

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

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HRES

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HJR

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Sectional Analysis for HJR 24

House Joint Resolution 24 is sponsored by Reps. Thompson, Herrmann, Binkley, Hurley, Martin, Gruenberg, Sund, Grussendorf, Jenkins, Navarre, Taylor, Koponen, Uehling and Cato.

This resolution expresses the sponsors' concerns for the impact of outer continental shelf development activities defined in terms of dependent fishery resources, the fragile nature of the shoreline, and the social and economic problems of rapid growth and contractions.

HJR 24 evokes the precedence of the Mineral Leasing Act of 1920 to mitigate impact by the federal government on States not only with coastal shorelines, but other States so impacted.

Additionally, the bill requests funding for the conversion of on shore facilities, including docks and harbors developed to support the OCS leasing program, for use by the fishing industry after leasing programs are completed.

This bill was prepared with the knowledge of the bills introduced by Senator Ted Stevens and Representative Don Young, but does not specifically endorse these bills. This is a generic endorsement for the principals involved.



ISER RESEARCH SUMMARY

Institute of Social and Economic Research, University of Alaska

January 1985, R.S. No. 26

OCS Revenue Sharing in Alaska

Congress in 1984 proposed to share a maximum of 4 percent of federal petroleum revenues from the Outer Continental Shelf (OCS) with Alaska and the other coastal states—a share that would fall far short of the 25 percent or more of resource revenues that states receive from all other federal lands.

This is one of the findings of a recent report by the University of Alaska's Institute of Social and Economic Research. The report, prepared for the Office of the Governor, compares federal revenue-sharing programs for onshore lands with proposed levels of OCS revenue sharing. OCS lands are currently the only public lands from which the federal government keeps all resource revenues—but Congress came close to enacting an OCS revenue-sharing plan last year and will likely consider such plans again.

Existing Revenue-Sharing Programs for Federal Lands

State and local governments have long argued that they should be compensated for federal ownership of land within or adjacent to their boundaries. They feel they deserve compensation because federal ownership of land costs them control of the land and resources and because federal land is immune from state and local taxation. The federal government has accepted some of these arguments, and over the past 80 years has established a number of programs under which state and local governments collect substantial revenues from federal lands.

In its two largest revenue-sharing plans, the federal government distributes to affected states 25 percent of logging and other revenues from national forests and 50 percent of federal mineral-leasing revenues.¹ In addition to these and other programs that share resource revenues, federal "payment in lieu of taxes" programs attempt to replace actual or

¹Under the National Forest Revenue Act of 1908, states receive 25 percent of receipts from national forests located within their borders, and then must pass these revenues on to county governments. The Mineral Leasing Act of 1920 provides states with 50 percent of federal receipts from onshore mineral leases (although Alaska, through a special provision, receives 90 percent of most onshore mineral revenues).

potential revenues lost by local governments because they are unable to tax federal lands. These programs provide a steady stream of revenue to local governments affected by activities on adjacent federal lands, even if the lands produce no current revenues.

In 1982, the 12 western states containing most federal lands (including Alaska but not Hawaii) received over 800 million dollars in shared resource revenues and an additional 76 million dollars in payments in lieu of taxes.

OCS Revenue-Sharing Proposals

Over the past decade when the federal government has stepped up its OCS leasing program, coastal states have argued for a share of OCS revenues to help them pay for the increased costs that can accompany this national energy program. These costs include increased costs of services resulting from a sharp increase in population and potential environmental costs of oil spills or other industrial accidents. States have maintained that the federal government should compensate them with a significant share of the development revenues from oil production on the OCS, just as it has historically compensated state and local governments for developments on other federal lands.

In 1984, a conference committee of both houses of Congress agreed on an OCS revenue-sharing bill, although Congress ultimately failed to enact it. Under that bill, 4 percent of OCS revenues would be set aside each year, up to a ceiling of \$300 million (the ceiling would increase slightly after 1985). Some of this money would be allocated to various coastal programs, and the remainder would be divided among coastal states under a complicated formula. No state could receive more than 15 percent of available revenues each year and would pass on one-third of what they received directly to local governments.

Potential Alaska Production and Revenues

Alaska may have a lot at stake in the federal government's ultimate decision on OCS revenue sharing. Although there have as yet been no commercial

discoveries on the Alaska OCS, most analysts believe the region will yield a number of huge fields, most likely in both the Beaufort and Bering Seas.

Figure 1 shows how hypothetical federal OCS royalties might compare with the state's petroleum revenues derived from state leases on the North Slope (most of projected state petroleum revenues). Both North Slope state and OCS revenues in Figure 1 are based on development scenarios that assume moderate oil prices, with production occurring from both the Beaufort and Bering Seas before the turn of the century. We emphasize that these projected OCS revenues are conditional on discovery and development of reserves of a particular size, and are intended just to show the scale these revenues could reach.²

The graph in Figure 1 shows that government OCS royalties could reach \$1 billion annually (in 1984 dollars) by the mid-1990s, and that by the late 1990s they could exceed the state's North Slope petroleum revenues—which are expected to decline, after adjusting for inflation. Recent Congressional proposals for dividing up those OCS revenues would put almost all of them into the federal treasury and yield the State of Alaska a small amount—perhaps on the order of \$20 to \$30 million annually.

On the other hand, if Congress would agree to share OCS revenues in the same proportions as it shares other federal resource revenues, Alaska could stand to collect OCS revenues on a scale 10 times larger—perhaps in the neighborhood of \$200 to \$500 million annually by the end of the century. Assuming that huge oil reserves are in fact discovered on the Alaska OCS in the coming years, the State of Alaska

²The OCS royalty projections are based on oil development scenarios published by the Minerals Management Service, U.S. Department of the Interior. They assume a constant real well-head price of \$25 per barrel for Bering Sea oil and \$15 per barrel for Beaufort Sea oil, with an average royalty share of one-sixth. Figure 1 does not include any potential state or federal revenues from natural gas.

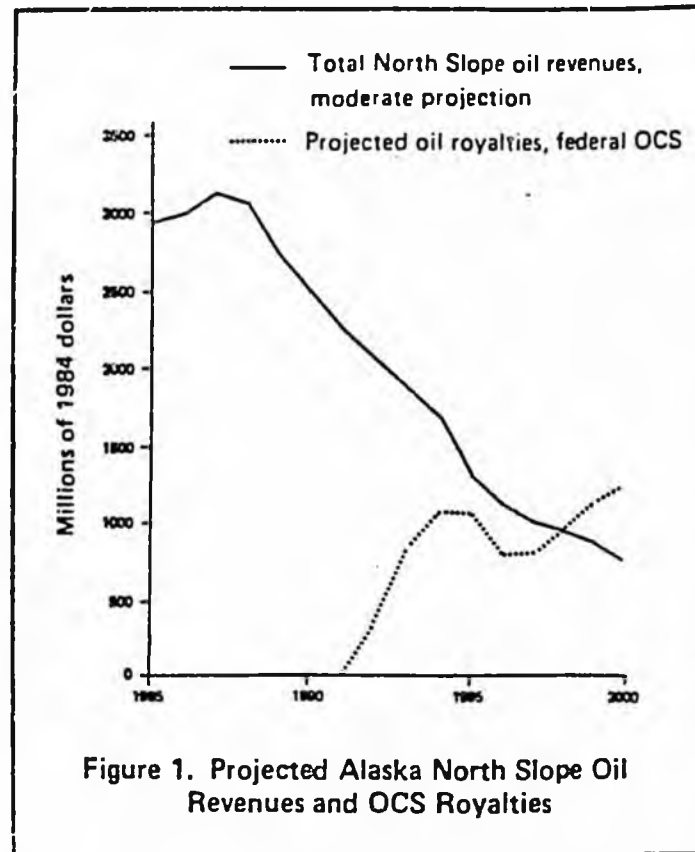


Figure 1. Projected Alaska North Slope Oil Revenues and OCS Royalties

has an important stake in persuading the federal government to share OCS revenues as generously as it has shared resource revenues from other federal lands.

This Research Summary is based on Sharing Revenues from the Outer Continental Shelf and Other Federal Lands, 44 pp., prepared for the Office of the Governor, State of Alaska, by Matthew Berman and Karen White of the Institute of Social and Economic Research. Copies of this report are available for reproduction costs of 10 cents per page from ISER, 707 A St., Suite 206, Anchorage, Alaska 99501, telephone 278-4621.

1 (a) the term "coastal State" means any State of
2 the United States in, or bordering on, the Atlantic, Pa-
3 cific, or Arctic Oceans, the Gulf of Mexico, the Long
4 Island Sound, or one or more of the Great Lakes, and
5 includes the Commonwealth of Puerto Rico, the Virgin
6 Islands, Guam, the Northern Mariana Islands, the
7 Trust Territory of the Pacific Islands, and American
8 Samoa;

9 (b) the term "unit of local coastal government"
10 means—

11 (1) the government of any county, parish,
12 borough, municipality, town, village, or township,
13 which is a unit of general government below the
14 State (determined on the basis of the same princi-
15 ples as are used by the Bureau of the Census of
16 the Department of Commerce for general statisti-
17 cal purposes) and which governs a geographical
18 area located entirely in a coastal State and locat-
19 ed on or adjacent to a coastline, or within an area
20 impacted by operations conducted pursuant to this
21 Act, as determined by the Secretary; and

22 (2) the Metlakatla Indian Community and the
23 recognized governing body of any Indian tribe in
24 any coastal State except Alaska, which performs
25 substantial governmental functions and which gov-

1 erns a geographical area located entirely in a
2 coastal State and located on or adjacent to a
3 coastline, or within an area impacted by oper-
4 ations conducted pursuant to this Act, as deter-
5 mined by the Secretary;

6 (c) the term "coastline" means the line of ordi-
7 nary low water along the portion of the coast which is
8 in direct contact with the open sea, or with any of the
9 Great Lakes, and the line marking the seaward limit of
10 inland waters;

11 (d) the term "Governor" means the Governor or
12 chief executive officer of any coastal State, or the indi-
13 vidual or entity designated by the Governor to exercise
14 the powers granted to such Governor or chief execu-
15 tive officer under this subsection;

16 (e) the term "Secretary" means the Secretary of
17 the Treasury; and

18 (f) the term "coastal related energy facilities"
19 means any equipment or facility which, (A) is or will
20 be used primarily in the exploration for, or the devel-
21 opment, production, conversion, storage, transfer, proc-
22 essing, or transportation of, any energy resource or for
23 the manufacture, production, or assembly of equipment,
24 machinery, products, or devices which are involved in
25 any such energy-resource activity, and (B) is, or is

1 likely to be, sited, constructed, expanded, or operated
2 in, or in close proximity to, the coastal zone of any
3 coastal State because of technical requirements:

4 (1) The term includes, but is not limited to:

5 (i) electric generating plants; (ii) facilities associat-
6 ed with the transportation, transfer, or storage of
7 coal; (iii) petroleum refineries and associated fa-
8 cilities; (iv) gasification plants; (v) facilities associ-
9 ated with the transportation, conversion, treat-
10 ment, transfer, or storage of liquefied natural gas;
11 (vi) oil and gas facilities, including platforms, as-
12- ssembly plants, storage depots, tank farms, crew
13 and supply bases, and refining complexes; (vii) fa-
14 cilities, including deepwater ports, for the transfer
15 of petroleum; (viii) facilities used for alternative
16 ocean energy activities, including those associated
17 with ocean thermal energy conversion; and (ix)
18 pipelines, transmission facilities, and terminals
19 which are associated with any of the foregoing.

