak Bay and we plotted this accurately on a chart. Each individual claimant plotted the position of his crab pots on an identical chart. We overlaid the two charts and if the Ferris passed through the claimants pots we made a settlement with him. If the Ferris did not cross through the claimants pots we did not pay any part of his claim. It was just as simple as that.

There are other significant facts that bear on the question of fair settlement. One pertains to the fact that from 3 to 5 days immediately preceding the arrival of the Ferris there was a storm of considerable intensity in Kachemak Bay with the result that several crab pots were either dragged away from their original placement or their buoys torn loose and lost. This is substantiated by a second fact that some of the fishermen did hire a local helicopter and did go in search of their pots because they could not find them. This opens a new dimension of settlement. We have offered to pay for pots found on the Ferris belonging to one particular party even though his pots were not in the path of the Ferris. This party rejected

the offer to settle for payment of the pots found on the Ferris so to this date there is no settlement completed. The door is still open on this claim.

It is common knowledge that crab pots are shifted during the course of a storm. This is an "Act of God" and who knows where they are shifted to. It appears that critics of our settlement feel that the Ferris should indemnify their losses for "Acts of God". I wish we could find a sponsor that would do that for us. We pay insurance premiums for this sort of coverage.

There have been various allegations made as to possible damage caused when the "David Foss" struck a submerged object and sank while we were trying to re-float the "Ferris" and since the "David Foss" was servicing the "Ferris" it is our fault that it sank.

We are curious as to how a law should be written to prohibit tugs from assisting a drilling barge in distress without also preventing these same tugs from assisting ships or fishing boats in distress. Who would decide who was to be saved and who was to be abandoned when a vessel is in distress. Obviously these allegations are biased and completely invalid.

In the film "Kachemak Bay, Problems of Progress" Mr. Ken Moore alleges that he was hired, or had an agreement, with Shell Oil to the effect that we were to pick him up in a helicopter prior to entering the bay and he could guide us through the crab pots. He said we did not bother to come get him and we had the helicopter tied down on the helicopter deck, further inferring we had no intention of using his services.

Shell Oil did inform us they intended to make such an arrangement with one of the local fishermen, however for one reason or another we were never informed who the gentleman was that we were supposed to pick up. In lieu of this we hired, and had on board, a pilot from the Homer Pilots Association.

What Mr. Moore did not tell you is that he agreed to assist us providing

he was paid one hundred dollars in advance and that if he was not paid in advance he would not go. The fact is he was not paid so would not have come to assist us had we gone after him.

Mr. Moore's reference of the helicopter being tied down can only be viewed as an attempt on his part to discredit Offshore Constructors Inc. in the eyes of the public. The facts are that every piece of equipment on our barge, including the helicopter, is tied down during a tow just the same as Mr. Moore's crab pots are tied down when he goes to sea. I believe the intent of his implications speak for themselves.

The Ferris was towed by the "Phillip Foss", owned by Foss Launch & Tug and the "Sea Racer", owned by Crowley Maritime Corporation. These boats each carry a Captain, First Mate and Second Mate all licensed people and all with considerable experience in these waters. Captain Allen H. Anderson, the skipper of the lead tug, the "Phillip Foss", was sent up here especially for this tow because he is particularly familiar with bringing heavy tows into Kachemak Bay. The fact that the most experienced people were intentionally gathered, using the latest equipment in the state of the art, planned in detail well in advance, and executed with flawless precision, certainly should disqualify any allegation of misconduct. It would be interesting to know by what credentials our accusers derive their authenticity to be a creditable critic.

Respectfully submitted without prejudice,

Ralph R. Oxenrider

Ralph R. Oxenrider
Vice President
OFFSHORE CONSTRUCTORS, INC.

City of Seldovia

P. O. DRAWER B

TELEPHONE 234-7543

SELDOVIA, ALASKA 99663

HONORABLE NELS ANDERSON, CHAIRMAN

NATURAL RESOURCE COMMITTEE

HOUSE OF REPRESENTATIVES

POUCH V

JUNEAU, ALASKA 99811

DEAR SIR,

*Communal
Meeting*

MY NAME IS ED GLOTFELTY, CITY MANAGER OF THE CITY OF SELDOVIA. I WOULD LIKE TO TESTIFY AGAINST CSHB-626. AND EXPLAIN HOW I VIEW THE IMPACT THAT OIL AND GAS DEVELOPMENT WOULD HAVE ON THE CITY OF SELDOVIA.

A PUBLIC MEETING CONCERNING CSHB-626 WAS HELD IN SELDOVIA LAST MONTH. MR. BOB PALMER WAS THERE REPRESENTING THE GOVERNOR. ALTHOUGH THE MEETING WAS MORE OF A PRESENTATION OF THE VIEWS OF THE GOVERNOR AND THE DEPARTMENT OF FISH AND GAME. THERE WAS A VOTE ON THE TWO PARTS OF THE BILL. THE VOTE WAS 22-23 AGAINST OIL DEVELOPMENT IN KACHEMAK BAY. AND THE VOTE ON THE MARINE SANCTUARY WAS OVERWHELMINGLY AGAINST THE MARINE SANCTUARY IN KACHEMAK BAY.

THE ECONOMY OF THE CITY OF SELDOVIA IS PRESENTLY IN A DEPRESSED POSITION. SELDOVIA IS A ONE INDUSTRY COMMUNITY, AND THAT INDUSTRY IS DEPRESSED BECAUSE OF THE RELATIVELY POOR CRAB SEASON THIS PAST FALL AND WINTER A FISHERMAN STRIKE IN AUGUST AND EXTREMELY HIGH WINDS, HEAVY SEAS, AND

MASSIVE AMOUNTS OF ICE IN THE INLET AND BAY PREVENTED THE BOATS FROM FISHING REGULARLY THIS PAST KING CRAB SEASON. AND THEN THIS PAST WEEK THE STATE OF ALASKA IN THEIR INFINITE WISDOM DECIDED TO CLOSE THE KING CRAB SEASON WITH ONE MILLION THREE HUNDRED THOUSAND POUNDS OF KING CRAB QUOTA UNCAUGHT.

WITH ONLY ONE INDUSTRY IN A COMMUNITY AND WITH THAT INDUSTRY DEPRESSED THE ENTIRE ECONOMY IS DRASTICALLY AFFECTED.

SELDOVIA, NEEDS A SECOND INDUSTRY AND WE FEEL THAT THE PETRO-CHEMICAL INDUSTRY WOULD BE A GREAT ASSIST TO OUR CITY.

IF THE STATE OF ALASKA CONDEMNS THE LANDS THAT THEY HAVE LEASED TO THE OIL COMPANYS, AS PROPOSED IN CSHB-626, WE FEEL THAT THE STATE WILL HAVE RENEGED ON A COMMITMENT. THAT WILL HAVE GREAT EFFECT ON FUTURE CREDITABILITY OF THE ENTIRE STATE. AND TO USE THE MARINE SANCTURAY CONCEPT AS A MEANS TO CONDEMN THE LEASES, FURTHER COMPOUNDS THE CREDITIABILITY OF THE ACTION.

WE WOULD, HOWEVER, SUPPORT SENATE BILL-720 WHICH SEEMS A REASONABLE APPROACH TO THE COMPLEX SUBJECT.

WE DON'T FEEL THAT THE WHOLE OF KACHEMAK BAY SHOULD BE A STATE PARK.

THE ECONOMIC BASE THAT THE PETRO-CHEMICAL INDUSTRY WOULD OR COULD PROVIDE FOR OUR COMMUNITY WOULD BE MAJOR. AND THERE HAS BEEN INTEREST SHOWN ON

THE PART OF THE PETRO-CHEMICAL INDUSTRY TO DEVELOP A STAGING AREA OF MAJOR PROPORTIONS IN THE SELDOVIA AREA TO SERVICE BOTH THE DEVELOPMENT IN KACHEMAK BAY AND THE LOWER COOK INLET.

THE SELDOVIA NATIVE CORPORATION HAS LAND ACROSS SELDOVIA BAY WHICH IS OF INTEREST TO THE PETRO-CHEMICAL INDUSTRY AS A STAGING AREA. FOUR MAJOR COMPANIES HAVE HELD MEETING WITH THE NATIVE CORPORATION THEY ARE BRITISH PETROLIUM, EXON, SHELL AND CITY SERVICE.

