ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672
9368 HOUSE RESOURCES

SECTION 3

RESTORATION PLAN AND ANNUAL WORK PLAN ISSUES

We identified several issues relating to the development of the Trustee Council's restoration plan for damaged resources and services and its annual work plans.

RESTORATION PLAN

Table 3.1 shows issues relating to the Trustee Council's development of a restoration plan.

Table 3.1: Issues Related to the Restoration Plan

- No restoration plan in place
- Plan scheduled to be issued in December 1993, but issuance date may slip

An approved restoration plan is a key ingredient in the transition from the Trustee Council's role of assessing damage to taking action--as provided for in the August 1991 Memorandum of Agreement--to restore, replace, rehabilitate, enhance, or acquire the equivalent of natural resources injured as a result of the oil spill and the reduced or lost services provided by such resources. Moreover, according to the Trustee Council, the restoration plan is a primary means for the public to help the Trustee Council prioritize restoration activities. However, an overall restoration plan is not yet in place to provide direction to restoration planning for Prince William Sound. Restoration planning began in late 1989. In April 1992, a restoration framework document was published that proposed a process to guide the trustees in restoration efforts, discussed possible action alternatives, and invited public comment.

A year later, in April 1993, a brochure providing an advance description of a draft restoration plan was distributed for public comment. Five potential restoration alternatives were presented:

1. Natural recovery: No action.

2. Habitat protection: Over 90 percent of the settlement funds would be used for habitat protection and acquisition. Restoration activities would be limited to the spill area.

3. Limited restoration: About 75 percent of the settlement funds would be used for habitat protection and acquisition. Some effort would be directed at restoring only the most severely injured species with declining populations within the spill area.

4. Moderate restoration: About 50 percent of the settlement funds would be used for habitat protection and acquisition. An additional one-third of the funds would be used to restore all injured species, including those whose populations did not decline and are located outside of the spill area.

5. Comprehensive restoration: About one-third of the settlement funds would be used for habitat protection and acquisition. About one-half of the settlement funds would be used to restore all injured species, including those whose populations did not decline and are located outside of the spill area.

The public was asked to comment on the plan and the five restoration alternatives by August 6, 1993. In addition, the Trustee Council scheduled public meetings in 21 communities throughout the state to solicit input. Trustee Council members told us that about 1,200 responses from the public were received and will be considered in further development of the plan. A draft environmental impact statement analyzing the impacts of the alternatives on the physical, biological, social, and economic aspects of the environment was due to be released for public comment in June 1993, but it had not been released as of the end of July 1993. The final restoration plan is scheduled to be issued in December 1993, but according to Trustee Council members, this too may slip.

ANNUAL WORK PLANS

Table 3.2 shows three issues relating to the Trustee Council's development of annual work plans.

Table 3.2: Issues Related to Annual Work Plans

• Not tied to restoration plan
• Some projects may not be directly linked to the oil spill or appear to duplicate agencies' responsibilities
• Few projects competitively bid

First, the Trustee Council's 1992 and 1993 annual work plans were not linked to an approved restoration plan. About 90 projects totaling nearly $40 million were approved during this time. Although not directly linked to a restoration plan, Trustee Council members have reported that they have strived to work within the restoration framework by approving projects measuring damage or monitoring injured resources that either were time-critical or represented a lost opportunity if not conducted. Some Trustee Council members claimed that if action had been postponed until a restoration plan were developed, work projects would not have been approved until 1995 or 1996. Because of the lead time needed to implement approved work projects, the Trustee Council will approve the 1994 work plan before issuing the final restoration plan. Trustee Council members advised us that the 1994 work plan decisions will be based on a synopsis of public comments related to the restoration plan, scientific data available from past studies, and input from the public and the chief scientist on the merits of the proposed projects.

Second, certain projects either do not appear to be directly linked to the oil spill, as required in the settlement, or appear to duplicate existing responsibilities of federal and state agencies, particularly several sockeye salmon and killer whale projects. According to Trustee Council members, where linkage or contribution of the spill to an injured resource is unclear, Trustee Council members have been inclined to approve data collection projects so that members are put in a better position to evaluate the causes and extent of damage to the resource resulting from the oil spill.

To illustrate, the management of the sockeye salmon fishery has historically been a responsibility of the Alaska Department of Fish and Game, including the development and maintenance of a state plan for the rehabilitation, enhancement, and development of the state's salmon fisheries. One particular problem that the Alaska Department of Fish and Game has been dealing with for several years--both before and after the oil spill--is the overescapement of sockeye salmon into the Kenai River during migration to their spawning areas upstream. Overescapement occurs when too many migrating adult fish reach the spawning areas and produce too many juvenile fish that deplete the available food supplies needed to sustain them until they are ready to migrate downstream and out to sea. The depletion of the food supplies causes reduced growth and high mc ality of current and future generations.

The overescapement of sockeye salmon occurred on the Kenai River system in 1987 and 1988--before the oil spill occurred--and again in 1989 when the sockeye salmon fishery was closed because of the presence of oil in the fishing areas from the Exxon Valdez oil spill. Consequently, the problems associated with the overescapement of sockeye salmon entering the Kenai River

probably are only partially due to the closure of the salmon fishery following the oil spill. Thus far, the Trustee Council has approved five projects totaling about $3 million to study the Kenai River sockeye salmon fishery. According to Trustee Council officials, although there may not be a direct link between the situation with the sockeye salmon and the oil spill, there is enough of an indirect link to justify the spending of settlement funds to study the problem.

Several killer whale studies also illustrate projects which do not appear to have a direct link to the oil spill or appear to duplicate existing agency responsibilities. Between 1989 and 1992, the Trustee Council approved four studies totaling about $700,000 to examine the mortality rate of the approximately 245 killer whales in Prince William Sound. However, the chief scientist believes that the disappearance of some killer whales has not been convincingly linked to the oil spill. Nevertheless, in 1993, the Trustee Council approved an additional $127,000 to further assess the disappearance of 13 out of a group of 36 killer whales since the oil spill occurred. NOAA's National Marine Mammal Laboratory is responsible for the general monitoring of killer whales off Alaska, and it has been studying these whales for several years both before and after the oil spill. For example, from 1989 through 1993, the laboratory's budget--in addition to the oil spill funds provided through the Trustee Council--for killer whale studies totaled about $665,000. Trustee Council officials stated that the chief scientist is not an expert on all issues and that public comments received on the work plans indicated a very high interest in determining whether the whales' disappearance was linked to the oil spill.

Last, some participants in and observers of the Trustee Council organization believe that the carrying out of damage assessment and restoration work to date has been dominated by federal and state agency personnel and that, as a consequence, few nongovernment organizations have been able to competitively bid for these projects. For example, almost all of the 1992 and 1993 work projects were not open for competitive bid and were carried out by federal and state agency personnel. The Trustee Council's chief scientist believes that open competition would encourage more timely completion of projects at reduced costs. According to Trustee Council members, as more restoration projects are undertaken, less use will be made of federal and state agencies and more projects will be subject to bid proposals from nongovernment sources.

SECTION 4

HABITAT PROTECTION AND ACQUISITION ISSUES

We identified several issues relating to the Trustee Council's activities to protect and acquire habitat to aid in the restoration of the natural resources damaged by the oil spill. These issues are shown in table 4.1.

Table 4.1: Issues Related to Habitat Protection and Acquisition

- Acquisition plan not approved or tied to restoration plan
- Interim criteria used to identify acquisition parcels
  - 42,000 acres identified as imminent threat
  - 338,000 acres identified as opportunity parcels
- Pressure is building for Trustee Council to acquire land and protect habitat
- Much of the remaining $660 million may be used for land purchase

An acquisition plan has neither been approved by the Trustee Council nor tied to an approved restoration plan. The Trustee Council, however, has approved interim evaluation criteria for use by its habitat protection/acquisition work group. Using these criteria, in February 1993 the work group classified 42,000 acres as being "imminently threatened." The group concluded that various parcels of land were significant ecologically and that they were threatened by actions--such as imminent logging--which would significantly lessen the land's ability to provide habitat protection for wildlife species injured by the oil spill. The two top-ranked imminently threatened parcels were 7,500 acres within Kachemak Bay State Park near Homer, Alaska, and 15,000 acres near Seal Bay on Afognak Island north of Kodiak Island. Both of these parcels of land were described in the Trustee Council's ranking analysis as essential habitat sites for injured species, such as bald eagles and marbled murrelet, and were located within the area affected by the oil spill. These wildlife species are considered vulnerable or threatened by human activity. The Trustee Council has approved, subject to appraisal, the purchase of these two parcels--the 7,500 acres of private land in Kachemak Bay State Park for $21.5 million and

42,000 acres (25,000 acres of which are to be donated by the land owner) near Seal Bay, which includes the 15,000 acres classified as imminently threatened, for $38.7 million. The work group classified an additional 338,000 acres as "opportunity-to-buy" parcels--land important as habitat protection, but not imminently threatened.

Public pressure is building for the Trustee Council to acquire more land to protect habitat because many consider land acquisition to be an effective restoration activity. The Trustee Council's habitat protection/acquisition work group received comments from various public interest groups encouraging the Trustee Council to protect habitat. Comments included the following:

-- ". . . habitat acquisition is the most meaningful form of restoration . . . ."

-- ". . . habitat protection is [the] best means of protecting natural and cultural resources . . . ."

-- ". . . the acquisition process [is] taking too much time; no more talk--start using funds to buy land."

With the pressure building for the Trustee Council to approve the acquisition of land to protect habitat, some Trustee Council officials believe that much of the remaining Exxon payments--about $660 million--may be used for land acquisitions rather than for other restoration purposes. The Trustee Council's estimate of the cost to acquire parcels of land classified as "imminently threatened" and "opportunity to buy," and additional parcels of land that may eventually be classified as such, runs as high as $3 billion. Because Exxon's settlement payments will continue until 2001, it appears that difficult land acquisition choices will have to be made throughout the period.

SECTION 5

TRUSTEE COUNCIL ORGANIZATION AND ADMINISTRATION ISSUES

We identified several issues relating to the Trustee Council organization and its day-to-day administration.

TRUSTEE COUNCIL ORGANIZATION

Table 5.1 shows four issues relating to the Trustee Council organization.

Table 5.1: Issues Related to the Trustee Council Organization

• Agencies propose, review, approve, and carry out projects
• No executive director to lead efforts
• Meaningful public participation and independent scientific viewpoints not always sought
• Financial audits and program reviews not conducted

First, the current makeup and process of the Trustee Council organization leads many to view the objectivity of the organization with some skepticism. The federal and state agencies that propose damage assessment and restoration projects are the same agencies that review, approve, and carry out the projects. This organization has the same general makeup as the presettlement organization responsible for measuring the nature and extent of the injuries, losses, and destruction of resources as part of the litigation process leading up to criminal and civil law suits against Exxon. Trustee Council members believe the organization has provided the best source of expertise for cleanup and damage assessment, and foresee a gradual lessening of dependence on federal and state agency personnel to conduct projects as damage assessment is completed and the restoration plan is implemented.

Second, no executive director or chief executive officer is in place to lead and direct day-to-day operations. The Trustee Council currently employs an interim administrative director who mainly functions as a coordinator of Trustee Council organization activities. In March 1993, the Trustee Council advertised

nationally for an executive director position. Eighty-eight applications were received, and the Trustee Council is in the process of selecting a director, who it hopes will be in place by the fall of 1993.