20 (2) For the purposes of this paragraph, the
21 siting, construction, expansion, or operation of any
22 coastal-related energy facilities shall be "in close
23 proximity to the coastal zone of any coastal
24 State" if such siting, construction, expansion, or

1 operation has, or is likely to have, a significant
2 effect on such coastal zone.

3 COASTAL RESOURCE AND ECONOMIC DEVELOPMENT FUND

4 SEC. 3(a). Upon enactment, the Secretary shall estab-
5 lish a fund in the Treasury of the United States to be known
6 as the Coastal Resource and Economic Development Fund
7 (hereafter referred to as the "Fund").

8 (b) The amount to be deposited annually in the Fund
9 shall be the greater of \$150,000,000 or 3 per centum (not to
10 exceed \$350,000,000) of revenues from bonuses and royalties
11 deposited annually in the Treasury of the United States pur-
12 suant to section 9 of the Outer Continental Shelf Lands Act
13 (43 U.S.C. 1338).

14 DISPOSITION OF GRANTS FROM FUND

15 SEC. 4(a)(1). During the fiscal year ending September
16 30, 1986, and during each fiscal year ending after September
17 30, 1986, the Secretary shall pay to the Governor of each
18 coastal State and to each unit of local coastal government,
19 from sums deposited in the Fund during that fiscal year pur-
20 suant to section 4, an amount certified to the Secretary by
21 the Secretary of the Interior pursuant to subsections (b) and
22 (c), and an amount certified to the Secretary by the Secretary
23 of Commerce pursuant to subsection (d).

24 (2) For the purposes of this subsection, 85 per centum of
25 the total moneys in the Fund for payments to coastal States

1 shall be based on calculations in subsection (b), and 15 per
2 centum of the moneys in the Fund shall be paid in accordance
3 with subsection (c).

4 (b)(1) Pursuant to subsection (a), the Secretary of the
5 Department of the Interior shall certify an amount to be paid
6 to each coastal State based on the ratio of the sum of (A) and
7 (B) in relationship to the total sum available to be disbursed
8 to all other States as follows—

9 (A) a maximum of 2.8 per centum of the Federal
10 bonus revenues deposited in that fiscal year from each
11 tract leased after the date of enactment of this Act;

12 (B) a maximum of 4.2 per centum of the Federal
13 royalty revenues deposited in that fiscal year from pro-
14 duction under development plans approved after the
15 date of enactment of this Act; and

16 (2) For a tract within two hundred and fifty miles of
17 only one coastal State, the coastal State may receive the
18 maximum amount of bonus and royalty revenues available for
19 distribution if the tract is immediately adjacent to the outer
20 edge of the coastal State's territorial sea. For tracts between
21 three and two hundred and fifty miles from the coastal
22 State's territorial sea, the maximum amount of revenues cer-
23 tified shall decrease linearly from the full amount available to
24 50 per centum of the maximum amount available.

1 (3) For tracts within two hundred and fifty miles of
2 more than one coastal State, the amount of revenues certified
3 shall be calculated as in paragraph (2) but divided among the
4 coastal States in a manner inversely proportional to their rel-
5 ative distances from the tract.

6 (4) If a straight line could not be drawn from a tract to
7 the outer edge of a coastal State's territorial sea without
8 crossing the land mass of another State, the coastal State
9 shall get no share of the revenues from the tract.

10 (c) Pursuant to subsection (a), the Secretary of the De-
11 partment of Commerce shall certify an amount to be paid to
12 each State based upon the ratio of the amount of coastal-
13 related energy facilities (including coal facilities) located
14 within that coastal State, in relationship to the amount of
15 coastal-related energy facilities located in all of the coastal
16 States, during the previous fiscal year.

17 (d)(1) From the amounts certified by the Secretaries of
18 the Departments of the Interior and Commerce, pursuant to
19 subsections (b) and (c), 50 per centum shall be distributed to
20 each coastal unit of local government as specified in this sub-
21 section.

22 (2) Each amount certified pursuant to paragraph (1) to
23 be paid during a fiscal year to a unit of local coastal govern-
24 ment shall be proportional, as much as possible, to the total
25 of all amounts certified pursuant to paragraph (1) to be paid

1 during such fiscal year to all units of local coastal govern-
2 ment located entirely in such coastal State as the amount of
3 the entitlement allocated to such unit of local coastal govern-
4 ment for the most recent entitlement period under section
5 108 of the State and Local Fiscal Assistance Act of 1972 (31
6 U.S.C. 1227) is proportional to the total of all amounts of
7 entitlements allocated to units of local coastal government
8 located entirely in such coastal State for the most recent enti-
9 tlement period under section 108 of the State and Local
10 Fiscal Assistance Act of 1972 (31 U.S.C. 1227).

11 (e) For purposes of determining each amount certified
12 pursuant to subsection (a) to be paid to the Governor of a
13 coastal State during a fiscal year, and each amount certified
14 pursuant to subsection (d) to be paid to a unit of local coastal
15 government during a fiscal year, the Commonwealth of
16 Puerto Rico, the Virgin Islands, Guam, the Northern Mari-
17 ana Islands, the Trust Territory of the Pacific Islands, and
18 American Samoa shall together be considered as one coastal
19 State and any such amount certified pursuant to subsections
20 (b) and (c) shall be equally divided among the Commonwealth
21 of Puerto Rico, the Virgin Islands, Guam, the Northern Mar-
22 iana Islands, the Trust Territory of the Pacific Islands, and
23 American Samoa.

24 (f) Each fiscal year, each coastal State with a coastal
25 zone management plan that has been approved by the Secre-

1 tary of the Department of Commerce shall receive at least
2 \$2,500,000 under this section.

3 (g) If for any reason at the end of a fiscal year all sums
4 deposited into the Fund during that fiscal year are not fully
5 obligated and paid, the Secretary shall return such funds to
6 the general fund of the Treasury as miscellaneous receipts.

7 (h)(1) The Secretary shall ensure that an amount equal
8 to not less than 25 per centum of each amount paid to the
9 Governor of a coastal State during a fiscal year pursuant to
10 subsections (b) and (c) is used by such Governor for activities
11 including, but not limited to, activities relating to the man-
12 agement of coastal resources, scientific research, and fisheries
13 development, which the Governor determines are of assist-
14 ance to local coastal communities impacted by the operations
15 of this Act and, in the case of Alaska, that are located within
16 the boundaries of Coastal Resource Areas established pursu-
17 ant to the Alaska Coastal Management Act.

18 (2) The Secretary shall ensure that each amount paid to
19 a unit of local coastal government of a coastal State during a
20 fiscal year pursuant to subsection (d) is not used to replace
21 funds which such coastal State would provide to units of local
22 coastal government if such amount were not paid to the units
23 of local coastal government.

24 (3) The Secretary of the Treasury shall pay to the Gov-
25 ernor of the State of Alaska any amount certified by the Sec-

1 retary pursuant to subsection (d) to be paid to the unorga-
2 nized borough by the State of Alaska.

3 (i) An amount equal to one-fourth of the sums received
4 fiscally by the Governor of a coastal State under the provi-
5 sions of this Act shall be matched by the State in that same
6 fiscal year for the purposes of carrying out the provisions of
7 this Act.

8 (j)(1) The Secretary shall ensure that funds expended
9 under the Act are utilized for the purposes of enhancing the
10 environment and economic condition of the coastal area.
11 Such enhancement shall include, but not be limited to, fish
12 and wildlife conservation, port development, water resource
13 management, marine and estuary management, flood control
14 and navigation, erosion control and shore stabilization plan-
15 ning, and resource development planning.

16 (2) Any Governor of a coastal State, or any unit of local
17 coastal government, which the Secretary determines uses
18 any funds provided by this Act, for any activity inconsistent
19 with the purposes of this Act shall repay such moneys to the
20 Fund. If a Governor of a coastal State, or a unit of local
21 coastal government, does not repay funds required to be
22 repaid under this section, the Secretary may reduce the
23 amount of any future revenues provided under this subsection
24 by the amount of such required repayment.

1 AUTHORIZATION OF APPROPRIATIONS

2 SEC. 5. For the fiscal year ending on September 30,
3 1986, and for each fiscal year ending after September 30,
4 1986, there is authorized to be appropriated to the Secretary
5 of the Treasury such sums as may be necessary to carry out
6 section 4 of this Act, not to exceed \$350,000,000 per fiscal
7 year.

○

1 (1) it is in the interest of the United States, for
2 both economic and national security reasons, to provide
3 expeditious and orderly development of Outer Conti-
4 nental Shelf oil and gas resources;

5 (2) the primary benefits of the Outer Continental
6 Shelf Leasing Program accrue to the entire Nation in
7 the form of direct revenues and increased national
8 energy security;

9 (3) while State and local governments may benefit
10 from Outer Continental Shelf leasing activity, these
11 benefits are less pronounced and less direct than those
12 accruing to the Nation. Outer Continental Shelf oil and
13 gas activity often requires significant investment on the
14 part of State and local governments in planning for and
15 providing public services and facilities necessitated by
16 such activity;

17 (4) offshore energy development may cause ad-
18 verse environmental impacts throughout the coastal
19 areas of the United States and require States and local
20 governments to assume additional responsibilities at a
21 time when they do not possess the necessary financial
22 resources;

23 (5) because the revenues of the Outer Continental
24 Shelf Program are derived from the development of
25 nonrenewable offshore mineral resources, they should

1 be invested in management and scientific research ef-
2 forts to enhance the use, conservation, and understand-
3 ing of renewable ocean and coastal resources;

4 (6) the Mineral Leasing Act of 1920 and other
5 Federal lands leasing programs presently provide finan-
6 cial support to States affected by resource development
7 on onshore Federal lands, while no comparable Federal
8 program exists to provide such support to States affect-
9 ed by mineral extraction from the Outer Continental
10 Shelf;

11 (7) without Federal financial support, the capabil-
12 ity of States and localities to manage ocean and coastal
13 resources, as well as to participate as partners in the
14 Outer Continental Shelf Oil and Gas Leasing Program,
15 will be seriously diminished; and

16 (8) it is in the national interest to maintain sup-
17 port for State management of ocean and coastal re-
18 sources through activities in fisheries management,
19 coastal zone management, coastal energy impact as-
20 sistance, long-range scientific research, and other
21 ocean and coastal resource management programs.