THESE LANDS MEET THE OIL INDUSTRIES MAJOR REQUIREMENTS FOR A STAGING AREA,

1. IT IS ADJACENT TO DEEP WATER,
 - a, A DOCK COULD BE BUILT TO HANDLE LARGE TANKERS
 - b. DOCKS COULD BE BUILT FOR BARGE UNLOADING
 - c. IT IS ICE FREE
2. SUFFICIENT LAND IS AVAILABLE FOR STORAGE.
3. FRESH WATER AVAILABLE.
4. POWER IS AVAILABLE ACROSS THE BAY IN SELDOVIA.
5. TELEPHONES ARE AVAILABLE IN SELDOVIA.

THE CITY OF SELDOVIA WOULD ALSO GAIN MANY BENEFITS FROM A SECOND ECONOMIC INDUSTRY IN OUR AREA. THE BOROUGH ASSESSOR STATED THAT WITH THE DEVELOPMENT OF NEW HOUSING UNITS ALONE THE COMMUNITY WOULD INCREASE ITS ASSETS EVALUATION BY ONE-HALF THE SECOND YEAR OF DEVELOPMENT.

AND IF A DEVELOPMENT OF LOADING AND DOCKING FACILITIES BECAME A REALITY THE EVALUATION WOULD TRIPLE. HIS INFORMATION IS BASED ON SIMILAR DEVELOPMENTS IN THE NORTH KENAI AREA.

WITHIN THE CITY LIMITS WE HAVE AVAILABLE INDUSTRIAL LANDS THAT SERVICE INDUSTRIES WOULD REQUIRE TO SUPPORT THE OIL INDUSTRY WE HAVE APPROXIMATELY 16 ACRES OF LAND ZONED INDUSTRIAL. DOCKING AND WHARFAGE FACILITIES ARE ALREADY BUILT. SMALL BOAT HARBOR, POTABLE WATER WHEN OUR NEW SYSTEM IS COMPLETE. AND THROUGHOUT THE CITY AND OUTLYING AREAS THERE ARE AVAILABLE FOR THE CONSTRUCTION OF RESIDENTIAL HOMES FOR THE HOUSING THAT WOULD BE NEEDED.

WE HAVE RECEIVED INFORMATION BOTH FROM PRIVATE SOURCES AND FROM THE OIL COMPANYS THAT THE BIOLOGICAL INFORMATION THAT HAS BEEN DISPURSED BY THE STATE ADMINISTRATION CONCERNING THE EFFECTS OF OIL SPILLS IN THE WATER OF KACHEMAK BAY, IS GREATLY EXAGGERATED. AND WE WOULD RECOMMEND A YEARS MORATORIUM TO PROVIDE RELIABLE BIOLOGICAL INFORMATION ON THE BAY BEFORE PRODUCTION DRILLING. WE UNDERSTAND THE MAJOR CONCERN IS NOT WITH AN OIL SPILL OR ACCIDENT FROM EXPLORATION OR PRODUCTION, BUT THAT THE MAJOR DANGERS ARE FROM SHIPPING ACCIDENTS. THESE DANGERS WE LIVE WITH NOW. THE MAJORITY OF ALL TANKERS GOING TO AND COMING FROM THE UPPER INLET, PASS SELDOVIA EVERYDAY TO UNLOAD AND LOAD A SHIP PILOT. A MAJOR ACCIDENT OF THE PROPORTION AND MAGNITUDE THAT WOULD BE SUFFICIENT TO BE HARMFUL TO THE RENEWABLE RESOURCE COULD VERY WELL HAPPEN AT THE PRESENT TIME AND IT IS OUR CONTENTION THAT EXPLORATION WOULD NOT SUFFICIENTLY INCREASE THIS PROBABILITY.

THE MAJOR CONCERN EXPRESSED IN THE COMMUNITY IS THAT IF OIL EXPLORATION AND DEVELOPMENT DOES TAKE PLACE IN KACHEMAK BAY, THE LOWER COOK INLET OR ELSE WHERE IN ALASKAN WATERS, ARE THAT STRICT AND ADEQUET SAFEGUARDS ARE EMPLOYED. CERTAINLY WE HAVE THE TECHNOLOGY TO PROVIDE THE SAFEGUARDS NECESSARY IN THIS INDUSTRY (WE CAN PUT MAN ON THE MOON).

THE FISHERMEN ARE CONCERNED WITH A WORKABLE ARRANGEMENT BETWEEN THE TWO INDUSTRIES SO THAT FISHING GEAR LOSS DUE TO THE PROPOSED INCREASE OF SURFACE TRANSPORTATION. AND MOST FEEL THAT AN ADEQUET SOLUTION TO THIS PROBLEM CAN BE WORKED OUT.

IN CONCLUSION: THE CITY OF SELDOVIA WOULD BENEFIT THROUGH, INCREASED EMPLOYMENT AND FINANCIAL STABILITY THROUGH A STABLE ECONOMIC BASE.

IF THE PETRO-CHEMICAL INDUSTRY BUILT A STAGING AREA IN THE SELDOVIA AREA, WE FEEL THAT WITH ADEQUET SAFEGUARDS AND CLOSE WORKING RELATIONSHIP BETWEEN THE PETRO-CHEMICAL INDUSTRY, THE COMMUNITY, THE FISHERMEN, THE NATIVE ASSOCIATION AND THE KENAI PENINSULA BOROUGH, THE CITY OF SELDOVIA WOULD GROW AND PROSPER WITH THE DEVELOPMENT OF NON-RENEWABLE RESOURCES AS WELL AS THE RENEWABLE RESOURCES OF THE WATER OF ALASKA.

ADOPTED: March 24, 1975

NOTE: UNANIMOUS

OBJECTIVES OF THE CITY COUNCIL
HOMER, ALASKA

It shall be the basic objective of the Common Council of the City of Homer, Alaska to continue to strive to establish a municipal government that most efficiently provides those services desired by the greatest number of its citizens within the economic boundaries prescribed by those citizens.

To accomplish this basic objective, the following objectives and goals are hereby adopted by the Common Council of the City of Homer, Alaska:

1. To provide an adequate and healthful water supply for all of its citizens.
2. To provide an adequate and properly maintained sewage collection system and treatment plant.
3. To provide the necessary law enforcement to protect the citizens safety and property.
- ✓ 4. To promote its Port facilities to full utilization and to plan for its further development as necessary.
- ✓ 5. To plan and promote improvement and enlargement of its boat harbor facilities.
6. To encourage the proper construction of streets and provide for adequate snow removal and maintenance of such streets.
7. To plan for and develop a drainage system for the area.
8. To actively pursue the acquisition of land within the boundaries of the city to be set aside for the purpose of parks and recreation areas, bike trails, and to preserve the environmental balance necessary in development of a drainage system for the area.
- ✓ 9. To create a climate that will assist and support the development of all the natural resources within the purview of its environs to broaden its economic base in order to increase the opportunities for the present and future citizens without the degradation of the prospective long term use of any natural resources.
- ✓ 10. To create a climate that will assist and support the establishment of that industrialization necessary to provide employment for its citizens.
11. To create a climate that will assist and support the maintenance of financial institutions to provide adequate and timely capital for construction of homes and necessary businesses to properly services its citizens.

Homer City Council Objectives
page two

12. To create a climate that will assist and support the development of tourist facilities that will encourage the orderly enjoyment of the recreation potential of the area.
13. To promote the development of health care facilities adequate to care for its population, number and make up, at any stage of growth and economic capability.
14. To utilize all means and technology and regulations to protect the environment and economy.
15. To provide pay, benefits, training and working conditions for its employees that are within the capability of the economic base and standards for like employment.
16. To cooperate with all borough, state and federal agencies which can assist in obtaining the objectives of the Council and to provide for the general welfare of its citizens.
17. To assist any citizen with information on city government and other government functions that are reasonably available.
18. To encourage participation by its citizens in its own government.
19. To keep its citizens informed of its actions by furnishing of all information to the media available for dissemination of such in the area.

It will be the policy of the Council to review these objectives in January of each year.

TESTIMONY FOR NATURAL RESOURCES COMMITTEE

April 9, 1976

I am Hazel Heath, Mayor of the City of Homer for nearly eight years. I am President of the Over All Economic Development Program for the entire Kenai Peninsula Borough. I serve as a member of the Governor's Tourism Advisory Board; as a member of the Alaska State Chamber of Commerce Board of Directors and am also a member of the State Board of Directors for the Alaska Visitors Association. I am a member of the Kenai Peninsula Community College Advisory Committee. I own and operate Homer Artists--an Art Gallery with art supplies and a gift shop where I sell paintings and craft items made by local artists.