Third, some participants in and observers of the Trustee Council organization have faulted the state and federal agencies represented on the Trustee Council for not seeking meaningful public participation or independent scientific viewpoints in deciding which studies and restoration activities should be undertaken. To date, expert assessments of the merits of various proposed projects have been predominantly those of the chief scientist, who is under contract to the Trustee Council, or the agencies' personnel proposing the projects. In 1992, many of the 58 approved projects in the 1992 work plan were started and partially funded before the public review process was completed. Although the Trustee Council members pointed out that all of the Trustee Council's meetings have been open to the public and public comment is encouraged on issues facing the Trustee Council, the time available to both solicit and analyze the comments is generally insufficient, according to critics. A review of some of the transcripts of the Trustee Council's meetings indicates that the public would like more time to review and comment on the draft plans being considered by the Trustee Council. Because of the importance placed upon the public's views, the Trustee Council has held numerous public meetings separate from the Trustee Council's meetings and has made available to the public, for review and comment, transcripts of Trustee Council meetings as well as drafts of annual work plans and restoration plans. In addition, the Trustee Council has established a 17-member public advisory group to facilitate the gathering of the views of various interest groups throughout Alaska. This group has met five times since its establishment and is in the process of developing and clarifying its role.

And fourth, although almost $150 million either has been used to reimburse federal and state agencies for presettlement response, cleanup, and damage assessment costs or has been approved to fund Trustee Council activities, no financial audits or program reviews have been conducted to ensure the propriety of reimbursement and subsequent expenditures of civil settlement funds. Furthermore, at the time of our review, there were no federal or state plans to conduct such audits or reviews of past or future expenditures, in spite of their magnitude.

TRUSTEE COUNCIL'S ADMINISTRATION

Table 5.2 shows three issues relating to the Trustee Council's day-to-day administration.

Table 5.2: Issues Related to the Trustee Council's Administration

- Few project reports approved by the chief scientist
- Some planning meetings lacked procedures and focus
- High travel costs incurred (Juneau/Anchorage)

First, only 8 of about 91 scheduled project reports have been approved by the Trustee Council's chief scientist. Many reports have been returned by the chief scientist to the projects' principal investigators for needed revision because of his belief that they were poorly organized and contained unclear messages, incomplete analyses, overreaching conclusions, and imbalanced presentations. For example, the chief scientist returned for revision 10 of the 20 reports due in 1992. Of the remaining 10, 4 were approved, 3 were still under review, and 3 had not been received for review by the chief scientist as of May 1993. Because of these types of delays, the Trustee Council is forced to make decisions on follow-on projects without the knowledge of the final conclusions of earlier, related studies. Trustee Council members stated that they are aware of reporting problems and that they would like reports to be (1) completed on time and (2) of acceptable quality. We were told that the Trustee Council has directed that all project reports be submitted before the Trustee Council deliberates the 1994 annual work plan this fall.

Second, although the restoration team and the work groups have held frequent meetings to develop proposed plans and approaches that need to be acted upon by the Trustee Council, the work groups did not have final operating procedures until November 1992. Many products resulting from this process have been late, required substantial rework, and have not reflected the consensus of the restoration team. This, in turn, often caused the public to comment on plans and the Trustee Council to make decisions without sufficient time to thoroughly review the plans and supporting material.

And third, many of the federal and state officials on the Trustee Council's restoration team and various work groups live in Juneau but must travel to Anchorage to attend frequent work sessions and meetings. This travel increases administrative costs for the Trustee Council organization. For example, the round-trip airfare between Juneau and Anchorage is about $450.

Trustee Council members anticipate that travel costs will diminish in the future as the restoration plan is implemented and the number of restoration team and various work group meetings is reduced.

APPENDIX I

MAJOR CONTRIBUTORS TO THIS BRIEFING REPORT

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(140682)

1996-1998 Public Advisory Group

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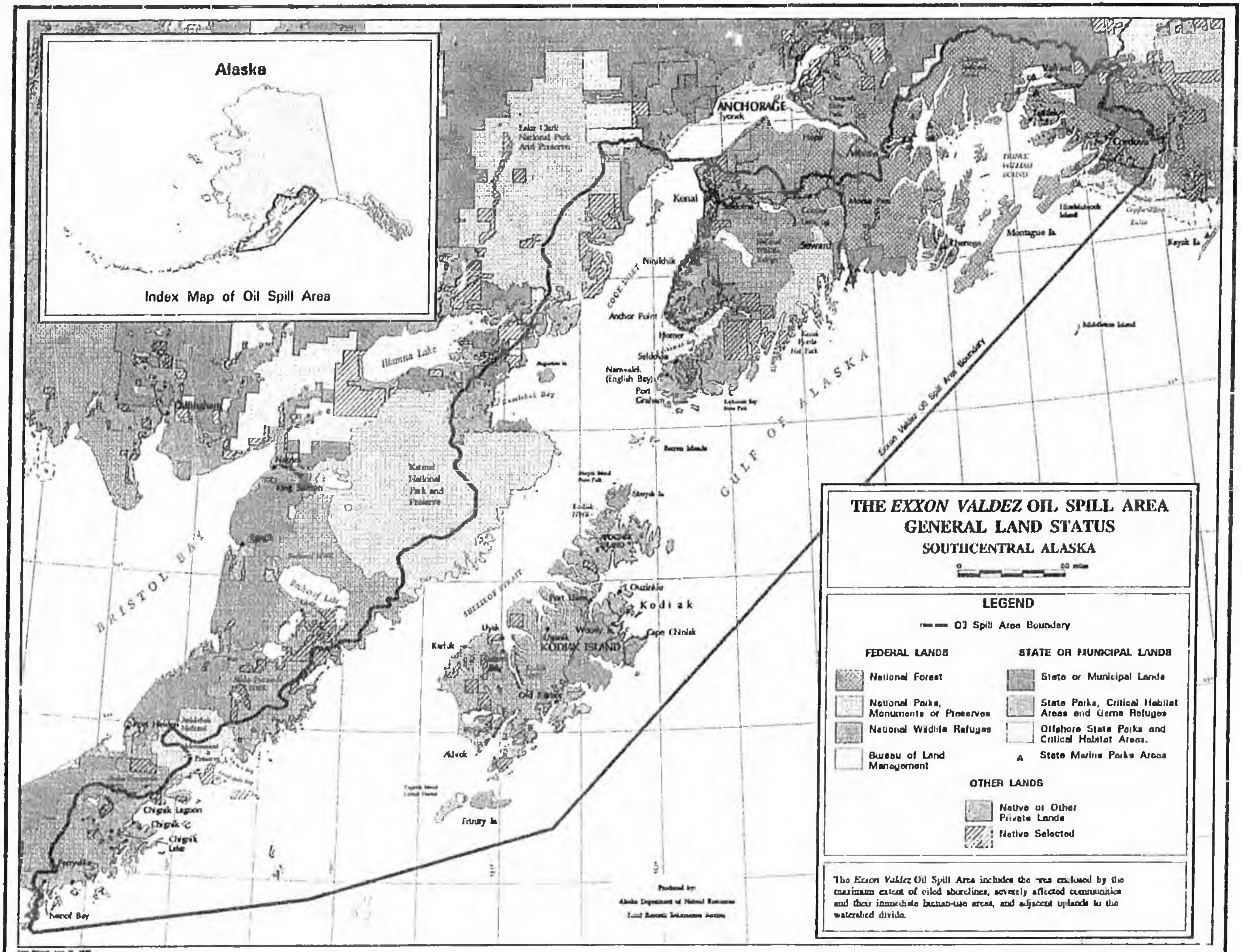
Torie Baker	Cordova	Commercial Fishing
Eleanore Huffines	Palmer	Commercial Tourism
Chip Dennerlein	Anchorage	Conservation
Pamela Brodie	Homer	Environmental
Howard Valley	Kodiak	Forest Products
Dave Cobb	Valdez	Local Government
Charles Totemoff	Anchorage	Native Landowner
Stacey Studebaker	Kodiak	Recreation User
Rupert Andrews	Juneau	Sport Hunt/Fish
Nancy Yeaton	Nanwalek	Subsistence
Charles Meacham	Juneau	Science/Academic
Chris Beck	Anchorage	Public at Large
Sheri Buretta	Anchorage	Public at Large
James King	Juneau	Public at Large
Brenda Schwantes	Kodiak	Public at Large

Ex-Officio Members

Sen. Loren Leman	Alaska State Senate
Rep. Mark Hodgins	Alaska House of Representatives


Alaska
Index Map of Oil Spill Area
ANCHORAGE
Tyonek
Kenai
Ninilchik
Anchor Point
Homer
Seldovia
Nanwalek (English Bay)
Port Graham
Seward
Cordova
Montague Is.
Kayak Is.
Middleton Island
Iliamna Lake
Kamishak Bay
Barren Islands
Shuyak Is.
Ouzinkie
Kodiak
Cape Chiniak
Port Lions
Karluk
Uyak
KODIAK ISLAND
Woody Is.
Old Harbor
Akhiok
Trinity Is.
King Salmon
Katmai National Park and Preserve
Lake Clark National Park And Preserve
Becharof Lake
Chignik Lagoon
Chignik
Chignik Lake
Perryville
Ivanof Bay
COOK INLET
SHELIKOF STRAIT
BRISTOL BAY
GULF OF ALASKA
Exxon Valdez Oil Spill Area Boundary
THE EXXON VALDEZ OIL SPILL AREA
GENERAL LAND STATUS
SOUTHCENTRAL ALASKA
0 50 miles
LEGEND
Oil Spill Area Boundary
FEDERAL LANDS
National Forest
National Parks, Monuments or Preserves
National Wildlife Refuges
Bureau of Land Management
STATE OR MUNICIPAL LANDS
State or Municipal Lands
State Parks, Critical Habitat Areas and Game Refuges
Offshore State Parks and Critical Habitat Areas.
State Marine Parks Areas
OTHER LANDS
Native or Other Private Lands
Native Selected
The Exxon Valdez Oil Spill Area includes the area enclosed by the maximum extent of oiled shorelines, severely affected communities and their immediate human-use areas, and adjacent uplands to the watershed divide.
Produced by:
Alaska Department of Natural Resources

House Resources Committee

February 12, 1998

Exxon Valdez Oil Spill Trustee Council

645 G Street #401, Anchorage, Alaska 99501-3451

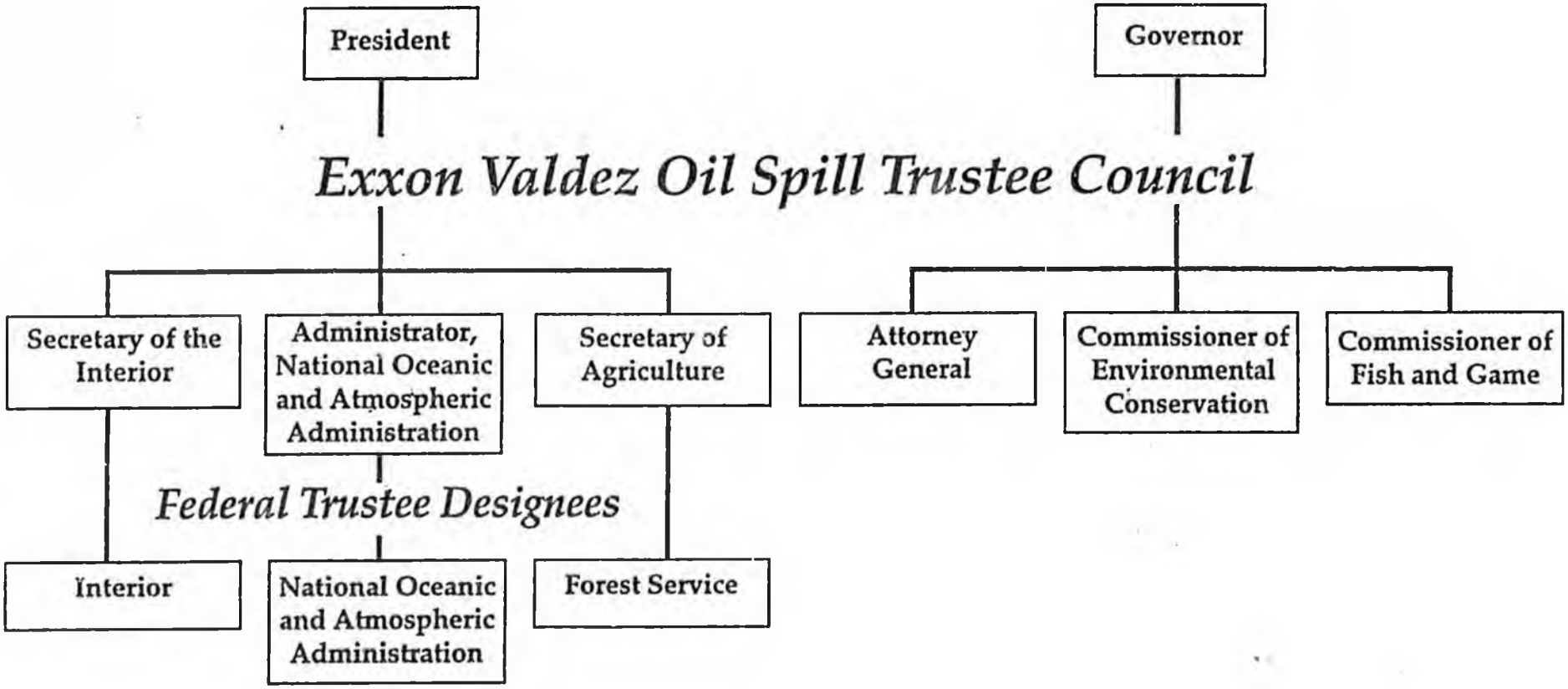
907/278-8012 fax: 907/276-7178

Purpose and Uses of the *Exxon Valdez* Oil Spill Civil Settlement

- Restoration funds must be used "...for the purposes of restoring, replacing, enhancing, or acquiring the equivalent of *natural resources* injured as a result of the Oil Spill and the reduced or lost *services* provided by such resources...."