22 DEFINITIONS

23 SEC. 103. For purposes of this title—

24 (1) "block grant" means a National Ocean and
25 Coastal Resources Management and Development
26 Block Grant;

1 (2) "coastal population" means that term as de-
2 fined in regulations issued on May 17, 1982, at 15
3 CFR Part 927;

4 (3) "coastal-related energy facilities" means any
5 equipment or facility that (A) is or will be used primar-
6 ily in the exploration for, or the development, produc-
7 tion, conversion, storage, transfer, processing, or trans-
8 portation of, any energy resource or for the manufac-
9 ture, production, or assembly of equipment, machinery,
10 products, or devices that are involved in any such
11 energy-resource activity, and (B) is, or is likely to be,
12 sited, constructed, expanded, or operated in, or in close
13 proximity to, the coastal zone of any State because of
14 technical requirements;

15 The term includes, (i) electric generating plants;
16 (ii) facilities associated with the transportation, trans-
17 fer, or storage of coal; (iii) petroleum refineries and as-
18 sociated facilities; (iv) gasification plants; (v) facilities
19 associated with the transportation, conversion, treat-
20 ment, transfer, or storage of liquefied natural gas; (vi)
21 oil and gas facilities, including platforms, assembly
22 plants, storage depots, tank farms, crew and supply
23 bases, and refining complexes; (vii) facilities, including
24 deepwater ports, for the transfer of petroleum; (viii) fa-
25 cilities used for alternative ocean energy activities, in-

1 cluding those associated with ocean thermal energy
2 conversion; and (ix) pipelines, transmission facilities,
3 and terminals associated with any of the foregoing.

4 For the purposes of this Act, the siting, construc-
5 tion, expansion, or operation of any coastal-related
6 energy facilities is "in close proximity to the coastal
7 zone of any State" if such siting, construction, expan-
8 sion, or operation has, or is likely to have, a significant
9 effect on such coastal zone.

10 (4) "coastal State" means the Commonwealth of
11 Puerto Rico and any State of the United States in, or
12 bordering on, the Atlantic Ocean, the Pacific Ocean,
13 the Arctic Ocean, the Gulf of Mexico, Long Island
14 Sound, or one or more of the Great Lakes;

15 (5) "coastal territory" means the Virgin Islands,
16 the Northern Mariana Islands, the Trust Territory of
17 the Pacific Islands, American Samoa, or Guam;

18 (6) "Fund" means the Ocean and Coastal Re-
19 sources Management and Development Fund;

20 (7) "Institute" means the National Coastal Re-
21 sources Research and Development Institute;

22 (8) "local government" means that term as de-
23 fined in section 304(11) of the Coastal Zone Manage-
24 ment Act of 1972 (16 U.S.C. 1453(11)) and, with re-
25 spect to the State of Alaska, the term includes unin-

1 incorporated communities, including Alaska Native vil-
2 lages;

3 (9) "Outer Continental Shelf planning area"
4 means one of the geophysical regions of the Outer
5 Continental Shelf which is so designated in the Outer
6 Shelf Leasing Program (43 U.S.C. 1344) dated July
7 21, 1982, or as so designated in subsequent Outer
8 Continental Shelf Leasing Programs;

9 (10) "proportionately" means in the same ratio as
10 a State's allocation;

11 (11) "Secretary" means the Secretary of Com-
12 merce;

13 (12) "shoreline mileage" means that term as de-
14 fined in regulations issued on May 17, 1982, at 15
15 CFR Part 927; and

16 (13) "State" means any coastal State or coastal
17 territory.

18 OCEAN AND COASTAL RESOURCES MANAGEMENT AND

19 DEVELOPMENT FUND

20 SEC. 104. (a) There is established in the Treasury of the
21 United States a fund to be known as the Ocean and Coastal
22 Resources Management and Development Fund.

23 (b)(1) Beginning in fiscal year 1986 and in each fiscal
24 year thereafter, the Secretary of the Treasury shall deposit
25 into the Fund, not later than sixty days after the end of the
26 previous fiscal year, an amount equal to 4 per centum of the

1 average amount of all sums deposited in the Treasury of the
2 United States pursuant to section 9 of the Outer Continental
3 Shelf Lands Act (43 U.S.C. 1338) during the three previous
4 fiscal years.

5 (2) The amount deposited in the Fund in fiscal year
6 1985 shall not exceed \$300,000,000. Beginning in fiscal
7 year 1986, and in each fiscal year thereafter, the amount
8 deposited in the Fund shall not exceed 105 per centum of the
9 amount deposited in the Fund in the prior fiscal year.

10 (c) As provided in advance by appropriation Acts, the
11 Secretary shall use the total amount of any amounts deposit-
12 ed in the Fund during each fiscal year to carry out the pur-
13 poses of, and in accordance with, the provisions of sections
14 105 and 108 of this title.

15 NATIONAL OCEAN AND COASTAL RESOURCES

16 MANAGEMENT AND DEVELOPMENT BLOCK GRANTS

17 SEC. 105. (a) Subject to the provisions of section 104(c)
18 and this section, for fiscal year 1986 and for each subsequent
19 fiscal year, the Secretary shall provide to each State a na-
20 tional ocean and coastal resources management and develop-
21 ment block grant from amounts paid into the Fund during
22 such fiscal year under section 104(b).

23 (b)(1) No State may receive a block grant for a fiscal
24 year unless such State has submitted to the Secretary a
25 report for such fiscal year that—

1 (A) specifies the proposed allocation by such State
2 of the block grant among coastal zone management ac-
3 tivities, coastal energy impact activities, living marine
4 resource activities, and natural resource preservation,
5 enhancement, and management activities under section
6 106(a); and

7 (B) describes each proposed activity receiving
8 funds provided by the block grant and the amounts
9 proposed to be expended for each activity.

10 (2) In order to be eligible to receive a block grant pursu-
11 ant to this Act and before submitting the report required
12 under paragraph (1), each State shall provide opportunities
13 for the public to review and comment on the report and shall
14 hold at least one public hearing on such report at a site in the
15 State convenient for encouraging maximum public participa-
16 tion.

17 (c) A block grant shall not be paid from the Fund to a
18 State until the State has established a trust fund for the re-
19 ceipt of such grant.

20 (d) The amount of each block grant provided under sub-
21 section (a) shall be determined by the Secretary under a for-
22 mula established by the Secretary which gives equal consid-
23 eration to each of the following criteria:

24 (1) For each State, the equal combination of—

1 (A) the amount of actual leasing with respect
2 to oil and gas which is carried out under the
3 Outer Continental Shelf Lands Act (43 U.S.C.
4 1331 et seq.) during the previous fiscal year
5 which occurs within the Outer Continental Shelf
6 planning area to which such State is adjacent; and

7 (B) the volume of oil and gas produced from
8 Outer Continental Shelf acreage leased by the
9 Federal Government which is first landed in such
10 State during the previous fiscal year.

11 (2) For each State, any proposed oil and gas lease
12 sales specified by the Outer Continental Shelf Leasing
13 Program prepared under section 18(a) of the Outer
14 Continental Shelf Lands Act (43 U.S.C. 1344(a)) and
15 scheduled to occur within the Outer Continental Shelf
16 planning area to which such State is adjacent.

17 (3) The coastal-related energy facilities (including
18 coal facilities) located within each State during the pre-
19 vious fiscal year. For any State for which the Secre-
20 tary has not approved a Coastal Zone Management
21 Program under section 306 of the Coastal Zone Man-
22 agement Act of 1972 (16 U.S.C. 1455), this criterion
23 shall be reduced by 50 per centum. The amounts re-
24 sulting from such reduction shall be reallocated propor-
25 tionately, under this paragraph, among States for

1 which the Secretary has approved such a management
2 program.

3 (4) The shoreline mileage of each State for which
4 the Secretary has approved a Coastal Zone Manage-
5 ment Program under section 306 of the Coastal Zone
6 Management Act of 1972 (16 U.S.C. 1455).

7 (5) The coastal population of each State for which
8 the Secretary has approved a Coastal Zone Manage-
9 ment Program under section 306 of the Coastal Zone
10 Management Act of 1972 (16 U.S.C. 1455).

11 (e) For purposes of paragraphs (4) and (5) of subsection
12 (d)—

13 (1) the Secretary shall be presumed to have ap-
14 proved the Coastal Zone Management Program of any
15 State if the Secretary determines that, in any fiscal
16 year, such State is making satisfactory progress toward
17 the development of a Coastal Zone Management Pro-
18 gram which will be approvable under section 306 of
19 the Coastal Zone Management Act (16 U.S.C. 1455).
20 Such presumption may be renewed only once and for a
21 period not to exceed one additional fiscal year if the
22 Secretary makes such determination under this subsec-
23 tion for such additional fiscal year; and

24 (2) a State shall not receive in excess of 30 per
25 centum of the amounts attributable to either criterion.

1 If any State would receive an allotment greater than
2 30 per centum, the Secretary shall reduce such allot-
3 ment to 30 per centum. The amounts resulting from
4 such reduction shall be reallocated proportionately
5 among these States that receive less than 30 per
6 centum of the amounts attributable to such criterion.

7 (f)(1) For States for which the Secretary has approved a
8 Coastal Zone Management Program under section 306 of the
9 Coastal Zone Management Act of 1972 (16 U.S.C. 1455), a
10 coastal State shall receive not less than 1.62 per centum, and
11 a coastal territory not less than one-half of 1 per centum, of
12 the total amount available for block grants under section
13 104(c) during any fiscal year.

14 (2) If, after the calculations required under subsection
15 (d), any coastal State or coastal territory is to receive a block
16 grant that is less than the respective minimum grant levels
17 established under paragraph (1), the Secretary shall increase
18 such State's block grant to the minimum level. Amounts nec-
19 essary to make such increases shall be derived by reducing
20 proportionately the block grant of each State which, as deter-
21 mined under subsection (d), exceeds the respective minimum
22 level under paragraph (1).

23 (3) For the purposes of the implementation of section
24 106(b), block grant levels may fall below the respective mini-
25 mum levels established under this section.

1 (g) If, after the calculations required under subsections
2 (d), (e) and (f), any State would receive a block grant which is
3 greater than 15 per centum of the funds appropriated under
4 section 104(c), the Secretary shall reduce such State's block
5 grant to 15 per centum. The amounts resulting from such
6 reduction shall be reallocated proportionately among States
7 receiving less than 15 per centum of such funds and more
8 than the minimum grant levels under subsection (f).