Now--the situation in Kachemak Bay.

As the Mayor of the City of Homer I would like to give you four of the nineteen objectives of our City Council:

- No. 4. To promote its Port facilities to full utilization and to plan for its further development as necessary.
- No. 5. To plan and promote improvement and enlargement of its boat harbor facilities.
- No. 9. To create a climate that will assist and support the development of all the natural resources within the purview of its environs to broaden its economic base in order to increase the opportunities for the present and future citizens without the degradation of the prospective long term use of any natural resources.
- No. 10. To create a climate that will assist and support the establishment of that industrialization necessary to provide employment for its citizens.

In view of the situation in Kachemak Bay, I believe the last one is most important. We need industry that will provide employment. Tourism and fishing are good but they don't give us a broad enough economic base. I believe development of the oil leases in Kachemak Bay would strengthen our potential for such an economic base.

And speaking of "oil leases in Kachemak Bay", I get the feeling that most people feel that the Homer Spit will be surrounded by platforms and drilling rigs. The leases in question are so far out into what most of us consider Cook Inlet, I doubt if the platforms could be seen from Homer.

As President of the OEDP, while the group has not formally passed a resolution on the Kachemak Bay situation, we do believe in multiple use of the resources within the Borough.

We believe in the development of the gas and oil resources with proper safe guards to protect the fisheries. Our purpose is to encourage economic development for all areas of the Borough.

As a member of the Governor's Tourism Advisory Board and also of the Alaska Visitors Association Board of Directors, I believe in the tourist industry. It is one of the most important industries in the State but we need more than that!

The Alaska State Chamber of Commerce is based on good business and development within the State.

As a member of the Kenai Peninsula Community College ~~Board~~ Advisory Committee I am proud that our facility is able to offer a very comprehensive course in Petro-Chemical studies. We are able to train students for jobs in the industry so naturally we are FOR the development of our gas and oil potential within the Borough.

I have been a resident of Homer since 1946. It has been good to me and I love the area. I expect to spend the rest of my life in Homer. I voted for Alaska Statehood because I felt we were being governed by people in Washington, D.C. who were not knowledgeable concerning Alaska and its affairs. I am concerned that Alaskans are being hampered now by too many unnecessary laws.

I do not believe we need to make Kachemak Bay a complete marine sanctuary. A critical habitat as it now is created no hardship. Let's leave it that way!

Thank you for your time!

House Resources Committee

Mr. Chairman; Members of the Committee; Ladies & Gentlemen:

My name is Bob Barnett - I'm from Homer

I am a 54 year resident of Alaska. I have worked in the placer mines at Flat near Iditerod. I was employed by the Alaska Railroad in engine service for over 8 years. I have worked in construction as a plumber & steamfitter and operated my own plumbing, heating, and hardware business for many years in Anchorage. I am a 12 year resident of Homer and have owned & operated a shrimp boat with otter trawl most of the time for the last 8 years. I own my own home and have a substantial investment in real property in Homer.

The economy of Homer, as it appears to me, is supported primarily by fishing and food stamps. The fishing industry has its good years and bad, but the food stamp sector seems to grow steadily as the population increases.

Kachemak Bay has been declared a Critical Habitat area by the State. This action, in my opinion, provides all the authority necessary for the State Department of Fish & Game to properly supervise and protect the fishing resource. If the State uses this authority wisely, it will not only protect the "Fishing industry" but it will coordinate the fishing activity with the activity of other industries including the "Oil Industry". In fact, in my opinion, all State personnel involved in resource management are morally and legally obligated to this end. The State must be made to realize that the economy is an important factor to be considered in the overall administration of State affairs.

In my opinion a bill to create a Marine Sanctuary or a State Park is completely unnecessary, and a bill to void the Kachemak Bay Oil leases is ridiculous.

I believe the only problem of any consequence is a traffic problem. Traffic in the Bay is not all oil related and could be controlled to the extent that conflict between industries could be eliminated. The creation of a corridor is a big step in the right direction and with proper administration and cooperation should eliminate most of the problems.

I am opposed to any bill creating coastal zone control by the State. I believe in stronger local government as opposed to government by State Commissioners.

I believe the State should encourage the development of natural resources and promote the multiuse concept of public land. *Refer to Article 2 of State Constitution*

I believe that the publicity in the news media from Homer this past year or more has been biased in favor of the radical environmental groups. Public hearings have been loaded with newcomers, many ~~who~~ ^{do} not believe in the work ^{ETHIC} concept, many with little or no investment in the community. The Business people, the old timers, the home owners, and people with investments who have much at stake have expressed essentially the same philosophy that I have tried to express, but it gets little if any publicity. I would refer you to the poll

that was conducted by Mrs. Cason with the help of many local people. The Environmental groups appear to be well financed and smart enough to put people like the "fishermen" in the front lines to give them credibility. They have apparently put a lot of money into the campaign against oil in Kachemak Bay and my guess is that much of their support comes from out-of-Homer and out-of-state.

In conclusion, I say as I have said many times in the past, I sincerely believe that we can have fish and oil, too. There are no problems between the two industries that cannot be resolved by men with common sense and a cooperative attitude.

Thank you.

Robert E. Barnett

To: House Resource Committee

Re: Kachemak Bay Legislation

WRITTEN TESTIMONY

Presented by Velton Cason

My name is Velton Cason. I am a science teacher in the Homer High School. I have a background in Agriculture, Physics, Chemistry and Biology. I have been a resident of Homer for 19 years.

The purpose of this statement is to discuss, in general terms, a report entitled "Kachemak Bay - A Status Report" which was expounded on at the "town meeting" in Homer on February 17, 1976.

This report was prepared by the staff of the Alaska Department of Fish and Game.

Further, the report appears to have been hastily prepared and not to have received any Departmental review or editing, as indicated by inconsistencies present. Also, the report is presented in an unscientific manner and is written in an emotional style.

We in Homer hoped the report would be a factual statement of the ongoing studies in the area. The report as presented does NOT meet this objective.

The report is divided into 5 sections, having the stated purpose to "discuss and summarize salient findings emerging

from ongoing field studies and analyses of current literature as they relate to man's disruption of the marine environment, especially by oil and gas related activities".

Section I and II addresses the ongoing studies. Section III addresses a literature review. Unfortunately, Sections IV and V are philosophical in nature and lack objectivity necessary for a technical report or to achieve the stated purpose.

Section I deals with the Fish and Game Department tracking studies of water circulation and transport in and around Kachemak Bay. At the Corps of Engineers' Hearing (1974) in Homer, there was much discussion of the Kachemak Bay "gyre" which would act as a "nursery" for drifting marine species. The subject report states "residence time of the waters within the Bay appears to be 20 days at the most....". This is not sufficient time for planktonic existence of the larval animals. Thus the "gyre" theory is not applicable, as previously stated at the hearing.

The title of Section I is "The Marine Environment of Kachemak Bay". Surprisingly, there are no biological data presented in this section.

Section II is a recitation of fishery information divided into two parts: 1) historical review and 2) economics of Kachemak Bay fisheries. The economic discussion is highly subjective and thus lacks usefulness for decision-making.

I was surprized that the year 1973 was used as the base year for the economic review. I believe 1973 was a banner year and thus biases the results. Further, I am surprized that Kachemak Bay fish catches are not compared with the fish catches of the State as a whole. Such comparison would be instructive.

Haste appears to be the byword for the figures presented in Section II. Many of the figures do not state the units of measurements and thus are impossible to interpret.

Section III deals with "Sensitivities of Kachemak Bay to Man's Impact". Man's impact seems to be limited to oil and gas industry activities without regard to other stresses, such as logging, fishing, waste disposal or tourists. The singularity of purpose of this section is not indicated by the section title. I believe this oversight should be corrected, preferably by broadening the scope of this section.

Much of Section III deals with a recitation of the effects of oil on the environment. Basically, these spills are from tankers such as currently operate in Cook Inlet. Experience to date in Cook Inlet, from tanker spills, does support the authors' attempt to transfer the spill situations to Kachemak Bay. Of particular interest is the attempt to transpose a "Metula" size spill into Kachemak Bay. In the first place, no super tankers enter Cook Inlet. Secondly, the authors state, without support, an oil spill rate of 400 barrels per square mile. Lastly, no attempt has been made to relate this rate to the toxic effects cited in Table 24. The lack of such a

comparison is improper in a technical discussion. This oversight should be corrected.