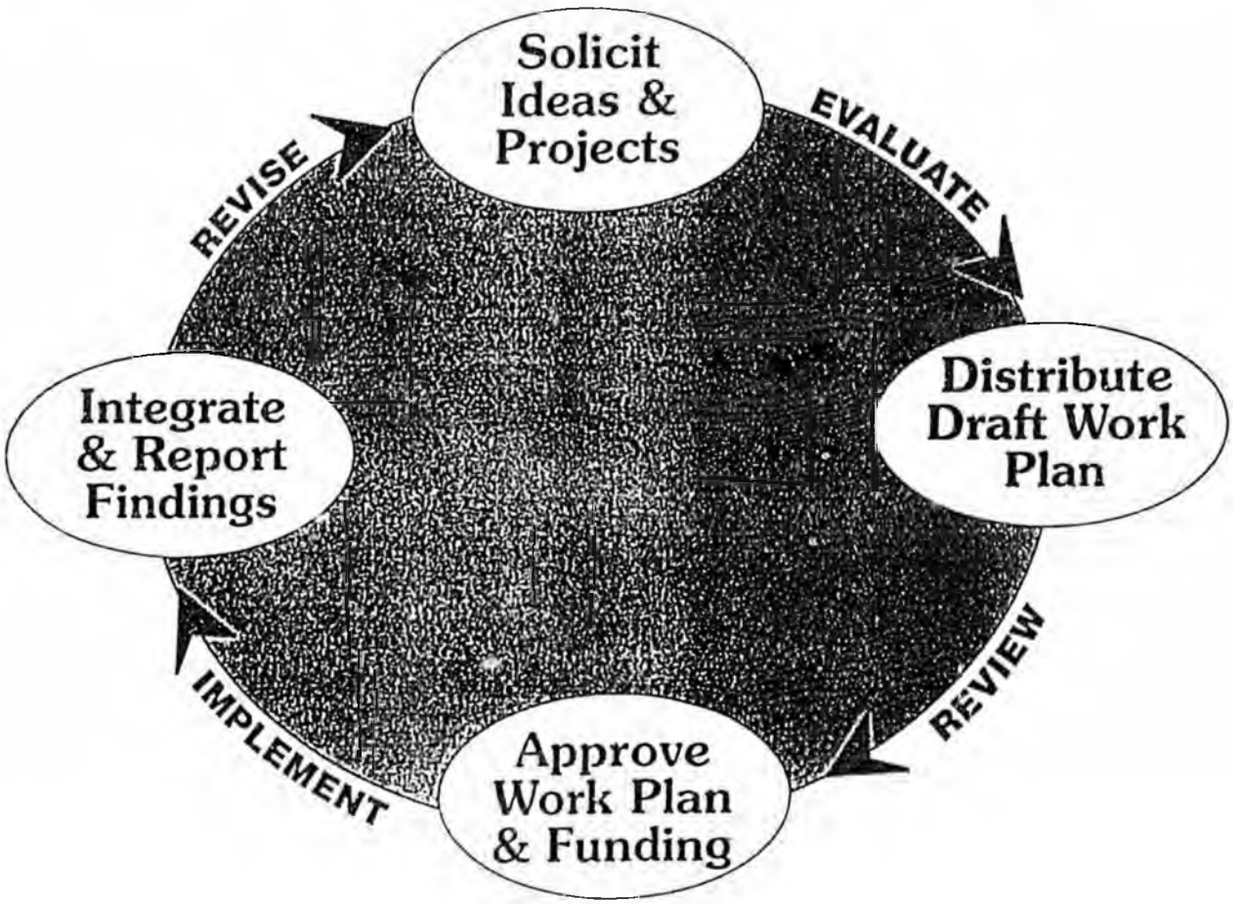
- Restoration funds must be spent on restoration of natural resources in Alaska unless the Trustees unanimously agree that spending funds outside of the state is necessary for effective restoration.

- All decisions made by the Trustees (such as spending restoration funds) must be made by unanimous consent.


President
Governor
Exxon Valdez Oil Spill Trustee Council
Secretary of the Interior
Administrator, National Oceanic and Atmospheric Administration
Secretary of Agriculture
Attorney General
Commissioner of Environmental Conservation
Commissioner of Fish and Game
Federal Trustee Designees
Interior
National Oceanic and Atmospheric Administration
Forest Service

Exxon Valdez Oil Spill Trustee Council

Adaptive Management Cycle



[*Note: This table is modified from p. 32 of the* Restoration Plan.]

Table 2. Resources and Services Injured by the Spill

INJURED RESOURCES				LOST or REDUCED SERVICES
Recovered Bald eagle	Recovering Archaeological resources* Common murres Intertidal communities** Mussels Pink salmon Sediments Sockeye salmon Subtidal communities	Not Recovered Cormorants (3 species) Harbor seal Harlequin duck Killer whale (AB pod) Marbled murrelet Pacific herring Pigeon guillemot Sea otter (in oiled west. PWS)	Recovery Unknown Black oystercatcher Clams Common loon Cutthroat trout Designated Wilderness areas Dolly Varden Kittlitz's murrelet River otter Rockfish	Commercial fishing Passive uses Recreation and Tourism including sport fishing, sport hunting, and other recreation uses Subsistence

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*Archaeological resources are not renewable in the same way that biological resources are, but there has been significant progress toward the recovery objective.

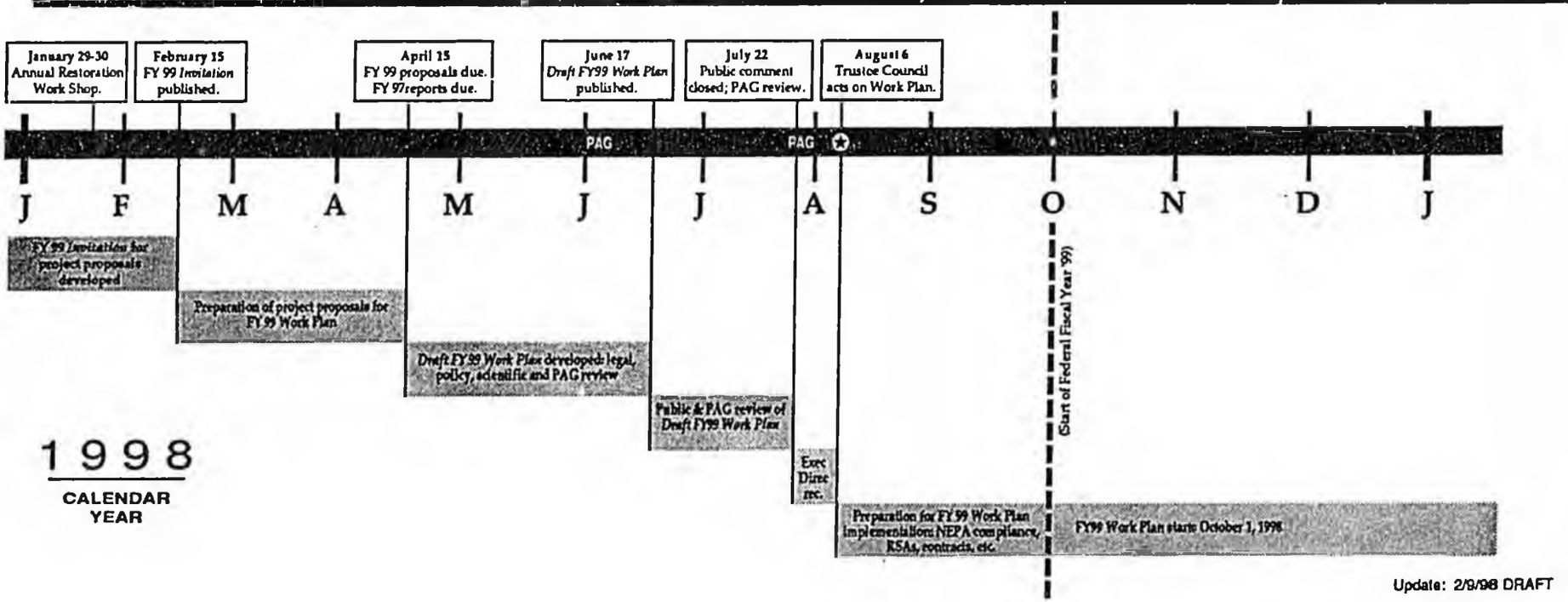
**Status of intertidal communities based largely on monitoring in sheltered rocky habitats in Prince William Sound; status of other intertidal habitats is less certain or unknown, though some recovery can be anticipated.

Amending the List of Injured Resources and Services. The list of injured resources and services will be reviewed as new information is obtained through research, monitoring, and other studies sponsored by the Trustee Council. In addition, information may be submitted to add to or otherwise change this list. This information can include research results, assessment of population trends, ethnographic and historical data, and supportive rationale. Information that has been through an appropriate scientific review process is preferable. If data have not been peer reviewed, they should be presented in a format that permits and facilitates peer review. Information to change the list will be reviewed through the Trustee Council's scientific review process.

Fiscal Year 1999 Annual Work Plan

January 29-30	Annual Restoration Workshop.
February 15	FY 99 *Invitation* published.
April 15	FY 99 project proposals due; FY 97 reports due.
May 28*	Executive Director, RWF, and 2 PAG representatives meet to develop *Draft FY 99 Work Plan.*
June 2*	PAG meeting to advise on priorities for *Draft FY 99 Work Plan.* PAG
June 17*	*Draft FY 99 Work Plan* published.
July 21*	Public hearing. End of formal public comment period on *Draft FY 99 Work Plan.*
July 22 *	PAG meeting to advise on *Draft FY 99 Work Plan* recommendation. PAG
July 23*	RWF meets to finalize recommendations on *Draft FY 99 Work Plan.*
August 6*	Trustee Council meeting to take action on *FY 99 Work Plan.*

* *tentative date*



Update: 2/9/98 DRAFT

Scientific Review
of the
***Exxon Valdez* Oil Spill Restoration Program**
[February 1998]

The grounding of the T/V *Exxon Valdez* in Prince William Sound, Alaska presented an enormous technical challenge to natural resource managers in Alaska. Documenting injury to natural resources and fostering their restoration across hundreds of miles of poorly studied coastline in a scientifically defensible manner are extremely difficult tasks, never before been undertaken on this scale. The *Exxon Valdez* Oil Spill Trustee Council has therefore sought the assistance of experts in an effort to generate sound scientific information to support their decisions regarding restoration of injuries caused by the oil spill. One of the guiding principles in the *Restoration Plan* is that: "Restoration projects will be subject to open, independent scientific review before Trustee Council approval." The goals of the review process are to ensure that studies sponsored by the Trustee Council (1) adhere to a high standard of scientific excellence, (2) have scientific objectives that are designed to provide information valuable for management decisions and restoration actions, and (3) use valid methods that will allow them to achieve these objectives.