9 REQUIREMENTS ON THE USE OF BLOCK GRANTS

10 SEC. 106. Block grants provided to a State under sec-
11 tion 105(a) shall be used for the enhancement and manage-
12 ment of ocean and coastal resources and for the amelioration
13 of any adverse impacts that result from the siting, construc-
14 tion, expansion, or operation of coastal-related energy
15 facilities.

16 (a) Such block grants shall be used only for each
17 of the following activities:

18 (1) activities of such State authorized by the
19 Coastal Zone Management Act of 1972 (16
20 U.S.C. 1451 et seq.);

21 (2) activities of such State pursuant to the
22 Coastal Energy Impact Program administered
23 under section 308 of the Coastal Zone Manage-
24 ment Act of 1972 (16 U.S.C. 1457);

1 (2) provide to its local governments allocations
2 from such block grant, taking into consideration the re-
3 sponsibilities of the local governments in carrying out
4 activities under section 106(a).

5 (b) In carrying out its responsibilities under subsection
6 (a)(2), the State shall give particular emphasis to the activi-
7 ties of local governments in—

8 (1) providing public services and public facilities
9 required as a result of the siting, construction, expan-
10 sion, or operation of coastal-related energy facilities;
11 and

12 (2) preventing, reducing, or ameliorating any un-
13 avoidable loss of valuable environmental or recreational
14 resources if such loss results from the siting, construc-
15 tion, expansion, or operation of coastal-related energy
16 facilities.

17 (c) In carrying out its responsibilities under this section,
18 each State shall provide no less than 33 $\frac{1}{3}$ per centum of
19 each block grant received under section 105(a) to its local
20 governments.

21 NATIONAL COASTAL RESOURCES RESEARCH AND
22 DEVELOPMENT INSTITUTE

23 SEC. 108. (a) The Secretary shall provide for the estab-
24 lishment of a National Coastal Resources Research and De-
25 velopment Institute to be administered in affiliation with the
26 Oregon State University Marine Science Center.

b) The Institute shall seek to conduct basic and applied research and carry out educational and demonstration projects designed to promote the efficient and responsible development of ocean and coastal resources, including Arctic resources. Such activities shall be based on biological, geological, genetic, economic and other scientific research applicable to the purposes of this section and shall include studies on economic development and diversification and environmental protection of the Nation's coastal areas.

c) (1) The policies of the Institute shall be established and administered by a Board of Governors composed of—

(A) two representatives appointed by the Governor of Oregon;

(B) one representative appointed by the Governor of Alaska;

(C) one representative appointed by the Governor of Washington;

(D) one representative appointed by the Governor of California; and

(E) one representative appointed by the Governor of Hawaii.

(2) The Board of Governors shall select and fund, on an annually competitive basis, research proposals, projects, and activities designed to promote the efficient and responsible economic development of ocean, coastal and Arctic resources.

1 (d)(1) The Board of Governors shall establish an Adviso-
2 ry Council composed primarily of specialists in ocean and
3 coastal resources from the academic community but which
4 shall include appropriate representation from ocean and
5 coastal user groups.

6 (2) To the maximum extent practicable, the Advisory
7 Council shall be composed of individuals from every coastal
8 region of the Nation.

9 (3) The Advisory Council shall advise the Board of Gov-
10 ernors on its recommendations regarding proposals, projects,
11 and studies which are presented to the Board of Governors.

12 (e) The Institute shall be administered by a Director
13 who shall be appointed by the chancellor of the Oregon
14 Board of Higher Education in consultation with the Board of
15 Governors. The Director shall report to the Board of Gover-
16 nors.

17 (f) The Secretary shall conduct an ongoing evaluation of
18 the activities of the Institute to ensure that funds received by
19 the Institute under this section are used in a manner consist-
20 ent with the provisions of this section.

21 (g) The Institute shall report to the Secretary on its
22 activities within two years after the date of enactment of this
23 Act.

24 (h) The Comptroller General of the United States, and
25 any of his duly authorized representatives, shall have access,

1 for the purpose of audit and examination, to any books, docu-
2 ments, papers, and records of the Institute that are pertinent
3 to the funds received under this section.

4 (i) Employees of the Institute shall not, by reason of
5 such employment, be considered to be employees of the Fed-
6 eral Government for any purpose.

7 (j) For the purposes of this section, there are authorized
8 to be appropriated from the Fund in each fiscal year an
9 amount equal to, but not more than, 1.5 per centum of the
10 amount appropriated under section 104(c) in such fiscal year,
11 commencing with fiscal year 1986.

12

AUDIT

13 SEC. 109. (a) Under regulations promulgated by the
14 Secretary, any State receiving a block grant under section
15 105(a) shall, for each fiscal year that it receives such grant,
16 submit to the Secretary a financial audit of the trust fund
17 established pursuant to section 105(c). The income derived
18 from such trust fund for each fiscal year shall be included in
19 the audit required by this section.

20 (b) Each audit submitted by a State under subsection (a)
21 shall—

22 (1) contain a statement of all funds provided by
23 the block grant received by such State for the fiscal
24 year;

1 (2) include a statement of all financial assistance
2 provided to such State's local governments pursuant to
3 section 107;

4 (3) be conducted by an entity which is independ-
5 ent of any agency or official administering or using
6 funds provided by such block grant; and

7 (4) be conducted in accordance with the financial
8 and compliance element of the standards for audit of
9 governmental organizations, activities, and functions
10 established by the Comptroller General of the United
11 States.

12 (c) After receiving a State's financial audit under this
13 section, the Secretary shall—

14 (1) make a preliminary evaluation of each audit
15 submitted pursuant to this section. If the Secretary de-
16 termines, in the preliminary evaluation of a State's
17 audit, that all or any part of the block grant has not
18 been used as required by this Act, the Secretary shall
19 publish notice of this finding in the Federal Register.
20 In addition, the Secretary may suspend, and place in
21 escrow, an amount from any future block grant which
22 is equivalent to the amount misused, pending final de-
23 termination pursuant to paragraph (3);

24 (2) provide the State with an opportunity for a
25 hearing; and

1 (3) make a final determination.

2 (d) If the Secretary makes a final determination under
3 subsection (c)(3) that all or any part of such funds were used
4 as required by this Act, the Secretary shall—

5 (1) provide in writing to the State the reasons for
6 the determination and the amount of funds misused;
7 and

8 (2) take appropriate action to recover an amount
9 equal to that determined to have been misused under
10 subsection (c), including the withholding of such
11 amount from a State's future block grant or the
12 amount which may have been suspended under subsec-
13 tion (c)(1).

14 (e) If no appeal of the final determination is filed within
15 sixty days following notification to the State of the final de-
16 termination, any funds withheld or recovered by the Secre-
17 tary under subsection (d)(2) shall be returned to the Fund.

18 (f) If an appeal of the final determination is filed within
19 the sixty-day period specified in subsection (e), any funds
20 withheld by the Secretary shall be held in escrow until such
21 time as a final determination is made of the appeal.

22 RULES AND REGULATIONS

23 SEC. 110. Within one hundred and eighty days of enact-
24 ment of this Act, the Secretary shall promulgate, pursuant to
25 section 553 of title 5, United States Code, after notice and
26 opportunity for participation by relevant Federal agencies,

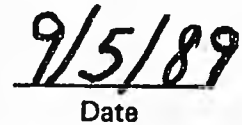


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Date

HJR

31

STATE OF ALASKA
THE LEGISLATURE

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HR
House Special Committee
on Oil & Gas
4-10-85 4:10 p.m

TESTIMONY OF SHELL WESTERN E&P INC.
TO THE ALASKA HOUSE RESOURCES COMMITTEE
ON HOUSE JOINT RESOLUTION #31

APRIL 25, 1985

MADAM CHAIR AND OTHER MEMBERS OF THIS COMMITTEE.
MY NAME IS BILLY R. VEHNKAMP. I AM MANAGER PUBLIC AFFAIRS-
ALASKA FOR SHELL WESTERN E&P INC., A SUBSIDIARY OF SHELL OIL
COMPANY.

WE APPRECIATE THE OPPORTUNITY TO SPEAK BRIEFLY TO YOU IN SUPPORT
OF OCS SALE 92, THE NORTH ALEUTIAN BASIN, AS PRESENTLY SCHEDULED
BY THE DEPARTMENT OF INTERIOR FOR DECEMBER 1985. OUR CONCERNS
REGARDING SALE 92 FOCUS ON FOUR POINTS: JOBS, PROTECTION OF
THE ENVIRONMENT, THE HYDROCARBON POTENTIAL OF THE SALE AREA,
AND THE NATION'S CONTINUING NEED FOR PETROLEUM.

PETROLEUM EXPLORATION AND DEVELOPMENT HAS IN THE PAST, AND
CONTINUES NOW, TO PROVIDE EXTENSIVE BENEFITS TO ALL ALASKANS.
EIGHTY-FIVE TO NINETY PERCENT OF CURRENT STATE REVENUES ARE
DERIVED FROM PETROLEUM TAXES AND ROYALTY PAYMENTS. IN ADDITION,
IT IS ESTIMATED THAT JOBS ASSOCIATED WITH THE PETROLEUM INDUSTRY,
WHEN COMBINED WITH INDIRECT JOBS OR THOSE WHICH PROVIDE SERVICES
OR EQUIPMENT TO THE INDUSTRY, ACCOUNT FOR EARNED INCOME OF \$1.7
BILLION AND REPRESENT 29.1% OF HOUSEHOLD INCOME EARNED STATEWIDE.
FOR THE FAMILIES DEPENDENT ON THOSE JOBS TO CONTINUE TO ENJOY
SOME SECURITY, OIL AND GAS EXPLORATION IN THE ALASKA OFFSHORE
MUST BE ALLOWED TO PROCEED ON A PREDICTABLE BASIS. HOUSE JOINT
RESOLUTION #31 DIRECTLY UNDERMINES THAT PREDICTABILITY AND
THREATENS THE JOBS OF MANY DEPENDENT ON ORDERLY OIL AND GAS

TESTIMONY - 2

EXPLORATION AND DEVELOPMENT IN THIS STATE.