Figure 54 appears to be a summary of the findings of the report. However, the figure is such a mass of typing it is virtually impossible to comprehend. Also, this figure appears to be a summary of the "worst of all worlds". I cannot believe oil can be produced and transported satisfactorily anywhere in the world if the statements shown in Figure 54 are true. I recommend this Figure be reviewed for accuracy. Further, my reading indicates that no permanent damage has been reported as the result of even the largest oil spill. The Santa Barbara, California spill area is reported to show no ^{Permanent} adverse effects from that spill.

Section IV appears to be a discussion of the position taken by the Department of Fish and Game toward oil development in Kachemak Bay. The authors indicate their concern reflects the position taken by the citizens of the State of Alaska. I can assure you this is untrue for the Homer area. (Please refer to the testimony presented by Mrs. Cason, showing for Homer, that the stable citizens are not opposed to petroleum development in Kachemak Bay). I recommend that Section IV be removed from the report or supported with facts.

Section V addresses energy and non-renewable resources. Interestingly, the report states that the Department of Fish and Game have not been told the potential size of the Kachemak Bay field. No drilling has been permitted. Thus, it appears to me that it is impossible to define the field size when there is not

even information to indicate whether there is oil under Kachemak Bay.

In summary, I find the report difficult to interpret and lacking in objectivity. If the Department of Fish and Game has data to show the citizen of Alaska that petroleum development will be harmful to Kachemak Bay, I recommend they present it in a factual and objective manner. The present report does not meet the stated purpose to "discuss and summarize salient findings.." since findings are not presented - only opinions formed without support.

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ORIGINAL.

TESTIMONY ON KACHENAK BAY LEGISLATION

BY JULIE GUTTS

I am Julie Guts from Anchor Point, Alaska, a small settlement on the Northwest boundary of Kachanak Bay. The business district is on the Sterling Highway, the residential areas follow the North Fork, the South Fork and the course of the Anchor River. The Anchor Point area is noted for seasonal King and silver salmon, steelhead and rainbow and daily wildcat fishing in the Anchor River. Anchor Point is also the most westerly highway point on the North American Continent. My husband and I have owned and operated the Anchor River Inn for eleven years. We have 12 acres situated between the Sterling Highway and the Anchor River and adjacent to the Silver King Wildlife State Park. ~~We have built a comfortable and well equipped inn and comfortable rooms all reasonably priced. We have been open since 1955 and this year,~~

It should be apparent by our location and the nature of our business that we are interested in any action which would harm the propagation of marine life or people. However, our opinion on the proposed action by the State to donate on the Kachanak Bay lease sale or establish a marine sanctuary or tie up more land in a State park is not clear and I hereby hope to clarify it.

Ninety percent of our tourists' travel are Alaskans coming around Alaska. In the summer most of our guests are federal or state employees, servicemen, their families and visiting relatives. During the winter our guests are construction workers and fishermen. Oil oriented personnel stop in the year around. We are interested in all Alaskans but we are primarily interested the welfare of the local residents whom we serve 365 days of the year. They are our employees, our carpenters, our plumber, our banker, they are also our suppliers of seafood served in our dining room. They are our friends and neighbors too.

Most of the Kenai Peninsula homesteaders were able to prove up on their homesteads through the income they received working in oil development in the Swanson River oil field, for seismograph companies from the East Road in Alaska to the Gulch on land and water. They worked as surveyors, cut skinnars, drillers, fuggies, deckhands, captains, cooks, mechanics, etc. Many fished during the summer and worked in oil research in the winter. Through this employment and the arrival of many "little homesteaders" the peninsula grew. It grew through free enterprise not through dependency on federal or state government agencies. The Anchorage, Fairbanks and Juneau areas were and still are dependent on these agencies.

Testimony on National Day Legislation: Julie Glavin

The second generation finished school. (Teacher unions objected because the most talented teachers became they a mass of the 11 month 10 and the highest paid in the country.) These youngsters became wild in the woods. The economy of the time was restricted a little - hard. We all were in the habit of going to "wild water work". The hope that after all the searching for oil and likelihood of the existence that "things will break through" was as strong. By "things" we meant development of oil in or out country. You can have third generation pennsylvanians. Some already looking for work and they are still be looking within a very few years.

In 1972 my husband and I traveled 20,000 miles to Oklawaha, Texas, Los Angeles and back home. Our first vacation in thirteen years. We saw a lot of "gamekeepers" putting away typical, healthy crops of grain growing around the farms and cattle drinking from their water troughs besides pumps. Our best day of sport fishing was the day we chartered a boat and fished in Long Beach harbor near what appeared to be high-rise apartments. In reality they were shells surrounding drilling rigs. They were attractive by day and beautifully lit up at night. (The most popular meal we serve in our dining room are fresh oysters from the Gulf of Mexico. There are approximately 1,000 drilling rigs in that body of water.

I grew up with businessmen engaged in the commercial fishing industry. My father was a huge sound fisherman and a building contractor. He financed during the salmon runs and contracted to build houses during the slack periods. The summer fishing business was a family affair. We lived on the boat, a 32 footer, named "Harbor". My mother, sister and I loved every minute we spent on the boat. That phase of the fishing business ended for my family when my father met with an accident, was knocked overboard and drowned. He saved all there but couldn't save his. My mother remarried a service man for Continental Air Company. He left Seattle and moved to Lake, Alaska. While he serviced the machines installed in Southeastern Alaska canneries our family lived in cannery quarters at Lake. Later we moved to Douglas. I remember the thousands of fish dumped over the side because the run was greater than the cannery could process before they spoiled. The same situation experienced in Cook Inlet a short time ago. That time it was publicized because of the international interest, the Japanese processing barge was called too late to assist in saving the fish.

I have noticed on the economic development of the Kuskokwim Peninsula through oil, gas, fishing, tourism and "ground support" for these industries. We could stop right here and say we've got all the economic development we need so let's just spend the rest of our days fishing, planning, sitting in the boats, sitting on the beach, going to the sunset, the little fishing boats upon the blue waters with the beautiful mountains in the background." This would be just great if it were not for several things. People get hungry while fishing, fishing boats need gas and oil to get them from the shore to the sea to fish water. People need shelter from the cold. They end up needing things which still cost money.

We could stop the growth in population if each resident would promise to stop adding little people. But you know they wouldn't buy that. Those little people grow up and leave the nest. They get hungry, they need shelter from the cold. They need a way to earn a living. They must have the opportunity to work at the jobs they are best suited for.

Based on what we have seen and personally experienced it is our opinion that:

1. No bill should be passed which would prohibit the development of oil or any other natural resource in our State. It is said that the State of Alaska receives more Federal dollars per capita than any other state in the Union. When broken down from State to Borough to City the cost of administering government for the population of our State far surpasses the cost of administering a small city of 500,000. We must assume the responsibility of supporting ourselves.

2. The "know how" to insure compatibility between all industries is available and can be applied when the environmental demands lessen and become more realistic. It is interesting to note that such nations as Britain and Norway, which do not have our tradition of evangelical reform, have no objections about offshore drilling. Precautions against environmental dangers are taken after the drilling gets done. Do we really think that Britain and Norway are more barbarous than we are? Or are they merely being more sensible?

3. The majority of the Kuskokwim Peninsula residents were not only aware of the probability of the lease sales they were looking forward to the day.

4. The "pollution" of the labor force on the Kuskokwim Peninsula, in our State, and our Nation ~~must~~ must be reduced as much as possible. e.g. unemployment, welfare, poverty, etc. The elimination of this "pollution" can be accomplished through industrial compatibility and technical assistance from environmental personnel hired by the State instead of "flat tax".