The Trustee Council's Restoration Plan (November 1994) establishes that restoration of injuries following the *Exxon Valdez* oil spill will take an ecosystem approach to understanding the factors that control injured populations. It is the responsibility of the scientific review team to ensure that the individual projects in the annual work plan are well integrated and, as a whole, address key processes, resources and services in the northern Gulf of Alaska ecosystem.

The review process is conducted under the direction of the Chief Scientist, who calls upon a set of "core reviewers" and other special reviewers as needed to achieve these objectives. An Assistant Chief Scientist works with the Chief Scientist on a part-time basis, and a Science Coordinator on the Trustee Council staff serves as an in-house science advisor, and as a liaison among the Council, the Chief Scientist, and the investigators conducting scientific studies sponsored by the Council. The core reviewers, who are identified below, assist the Chief Scientist in providing overall scientific and technical direction to the research, monitoring, and restoration activities sponsored by the Trustee Council. They also review the results of restoration projects, provide recommendations to the Chief Scientist and Executive Director regarding research and monitoring needs, review proposals submitted to the Trustee Council, and assess progress of ongoing projects. Several of the core reviewers have been advising government representatives since the oil spill in 1989, and the continuity of their experience, in combination with the breadth of their knowledge, makes their scientific advice particularly valuable.

In addition, many special experts provide scientific reviews as needed to complement the expertise of the core reviewers and the Chief Scientist. There are more than 60 individuals from throughout North America who have been special reviewers, with expertise ranging from

microbiology to computer science. These individuals examine proposals, reports, or participate in special workshops as needed to maintain the scientific quality of research, monitoring, and restoration projects sponsored by the Trustee Council.

The peer review process is administered through a contract with Applied Marine Sciences, Inc. Most reviewers are paid for their services. Experience indicates that this is a fair practice that enhances the quality and timeliness of the scientific reviews. All reviewers are required to verify that they are free of potential conflicts of interest, because avoiding even the appearance of a conflict of interest is essential for providing unbiased and objective scientific support. Reviewers who accept compensation are required to maintain a valid business license from the State of Alaska.

Scientific review is carried out within the adaptive management process which guides the entire *Exxon Valdez* restoration program. Research and monitoring projects are reviewed and modified annually, taking into account each year's results and field experience. This is accomplished primarily through an annual cycle of reviewing proposals and reports. However, special workshops are convened as needed to focus extra attention on particular resources or groups of related projects. In addition, the scientific staff, core reviewers, and all principal investigators sponsored by the Trustee Council are required to participate in an annual restoration workshop, held in January, to review prior year results and to discuss program priorities and coordination for the future.

Core Reviewers: Biological Sciences

HANEY, CHRISTOPHER J. B.S, Southern College (1981); Ph.D, University of Georgia (1986). Employer - The Wilderness Society, Washington, D.C.; North Carolina State Museum of Natural Science, Raleigh. Specialities - pelagic ecology of seabirds, seabird ecology in the Bering Sea, biometrics. Special Honors - research fellow, guest investigator, Woods Hole Oceanographic Institution; visiting scientist, Russian Academy of Sciences. research biologist, Skidaway Institute of Oceanography, (1984-85); Wildlife Biologist, Alaska Fish & Wildlife Research Center (1986-87), research ecologist, LGL Alaska Research Associates, Inc. (1987-89); faculty member, School of Forest Resources at the Pennsylvania State University (1992-95).

MUNDY, PHILLIP R. B.S., University of Maryland (1970); M.S., Biology, University of Alabama at Tuscaloosa (1970); Ph.D., Fisheries, University of Washington (1979). Employer - self. Specialties - Salmon population biology, fisheries management. Marine ecosystem expertise - secondary and tertiary consumers. Special Honors - Active member of graduate faculties of University of Washington, Oregon State University & Montana State University; Member of the American Institute of Fisheries Research Biologists.

ROSE, GEORGE A. B.Sc. (Agr.), University of Guelph (1970); M.S., Laurentian University (1981); Ph.D., McGill University (1988). Employer - Senior Chair for Fisheries Conservation, Fisheries and Marine Institute, Memorial University of Newfoundland, St. John's. Specialties - Fisheries oceanography, acoustics, and ecosystem ecology and conservation of coastal ecosystems and fisheries. Special Honors - First recipient of Wilfred Templeman Memorial Award for outstanding contribution to Fisheries Science through publication in the Newfoundland Region (1992) and Scientific Program Leader of former OPEN and IFRP coastal ecosystem research programs.

PETERSON, CHARLES H. B.A., Princeton University (1968); Ph.D., University of California, Santa Barbara (1972). Employer - University of North Carolina at Chapel Hill. Specialties - marine ecology, community ecology, environmental problem solving, fisheries ecology, and biological oceanography. Marine Ecosystem Expertise - 3 years Chair of the Scientific Committee of GLOBEC (the US-initiated, international global change program designed to assess the impacts of changing global climate on marine ecosystems dynamics with special reference to fisheries dynamics); present service on the National Academy of Sciences NRC Panel on the Bering Sea Ecosystem; membership on the present Ecological Society ad hoc Committee on Ecosystem Management; membership on the Scientific Advisory Committee for OPEN (the Canadian fisheries oceanography program evaluating fisheries production in the Maritimes). Special Honors - award of NSF, Woodrow Wilson Society, Ford Foundation, Australian, and Japanese fellowships; appointment as Editor-in-Chief of *Oecologia* (1989-); senior editorial advisor of Marine Ecology Progress Series (1985-present); appointment to the North Carolina Marine Fisheries Commission (1985-87); appointment to and Vice Chair of the North Carolina Environmental Management Commission (1989-1995); and receipt of 23 years of continuous research support from NSF and NOAA.

Core Reviewers: Archaeology, Anthropology, and Subsistence

DUMOND, DON. B.A., University of New Mexico (1949); M.A., Mexico City College (1957); Ph.D., University of Oregon (1962); Employer - University of Oregon Museum of Natural History, Eugene; Specialties - Anthropology. Special Honors - elected full member, Society of Sigma Xi (1962); elected fellow, Arctic Institute of North America (1973); elected member, Electorate Nominating Committee, Section H, American Association for the Advancement of Science (1975-77); appointed member, Committee on Population and Health, World Nutrition Study, National Academy of Sciences and National Research Council (1976); elected Member at Large of the Section Committee Section H, American Association for the Advancement of Science (1979-83), elected member and (1982-83) chair. Nominations Committee American Anthropological Association (1981-83), appointed U.S. Delegate to the Permanent Council of the International Union of Anthropological and Ethnological Sciences (1981-90), appointed member, Ad Hoc Committee on the Status of Archaeologists within the American Anthropologist Association (1983-84), elected fellow, American Association for the Advancement of Science (1986).

WHEELER, POLLY C. B.A., Union College (1983); M.A.,University of Alaska-Fairbanks (1986); Ph.D., University of Alberta (1997). Employer - Wheeler and Ganley & Assoc. Specialities - subsistence, resource, and land policy in Canada and Alaska. Executive Director, Alaska Sea Otter Commission (1993-96); senior researcher, Tanana Chiefs Conference, Inc. (1991-93); research analyst, Fairbanks North Star Borough (1990-91); instructor, Dept. of Rural Development, Anthropology Northern Studies, University of Alaska Fairbanks (1989-1995). Special Honors - fellowships from Province of Alberta, Boreal Institute for Northern Studies, Alaska Anthropological Association, University of Alaska, and Union College.

Scientific Staff

SPIES, ROBERT B., CHIEF SCIENTIST. B.S., St Mary's College (1965); M.S., University of the Pacific (1969); Ph.D., University of Southern California (1971). Employer - Applied Marine Sciences, Inc. Specialties - marine pollution, effects of petroleum on marine organisms, benthic ecology. Special Honors - participant, National Research Council Workshop on Coastal Science and Policy Interactions in the U.S.; past editor, *Marine Environmental Research*; member, scientific review boards, U.S. EPA Environmental Monitoring and Assessment Program, NOAA National Status and Trends Program, Minerals Management Service Gulf of Mexico Research Program, Southern California Coastal Water Research Project; member, Board of Directors, Alaska SeaLife Center, Seward; member, Board of Directors, Romberg Tiburon Centers, San Francisco State University.

GUNTHER, ANDREW J., ASSISTANT CHIEF SCIENTIST (part-time). B.A., Amherst College (1978), M.S. (1982) and Ph.D. (1987), Energy and Resources, University of California, Berkeley. Employer - Applied Marine Sciences, Inc. Specialities - estuarine and marine pollution, environmental chemistry, application of scientific information to environmental management. Staff member, California Assembly Committee on Natural Resources (1979-80); Research Director, Citizens for a Better Environment (1982-83); environmental scientist, Aquatic Habitat Institute (1987-91); manager, Regional Monitoring Program for Toxic Substances in the San Francisco Estuary (1993-present).

SENNER, STANLEY E., SCIENCE COORDINATOR. B.A., Bethel College, Kansas (1973); M.S., University of Alaska Fairbanks (1977). Employer - *Exxon Valdez* Oil Spill Trustee Council. Specialties - ornithology, particularly migration ecology and food habits; conservation and natural resources policies. Research assoc., UAF Inst. Arctic Biology (1977); prof. staff member, U.S. House of Rep. Committee on Merchant Marine and Fisheries (1979-82); executive director, Hawk Mountain Sanctuary Association (1982-90); affil. research assoc., Acad. of Natural Sciences of Philadelphia (1984-90); co-chair, *Exxon Valdez* Restoration Planning Work Group (1990-92); director, Migratory Bird Conservation Program, Natl. Audubon Society (1992-94). Special Honors - Chair (1986-92), U.S. Sec., Internatl. Council for Bird Preservation; elective member, American Ornithologist' Union (1990); first recipient of the M.E. "Pete" Isleib Award for Bird Conservation in Alaska (1994); and service on many boards and committees.

Large Parcel Program
Status as of February 5, 1998

Status of Large Parcel Acquisitions (February 5, 1998)

Parcel Description	Acreage	Coastal Miles[3]	Salmon Rivers[4]	Total Price	Trustee Council Contribution
Acquisitions Complete					
Kachemak Bay State Park inholdings	2?,800	37	3	$22,000,000	$7,500,000
Seal Bay/Tonki Cape	41,549	112	5	$39,549,333	$39,549,333
Orca Narrows (timber rights)	2,052		2	$3,650,000	$3,650,000
Akhiok-Kaguyak	118,674	202	39	$46,000,000	$30,000,000
Old Harbor[1]	31,609	183	13	$14,500,000	$11,250,000
Koniag (fee title)	59,689	41	11	$26,500,000	$19,500,000
Koniag (limited easement)	57,082			$2,000,000	$2,000,000
Shuyak Island	26,665	31	8	$42,000,000	$42,000,000
Chenega	59,520	190	45	$34,000,000	$24,000,000
English Bay[5]	32,537	123	31	$15,371,420	$14,128,074
Subtotal:	453,177	919	157	$245,570,753	$199,577,407
Offers Pending					
Tatitlek	69,814	212	50	$34,550,000	$24,550,000
Eyak	75,425	189	80	$45,000,000	$45,000,000
TOTAL:	598,416	1,320	287	$325,120,753	$269,127,407
Negotiations Continuing					
Afognak Joint Venture	46,300			$70,000,000	$70,000,000
Koniag (fee title)[2]					
Total Acreage to be Protected:	644,716				

1. As part of the protection package, the Old Harbor Native Corporation agreed to protect an additional 65,000 acres on Sitkalidak Island as a private refuge.
2. Negotiations with Koniag concern fee title to the 57,082 acres that are currently protected under a limited conservation easeme
3. Approximate miles of coastline.
4. Approximate number of anadromous rivers, streams and spawning areas.
5. A small fraction of the total acquition (2,901 acres) is still pending a second closing.