SHOULD OCS SALE 92 BE FURTHER DELAYED FOR 10 YEARS, EXPLORATION AND ANY RESULTING DEVELOPMENT WOULD BE SET BACK AN ADDITIONAL 9 TO 14 YEARS. WE WOULD BE FACED WITH A 19-24 YEAR DELAY AND NOT JUST THE 10 YEARS AS PROPOSED BY HOUSE JOINT RESOLUTION #31. THE ADDITIONAL DELAY WHICH WOULD BE CAUSED BY THE PROPOSED 10 YEAR POSTPONEMENT OF THE SALE IS AN UNACCEPTABLY LONG TIME WHEN YOU CONSIDER THAT THE SALE AREA HAS BEEN UNDER STUDY FOR LEASING SINCE 1974. WE BELIEVE THAT THIS AREA HAS GREATER HYDROCARBON POTENTIAL THAN THE ASSESSMENT MADE BY THE MINERALS MANAGEMENT SERVICE. IT SHOULD BE NOTED THAT, WHEN THE OIL INDUSTRY WAS ASKED TO RANK ALL OCS SALE AREAS IN 1984, THE NORTH ALEUTIAN BASIN WAS RANKED SECOND IN INTEREST TO THE OIL INDUSTRY AND THIRD IN RESOURCE POTENTIAL FOR ALL OF THE ALASKA OFFSHORE.

WE ARE VERY COGNIZANT OF THE TREMENDOUS WILDLIFE, MARINE, AND MARINE MAMMAL RESOURCES IN AND NEAR THE SALE AREA. WE ARE ALSO AWARE, HAVING PARTICIPATED IN THE ONGOING DEVELOPMENT OF OIL PRODUCTION IN THE COOK INLET BEGINNING OVER 20 YEARS AGO, OF THE OIL INDUSTRIES' DEMONSTRATED SAFETY RECORD IN THE PRODUCTION OF PETROLEUM IN THE ALASKA OFFSHORE. THAT SAFETY RECORD AND THE ONGOING DEMONSTRATION OF THE INDUSTRIES' CONCERN FOR THE MARINE ENVIRONMENT OF THE COOK INLET SPEAKS FOR ITSELF AND IS CONVINCING EVIDENCE OF THE INDUSTRIES' ABILITY AND DESIRE TO OPERATE LIKEWISE IN OTHER PARTS OF THE ALASKA OFFSHORE.

TESTIMONY - 3

TODATE THE OIL INDUSTRY HAS DRILLED SOME 45 EXPLORATION WELLS IN THE ALASKA OFFSHORE WITHOUT ANY DETRIMENTAL EFFECT ON THE MARINE ENVIRONMENT. THIS DOES NOT INCLUDE ANOTHER 14 STATIGRAPHIC TEST WELLS WHICH WERE DRILLED IN THE ALASKA OFFSHORE WITH, AGAIN, NO DETRIMENTAL EFFECT ON THE ENVIRONMENT. WORLDWIDE, OIL EXPLORATION AND PRODUCTION OPERATIONS HAVE DEMONSTRATED OVER AND OVER AGAIN THEIR COMPATIBILITY WITH THE FISHING INDUSTRY AND OTHERS DEPENDENT ON THE MARINE ENVIRONMENT.

PRESENTLY OUR NEED FOR PETROLEUM CONTINUES TO GROW AND OUR OIL IMPORTS, NOW AT ABOUT ONE THIRD OF OUR NEEDS, LOOM LARGER AND LARGER. TO MEET OUR FUTURE NEEDS, WE MUST ACT NOW TO INVENTORY THE NATION'S HYDROCARBON RESOURCES. THAT CAN ONLY BE ACCOMPLISHED BY ORDERLY MINERAL EXPLORATION BASED ON A DEPENDABLE OCS LEASE SCHEDULE

WE SUPPORT THE TESTIMONY GIVEN BY THE ALASKA OIL AND GAS ASSOCIATION EARLIER AND ASK THAT HOUSE JOINT RESOLUTION #31 NOT BE ADOPTED BY THIS COMMITTEE.

#

AOGA TESTIMONY TO
HOUSE RESOURCES COMMITTEE
ALASKA STATE LEGISLATURE
ON HOUSE JOINT RESOLUTION NO. 31
APRIL 24, 1985

MY NAME IS PETER HANLEY, I AM SENIOR ENVIRONMENTAL PLANNER IN THE ENVIRONMENTAL AFFAIRS DEPARTMENT OF SOHIO ALASKA PETROLEUM COMPANY. TODAY, HOWEVER, I AM REPRESENTING THE ALASKA OIL AND GAS ASSOCIATION (AOGA).

AOGA IS A TRADE ASSOCIATION WHOSE MEMBER COMPANIES ACCOUNT FOR THE MAJORITY OF OIL AND GAS EXPLORATION, PRODUCTION AND TRANSPORTATION ACTIVITIES IN ALASKA.

AOGA APPRECIATES THE OPPORTUNITY TO PROVIDE COMMENTS ON THE HOUSE JOINT RESOLUTION NO. 31 CONCERNING THE NORTH ALEUTIAN BASIN OUTER CONTINENTAL SHELF OIL AND GAS LEASE SALE NO. 92.

THE NORTH ALEUTIAN BASIN WAS FIRST CONSIDERED FOR LEASING OVER A DECADE AGO. SUBSEQUENTLY, THE SALE HAS BEEN CANCELLED, RESCHEDULED AND POSTPONED ON SEVERAL OCCASIONS. IN 1983 SALE 75 WAS CANCELLED. MOST RECENTLY, THE RESCHEDULED SALE NO. 92 WAS POSTPONED FIVE MONTHS AND THE PLANNING AREA REDUCED FROM 32.5 MILLION ACRES TO 5.6 MILLION ACRES LOCATED MAINLY IN THE SOUTHWEST PORTION OF THE NORTH ALEUTIAN BASIN. AOGA STRONGLY SUPPORTS PROCEEDING WITH THE LEASE SALE AS CURRENTLY SCHEDULED.

THE OIL INDUSTRY BELIEVES THAT THE NORTH ALEUTIAN BASIN HAS SIGNIFICANT OIL AND GAS POTENTIAL. IN 1984, THIS AREA WAS RATED SECOND IN INTEREST OF ALL THE OCS AREAS BY THE OIL INDUSTRY IN RESPONSE FOR COMMENT ON A NEW FEDERAL FIVE YEAR OCS LEASE SALE SCHEDULE. IT WAS RANKED THIRD IN RESOURCE POTENTIAL OF THE 13 PLANNING AREAS OFFSHORE ALASKA. INDUSTRY INTEREST IN THIS LEASE SALE CAN THUS BE CHARACTERIZED AS HIGH. THE RELATIVELY LOW RESOURCE ESTIMATES PRESENTED IN THE DRAFT ENVIRONMENTAL IMPACT STATEMENT (DEIS) PRODUCED BY MINERALS MANAGEMENT SERVICE ARE CONSERVATIVE COMPARED WITH THE INDUSTRY'S GENERAL ESTIMATES OF THE AREA'S POTENTIAL.

SINCE IT TAKES 10 TO 15 YEARS TO BRING NEW OIL PRODUCTION FROM FRONTIER AREAS SUCH AS ALASKA, DELAY OF THE SALE FOR TEN YEARS MEANS THAT THE ECONOMIC BENEFITS AND IMPORTANT CONTRIBUTION TO THE NATION'S ENERGY SUPPLIES, SHOULD COMMERCIAL RESOURCES BE DISCOVERED, WOULD NOT OCCUR FOR 20-25 YEARS, WELL INTO THE 21ST CENTURY.

THE PETROLEUM INDUSTRY HAS CONSIDERABLE EXPERIENCE AND KNOWLEDGE IN CONDUCTING OFFSHORE DRILLING AND PRODUCTION OPERATIONS IN ENVIRONMENTAL CONDITIONS COMPARABLE, AND IN SOME CASES MORE SEVERE, THAN THOSE EXISTING IN THE PROPOSED SALE AREA IN THE NORTH ALEUTIAN BASIN. THE COOK INLET OF ALASKA IS AN EXAMPLE. OIL AND GAS DRILLING AND PRODUCTION OPERATIONS HAVE BEEN CONDUCTED IN THE COOK INLET FOR MORE THAN 20 YEARS. THE 14 OFFSHORE PRODUCTION PLATFORMS AND ASSOCIATED PIPELINES WERE INSTALLED IN THE MID-TO-LATE 1960's. THE PLATFORMS ARE DESIGNED

FOR WINDS UP TO 100 MPH. SOLID ICE PANS OF UP TO 1 1/2 FEET THICK, OVERRIDING UP TO 4 FEET THICK, ARE EXPERIENCED IN WINTER MONTHS AND MOVE WITH THE TIDE UP TO VELOCITIES OF 8 KNOTS. THESE ICE CONDITIONS ARE MORE SEVERE THAN THOSE EXPERIENCED BY ANY OTHER STEEL STRUCTURE PLATFORMS IN THE WORLD.

IN ADDITION TO THE COOK INLET EXPERIENCE, THE PETROLEUM INDUSTRY HAS SUCCESSFULLY DRILLED 18 WELLS IN THE BERING SEA AREA, INCLUDING 12 EXPLORATORY WELLS DRILLED IN 1984 AND THE CURRENT 1985 PERIOD. SIX OF THESE WERE OFF-STRUCTURE STRATIGRAPHIC TESTS (TWO IN THE ST. GEORGE BASIN, TWO IN NORTON SOUND, ONE IN NAVARIN BASIN, AND ONE IN THE NORTH ALEUTIAN BASIN). THREE OF THE EXPLORATORY WELLS WERE IN NORTON SOUND AND NINE IN THE ST. GEORGE BASIN. ALSO THIS MONTH, AN EXPLORATORY WELL WAS COMPLETED IN SHELIKOF STRAIT, HAVING OPERATED WITHOUT INCIDENT IN THE MIDST OF THE TANNER CRAB FISHERY. ENVIRONMENTAL CONDITIONS IN THE ST. GEORGE BASIN ARE VERY SIMILAR TO WHAT EXISTS IN THE NORTH ALEUTIAN BASIN.

WITH RESPECT TO THE ENVIRONMENTAL CONCERNS REGARDING THIS LEASE SALE, WE WOULD LIKE TO HIGHLIGHT SEVERAL OF THE IMPORTANT CONCLUSIONS IN THE RECENT DRAFT ENVIRONMENTAL IMPACT STATEMENT PREPARED BY MINERALS MANAGEMENT SERVICE THAT UNEQUIVOCALLY SUPPORT OUR BELIEF THAT OIL AND GAS EXPLORATION AND DEVELOPMENT IN THE NORTH ALEUTIAN BASIN POSES ONLY A MINIMAL RISK TO THE ENVIRONMENT, INCLUDING THE WORLD-CLASS FISHERY RESOURCES. THE EFFECTS OF THE PROPOSAL ON FISHERY RESOURCES INCLUDING SALMON, HERRING, GROUND FISH, AND CRAB ARE PROJECTED BY THE DEIS TO BE MINOR. EFFECTS ON ENDANGERED WHALES ARE ESTIMATED TO BE NEGLIGIBLE OR MINOR.