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Continuity on Alaskan Oil Legislation: Julia Watts

5. With regard to the marine sanctuary bill, we are against this action. We are not against marine sanctuaries as such, but we are against the notion for creating this action at this time. The same group of people who are pushing for this sanctuary today were fighting in Alaska law for the past several years. Not until it became possible that the State Supreme Court could declare these leases legal did the move toward a sanctuary begin. This is an "Alaskan Watergate". The very "environmentally unsound" is used in this case instead of the very "mentally unsound" used after the procurement of an individual's medical records. Personal gain with no regard for others was the motive in both instances. However, this time public opinion is not so fast to get on the environmental band wagon. The evidence of this is contained in the recent poll of the local residents. This is also beginning to be public opinion supported by the Pacific Legal Foundation in California. Where the Sierra Club and similar organizations supports the say-out environmental charges this non-profit organization is lending a hand to those who are fighting back and saying "this has gone far enough". The people own State waters not just one group of people. Local residents who earn their living as marine pilots have just as much right to use the waters as fishermen or residents piloting supply boats. It was publicly announced by Mr. Tolson over KATM that drilling for oil did not hurt the propagation of fish. It is the shrimp that may be endangered. Since it has been stated in one report that it would be at least ten years before any damage to the shrimp could be ascertained now is the time to separate the shrimp cocktail from the meat and potatoes.

6. On the proposed State Park bill, we are against that. We believe that more emphasis should be put on giving our residents a place to look than setting aside some land for them to play on. That good is a play area to the man who can't afford to get there by boat or plane. We have enough land set aside for the financially sound sportsman.

7. On the proposal to renege on the oil leases. We are against this notion too. It is our opinion that endangering the credibility of the in future lease sales, selling bonds, etc. borders on treason by our State administrators. No other business could do this and remain sound why should the State believe it can? We further believe that any consideration given to obligating Alaskans to repay twenty five million dollars plus interest and other costs without putting it before the people

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Testimony on Kachanak Day Legislation: Julie Blatts

is essential. It doesn't make any difference whether the funds come from a surplus fund, an offset on royalties or taxes, it is still the people's money. And how that money is spent is the people's concern.

I believe you are not certain how the people from Ashcroft Point feel about the proposed Kachanak Day legislation. We also believe that we have intelligent people managing the affairs of the State. When one remembers the day we all sat before our TV sets and watched three men ride around on the moon and heard them speak to each other while they were doing it we know that man's intelligence will solve this controversy too. It can do anything it wants it's mind up to and that is more than I can say for a string...

Thank you,

Julie Blatts

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ORIGINAL.

THE SEA TRAFFIC PROBLEM OF KACHEMAK BAY

My name is Bill Miller. I have been in Homer since 1965 where I have lived with the problems of the fishermen. I am president and general manager of Alaskan Seafoods, Inc. which has brought over \$20,000,000 of income to this area and furnished an average of 125 jobs to Homer residents. After living with the fishermen's problems almost every day I am now convinced that a great many of their problems are related to transportation management or perhaps because of the lack of management. I am convinced the transportation problems will continue to grow until all of the progress we have made in the field of economic development will be destroyed. For example, it is the suggestion made by a state representative that all of Kachemak Bay be turned into a park.

For the last ten years fishermen have been losing crab pots, lines and buoys to large vessels traveling through the area. Rafts of logs being towed by large tugs through rough seas often act as a huge sweep to wipe a bay clean from the buoys that are attached to fishing gear. Large tankers that come into the bay to change pilots have taken their toll of fishing equipment as they turn their vessels to reverse directions. I have experienced the situation personally when a large tanker turned among five of my own king crab pots while I accompanied my son on a fishing trip. You cannot realize the frustration of watching counter revolving propellers gradually drawing the 50 inch buoys into the hugh blades and spitting out the pieces.

The kind of monitoring program I would like to see is very similar to the ones used in monitoring air traffic. The base of operations would be on state property located high on Bluff Point where it overlooks Kachamak Bay and lower Cook Inlet. Every ship of every kind coming or going through

this critical area must radio his identification number and get clearance to proceed further. Part of the procedure will be for the skipper to make his position known and obtain an assignment of a traffic pattern. Oil tankers will be assigned one corridor, fishermen another. Wherever practical, small boats and sports boats will be kept out of commercial lanes. Patrol boats on law enforcement activities of the State Fish & Game Department should have equipment aboard to identify and measure spills of petroleum products. The environmental control laws will be sufficient to adequately take care of this situation. The rules of the road will be enforced and violations will properly taken care of. The ever present problem of theivery of equipment and product can be effectively controlled by identifying fishing buoys from a tower located on Bluff Point. New radar equipment can locate boats and gear from distances approximating 50 miles. These signals relayed to the surface vessels will also relay information that can be most helpful to law enforcement officers.

But let us take a look at the fishermen's position today. We have a highly developed fishery that yields about 7 1/2 million dollars a year to the local community from Kachemak Bay alone. Homer also has a great potential from the tourist business. Agriculture with new techniques and new ideas in greenhouse production is offering exciting new investment opportunities..

Is it really any wonder that many people in Homer say, "Who needs the oil?" If the question is asked, "How come Alaskan Seafoods is advocating the development of oil, I will sum up our position by stating that we have to this date invested some \$2,000,000 in buildings, boats and processing facilities. We have invested this money with the intent of operating a fish processing plant in Homer on a profit making basis. If for any reason the oil industry or any other industry should damage any part of the fishery resources that would result in a loss to our company or should the State of Alaska undertake any program that would result in a loss to this company it should be clearly understood the officer os this firm will take every measure possible under the law of this land to obtain full restitution

for the damages suffered. If, on the other hand we can be assured that neither the oil people nor the state will impose hardships upon us we shall expend every possible effort to protect their rights to grow and prosper as we expect for our own business.

HOUSE RESOURCE COMMITTEE

CONCERNING KACHEMAK BAY

TESTIMONY OF HUGH WATSON

My name is Hugh Watson. I have lived in Homer for 36 years. I am a fisherman and have fished this area more than 30 years and I intend to fish the Inlet this year.

I did not come down here to represent the fishermen and I certainly am NOT lobbying for the oil companies.

I came as a citizen of Homer.

The reason I am here is to make it known I am against making a marine sanctuary out of Kachemak Bay. The reason I am against the sanctuary is that I know beyond any reasonable doubt that it is just a beginning of what will take place.

The way the environmental groups have put pressure on everything that is proposed through politics and court action makes it clear to me. It is not improbable for them to say that this is a marine sanctuary where there isn't anything to be disturbed and they are fishing there. This must be stopped and they stop it.

This may seem far-fetched but it certainly isn't. It could go much further and I will not be surprised if it does. If this did happen you will have one more person on welfare and food stamps--ME!

I went to the meeting in Homer on the 17th of February to find out what a marine sanctuary really is and to hear about the proposed bill. Instead, all that was discussed was oil and oil leases. The sanctuary bill was not discussed at all.

page 2 Hugh Watson

As for the oil leases, I am sure that you have all made bad deals. I know I have. But when we made bad deals we did not renege on them. I believe we should do as a government what we would do as individuals. I do not mean to say that the leases were good or bad. I commend Leo on feeling that the state has leased the tracts in Kachemak Bay and that the state should honor them.

From what I have read the oil rigs in the Gulf of Mexico has had very little effect on fishing there. I believe with proper safe guards it is possible to have both fish and oil--I believe these safe guards are available.

Also, as a citizen of Homer, I believe we need both fishing and oil and all other industry that can safely be developed in the area. I would not want to see a petro-chemical plant on the Homer Spit. I have heard this was in the making but I doubt it.

Again, I will repeat myself--I am against making a marine sanctuary of Kachemak Bay.

Thank you for listening.

P. O. Box 115
Homer, Alaska 99603
April 2, 1976

Mr. Nels Anderson, Chairman
Natural Resources Committee
Alaska State Legislature
Juneau, Alaska 99801

Subject: Committee Substitute House Bill 626

Mr. Chairman, Committee Members, Ladies, and Gentlemen:

We, Virgo W. and Fred W. Anderson, brothers, have resided in the Kachemak Bay area for 53 years--one year at Seldovia and 52 years in Homer, Alaska. Our residences are on our original homestead in the heart of what is now the City of Homer, and we have a full view of the Kenai Mountains and Kachemak Bay. We believe that this fact of longevity and continuous residency in itself should establish our love of this country, our appreciation of the natural beauty, and our good faith in desiring to preserve the characteristics of the area which have had us magnetized for so long.

We have been fishermen or associated with the fishing industry all of our adult lives, as was our father before us. We built our own fishing boat in 1937 on the site which is now the Fred Anderson residence. We had an Alaska-Limit purse seiner built for us in Seattle in 1947 which we still own. These facts should establish our interest and concern for the fishing industry.

During our 52 years in Homer, we, as volunteers, helped to promote, establish, or build the first dock, the first telephone system, the first electrical system, schools, the first hospital, the first cemetery, the Volunteer Fire Department and Ambulance Service, the museum, and the Senior Citizens' Center. These facts should establish our civic concern for the area.