Small Parcel Status Report
February 5, 1998

Status of Small Parcel Acquisitions and Offers (February 5, 1998)

Parcel ID	Description	Acres	Value	Status
Acquisitions Completed		**3,560.2**	**$12,877,700**	
PWS 11	Horseshoe Bay	315.0	$475,000	
PWS 17, 17A-D	Ellamar Subdivision	33.4	$655,500	
PWS 52	Hayward Parcel	9.5	$150,000	
KEN 10	Kobylarz Subdivision	20.0	$320,000	
KEN 19	Coal Creek Moorage	53.0	$260,000	
KEN 29	Tulin Parcel	220.0	$1,200,000	
KEN 34	Cone Parcel	100.0	$600,000	
KEN 54	Salamatof Parcel	1,377.0	$2,540,000	
KEN 55	Overlook Park	97.0	$279,000	
KEN 148	River Ranch	146.0	$1,650,000	
KEN 1005	Ninilchik	16.0	$50,000	
KEN 1006	Girves Parcel	110.0	$1,835,000	
KEN 1014	Grouse Lake	64.0	$211,000	
KEN 1015	Lowell Point	19.4	$531,000	
KEN 1038	Roberts Parcel	3.3	$698,000	
KEN 1049	Mansholt Parcel (Kenai River)	1.6	$55,000	
KAP 91	Adonga Parcel (Sitkalidak Strait)	137.0	$137,000	
KAP 98	Pestrikoff Parcel (Sitkalidak Strait)	80.0	$128,000	
KAP 99	Shugak Parcel (Kiliuda Bay)	160.0	$155,200	
KAP 101	Haakanson Parcel (Sitkalidak Strait)	80.0	$52,000	
KAP 103	Kahutak Parcel (Sitkalidak Strait)	40.0	$66,000	
KAP 105/142	Three Saints Bay	88.0	$168,000	
KAP 114	Johnson Parcel (Uyak Bay)	55.0	$154,000	
KAP 115	Johnson Parcel (Uyak Bay)	65.0	$110,500	
KAP 131	Matfay Parcel (Kiliuda Bay)	40.0	$68,000	
KAP 132	Peterson Parcel (Sitkalidak Strait)	160.0	$256,000	
KAP 135	Capjohn Parcel (Kiliuda Bay)	70.0	$73,500	
Purchase Agreements Signed		**3,435.1**	**$4,464,300**	
Kenai Natives Assoc. Package (Stephanka/Moose R.)		3,254.0	$4,000,000	Add'l $430,000 from fed. restitution fund; on hold(shareholder lawsuit).
KEN 1051/52	Salamatof Native Assn.(Kenai NWR)	21.1	$183,000	
KAP 1055	Abston Parcel (Uyak Bay)	160.0	$281,300	
Offers Under Review		**324.7**	**$3,239,100**	
KEN 12	Baycrest	90.0	$500,000	
KEN 1009	Cooper Parcel	30.0	$48,000	
KEN 1034	Patson Parcel	76.3	$375,000	Discussions continue.
KEN 1060A-D	Mud Bay (Homer Spit)	68.7	$422,100	
KEN 1061	Beluga Slough (Homer Spit)	38.0	$574,000	City of Homer to add $41,000.
KAP 220	Mouth of Ayakulik River	5.4	$80,000	
KAP 226	Karluk River Lagoon	16.3	$240,000	
Kodiak Island Borough Tax Parcels			$1,000,000	Appraisals being reviewed.
	TOTAL:	***7,320.0***	***$20,581,100***	

Habitat Protection and Recreation Projects, continued

27 Grouse Lake **$211,000**
64 acre recreational site along western shore of Grouse Lake. Acquistion complete.

28 Lowell Point **$531,000**
19.4 acres includes 700 feet of shoreline popular for hiking, kayaking, beachcombing and fishing. Offer under review.

29 Alaska SeaLife Center **$24,900,00**
Partial funding of this $50.5 million center in Seward, due to open in 1998. Also $12.5 million from state criminal funds.

30 Halibut Campground **$300,000**
New 20-unit campground in the Anchor River area. (ADNR)

31 Beluga Slough Trail **$300,000**
Trail construction for wildlife viewing, interpretation, benches in Homer slough. (ADNR)

32 *Mud Bay Boardwalk* ***$150,600***
Construct boardwalk and viewing decks on Mud Bay at base of Homer Spit. (ADNR)

33 Kachemak Bay State Park Improvements *(ADNR)*

Campsites ***$60,000***
21 new campsites throughout the park with tent platforms, food caches, fire rings and toilets.

Public Use Cabins ***$200,000***
5 new public use cabins for Halibut Cove, Leisure Lake, Moose Valley, Sadie Cove.

Trail System ***$310,000***
Construct hiking trails in Kachemak Bay State Park.

Mooring Buoys ***$20,000***
New buoys in Tutka, China Poot, Mallard Bays and Halibut Cove areas.

Grewingk Creek Bridge ***$100,000***
Suspension bridge to link popular areas of the park and the trail system.

Cabin Acquisitions ***$350,000***
Acquire 5 private cabins suitable for public use.

34 Halibut Cove Lagoon Dock **$190,000**
Construct public dock in Halibut Cove for access to Kachemak Bay State Park. (ADNR)

35 Port Graham Coho Project **$438,800**
Restore the natural run of coho in Port Graham area stream to improve subsistence harvest. (DCRA)

36 Nanwalek Sockeye Project **$424,000**
Sockeye salmon project on English Bay River provides a subsistence resource and restores a natural run. (DCRA)

37 Resurrection Bay Cabins **$159,000**
Construct cabins, buoys, trails and latrines in Thumb Cove. (ADNR)

38 Caines Head Alpine Trail **$50,000**
Construct hiking trail from North Beach to alpine area. (ADNR)

39 Resurrection Bay Trail **$200,000**
Develop day use parking, beach trailhead and interpretive exhibits. Requires acquistion of 20 acres and is subject to negotiation with landowners. (ADNR)

40 Interpretive Displays **$40,000**
Construct interpretive exhibits at Kenai Fjords Visitor Center and at SeaLife Center. (ADNR)

41 Darling Parcel **$35,000**
99 acre parcel along the Snow River in the Chugach National Forest. Acquisition complete. (USFS)

Science, Subsistence and Archaeology

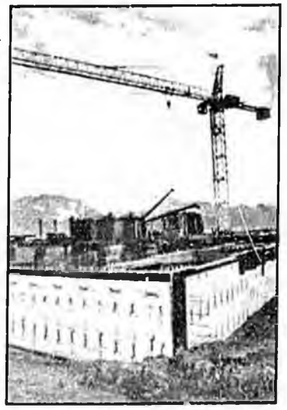
The following symbols represent science, subsistence and archaeology projects funded by the Trustee Council from Exxon civil funds. The numbers are the actual file numbers for each of the projects.

007 Archaeological Site Monitoring
Monitoring of archaeological sites on public land injured by vandalism and oiling.

052 Community Involvement/Traditional Ecological Knowledge
Community facilitators in Port Graham, Nanwalek, Seldovia, Seward and six other communities in spill region serve as liaisons between the Trustee Council, researchers, and communities.

131 Clam Restoration
Pilot project to establish subsistence clam populations near Native villages in the oil spill region. The Cutekcak hatchery in Seward is rearing littleneck clams to be seeded near Nanwalek and Port Graham. Success could lead to similar clam seeding near other communities.

139 Port Dick Creek Restoration
Port Dick Creek restoration will increase spawning habitat to strengthen native salmon stocks.



Construction of the Alaska SeaLife Center in Seward got underway this summer with opening scheduled for May 1998.

144 Common Murre Population Monitoring
This project provides information about common murre recovery by counting murres at Barren Islands.

149 Archaeological Site Stewardship
Provides training and coordination for volunteers in Port Graham and Nanwalek to monitor vandalized sites in the oil spill area. Vandalism was a serious problem after the spill. Long term protection and restoration will be most successful if undertaken by local people.

163 APEX - Alaska Predator Ecosystem Experiment
This project compares reproductive abilities and diets of seabirds in Prince William Sound with similar data from Cook Inlet, considered a more suitable food environment.

180 Kenai Habitat Restoration/ Recreation Enhancement
Approximately 19 miles of the Kenai River's 166 miles of shoreline have serious habitat loss. Public lands have 5.4 miles of degraded shoreline. This 3-year project restores and protect ssalmon habitat on public lands.

210 Youth Area Watch
Involves local youth with ongoing restoration projects, giving them the skill and knowledge to participate in restoration activities now and in the future.

225 Port Graham Pink Salmon Subsistence Project
Enhances the Port Graham hatchery's ability to produce pink salmon for subsistence purposes. Because local runs of coho and sockeye salmon are at low levels, subsistence users are relying more on pink salmon.

244 Community Based Harbor Seal Management
Biological sampling of harbor seals is being done in Prince William Sound and Lower Cook Inlet. Village technicians in Port Graham, Seldovia, Nanwalek and six other communities are trained by the Harbor Seal Commission to collect samples for analysis.

255 Kenai River Sockeye Genetics
Five-year project identified genetic differences in Cook Inlet sockeye salmon. Information provided by this project is being used by fisheries managers to modify fishing areas and openings in order to improve management of Kenai River and other Upper Cook Inlet sockeye salmon stocks.

258 Sockeye Overescapement
Four-year project has produced scientific evidence to help evaluate the effects of overescapement.

263 Assessment, Protection, Enhancement of Salmon Streams
Provides inventory and assessment of four major salmon streams in Lower Cook Inlet with intent to improve habitat for better spawning success.

Trampling of the river banks due to fishing pressure results in erosion and loss of habitat.

KENAI PENINSULA

Exxon Valdez settlement funds benefit peninsula residents and visitors

Habitat protection

Research/Restoration

Subsistence

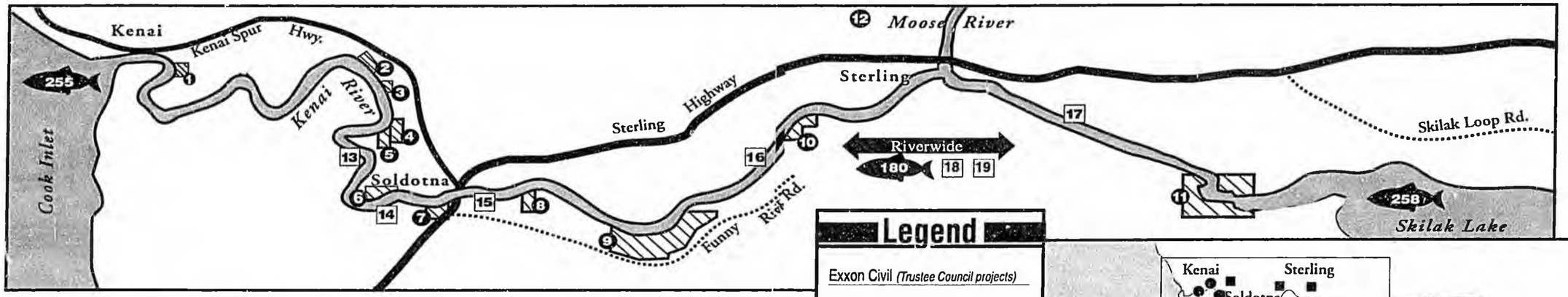
Commercial fishing

Archaeology

Recreation

9/15/96

Exxon Valdez Oil Spill Trustee Council



Habitat protection, recreation and scientific research

Exxon civil, criminal penalties to provide long-term benefits for Kenai Peninsula

Alaskans who take part in outdoor activities on the Kenai Peninsula are starting to see the benefits from dozens of projects funded by the Exxon Valdez criminal and civil settlements. If you enjoy a wilderness retreat in Kachemak Bay State Park, take part in the bounty of the Kenai River, tour the Alaska Sea Life Center in Seward, or set up camp along the Anchor River, you will find better facilities, better fishing success and more educational opportunities due to the many programs made possible by these funds.The following projects are in various stages of completion. Many acquisition projects depend on successful negotiations with the private land owners. Trustee Council projects (civil settlement) are in black. Projects using state or federal criminal settlement funds are shaded in gray.