THE OIL INDUSTRY HAS DEMONSTRATED ITS ABILITY TO OPERATE SAFELY IN THE OCS. SINCE 1956 OVER 28,000 WELLS HAVE BEEN DRILLED IN THE WATERS ADJACENT TO THE UNITED STATES. ONLY ONE BLOWOUT IN U.S. WATERS, THE ONE THAT OCCURRED FROM A DEVELOPMENT WELL IN SANTA BARBARA CHANNEL IN 1969, RESULTED IN ANY SIGNIFICANT AMOUNT OF OIL REACHING OUR SHORES. HOWEVER, THERE WAS ONLY LIMITED AND SHORT TERM DAMAGE TO THE ENVIRONMENT RESULTING FROM THE SANTA BARBARA SPILL.

OVER FOUR BILLION BARRELS HAVE BEEN PRODUCED SINCE 1970 ON THE U.S. OCS, BUT ONLY 791 BARRELS HAVE BEEN LOST AS A RESULT OF BLOWOUTS. OVER 4 BILLION BARRELS OF CRUDE OIL (THE EQUIVALENT OF THE ENTIRE PRODUCTION OF THE U.S. OCS IN THE PAST 20 YEARS) HAVE BEEN SHIPPED FROM VALDEZ WITH NO SIGNIFICANT SPILLS. INDUSTRY HAS THUS PROVEN THAT IT HAS THE TECHNOLOGY, EQUIPMENT, AND EXPERIENCE TO SAFELY EXPLORE THE NORTH ALEUTIAN BASIN WITHOUT SIGNIFICANT ADVERSE ENVIRONMENTAL EFFECTS.

HOUSE RESOLUTION NO. 31 NOTES THE ECONOMIC IMPORTANCE OF THE BRISTOL BAY FISHERIES TO THE STATE'S ECONOMY. WE WOULD ALSO LIKE TO NOTE THE CURRENT AND POTENTIAL IMPORTANCE OF OIL REVENUES AND EMPLOYMENT. A UNIVERSITY OF ALASKA, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH STUDY PROJECTS THAT BY THE YEAR 2000, APPROXIMATELY 10% OF STATE POPULATION AND EMPLOYMENT WILL DEPEND UPON THE ONGOING OCS PETROLEUM EXPLORATION AND DEVELOPMENT PROGRAM. THE NORTH ALEUTIAN BASIN HAS THE POTENTIAL TO BE A MAJOR PART OF THESE DIRECT AND SECONDARY ECONOMIC BENEFITS OF THE ALASKA OCS DEVELOPMENT.

A GREAT AMOUNT OF STUDY APPLICABLE TO OCS OPERATIONS IN THE AREA, AND THEIR POSSIBLE EFFECTS, HAS BEEN CONDUCTED SINCE EVEN BEFORE THE AREA WAS FIRST PROPOSED FOR OIL AND GAS LEASING MORE THAN 10 YEARS AGO. ENVIRONMENTAL RESEARCH ON THE EASTERN BERING SEA ENVIRONMENT SPONSORED BY MMS AND OTHERS HAS BEEN ON-GOING FOR OVER TEN YEARS AND DETAILED FISHERIES RESEARCH HAS BEEN ON-GOING SINCE THE 1930's. THIS BODY OF RESEARCH HAS BEEN DOCUMENTED IN A RECENT STAFF PAPER PREPARED BY MMS, IN HOOD AND CALDER'S REPORT "THE EASTERN BERING SEA SHELF" AND SOHIO'S BOOK "BERING SEA BIOLOGY". IN ADDITION TO THE RESEARCH CONDUCTED TO DATE, SITE SPECIFIC STUDIES WILL UNDOUBTEDLY BE CONDUCTED IN THE EVENT OF COMMERCIAL DISCOVERIES AS PART OF DEVELOPMENT PLAN SUBMITTALS AND OTHER PERMIT REQUIREMENTS.

CONFLICTS BETWEEN THE FISHING AND PETROLEUM OPERATIONS CAN BE MINIMIZED BY MAINTAINING OPEN CHANNELS OF COMMUNICATION TO IDENTIFY POTENTIAL PROBLEM AREAS AND METHODS OF SOLUTION, AND BY KEEPING EACH OTHER ADVISED OF OPERATIONS IN FISHING AREAS. TO THIS END, THE OIL/FISHERIES GROUP OF ALASKA HAS BEEN ESTABLISHED TO ACHIEVE BETTER COMMUNICATION AND TO RESOLVE POTENTIAL CONFLICTS BETWEEN THE TWO INDUSTRIES. THIS GROUP HAS BEEN IN EXISTENCE FOR ONLY TWO YEARS, BUT IT ALREADY HAS AS MEMBERS ALL THE MAJOR FISHING, FISH PROCESSING AND MARKETING ORGANIZATIONS ACTIVE IN ALASKA TOGETHER WITH MOST OF THE ACTIVE OIL COMPANIES AND GEOPHYSICAL CONTRACTORS. TO DATE, THE GROUP HAS PROVEN VERY EFFECTIVE IN PROMOTING A GOOD WORKING RELATIONSHIP BETWEEN THE TWO INDUSTRIES. THERE HAVE BEEN

AND WILL BE POSITIVE BENEFITS TO THE FISHING INDUSTRY FROM OIL AND GAS ACTIVITIES RELATED TO IMPROVEMENTS IN WEATHER OBSERVATIONS, TRANSPORTATION AND PORT INFRASTRUCTURE AND SAFETY AT SEA THROUGH IMPROVED AIR/SEA RESCUE CAPABILITIES. THESE CONCLUSIONS ARE NOT ONLY SUPPORTED BY THE EXTENSIVE DATA BASE AND EXPERIENCE TO DATE IN THE BERING SEA BUT ALSO BY THE RECORD OF THE COEXISTENCE OF THE OIL AND FISHING INDUSTRIES IN OTHER AREAS OF ALASKA SUCH AS COOK INLET AND PRINCE WILLIAM SOUND, THE LOWER 48 -- CALIFORNIA AND GULF OF MEXICO, AND IN OTHER AREAS OF THE WORLD SUCH AS THE NORTH SEA.

THERE HAVE BEEN NO DOCUMENTED SIGNIFICANT IMPACTS FROM OIL DEVELOPMENT TO THE FISHERY RESOURCES IN AREAS OF OFFSHORE PRODUCTION IN THE U.S. PRINCIPALLY THE GULF OF MEXICO, CALIFORNIA, AND COOK INLET. INDEED THE FISHERIES OF THE GULF OF MEXICO AND COOK INLET HAVE THRIVED DURING THIS PERIOD OF OFFSHORE OIL AND GAS DEVELOPMENT. THE BOTTOM LINE, HOWEVER, IS THAT WHILE NO ONE CAN ABSOLUTELY GUARANTEE THAT A SPILL WOULD NOT OCCUR, THE OVERWHELMING BODY OF ENVIRONMENTAL RESEARCH, SPILL STATISTICS AND FISHING INDUSTRY EXPERIENCE ELSEWHERE INDICATES THAT OIL DEVELOPMENT AND WORLD-CLASS COMMERCIAL FISHERIES CAN COEXIST WITHOUT SIGNIFICANT ADVERSE ENVIRONMENTAL EFFECTS.

AOGA THEREFORE RECOMMENDS THAT HJR 31 NOT BE ADOPTED.

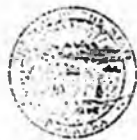
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Alaska State Legislature

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RESOURCES COMMITTEE

MEMBER
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DISTRICT 26

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TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

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

FROM: Representative Adelheid Herrmann
Co-Chair Resources Committee

DATE: April 23, 1985

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

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

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

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

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

April 23, 1985
PAGE TWO

Apart from protecting the existing fishery resources, there may be a substantial economic advantage to the state by seeking a delay in the sale. This is because under current law, the state gets no share of bonus bids, royalty payments, lease rental payments or severance taxes from OCS development. Legislative proposals pending in Congress would give the State a share of the revenues from OCS development. If the sale proceeds on schedule, there will be no revenue sharing. If the sale were to be put off until 1994, there is a significant chance that when the sale eventually takes place, the State would share in the revenues.



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

April 23, 1985

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

Dear Representative Herrmann:

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

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

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

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

Rep. Adelheid Herrmann
April 23, 1985

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

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

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

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

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

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


UNIVERSITY OF ALASKA

Rep. Adelheid Herrmann
April 23, 1985

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

Sincerely,



Matthew D. Berman
Assistant Professor of Economics .

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

OFFICE OF
MANAGEMENT & BUDGET

MAR 26 1985

March 20, 1985

GOVERNMENTAL
COORDINATION

The Honorable Donald Hodel
Secretary
Department of the Interior
C Street between 18th & 19th Sts., N.W.
Room 6151
Washington, D.C. 20240

Dear Mr. Secretary:

Based upon the discussion we had in Washington two weeks ago, there still seems to be some confusion over the importance of the North Aleutian Basin area of Bristol Bay to fisheries and wildlife resources. Because the proposed lease sale area is very productive biologically, the resources produced there have great economic and social significance to the State, Nation, and international community, and this information is important to the decision on whether or not to delay Sale 92. While we very much appreciate the deletion of 83% of the sale area as initially proposed, this letter documents our great concerns with the remaining 17% still being considered for leasing. Accordingly, I wish to provide you with the following information which illustrates the biological importance of this specific area.

The fisheries in and adjacent to the North Aleutian Basin are among the most productive in the world. The estimated average annual ex-vessel value of these fisheries between 1977 and 1982 was \$200 million, over half of which resulted from salmon harvests. Over 60 million adult salmon and several hundred million juveniles migrate through the proposed sale area or its immediate vicinity annually. The salmon fishery is the economic mainstay of Bristol Bay communities, since almost half of the commercial salmon permit holders are local residents and salmon is a primary source of income and employment. For example, the wholesale value of the Bristol Bay salmon fishery was estimated to be in excess of \$250 million and employed over 10,000 people in recent years.

A commercial herring fishery was initiated in 1982 in the Port Moller/Herendeen Bay area immediately south of the sale area. The 1983 commercial herring roe harvest was 637.5 tons, with an ex-vessel value of \$414,000. Crab and groundfish are also valuable renewable resources in the vicinity. The peak harvests of king and tanner crab from this area were 130 million pounds (\$117 million ex-vessel value) and 54 million pounds (\$21.5 million ex-vessel value) in 1980-81 and 1979-80, respectively. Recently, there have been several unexplained reproductive failures, and the State closed the king crab harvest in 1983 to allow stocks to rebuild.