Hence, having the above concerns--environmental, economic, and civic--which are needed to make a good citizen of a community, we feel that it is our duty to make this presentation today regarding Committee Substitute House Bill 626.

We do not feel that any legislation of any kind is needed at the present time

in regard to Kachemak Bay. The oil leases are contractual obligations of the State of Alaska which should be honored unless the Supreme Court rules that they, for some technical reason, are invalid. The leasing program was public knowledge, sanctioned and welcomed, for years before it became a reality. Those who say otherwise simply had no interest in the matter or did not reside in Alaska at all at the time of the leasing. Also, there already is a "Critical Habitat Area" designated in Kachemak Bay.

Much has been said in regards to the value of the fisheries resources of Kachemak Bay, and the implications are that these will be destroyed by the oil companies. A few facts warrant review:

From the earliest history of the community, few have derived their livelihood solely from fisheries--except those satisfied with a meager existence, or with no families to support, or without other obligations to meet. When the population grew to only a few hundred, it was recognized that port facilities were vital to the economic well-being of the community. The establishment of the first political subdivision--the Kenai Peninsula Public Utility District No. 1, under Territorial law--was primarily for the purpose of operating a dock. The freight operation, including a pipe line for unloading gasoline and oil, provided employment, as longshoremen, to many "fishermen". The profit from the dock operation, principally from Standard Oil Company, subsidized other public services and held the property tax rate down for many years. "Fishermen" also worked as carpenters, farmers, plumbers, electricians, school teachers, guides, etc., many leaving the community to find employment to supplement their income from fishing.

It was not until after the earthquake of 1964 that a significant seafood processing industry was established in Homer. Prior to that time, there had been only a few family-type operations. Why? If Kachemak Bay is the most productive of any Bay in the world, as some would have us believe, why hadn't there been an industry developed here before? The fact is, it was not economically feasible. It was not until after the earthquake when emergency funds were made available to build

a new dock, build a small boat harbor, and raise the road and land area on the Homer Spit that the idea of a major seafood processing plant was conceived. In spite of the public improvements, there still was not enough money forthcoming from the private financial sector to establish the processing plant. The citizens of the area, recognizing the need for some economic activity to create jobs, raised funds and established the Coal Point Development Corporation for the purpose of securing a low-interest loan from the Small Business Administration which, in turn, was loaned to Alaskan Seafoods, Inc. to build a plant. Many also purchased stock in Alaskan Seafoods. The City of Homer installed approximately four miles of water line, principally for the Alaskan Seafoods operation; and, of course, the costs are born by all of the taxpayers. Now, we are being told of the vast wealth of the fisheries, yet, in spite of the public aid (subsidy) to get Alaskan Seafoods into operation, and after ten years of operation, Alaskan Seafoods has never paid a cent of dividends to the stockholders! Because of the notoriously low wages paid to employees, the seafood processing industry has attracted mainly transients, and the goal of the community for stable employment of residents has never been achieved. If the fisheries resource in Kachemak Bay is so tremendous, why did Alaskan Seafoods actively work to prevent a second processor from ever getting started?

Shrimp has been singled out for the value it represents to the economy. Have you been told that the dragging for shrimp in Kachemak Bay has been done by between two and four boats, each with two-to-three man crews, in a monopoly-type situation? With the advent of the Limited-Entry Program by the State, the entire Fisheries tends to become more monopolistic. Soon, in addition to the vast government loan programs for fishing vessels and gear, we will also have to loan the fishermen money to purchase permits. If the fishing industry is thriving, why can't money be borrowed from the private lending institutions? The fact is, the fishing industry is unstable, and the fishermen over-extend their credit from a sound financial viewpoint. This, in effect, means the industry is subsidized.

On the matter of pollution and destruction of the fisheries resources, the fishermen and the processors of seafood have been as guilty as anyone. Selfish interests have prevailed always over the public interest, often aided and abetted by the Fish and Game Department regulations and/or lack of enforcement. Some purpose may have been served in the hearings on H.B. 626 in that perhaps there is now a public awareness that regulations and enforcement are necessary in both the fisheries and oil industries; that all are guilty of past abuses; but that it is possible to work compatibly in the future in the public interest.

It is with nostalgia that most of us old-timers look back upon the "good old days", but growth of the Kachemak Bay Area is, and always has been, inevitable. Diversity of economic activity is necessary for stable, healthy growth, and for the people to maintain their pride and dignity of economic independence and self-reliance. This is a necessary ingredient in maintaining political freedom and our form of Democracy--a message which bears re-vitalizing during this Bicentennial year.

To summarize our position, we do not support any Legislation on the matter of the Kachemak Bay oil leases. If the State Supreme Court rules that the leases are indeed valid, the oil companies should be permitted to get on with their task of oil production in the local, state, and national interest.

Respectfully submitted,

Virgo W. Anderson
Virgo W. Anderson

Fred W. Anderson
Fred W. Anderson

Homer, Alaska
March 27, 1976

The House Resources Committee

Dear Sir;

My name is Louis Gjosund. I came to Alaska the first time in 1926 on a cannery tender for Sunny Point Packing Co.. I fell in love with the country and vowed to come back to live. This came true in 1933. The depression was on in full force in the States; I left Seattle on a trading boat in the spring, went to Bristol Bay. I fished there in a sail boat till 1953.

In 1944 we moved to Homer, but I continued going to the Bay to fish. I fished Cook Inlet for two years, drifting and seining, crab fishing, etc. Ran a cannery tender for two years, fished Cook Inlet for two more years and in 1960 I went back to Bristol Bay and fished there till 1975, when I retired, after 42 years of fishing.

In between fishing I have long snored here in Homer, from 1953 to the present time. On poor fishing years longshoring surely did help buy the groceries and pay the bills. We had scows with oil drilling pipe and equipment, 2700 tons, put two shifts of Longshoremen working 12 hours each shift, and it helped the economy in Homer. We had 24 to 30 men working.

I would like to see the Port of Homer once again have some longshore work. We can't all fish crab.

The drilling rigs up in the Inlet have been pumping oil for many years now, and no oil spills. What oil showed up was mostly from Anchorage sewers or ballast from tankers and crab fishing boats.

That has been corrected and all ballast is pumped ashore. Oil can be compatible with fishing, it's done all over the world. The Gulf of Mexico proves that. The oil Companies have gone to great expense to see that no oil is spilled.

This is a poor time to have to pay back the 30 million dollars or more. Whenever we need new roads or school the Governing body of the State says there is no money, so where is it coming from?

It is about time the fisherman stop thinking of just themselves and acknowledge that there are other folks who want , and must make, a living too. many men living in Homer might be able to stay home and make a living if there was more work here, where as they now have to leave home to do this.

Yours Truly

Louis a. Eyzend

To: House Resource Committee

Re: Kachemak Bay Legislation

Testimony of Jane Cason

My name is Jane Cason. I have been a resident of Homer for 19 years. Most of this time has been spent as a teacher in the Homer schools. Last year I retired and currently own and operate a small store in Homer. As a business-woman I am deeply concerned about establishing a stable economy for Homer.

Homer is in need of industry to provide a basis for community development and economic security.

You are all aware there has been much resistance reported to expanding the Homer economy by permitting the petroleum industry to drill for oil in Kachemak Bay. I believe this is not the true position of the residents of Homer. Mr. Gene Browning, a retired fish processor and fisherman, a resident of over 30 years, and I recently developed and circulated an opinion poll. Over 700 voting residents responded by completing and returning the questionnaire. These citizens represent an average residency in Alaska of between 15 and 20 years. Thus, you can recognize that those who responded are long time residents of this state.

The overwhelming majority, 78%, stated they "believe industry will help the area". Further, 72% stated they "believe fishing and petroleum industries, with proper controls, are compatible in this area". 78% are property owners in the area.

These statistics appear at odds with opinions reported at the "Town Meeting" held in Homer, February 17, 1976. Thus the question was asked "did you attend the town meeting?". 71% of those polled said they did not.

This indicates to me that the poll represents the stable citizens of the area and that the opinions reported expressed at the "town meeting" are not representative of the stable long-time residents.

Now I would like to turn to my background of business. A successful business is built on trust between merchant and customer. This trust is established by agreeing to perform a service or sell a piece of merchandise which, when mutually agreed upon, is the basis for the transaction.