Civil Settlement

The Exxon Valdez Oil Spill Trustee Council, funded by the $900 million civil settlement with Exxon, was created to help restore natural resources injured by the spill through habitat protection and scientific studies. This fund is limited to restoration activities in the oil spill region.

Criminal Settlement

The State of Alaska received half of the $100 million criminal restitution resulting from the spill. This money has been designated for many uses in the spill region, including recreational facilities, interpretive programs and habitat improvements on the Kenai River. Federal agencies are also using some of their $50 million criminal fund on Kenai Peninsula projects.

1 Cone Parcel **$600,000**
100 acres near the mouth of the river along the Kenai River flats. Acquistion complete.

2 Oberts Parcel (The Pillars)
30-35 acres with 1400 feet of undisturbed shoreline in vital habitat area. Appraisal under review.

3 Oberts Parcel (Honeymoon Cove)
4.22 acres of undisturbed shoreline in high-impact recreational area. Appraisal under review.

4 Oberts Parcel (Big Eddy)
31.7 acres with about 1,200 feet of riverbank adjacent to the Kobylarz Parcel. Appraisal under review.

5 Kobylarz Parcel **$320,000**
20 acres with 1100 feet of riverbank frontage located on the Kenai River at Big Eddy. Offer accepted.

6 Girves Parcel **$1,835,000**
110 acres in a high use area of Soldotna. Acquisition complete.

7 Schilling Parcel
5.9 acres at confluence of the Kenai River and the Sterling Highway. Offer from landowner under consideration.

8 Patson Parcel **$375,000**
76 acres on the Kenai River by the Soldotna Airport with 1/4-mile of river frontage. Offer under consideration.

9 Salamatof Parcel **$2,540,000**
1,377 acres on the Kenai River with approximately 2 miles of riverbank frontage. Offer accepted.

10 River Ranch Parcel **$1,650,000**
146 acres with more than one mile of Kenai River Frontage. Offer under consideration.

11 Stephanka Parcel
803 acres with 2-3 miles of Kenai River frontage. Part of the KNA package below.

12 Kenai Natives Association **$4,000,000**
Acquiring 3,4254 acres in the Kenai River/Moose River drainage area north of the Sterling Highway. Package received Congressional approval.

13 Slikok Creek Access **$265,000**
Ladders and boardwalks to and along river for fishing access, interpretive displays. (ADNR)

14 Habitat Restoration **$50,000**
Contribution toward project to restore and protect severely damaged riparian habitat at Riverbend Campground. (ADF&G)

15 Soldotna Creek Park **$300,000**
Restoration of heavily damaged park at Soldotna Creek. Includes elevated grate walk, vegetated biogrid, rootwad installation, bank revegetation. (ADF&G)

16 Morgan's Landing Access **$50,000**
Ladders and boardwalks to and along river for fishing access, interpretive displays. (ADNR)

17 Bing's Landing Access **$200,000**
Ladders and boardwalks to and along river for fishing access, interpretive displays. (ADNR)

18 Private Waterfront Projects **$60,000**
Small-scale demonstration projects, restoration and protection of riparian habitat on Kenai River frontage parcels using elevated walks, bio-engineering, revegetation, with monitoring. (ADF&G)

19 Public Lands Protection **$250,000**
Restoration of public riverbank damaged by use: Endicott sonar site, Kenai Keys site, Slikok Park, Centennial Park, the Sportsman's Lodge site, Crechanski, and various campsites. (ADF&G)

Legend

Exxon Civil *(Trustee Council projects)*

28 *habitat protection*

149 *community/subsistence*

Salmon, seabird, harbor seal and clam research projects

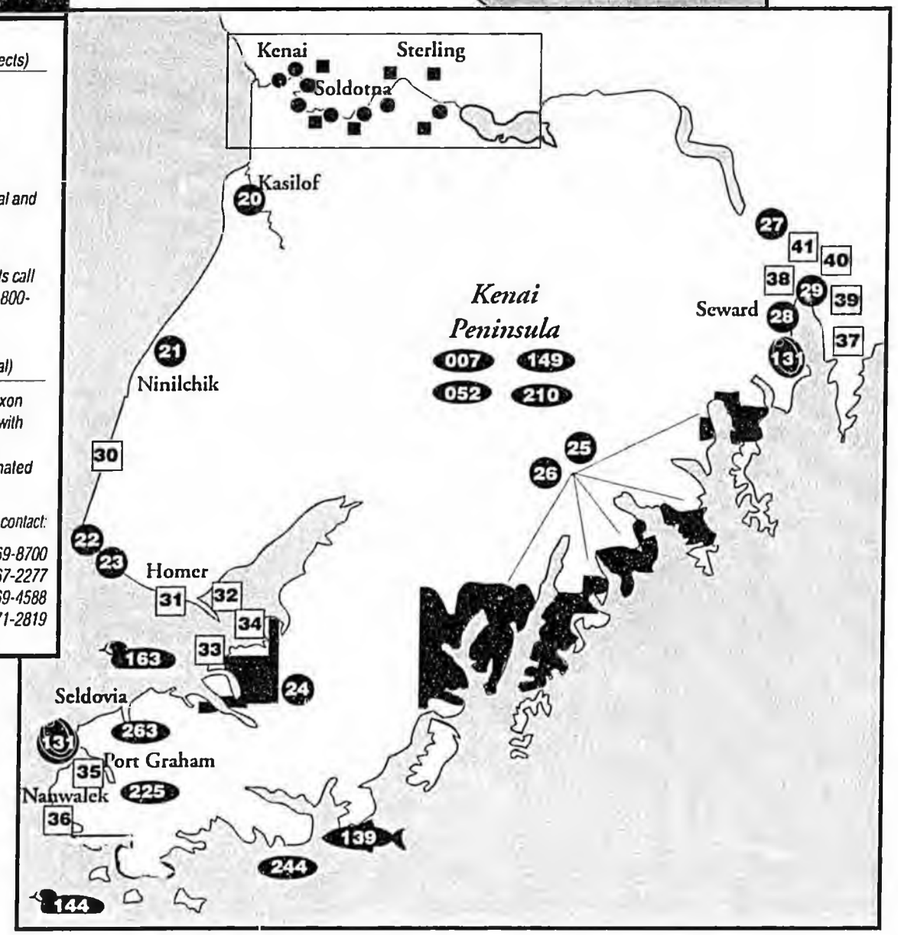
For more information on these projects call the Restoration Office at 278-8012 or 800-478-7745.

Exxon Criminal *(State and Federal)*

36 *Each project funded by the Exxon criminal settlement is marked with gray shaded squares. The agency responsible for each project is designated at the end of the project description.*

For more information on these projects contact:

ADNR (Division of Parks)	*269-8700*
ADF&G (Habitat Division)	*267-2277*
DCRA	*269-4588*
USFS	*271-2819*



20 Coal Creek **$260,000**
53 acres located at the confluence of Coal Creek and Kasilof River. Offer accepted.

21 Cooper Parcel **$48,000**
The Ninilchik River flows through this 20 acre parcel two miles upstream from mouth. Offer under consideration.

22 Tulin Parcel **$1,200,000**
220 acres with 3/4 mile of shoreline and 1/4 mile along Diamond Creek. Acquisition complete.

23 Overlook Park **$244,000**
97 acres just below scenic overlook, with 3/4 mile of shoreline near tidal pools. Offer under consideration.

24 Kachemak Bay State Park **$7,500,000**
Provided partial funding of $22 million package to acquire 23,800 acres of park inholdings. Acquisition complete. Criminal fund provided another $7 million and state's settlement with Alyeska provided $7.5 million.

25 English Bay
Possible purchase of 33,000 acres along the south shore of the Kenai Peninsula. Discussions ongoing.

26 Port Graham
Possible conservation easements and purchase of 46,170 acres along the south shore of the Kenai Peninsula. Discussions ongoing.

Continued on Page 6

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

RESTORATION UPDATE

January-February 1998

Volume 5 Number 1

Trustees approve archaeology plan

Proposals to be solicited for Chugach Region repository and display facilities

The Trustee Council agreed recently to seek proposals for development of a regional archaeological repository and several local community-based display facilities in the Chugach region. The move comes after more than a year of working with communities to develop an archaeological plan for Prince William Sound and some lower Kenai Peninsula communities.

The Trustee Council allocated $2.8 million to create archaeological facilities to serve eight communities in the Chugach region: Valdez, Cordova/Eyak, Chenega Bay, Tatitlek, Seward, Seldovia, Port Graham and Nanwalek. The plan calls for each community to have display facilities for locally-significant artifacts, which would be served by a single repository in the region.

The repository would be located in one of the eight communities with funding up to $1 million. The remaining seven communities would share $1.6 million to establish museum-quality exhibits. Up to $200,000 would be provided to create a traveling display.

Photo by Roy Corral

TAG member Brenda Schwantes and Community Facilitator Margaret Roberts, both of Kodiak, check out the exhibits at the Alutiiq Museum.

The idea for such facilities has been discussed for the

See Archaeology Plan, Page 2

ARLIS opens, expands research horizons

Photo by Joe Hunt

Ribbon cutters to inaugurate the new ARLIS are from left to right, Mayor Rick Mystrom, Trustee Deborah Williams, Sen. Ted Stevens, Lt. Gov. Fran Ulmer, U.S. Fish and Wildlife Service Regional Director Dave Allen, and University of Alaska Anchorage Chancellor Lee Gorsuch.

Alaska's natural resources libraries contain a wealth of knowledge just waiting to be tapped, according to Sen. Ted Stevens and others who spoke at the ribbon cutting ceremonies for a new consortium of libraries in Anchorage.

Eight libraries focusing on the natural resources of Alaska have joined to become one, creating a one-stop research facility for fish, wildlife, and land-use issues in Alaska. The Alaska Resources Library and Information Services (ARLIS) brings together libraries of state and federal agencies as well as the University of Alaska Anchorage to create one integrated system dedicated to natural resource information.

The new consortium is just the beginning, Sen. Stevens told a large crowd gathered for the grand opening ceremonies. ARLIS is a prototype for the nation as libraries enter a

See ARLIS, Page 3

Archaeology Plan

Continued from Page 1

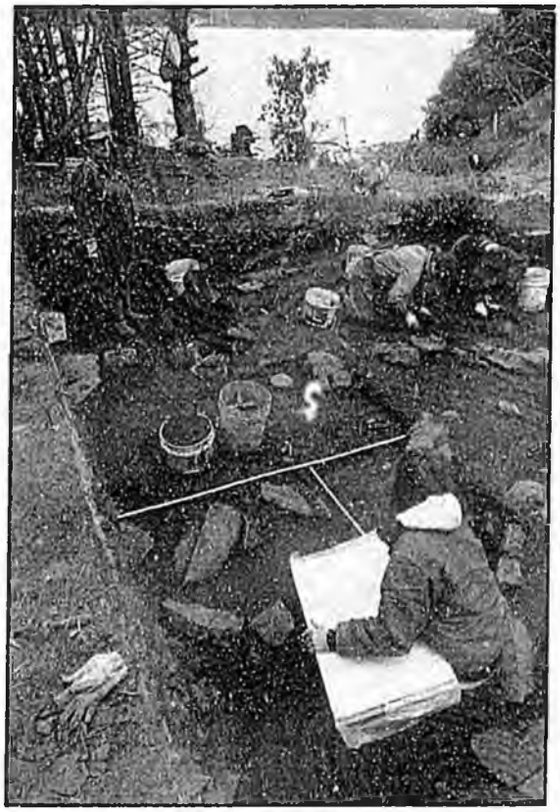


Photo by Roy Corral

An archaeological dig in the Kodiak region, sponsored in part by the Alutiiq Museum. Exhibits and a repository for the lower Kenai Peninsula and Prince William Sound regions could lead to similar archaeological activities for those areas.

last three years. It's hoped that good archaeological facilities could do for the Chugach and lower Cook Inlet regions what the Alutiiq Museum has done for the Kodiak Island communities. The Alutiiq Museum, funded with $1.5 million provided by the Trustee Council, is part of a revival in cultural awareness in the Kodiak region. Professional repository facilities allow proper care and preservation of cultural artifacts while the attached museum teaches visitors about the indigenous people of the region.