The total annual Bristol Bay groundfish catch is increasing. Since 1973 the harvest averaged 55,000 metric tons, but in 1982 the groundfish catch reached almost 250,000 metric tons (\$72 million ex-vessel value), or about 20 percent of the catch in the entire eastern Bering Sea. Due to the expansion of domestic and joint-venture fisheries operations, it is likely that marine waters in the sale area will play an increasingly important role in this fishery. In contrast to the foreign fishery, the joint-venture fishery operates in inner Bristol Bay and along the Alaska Peninsula with approximately half of the groundfish being harvested in and near the North Aleutian Basin proposed sale area.

Diverse and abundant assemblages of marine mammals and birds also regularly breed, migrate through, or overwinter in the basin vicinity. Five noncetacean and 18 cetacean species of marine mammals may occur in or adjacent to the basin. Most notable among these are the estimated 15,000 to 17,000 endangered gray whales which annually migrate along the Alaska Peninsula and the 17,000 to 18,000 sea otters which occur along the northern side of the lower Alaska Peninsula.

At least 85 species of seabirds, waterfowl, and shorebirds breed, migrate, or overwinter in areas in close proximity to the basin lease area. Major segments of the world or North American populations of many of these species are periodically concentrated in this area. Virtually the entire world populations of black brant (131,000 birds) and emperor geese (71,000 birds) stage during the fall at Izembek and adjacent lagoons along the southern edge of the sale area. Additionally, over 60,000 Steller's eiders have been reported in these lagoons during molting periods, and a majority of the world population winters along the Alaska Peninsula. Over one million marine birds have been recorded

along the north shore of the Alaska Peninsula during fall with densities exceeding 1,000 birds per square kilometer. The welfare of many of these species has international implications. For instance, the black brant harvest throughout the entire Pacific Flyway has been significantly curtailed due to the recent population decline. Additional impacts to this species from oil and gas related activities could compromise major conservation efforts to reestablish the black brant population to the predecline level and to maintain some historic harvest in rural Alaska and along the Pacific Coast. Moreover, oil spill trajectory simulations conducted by the Rand Corporation for the Minerals Management Service show that an oil spill would move consistently towards this area of the Alaska Peninsula.

To assist further in illustrating the biological and economic importance of the lease sale area, a resource map depicting documented harvest areas and key use areas for species of primary concern is enclosed. Despite what was claimed at our meeting, not only mature fish inhabit and migrate through the lease sale area, but also fish in all of their life stages. Key use areas depicted on the map are especially sensitive to oil and gas development impacts because they support high fish or wildlife concentrations, sensitive life-stages, or species during critical periods in their annual life cycle. As illustrated on the resource map, the proposed lease area contains key use areas for Pacific cod, yellowfin sole, walleye pollock, halibut, and king and tanner crab. Commercial harvest activities also occur within the lease area for halibut, Pacific cod, and king and tanner crab. Additionally, the map shows that many important fish and wildlife resources and harvest activities occur immediately adjacent to the lease area, which could be affected by oil and gas development activities.

To summarize, marine and coastal habitats in the North Aleutian Basin vicinity support fish and wildlife resources of state, national, and international significance. These resources provide the economic mainstay, as well as important subsistence food resources, for Bristol Bay communities. Consequently, oil and gas exploration and development in this area currently presents too great a risk to the state and national interest in maintaining the extremely productive and valuable fish and wildlife resources which characterize this region.

March 20, 1985

Thank you for your consideration of this important matter.
If you have any questions or comments, please let me know.

Sincerely,



Bill Sheffield
Governor

Enclosure

cc: The Honorable Ted Stevens
The Honorable Frank Murkowski
The Honorable Don Young
Ann Dore McLaughlin, Undersecretary of Interior
Bill Horn, Deputy Undersecretary
Steve Griles, Assistant Secretary
Bill Bettenberg, Director MMS

STATE TESTIMONY ON THE NORTH ALEUTIAN BASIN
DRAFT ENVIRONMENTAL IMPACT STATEMENT

For the record, my name is John Shively and I serve as Governor Sheffield's Chief of Staff. I am here to testify on behalf of the Governor and the State of Alaska. The State continues to strongly oppose Federal oil and gas leasing in the North Aleutian Basin until at least 1994. Given the purpose and time constraints of this public hearing I will only briefly summarize the reasons why offshore leasing in the North Aleutian Basin should not go forward at this time. The State will provide the Minerals Management Service and other interested parties with more specific comments in response to the draft Environmental Impact Statement before the March 13 deadline.

To begin, I wish to emphasize that the State fully supports the prudent development of Alaska's oil and gas resources and recognizes that the oil industry in Alaska has a very good environmental record. Alaska has and will continue to make a major contribution to reducing the nation's dependency on foreign oil. Our ability to work with the Minerals Management Service to allow leasing in the Beaufort Sea, Norton Scund, St. George Basin, Navarin Basin, Gulf of Alaska and Cook Inlet is evidence of Alaska's commitment to the national need for orderly development of our oil and gas resources in an environmentally responsible manner. The Minerals Management Service should recognize that the State's request for delaying the North Aleutian Basin lease offering is not made lightly and is based on the unequalled fish

and wildlife values and environmental risks present in the region.

The State acknowledges that the entire Bristol Bay planning area is not being proposed for leasing at this time. Despite the reduction to the presently configured sale area, each of the State's concerns, which I will discuss later, apply specifically to the tracts now under consideration. The area north and east of Unimak Pass along the Alaska Peninsula contains extremely important habitat for the fish and wildlife resources which reside in or migrate through Bristol Bay. In fact, given the relatively low hydrocarbon potential and the internationally recognized fisheries and wildlife values of the area, we believe Bristol Bay should be the last area of Alaska's Outer Continental Shelf opened to leasing. This is not an unreasonable request given the fact that there are still 11 other planning areas in Alaska on the federal leasing schedule encompassing over 500 million acres

There are five major reasons why oil and gas leasing should not occur at this time. First, unparalleled renewable resources might be at risk from oil and gas development activities. The North Aleutian Basin is located in the midst of one of the richest fishing grounds in the world and the greatest concentration of birds, fish and marine mammals on the North American Continent. Hundreds of millions of salmon migrate through the

sale area each year, including over 60,000,000 adult salmon that return to Bristol Bay. Domestic Bristol Bay fisheries have a first wholesale value of 250,000,000 dollars and employ over 10,000 people annually. Yet, it is not just the fishing families of Bristol Bay which rely upon the salmon which pass through and feed in the North Aleutian Shelf area. Salmon returning to streams throughout western Alaska migrate through the area and form the basis of the economies of the Kuskokwim and Yukon Rivers, Norton Sound and Kotzebue Sound communities. Over a million marine mammals either inhabit or migrate through the proposed sale area. The entire population of the endangered eastern Pacific gray whale migrates through the area twice annually. Very large populations of other marine mammals including Belukha whales, sea otters, walrus, fur seal, sea lions, and harbor seals inhabit the area. The area including Bristol Bay, Unimak Pass, and the Alaska Peninsula coastal zone is one of the world's greatest bird and marine mammal migratory corridors. Izembek Lagoon is used seasonally by millions of ducks and other waterfowl. Virtually the entire world populations of black brant and Emperor Geese stage in the coastal areas during the fall migration. These species are currently experiencing severe population declines and should not be subject to further stress which may delay or prevent their recovery. Unquestionably, the fish and wildlife and associated economic

values that might be at risk from oil and gas development in the North Aleutian Basin are of Statewide, national and international importance.

Second, while the overall fish and wildlife value of the area is relatively well documented, significant gaps still remain with respect to our understanding of the distribution, abundance and population dynamics associated with these renewable resources. Additional critical information on the biological resources of the area, particularly in the nearshore waters of the North Aleutian shelf, must be obtained before a fully objective assessment of the potential impacts from oil and gas activities in the area can be understood and mitigated. An accurate evaluation of potential impacts in the North Aleutian Basin is especially critical given the extremely important biological values of the region.

Third, the areas coastal habitats and fish and wildlife resources are highly vulnerable to oil spill damage and disturbance. Our concerns center on the several million seabirds, over a million northern fur seals, and nearly 20,000 sea otters that inhabit the region, as well as the unique coastal eelgrass marshes on the northern side of the Alaska Peninsula. Oil spills can also significantly impact species such as finfish, shellfish and other invertebrates and their habitats. Larval or juvenile stages are particularly sensitive to petroleum contamination. This is

especially pertinent to the North Aleutian Basin where many species have pelagic egg or larval stages which occupy the surface waters of Bristol Bay.

Fourth, the level of risk posed to the extremely valuable and vulnerable fish and wildlife resources in the area is magnified due to industry's lack of demonstrated ability to contain and clean up oil spills under the extreme meteorological and oceanographic conditions often found in Bristol Bay. As described and acknowledged in the draft Environmental Impact Statement, the very best oil spill containment and cleanup equipment will not work when seas are over 8 feet and windspeeds over 20 knots. Wind and wave conditions in the North Aleutian Basin would prohibit even state of the art equipment from operating 50 percent of the time in winter and 10 percent in the summer. Moreover, a review of past response efforts to clean up major offshore oil spills indicates that it can be very difficult to clean up oil spills even in moderate weather conditions. This lack of cleanup ability and remaining questions about equipment deployment sites and response times places the world class fish and wildlife resources, habitats and commercial, subsistence and recreational uses of these resources in jeopardy from potential blowouts, subsea pipeline breaks, tanker accidents, and rig sinkings.

The State's fifth major reason for seeking a delay in the federal leasing schedule is based on the State's decision to delay oil and gas leasing in adjacent State waters until at least 1994. The State, through its own planning process with the cooperation of other Federal agencies, has recognized that there are significant gaps in resource information on the lease sale area, and that time is needed for industry to demonstrate the capability to adequately respond to an accident in as sensitive and challenging an area as the North Aleutian Basin. By delaying leasing in State waters and Federal waters in Bristol Bay until 1994, additional technology can be developed to provide the necessary protection to fish and wildlife resources during exploration, development, and production phases. Coordinated leasing schedules will also lessen the number of cyclic events that coastal communities must cope with in developing the necessary infrastructure in support of offshore activities. The few months delay from its originally scheduled sale date unfortunately has not alleviated these concerns.

In conclusion I would like to thank the Minerals Management Service for the opportunity to speak at this public hearing and to provide written comments on the draft environmental impact statement for Sale 92. The State requests that the Minerals Management Service concur with the State of Alaska that the risk of leasing in the North Aleutian Basin as scheduled for December 1985 is not in the nation's or State's best interest and should

therefore be delayed until at least 1994. This delay will reduce the risk to fish and wildlife resources, their habitats, and Americans who depend on these resources to sustain their economy and culture by allowing industry to obtain and apply knowledge, experience, and the most up to date drilling and oil spill cleanup technology to the North Aleutian Basin. It will also allow Minerals Management Service time to fill crucial data gaps necessary to prepare an adequate impact assessment and formulate effective mitigating measures.