The current proposal to, in effect, rescind the leases in lower Cook Inlet is unbusinesslike and can have continuing adverse effects on further state leasing. Think how my customer would react if I sold her a dress, collected the money, but refused to let her wear it. Word would get around quickly and my business would surely deteriorate. I believe the State of Alaska is courting the same fate.

Therefore, I wish to leave this committee with a few recommendations:

1) Act in a businesslike manner. To do otherwise will do the citizens an injustice.

2) Encourage a stable economic environment so the state can become self-sufficient by virtue of a strong industrial base.

3) Permit the citizens to assist the state in becoming economically stable by encouraging oil drilling in lower Cook Inlet and Kachemak Bay. Experience in other states and nations shows fishing and petroleum industries are compatible.

4) Much of our area, especially up the peninsula and across the bay, is already a state park or national forest. We need revenues to help restore fisheries, to build roads, schools and hospitals. The Bay is already protected as a critical habitat. Please don't further restrict us by making it a sanctuary or park.

5) Please listen to the citizens who have supported this state through its lean years.

In conclusion, I respectfully request that this testimony and these 710 questionnaires be made a part of the record of this hearing.

SELDOVIA NATIVE ASSOCIATION, INC.
P.O. BOX 185
SELDOVIA, ALASKA 99663
234-7625

APRIL 9, 1976

SSHB 626

HONORABLE NELS ANDERSON, CHAIRMAN
NATURAL RESOURCES COMMITTEE
HOUSE OF REPRESENTATIVES
POUCH V
JUNEAU, AK. 99811

DEAR SIR:

MY NAME IS FRED ELVSAAS. I AM THE PRESIDENT OF THE SELDOVIA NATIVE ASSOCIATION, INC.. I AM A COMMERCIAL FISHERMAN AND HAVE FISHED COOK INLET FOR SALMON AND CRAB MOST OF MY LIFE.

IF SSHB 626 OR ANY SUBSTITUTION IS PASSED, IT WOULD NOT BE IN THE BEST INTEREST OF THE PEOPLE OF THE SOUTHERN KENAI PENINSULA, OR THE PEOPLE OF THE STATE OF ALASKA.

COMMERCIAL FISHING SHOULD BE THE NUMBER ONE ACTIVITY IN KACHEMAK BAY IN AS MUCH AS IT SUPPORTS MOST OF THE RESIDENTS OF THE AREA.

SHRIMP TRAWLS AND CRAB POTS HAVE TO BE ON THE SEA-BED OF THE BAY IN ORDER TO FISH. AS THIS IS COMMON KNOWLEDGE, IT WOULD BE A VERY SHORT TIME AFTER PASSAGE OF ANY BILL SUCH AS HB 626, THAT SOME "EXPERT" WOULD NOMINATE COMMERCIAL FISHING IN THE BAY AS INCOMPATIBLE. THIS WOULD BE A COMPLETE DISASTER TO THE LOCAL SHELLFISH INDUSTRY AND THE KACHEMAK BAY COMMUNITIES.

SSHB 626

HONORABLE NELS ANDERSON

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BECAUSE OF "CONCERNED CITIZENS" AND STATE FISH AND GAME OPPOSITION, BASED ON LACK OF ENVIRONMENTAL STUDIES, THERE HAS BEEN A LENGTHY DELAY IN EXPLORATORY WORK IN THE BAY. IT WOULD SEEM THAT IF THE CONCERNED FISH & GAME PERSONNEL WERE SERIOUS ABOUT THEIR STUDIES, THE NEEDED REPORTS WOULD BE FINALIZED BY NOW.

THE ALASKA DEPARTMENT OF FISH AND GAME BIOLOGIST AT HOMER HAS REPEATEDLY STATED THAT THE SHELLFISHERY IN KACHEMAK BAY IS THE RICHEST IN THE WORLD.

THE STAFF OF THE ALASKA DEPARTMENT OF FISH AND GAME IS RECOMMENDING A 33 1/3% CUT IN THE 1976 CRAB SEASON. PRESENTLY THERE IS NO OIL ACTIVITY IN KACHEMAK BAY, YET OUR LOCAL INDUSTRY IS BEING SUBJECTED TO A 1/3 CUT IN PRODUCTION.

THE PRESENT HIGH PRICE PAID FOR CRAB IS KEEPING THE KACHEMAK BAY FISHERY OPERATING, NOT THE ABUNDANCE OF CRAB. THIS IS PROVEN BY THE FISHERMANS STRIKE LAST FALL WHEN THE FISHING IS USUALLY BEST, BUT THE PRICE WAS DOWN.

SIMPLY BY NOMINATION, ANY ACTIVITY WITHIN THE AREA CAN BE DESIGNATED AS INCOMPATIBLE WITH THE MARINE SANCTUARY. THIS MEANS THAT ALL THE CONSERVATIONISTS, OR ANY OF THE BUTTERFLY CLUBS WOULD IMMEDIATELY START NOMINATING THE VARIOUS COMMERCIAL FISHING ACTIVITIES IN THE BAY AS INCOMPATIBLE.

THE LOGGING OPERATIONS WOULD BE A PRIME AREA FOR NOMINATION OF INCOMPATIBILITY AND UNDUE HARRASSMENT SHORTLY AFTER PASSAGE OF THIS ACT.

HONORABLE NELS ANDERSON

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THE GOVERNOR HAS REPEATEDLY STATED THAT HE DOES NOT SUPPORT ANY SELF-INTEREST GROUPS; THAT INSTEAD THIS ADMINISTRATION WILL SUPPORT ALL OF THE PEOPLE OF ALASKA EQUALLY, YET THE KACHEMAK BAY CONTROVERSY MAKES THE GOVERNOR APPEAR TO BE ONLY INTERESTED IN THE CONSERVATIONIST TYPE ORGANIZATIONS.

WITH THE PASSAGE OF THIS BILL, THE EFFORTS OF THE PETROLEUM INDUSTRY WOULD BE STOPPED BEFORE IT EVEN HAD A CHANCE TO BEGIN OPERATING IN THE AREA. IN VIEW OF THE PRESENT AND PROJECTED ECONOMIC FUTURE OF KACHEMAK BAY, THE STATE LEGISLATURE AND THE GOVERNOR SHOULD BE PUSHING FOR A SAFE AND ORDERLY OIL DEVELOPEMENT PROGRAM FOR LOWER COOK INLET, NOT THROWING ROADBLOCKS IN THE WAY OF WHAT MAY WELL BE THE FUTURE ECONOMIC BASE OF THE AREA.

THE SELDOVIA NATIVE ASSOCIATION HAS MADE VALID LAND SELECTIONS IN THE PRESENT KACHEMAK BAY STATE PARK. FOR THE PAST YEAR, WE HAVE BEEN WORKING TOWARD A LAND TRADE WITH THE STATE THAT WOULD KEEP THE PARKS EXISTENCE YET SATISFY THE SELDOVIA CORPORATIONS LAND ENTITLEMENT. WE WOULD LIKE TO ACQUIRE SOME STATE OWNED LAND AND SUBMERGED LAND IN SELDOVIA BAY BY THIS TRADE FOR AN INDUSTRIAL PARK.

IF HB 626 OR ANY SIMILAR BILL IS PASSED, THE VERY EXISTENCE OF THE SELDOVIA NATIVE ASSOCIATION, INC. WILL BE THREATENED. THIS CORPORATION HAS SELECTED 69,120 ACRES OF LAND IN THE KACHEMAK BAY AREA. ALL THIS LAND WOULD BE SUBJECT TO NOMINATION AS INCOMPATIBLE TO THE SANCTUARY IN ONE FORM OR ANOTHER. WITH SO MUCH OF THE STATE OF ALASKA BEING NON-REVENUE PRODUCING, THE LEGISLATURE AND THE GOVERNOR SHOULD BE WORKING TOWARD THE FULL PRODUCTIVITY OF ANY AREA SUCH AS KACHEMAK BAY. WHERE WOULD THE KENAI PENINSULA AND THE STATE OF ALASKA BE TODAY IF THE COOK INLET AND SWANSON RIVER OIL FIELDS WERE NOT ALLOWED TO GO INTO PRODUCTION?

SSHB 626

HONORABLE NELS ANDERSON

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THE INDUSTRIAL PARK AND OUR OTHER VENTURES SUCH AS LOGGING AND SEAFOOD PROCESSING WILL BE IN JEOPARDY IF KACHEMAK BAY IS MADE A SANCTUARY.