In years to come, it's hoped that visitors to Prince William Sound and the lower Kenai Peninsula will find similar facilities, teaching valuable lessons on how the earliest residents of the Chugach and lower Cook Inlet regions once lived. Ancient artifacts would be on display in each community and the climate-controlled repository, operated by trained curators, would help coordinate archaeological activities in the region.

The Restoration Office will soon begin seeking proposals for the regional repository and display facilities. A repository and the satellite display facilities must be sustainable once it's established, said Craig Tillery, trustee designate from the Department of Law. Any proposal must show that the facility can generate the funds for long-term maintenance and operation, he said.

Trustee Deborah Williams thanked the many people who have been working on this effort. "I know this has been a hard process," Williams said. "We look forward to some good proposals and we look forward to doing this."

Habitat, recreation winners in small parcel acquisitions

The Trustee Council's decision to acquire two Kodiak Island parcels has made it possible for a non-profit group to conclude acquisition of 32 additional parcels on western and southern parts of the island.

The Council agreed December 18 to acquire 5.4 acres at the mouth of the Ayakulik River and 16.34 acres on the Karluk River lagoon for the appraised amounts of $80,000 and $240,000 respectively. This was the last step necessary to allow The Conservation Fund to finalize a package totaling 34 properties and 430 acres, all within the Kodiak National Wildlife Refuge.

Funding for the properties was provided by a diverse group of partners, including Anheuser-Busch, Camp Fire Conservation Fund, the Kodiak Brown Bear Trust, the National Rifle Association, Safari Club International, the Orvis Company, the Land and Water Conservation Fund and several others.

The coastal properties to be acquired are valued as habitat for brown bear, salmon, bald eagles, and waterfowl. They are popular areas for hunting and fishing, said Brad Meikeljohn, Alaska representative for The Conservation Fund. "We wanted to protect the habitat values for which Kodiak is famous and ensure that people could reach these areas without trespassing," Meikeljohn said.

The Trustee Council also approved acquisition of 21 acres along the north bank of the Kenai River for the appraised value of $183,000. The property, offered by the Salamatof Native Association, is located at River Mile 26, across the river from the 1,377-acre parcel Salamatof sold last year.

The Kenai National Wildlife Refuge plans to develop the properties as public fishing sites while protecting riverbank habitat. The plan calls for installation of light-penetrating metal gratewalks for fishing access, along with public parking and sanitation facilities.

The Trustee Council also made an offer of $500,000 for a 90-acre parcel on the bluff overlooking Homer and the Homer Spit. The Baycrest property is adjacent to the Overlook Park property recently acquired with Trustee Council funds. Both properties would be managed by the state for habitat protection and public recreation.

new age of information services, he said. Stevens predicted that in the near future, vital information that will lead to discoveries of oil and mineral deposits will be available in every home with a computer.

"There's not another state in the union that has this concept," he said. "I hope you all see the big picture. This is not just bringing together a bunch of libraries and saving some money. This is the start of bringing together resources and the information age to change the way we do research and the way we make decisions."

Ken Thompson, president of Arco Alaska, put the exclamation point behind Sen. Steven's prediction. It was the information gathered at these resource libraries that helped uncover the Alpine oil field, he said, which was the largest land-based oil deposit discovered in the United States this decade.

Researchers found decades-old field notes, maps, aerial photos, satellite images, habitat information, critical wildlife records, and hydrological data, all used in the development of Alpine, he said. "This kind of information, literally, is invaluable, especially the way you now have it housed here," Thompson said.

ARLIS not only saves money, but opens some agency libraries to the public for the first time.

"This is a common sense move for Alaska," said Deborah Williams, special assistant to the Secretary of Interior for Alaska, who chaired the two-year planning effort. "It's what re-inventing government is all about."

Vice President Al Gore's Hammer Award for innovation in re-inventing government was presented just prior to the grand opening ceremonies. The award recognizes new standards of excellence achieved by teams helping to re-invent government. The $6 framed hammer symbolizes the Vice President's answer to the $600 hammer of yesteryear's government.

"Sure it saves money, but what is really important is that it makes government work better," said Jody Kusek, Department of the Interior's representative to the government re-invention process.

Faced with tightening budgets that resulted in loss of staff and possible closure, the librarians crossed agency lines and came up with the idea of joining and consolidating in order to economize on staff and operations. The librarians organized under the motto: "Adapt, migrate or die."

"They were a group of folks with no money, no authority, no directive, and they just didn't let anything stop them," said Barbara Sokolov, director of the UAA library.

The libraries of the U.S. Fish and Wildlife Service, the U.S. Geological Survey, the National Park Service, the Minerals Management Service, the Bureau of Land Management, the Alaska Dept. of Fish and Game, UAA's Arctic Environmental Information and Data Center, and the Oil Spill Public Information Center are now housed under ARLIS's one roof. In addition, 10 agencies that depend on the natural resources collection at the library each contributed funds.

ARLIS is located at 3150 C Street, Suite 100, in Anchorage, adjacent to Magnum Electronics.

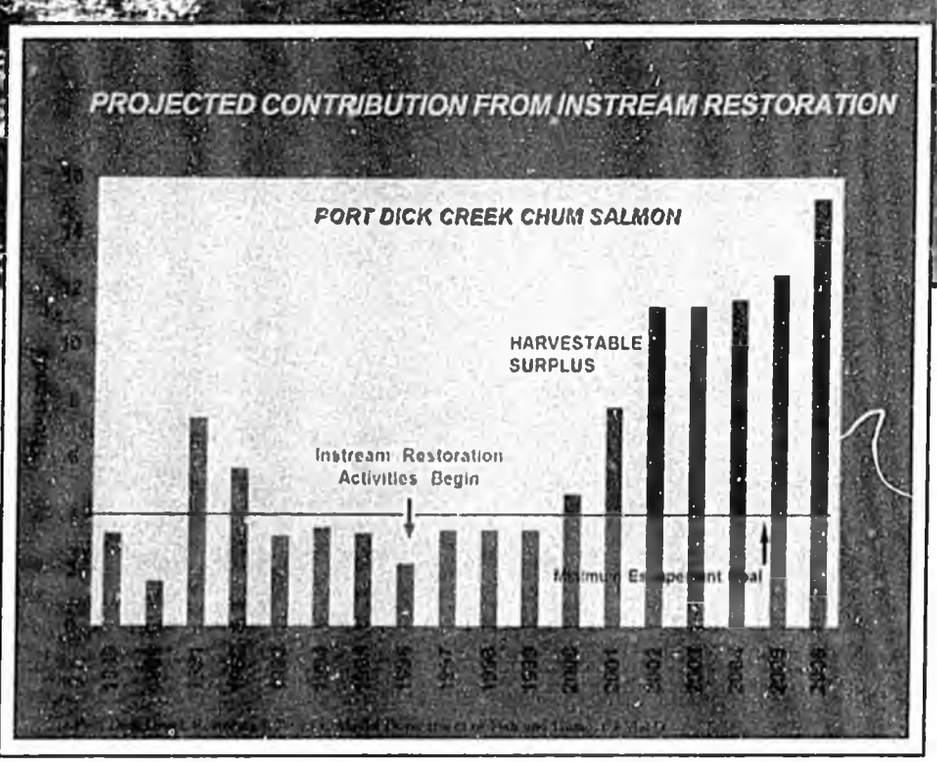
ARLIS

Continued from Page 1

> THEY WERE A GROUP OF FOLKS WITH NO MONEY, NO AUTHORITY, NO DIRECTIVE, AND THEY JUST DIDN'T LET ANYTHING STOP THEM.
>
> **BARBARA SOKOLOV**
> **DIRECTOR, UAA LIBRARY**

Sen. Ted Stevens played a key role in creating ARLIS and offered the keynote address during grand opening ceremonies. Seated from left to right are Errol Locker, Bureau of Land Management librarian, John Schoen, Alaska Director of the National Audubon Society, and UAA Chancellor Lee Gorsuch. Below, library patrons conduct research on Alaska's natural resources.

The revival of Port Dick Creek



Photos courtesy of the Alaska Dept. of Fish and Game

Above, chum salmon fill a newly excavated tributary of Port Dick Creek within weeks after the job was finished. The figure at left shows how the added spawning habitat is expected to provide an increase in harvestable surplus of chum salmon by the year 2000. On the following page, before and after photos illustrate how a dry bed is transformed into usable habitat for chum and pink salmon.

"Build it and they will come"

By Jody Seitz
Alaska Coastal Currents

Alaska Coastal Currents

Restoration and recovery following the *Exxon Valdez* oil spill

More than 30 years after the 1964 earthquake destroyed some prime salmon spawning habitat, chums have returned to newly opened tributaries of Port Dick Creek.

Port Dick, on the outer coast of the Kenai Peninsula, got hit hard by the *Exxon Valdez* oil spill and commercial fishing was closed for the summer. To help restore the area, biologist Nick Dudiak, who recently retired from the Department of Fish and Game in Homer, promoted an idea he had been talking about for years — the revival of Port Dick Creek.

The creek has two tributaries which were part of a system that contributed heavily to salmon runs in the '50s and '60s. Then the earthquake hit, raising the elevation of the stream, piling up rock, mud and woody debris, and wiping out the salmon spawning habitat.

Dudiak and biologist Mark Dickson felt that the two tributaries could again be good producers of pink and chum salmon, if the stream could be restored to its original state. "Build it and they will come" was Nick's motto.

They were a little concerned, however, that if they went to all the trouble and expense of scooping out the streams, Mother Nature might step in again with another earthquake or perhaps another huge flood.

Sure enough, a 1995 storm resulted in a 100-year flood on some parts of the Kenai Peninsula. While the flood took a heavy toll in some areas, Port Dick Creek remained unscathed, much to Dickson's relief. "There was no additional deposition," he said. "It gave us more confidence that the direction we were headed was the right direction."

The excavation took place in 1996. Engineers studied the grade and curves of the stream carefully, attempting to exactly reproduce the earlier path. Technicians laid down rocks, trees, stumps, and other natural features in places determined to match the stream's flow. Everything came from the creek itself, with the help of some heavy equipment.

The idea was to create spawning habitat and they must have done it pretty well. Even though more than 20 years had passed, the next summer 450 pink salmon and 300 chums charged up both tributaries, as if they'd actually emerged from their egg sacs there.

The following spring there were many more fry than either of the biologists ever expected. A preliminary count showed more than 290,000 pink and chum fry in the tributaries - almost a 40 percent survival rate.

Now ADF&G is predicting a harvestable surplus of chums by the year 2000. They'll continue to monitor the stream for any changes.

Jody Seitz lives in Cordova and produces the Alaska Coastal Currents radio program and newspaper column. The series is distributed throughout the spill region to provide information about restoration activities sponsored by the Trustee Council.

Call for papers issued for 10th anniversary

A scientific symposium to be held on the 10th anniversary of the *Exxon Valdez* oil spill will highlight research related to the spill, its impacts, and the status of recovery in the spill area. Legacy of an Oil Spill: 10 Years After *Exxon Valdez* will be held March 23-27, 1999, in Anchorage.