STATE OF ALASKA



POUCH V
JUNEAU, ALASKA 99811
(907) 485-4941

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

HJR 31

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

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

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

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

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

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

ALASKA SUPPORT INDUSTRY ALLIANCE

BOX 100100
Anchorage, AK 99510

Representatives Adelheid Herrmann and
Richard Shultz
CoChairmen, House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

April 18, 1985

Dear Representative Herrmann & Shultz:

We understand that your committee will be hearing testimony on HJR 31, a resolution calling for another ten year delay in the sale of oil and gas leases in the North Aleutian Basin, next Wednesday, April 24.

As you might suspect, the Alaska Support Industry Alliance is in total opposition to the intent of HJR 31. We believe that another ten year delay is not only uncalled for but counter-productive to the best interests of the State of Alaska. Allegations that data gaps exist which must be filled with more studies of the area before a prudent decision can be made, are without merit. Nearly \$100,000,000 has been spent by government, industry and academia over the past fifteen years studying the area. Of course, we could go on studying the area for another ten years - must we?

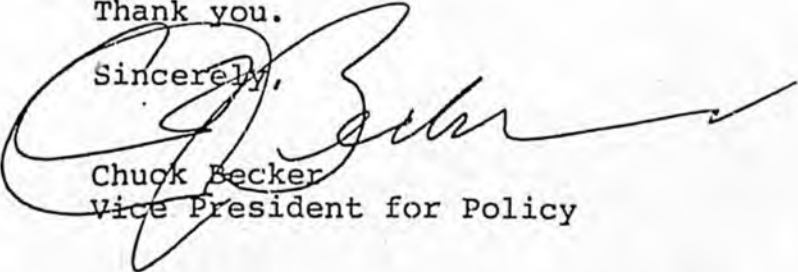
The oil and gas industry has drilled over 250 wells in the waters off Alaska's shores over the past 25 years. How much more experience is needed? The sale area poses substantially less difficulty and challenges to contemporary technology than Cook Inlet and, we trust most Alaskans need not be reminded of the compatibility with subsistence fishing and the environment demonstrated by the petroleum industry and its support network in that body of water.

There are many other reasons we can cite for this sale to proceed as scheduled by the U.S. Department of the Interior. Unfortunately the House Oil and Gas Committee chose to not hear them prior to acting on approval of HJR 31 last week. We trust that the characterizations made by Representative Davis, that the House Resources Committee will provide the opportunity for a fair hearing, are accurate.

On behalf of the Alliance, I hereby request that a teleconference throughout the entire network be set on the bill to allow for a comprehensive hearing on the subject.

Thank you.

Sincerely,



Chuck Becker
Vice President for Policy



OFFICE OF
MANAGEMENT & BUDGET

MAR 01 1985

GOVERNMENTAL
COORDINATION

Coastal Resource Service Area

P.O. Box 189, Dillingham, Alaska 99576

(907) 842-5257 - 842-5258

February 23, 1985

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

RE: Comments of North Aleutian Basin Draft EIS

Dear Mr. Fredriksson:

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

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

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

Kurt Fredriksson
February 23, 1985
Page Two

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

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

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

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

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

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

Kurt Fredriksson
February 23, 1985
Page Three

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

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

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

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

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

Kurt Fredriksson
February 23, 1985
Page Four

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The CRSA Board appreciates the opportunity to comment.

Sincerely,

Tim Hostetler

Tim Hostetler
Acting Director
Bristol Bay CRSA Board

cc: Al Powers

TH/pr

ALEUTIANS EAST COASTAL RESOURCE SERVICE AREA
1689 "C" STREET, SUITE 201
ANCHORAGE, ALASKA 99501

(907) 276-2700

OFFICE OF
MANAGEMENT & BUDGET

MAR 1 1985

February 25, 1985

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

GOVERNMENTAL
COORDINATION

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

Dear Mr. Grogan:

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

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

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

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

The Board comments are divided into two parts.

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

2. Specific Comments on the DEIS.

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

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

Sincerely,

Stanley Mack (as)

Stanley Mack
Chairman Aleutians East CRSA Board

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

Nelson Lagoon Village Council
Rep. Zharoff
Rep. Hermann

OFFICE OF
MANAGEMENT & BUDGET

FEB 13 1985

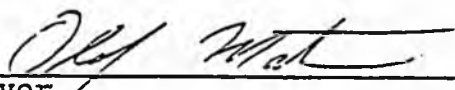
GOVERNMENTAL
COORDINATION

CITY OF PORT HEIDEN
PORT HEIDEN, ALASKA 99549


RESOLUTION 85-20

- WHEREAS, The U.S. Department of Interior has scheduled an oil and gas lease sale in the North Aleutian Basin OCS area; and
- WHEREAS, this sale area supports one of the richest concentrations of fish, waterfowl, marine birds and marine mammals in the world; and
- WHEREAS, the world's largest run of salmon migrates through the lease area; and
- WHEREAS, the Bristol Bay salmon fishery forms the economic backbone of the region and is a resource of state, national and international significance; and
- WHEREAS, the villagers are highly dependent on the Bristol Bay salmon fishery as a major source of subsistence food; and
- WHEREAS, many questions remain unanswered concerning the potential impact of oil and gas development on the fish and wildlife of the area; and
- WHEREAS, the oil industry should gain operation experience in other less sensitive areas before being allowed into the North Aleutian Basin;

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



Mayor



Attested by Clerk

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



DRAFT

WHEREAS, The Bristol Bay region of Alaska is internationally recognized for its fish and wildlife resources;

WHEREAS, these resources, particularly salmon, represent one of the very few opportunities the region's residents have for participating in the cash economy;

WHEREAS, further dependence on the abundant fish and wildlife of Bristol Bay comes from the subsistence lifestyle that the vast majority of the region's residents lead;

WHEREAS, the federal Department of Interior is pursuing an outer continental shelf (OCS) lease sale in the North Aleutian Basin (Bristol Bay), scheduled for December of 1985;

WHEREAS, the State of Alaska has recognized, through its own planning process, that there are significant gaps in resource information on the lease sale area, and that industry must demonstrate, in other frontier areas, its capability to explore and produce in an environmentally safe manner;

WHEREAS, the state's recognition of these information needs has resulted in its delaying all lease sales in state waters until 1994, and has called upon the federal government to do likewise with the North Aleutian Basin sale;

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

DRAFT

OFFICE OF
MANAGEMENT & BUDGET

FEB 08 1985

GOVERNMENTAL
COORDINATION

Red

CITY OF ALEKNAGIK

P.O. Box 33

ALEKNAGIK, ALASKA 99555

(907) 842-5953

OFFICE OF
MANAGEMENT & BUDGET

FEB 20 1985

February 14, 1985

GOVERNMENTAL
COORDINATION

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

Attn: Tim Hostetler

Dear Tim:

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

Thank you.

Sincerely,

CITY OF ALEKNAGIK

Helen M. Chythlook

Helen M. Chythlook
City Administrator

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

CITY OF ALEKNAGIK

P.O. Box 33

ALEKNAGIK, ALASKA 99555

(907) 842-5953

RESOLUTION 85-5

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

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

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

APPROVED AND ADOPTED THIS 12 DAY OF February, 1985.

[Signature]
 Mayor
[Signature]
 Secretary-Treasurer
[Signature]
 Councilmember

Vice-Mayor
[Signature]
 Councilmember
[Signature]
 Councilmember

TEST: [Signature]
 City Clerk
2-12-85
 Date

EGEGIK VILLAGE COUNCIL

Box 29
Egegik, Alaska 99579

February 4, 1985

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

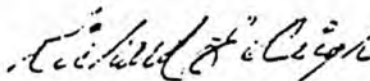
Subject: North Aleutian Basin (Bristol Bay) OCS Lease Sale

Dear Mr. Swope:

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

Sincerely yours,

EGEGIK VILLAGE COUNCIL



Richard E. Deigh
President

RED/sk

Enclosure

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

OFFICE OF
MANAGEMENT & BUDGET

FEB 20 1985

GOVERNMENTAL
COORDINATION

EGEGIK VILLAGE COUNCIL

Box 29

Egegik, Alaska 99579

RESOLUTION NO. 85-03

3

NORTH ALEUTIAN BASIN OCS LEASE SALE #92

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

Quorum Constituted by 4 members

Voting for 5

Voting against 0

Date Feb. 9 1985

Certified by Josephine J. Williams

Date 2-8-85

TOGIAK CITY COUNCIL
Resolution No. 85-02

- 3
WHEREAS, The Bristol Bay region of Alaska is internationally recognized for its fish and wildlife resources;
- WHEREAS, these resources, particularly salmon, represent one of the very few opportunities the region's residents have for participating in the cash economy;
- WHEREAS, further dependence on the abundant fish and wildlife of Bristol Bay comes from the subsistence lifestyle that the vast majority of the region's residents lead;
- WHEREAS, the federal Department of Interior is pursuing an outer continental shelf (OCS) lease sale in the North Aleutian Basin (Bristol Bay), scheduled for December of 1985;
- WHEREAS, the State of Alaska has recognized, through its own planning process, that there are significant gaps in resource information on the lease sale area, and that industry must demonstrate, in other frontier areas, its capability to explore and produce in an environmentally safe manner;
- WHEREAS, the state's recognition of these information needs has resulted in its delaying all lease sales in state waters until 1994, and has called upon the federal government to do likewise with the North Aleutian Basin sales;

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

Emma Ayjiaak-Carlson
Mayor

ATTEST:

Annette T. Schaeffer

OFFICE OF
MANAGEMENT & BUDGET

FEB 11 1985

GOVERNMENTAL
COORDINATION

20d

Pedro Bay Village Council Resolution #85-01

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

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

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

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

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

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

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

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

PASSED THIS 14th DAY OF FEBRUARY, 1985.

Council President, Carl Jensen *Carl Jensen*
 Vice-President, Zenia Kolyaha *Zenia Kolyaha*
 Secretary, Ruth Andree _____
 Treasurer, Norman Jacko *Norman Jacko*
 Members, Elaine Aaberg *Elaine Aaberg*
 Keith Jensen *Keith Jensen*

OFFICE OF
MANAGEMENT & BUDGET

FEB 26 1985

ATTEST: *Barbara Jacko*
Village Administrator, Barbara Jacko

GOVERNMENTAL
COORDINATION



UNITED FISHERMEN OF ALASKA

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

Cass M. Parsons
Executive Director

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

Dear Mr. Friedrukson:

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

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

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

Thank you.

Sincerely,

Cass M. Parsons
UFA Executive Director

cc: UFA Board of Directors

OFFICE OF
MANAGEMENT & BUDGET

FEB 26 1985

GOVERNMENTAL
COORDINATION