THE SELDOVIA NATIVE ASSOCIATION FEELS THAT THE OIL LEASES IN KACHEMAK BAY SHOULD BE HONORED AND DRILLING STARTED AS SOON AS POSSIBLE.

FOR THESE STATED REASONS AND COMMENTS, THE SELDOVIA NATIVE ASSOCIATION, INC. MUST ASK THAT HB 626, OR ANY SIMILAR BILL, NOT BE PASSED.

FRED H. ELVSAAS
PRESIDENT, SELDOVIA NATIVE
ASSOCIATION, INCORPORATED

John Crawford

Box 207
Seldovia, Alaska 99663

Testimony re: CSHB 626

CSHB 626 would be disastrous to the economy of the lower Kenai Peninsula. Although parks and recreational areas may be nice to have, they do not have the tax base to support themselves.

THE USE OF STATE WATERS SHOULD BE AVAILABLE FOR EVERYONE, INCLUDING INDUSTRY.

We are attempting to create more employment in this area, by developing our forestry and seafood resources. The natural resources of the State are it's best source of revenue. This bill would seem to restrict or eliminate development of these resources -- timber, oil, fisheries and other support systems. These uses of the adjoining land could conceivably be construed as incompatible or undesirable for the area.

The decision of the Supreme Court should decide the legality of the Kachemak Bay Oil leases. There is no need for a marine Sanctuary. I believe that with the proper impact and environmental studies required, that the resources can be developed in a manner which would not destroy or harm the area. There are laws and regulations already in existence(such as the Critical Habitat area) which, if enforced, could cover possible problems.

CAN THE STATE AFFORD TO BUY BACK THE LEASES????? plus other costs - interest and legal costs. If the State does not honor their leases or commitments, can we expect others to honor their commitments to the State??

The majority (by far) of the citizens of Seldovia do not want to live in a Marine Sanctuary. Our life and livelihood is tied to the water (Inlet). It is a part and parcel of Seldovia. It must remain open, free and clear for use by all, without undue restriction, or stumbling blocks to developing industries.

Government should not circumvent judicial procedure with legislation.

John Crawford

CHAIRMAN ANDERSON AND MEMBERS OF THE RESOURCE COMMITTEE

I'M NORMA TURKINGTON, A TAX PAYING VOTER IN HOMER FOR 17 YEARS. AM MARRIED, MY HUSBAND HAS A SMALL BUSINESS IN HOMER. WE HAVE 4 CHILDREN. 3 ARE GROWN, LIVING & WORKING IN ALASKA. ONE IS STILL IN HIGH SCHOOL. I DON'T BELONG TO A LONG LIST OF ORGANIZATIONS BECAUSE I DON'T OBLIGATE MYSELF TO MORE THAN I CAN ACCOMPLISH. *I don't mean to belittle Mrs. Heath. She contributes to organizations rather than use them.* MY PRIME CONCERN IS MY FELLOWMAN, AND PARTICULARLY HELPING THEM BE HEALTHY AND PRODUCTIVE. I BELIEVE PEOPLE ARE OUR MOST VALUABLE RENEWABLE RESOURCE. THEREFORE MY EFFORTS HAVE BEEN MOSTLY HEALTH ORIENTED.

PEOPLE NEED FOOD, CLOTHING AND WARM SHELTER. IF THEY ARE TO PROVIDE FOR THEMSELVES, THERE MUST BE JOBS. INDUSTRIES AND SERVICES CREATE THIS NEED. MANY INDEPENDENT CHILDREN OF OUR COMMUNITY HAVE HAD TO SEEK WORK ELSEWHERE. THE HIGH UNEMPLOYMENT PROBLEM NEEDS TO BE RECOGNIZED AND ADDRESSED. OUR YOUNG PEOPLE SHOULD ALSO BE ALLOWED TO MAKE A LIVING IN OUR BEAUTIFUL KACHEMAK BAY COUNTRY. IT SHOULD NOT BE LOCKED UP.

THE ENTIRE KACHEMAK BAY IS A CRITICAL HABITAT AREA. THUS, ONE DEPARTMENT ALREADY CAN RESTRICT USE. A PORTION, ROUGHLY 5 x 20 MILES IS A CRAB SANCTUARY. WE HAVE REGULATIONS. PERHAPS THEY NEED TO BE AUGMENTED. I REALLY WONDER IF SOMEONE IS AFRAID TO ENFORCE THEM? ...THE PROBLEM WILL NOT BE SOLVED WITH NEW LAWS CREATING COMPETING, SELF PERPETUATING, EMPIRE BUILDING GOVERNMENT. WE ALREADY HAVE 35 MILLION LAWS TRYING TO ENFORCE THE TEN COMMANDMENTS." *Earl Wilson*

AS FAR AS FISH, OIL, & TIMBER BEING COMPATABLE, I BELIEVE THEY ALWAYS HAVE BEEN. AT LEAST NO ONE HAS SHOWN ME THAT IT ISN'T.

I BELIEVE ITS A MATTER OF COMPROMISE BETWEEN SOME PEOPLE, NOT THE PRODUCT. I'M CONVINCED WE CAN HAVE EACH INDUSTRY WITHOUT HARM TO ANY, IF DEALT WITH BY RATIONAL THINKING ADULTS. WE CAN SHOW THE WORLD THAT WE CAN LEARN FROM HINDSIGHT AND MUTUALLY SOLVE OUR MISUNDERSTANDINGS.

I HAVE LIVED BY THIS CREED. I WOULD LIKE YOU TO CONSIDER IT TOO.

"WHEN FACED WITH A MOUNTAIN, I WILL NOT QUIT. I WILL KEEP ON STRIVING UNTIL I CLIMB OVER, FIND A PASS THROUGH, TUNNEL UNDERNEATH OR SIMPLY STAY AND TURN THE MOUNTAIN INTO A GOLD MINE, WITH GOD'S HELP" by Robert Schuler

GENTLEMEN! WHERE IS YOUR TRUE ALASKAN INTEGRITY AND COURAGE? *To get along together* ~~THIS~~ ISN'T A PROBLEM. IT'S A CHALLENGE!

Thankyou.

Norma Turkington (Mrs.)
Box 233
Homer, Alaska 99603

March 10, 1976

RE: SS HB 626

Dear Representative Anderson:

I have attempted to comment on this bill in a sensible, rational manner and make it short. However I have come to the conclusion it's impossible.

The rewrite leaves many questions and fears for me as an average taxpaying voter. I wonder how attorneys would interpret it in the future. I have seen them spend a half hour or more, arguing before the supreme court, over the definition of just one word.

I can't go along with a sanctuary in Kachemak Bay. Animals in a contained environment will eventually increase in number until their food supply is not sufficient to sustain them. I feel an attempt is being made to put the people of the Kachemak Bay area and Lower Kenai Peninsula, in much the same predicament with a controlled economy. The watered down dollars that might be available from Federal Shared Revenue are not dependable. We can't selfishly tell the people of the other states that we don't want our waters to provide oil but we want Federal money to support us.

As to the bill itself: There appear to be provisions for increasing the marine park, but no provision for eliminating any portion. Has there ever been a park given up for another use? (I really don't like to "nit-pik" but we have so much at stake here, I feel I must question all I see now). Allowed are beachcombing for wood and coal, but no sea shells, rocks or other treasures. Does the geographical description include within the Homer or Seldovia boat harbors? How about the City's tide lands? We paid a good price to get them surveyed. How about Jakalof Bay? Will the lumber operation there be allowed to continue? How about digging clams? Will ships and barges be allowed in the bay? Not just the ones stopping at the Port of Homer, but the ones that unload on the beach or come for shelter and repairs. How about marine repair facilities? Will the owner of any sunken boat or ship be required to retrieve it from the bay bottom so it won't environmentally damage anything? I oppose to condemning the leases or buying them back. I especially oppose the power of eminent domain.

I oppose creating another department (The division of Natural Resources Department for Marine Sanctuaries) This administration is going to cost this state a bundle with its many new departments, positions and councils, and creating huge debts for lease pay back and the degrading of Alaska's creditability.

This bill was written in haste and often haste makes waste. Can't we work out uses of Kachemak Bay to the best interest of all concerned. Please just find funds to strictly enforce regulations for each use of the bay. Many thanks.....

Sincerely,

Norma Turkington

Norma Turkington (Mrs.)

cc/ All legislators