Symposium sponsors are soliciting abstracts for oral and poster presentations, including such topics as:

- Injury and recovery, emphasizing multi-year studies with biological, ecological or socio-economic data sets;
- Ecological and other factors that limit or influence recovery, productivity and long-term population trends;
- Management applications and restoration benefits of studies and projects;
- Syntheses and models that integrate data on Prince William Sound and Gulf of Alaska ecosystems; and
- Prevention and response (including cleanup) techniques.

The symposium is sponsored by the *Exxon Valdez* Oil Spill Trustee Council and its six trustee agencies, the University of Alaska Sea Grant College Program, and the Prince William Sound Regional Citizens Advisory Council.

For further information, contact Brenda Baxter, coordinator, Alaska Sea Grant College Program, University of Alaska Fairbanks, P.O. Box 755040, Fairbanks, AK 99775 or via e-mail at FNBRB@uaf.edu.

1998 Work Plan set at $14 million

The 1998 Work Plan was finalized December 18 when the Trustee Council added five research and restoration projects and provided supplemental funds for five others, totalling more than $1 million. Altogether, the Trustee Council funded 66 projects for this fiscal year, with a $14.1 million budget.

Research projects added to the Work Plan include the monitoring of harbor seal pups, additional work on herring disease, and studies on black oystercatchers, common murres, and black-legged kittiwakes.

An experimental project to seed tiny littleneck clams on specific beaches for subsistence purposes received $200,000. The project is in its fourth year. The Qutekcak Native Tribe is in the process of taking over operation of the state shellfish hatchery in Seward, which will provide vastly improved facilities for this project.

An Elders/Youth Conference on subsistence resources, to be held in Cordova this May, received $90,000. This conference is designed to encourage the exchange of information between Natives who have traditional knowledge of the region and scientifc researchers. It will include members from each community as well as marine biologists and other researchers.

The Trustees also provided $139,000 to create a model of human use in Prince William Sound and how increased human use might impact injured resources.

The FY98 Work Plan is the document that sets the Trustee Council budget and identifies restoration projects, scientific studies and administrative duties for the fiscal year beginning October 1, 1997.

Restoration Workshop to be held Jan. 29-30

The 1998 Restoration Workshop will be held at the Hotel Captain Cook in Anchorage from January 29-30.

The Restoration Workshop is the annual seminar in which scientists present and review 1997 restoration work and help shape future restoration projects. It's free and open to the public.

The workshop will be preceded by three day-long reviews of each of the large ecosystem-based projects. Reviews of the Sound Ecosystem Assessment (SEA) project, the Nearshore Vertebrate Predator (NVP) project, and the Alaska Predator Ecosystem Experiment (APEX) project will be held January 26-28, also at the Captain Cook.

The keynote speaker for this year's event will be Donald Boesch, of the University of Maryland Center for Environmental and Estuarine Studies. Boesch will discuss the benefits of large, integrated environmental monitoring programs.

Special rates are available through the Hotel Captain Cook (800-843-1950). To pre-register, call the Restoration Office at 278-8012 before January 20.

Executive Director • Molly McCammon
Director of Operations • Eric Myers
Editor • Joe Hunt

Restoration Update is published six times each year by the *Exxon Valdez* Oil Spill Trustee Council.

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Community Involvement makes a difference

By Hugh Short
Community Involvement Coordinator

The group slowly came together on a brisk October morning. Virginia Aleck, from Chignik Lake, flew in to represent the Alaska Peninsula. Bob Henrichs, who probably travels almost as much as the Eskimo on the tail of the Alaska Airlines planes, arrives late but enthusiastic from Cordova. Charles Hughey, of Valdez and the newest member of the group, is curious and reserved, but very interested after looking at the day's agenda.

No, this is not the annual meeting of the Royal Order of Moose, but the fall meeting of the community facilitators at the Anchorage Restoration Office.

The Community Involvement Project brings together ten resident s from the communities of Valdez, Cordova, Tatitlek, Chenega Bay, Seward, Port Graham, Nanwalek, Seldovia, Kodiak, and Chignik Lake. These communities are spread out along 450 miles of ocean, demonstrating the vast reach of the *Exxon Valdez* oil spill. Each community brings its own resources to assist in the monumental process of restoring the environment.

Residents of the region depend on the land and water for their sustenance and livelihood. After the spill, many realized that the marine ecosystem would never be the same and this gave rise to the Community Involvement Project in 1994.

In 1995, three community facilitators were hired. By the second year of the project nine community facilitators were on board and the project was turned over to the regional organization, Chugach Regional Resources Commission. The objectives set forth for the project from the beginning have been threefold: to increase local involvement in the restoration efforts, including the development of more community-based projects; to improve the communication of findings and results of ongoing research; and to facilitate the communication of traditional ecological knowledge (TEK) from local residents to scientists, which can significantly enhance the value of Trustee Council restoration efforts.

Now in its fourth year, the Community Involvement Project has been successful in many areas. The number of community-based projects has increased, including the Clam Restoration Project, the biological sampling program through the Alaska Native Harbor Seal Commission, several salmon enhancement projects, spill area wide conferences on subsistence restoration, the Youth Area Watch, and myriad others.

Projects that are in the works include a comprehensive archaeological plan, which includes a regional repository and seven display facilities throughout Prince William Sound and lower Cook Inlet, a Youth and Elder Conference on Subsistence, and continuation of several vital restoration projects that are helping understand the complex ecosystem.

If you have any questions regarding the Community Involvement Project, please contact me at the Anchorage Restoration office or through e-mail at HughS@oilspill.state.ak.us

Local residents take part in an experiment to seed Port Graham beaches with tiny clams. The project is designed to bring subsistence clamming back to some beaches which lost traditional clamming activities after the 1964 earthquake.

Trustee Janik to take new position in D.C.

Alaska Regional Forester Phil Janik, who has served as a Trustee for the last four years, will be moving to Washington, D.C. to take a promotion as deputy chief of the forest service.

Janik and his staff have been instrumental in negotiations with Eyak, Tatitlek, and Chenega Native Corporations to acquire habitat within Prince William Sound. Most of the acquisitions are to be managed as part of the Chugach National Forest. In announcing the promotion, Forest Chief Mike Dombeck noted Janik's skills in building partnerships and integrating science with management.

The Alaska region is one of nine regions nationwide and includes the Tongass and Chugach National Forests. As Forester, Janik was responsible for managing 22 million acres and more than 1,000 employees.

Phil Janik

Dave Gibbons, the first administrator for the Trustee Council, also received a promotion. Gibbons was named Acting Forest Supervisor for the Chugach National Forest. He managed the Trustee Council from its inception in 1991 until Jim Ayers was named the first executive director in 1994.

Notebook series tells story of recovery one species at a time

Did you know that the marbled murrelet darts through thick forest at speeds of 100 miles per hour? Or that sea otters have rebounded from near extinction in the early 1900s? Or that killer whales are spending less time in Prince William Sound and more time in the Kenai Fjords? Or that harbor seals live up to 30 years?

The Restoration Notebook series tells the natural history of each of these species, as well as the story of injury and recovery from the spill. This series is written by the biologists who work in the field with these animals. It's produced by the Trustee Council and is the ideal tool for the high school or college student reporting on Alaska's natural resources.

The first four species in this series will soon be available to the public. The series is expected to expand to include more than a dozen species on the injured resources list, as well as some human services.

To receive a free copy, contact the Restoration Office at 907-278-8012; or 1-800-478-7745 (inside Alaska); or 1-800-283-7745 (outside Alaska;) or via e-mail at kerih@oilspill.state. ak.us.

A standing-room-only crowd attended the December 18 Trustee Council meeting. Lora Johnson, director of Tribal Development and Operations at Chugachmiut, and several others testified about plans to create archaeological exhibits and a repository (see Page 1) for the Chugach region. Others testified on habitat protection proposals (see Page 2) and the deferred projects from the FY 1998 Annual Work Plan (see Page 6).

Restoration Office
645 G Street, Ste. 401
Anchorage, AK 99501-3451

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MISSION STATEMENT

of the *Exxon Valdez* Oil Spill Trustee Council

The mission of the Trustee Council and all participants in Council efforts is to efficiently restore the environment injured by the *Exxon Valdez* oil spill to a healthy, productive, world renowned ecosystem, while taking into account the importance of quality of life and the need for viable opportunities to establish and sustain a reasonable standard of living.

The restoration will be accomplished through the development and implementation of a comprehensive interdisciplinary recovery and rehabilitation program that includes:

- Natural Recovery
- Monitoring and Research
- Resource and Service Restoration
- Habitat Acquisition and Protection
- Resource and Service Enhancement
- Replacement
- Meaningful Public Participation
- Project Evaluation
- Fiscal Accountability
- Efficient Administration

Adopted by the Trustee Council, November 30, 1993.

MOLLY McCAMMON
Executive Director,
Exxon Valdez Oil Spill Trustee Council

DIRECTOR'S MESSAGE

The *Exxon Valdez* oil spill restoration program has now passed the midway point in the 10-year payment period from Exxon. The program has a plan that is working and well on its way to completion:

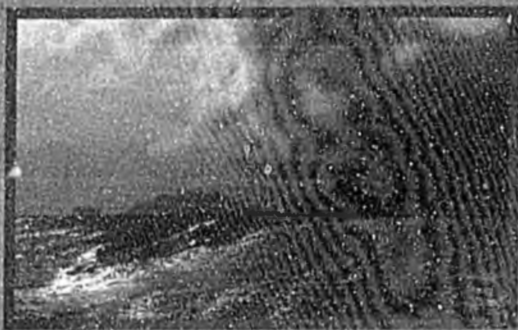
- The program has been audited and financial and operating procedures have been revised.
- Much of the habitat protection program is either completed or close to it.
- The research and monitoring efforts are increasingly ecological in scope with one injured species fully recovered from the effects of the spill and others well on their way toward recovery.
- The public, and especially Alaska Native communities, have increased opportunities for involvement.

Mission accomplished, right? Well, maybe not quite. Whenever I think that the restoration program is on a path of routine implementation, I'm reminded once again that restoration is not a project report or a completed purchase agreement for a piece of land. It is something dynamic and evolving.

The reminder this time came from Williams College professor Dr. Kai Lee, keynote speaker at our annual restoration workshop and a veteran of the salmon/hydropower struggles of the Pacific Northwest. Dr. Lee told his audience that the debate should be less about restoration and more about "stewardship." The oil spill and recovery must be viewed in human terms, he argued, "framed by and rooted in human communities that will go on beyond the restoration period."

Although the major priorities are in place, the restoration program continues to evolve. The major decision remaining concerns future use of the funds now set aside in the Restoration Reserve. I hope the spill area communities and the public will take a strong role in helping shape the legacy of the *Exxon Valdez* oil spill.

Molly McCammon



Civil and Criminal Settlements

On October 9, 1991, the U.S. District Court approved a plea agreement that resolved various criminal charges against Exxon as well as a civil settlement for recovery of natural resource damages resulting from the oil spill.

The Criminal Plea Agreement. Exxon received a fine of $150 million — the largest fine ever imposed for an environmental crime. The courts remitted $125 million in recognition of Exxon's cooperation in cleaning up the spill and paying private claims. Of the remaining $25 million, $12 million went to the North American Wetlands Conservation Fund and $13 million went to the Victims of Crime Fund. In addition, Exxon agreed to pay restitution of $50 million to the United States and $50 million to the State of Alaska.

Civil Settlement and Restoration Fund. Exxon agreed to pay $900 million with annual payments stretched over a 10-year period. The agreement requires that the funds be used first to reimburse the federal and state governments for the costs of cleanup, damage assessment and litigation. The remaining funds are to be used for restoration. The settlement also has a provision allowing the governments to claim up to an additional $100 million to restore resources that suffered a substantial loss, the scope of which could not have been anticipated from data available at the time of the settlement.

The *Exxon Valdez* Oil Spill Trustee Council was formed under the civil settlement to oversee restoration and consists of three state and three federal trustees (or their designees).

1997 STATUS REPORT

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For additional copies of this document or for more information about activities of the Exxon Valdez Oil Spill Trustee Council, contact:

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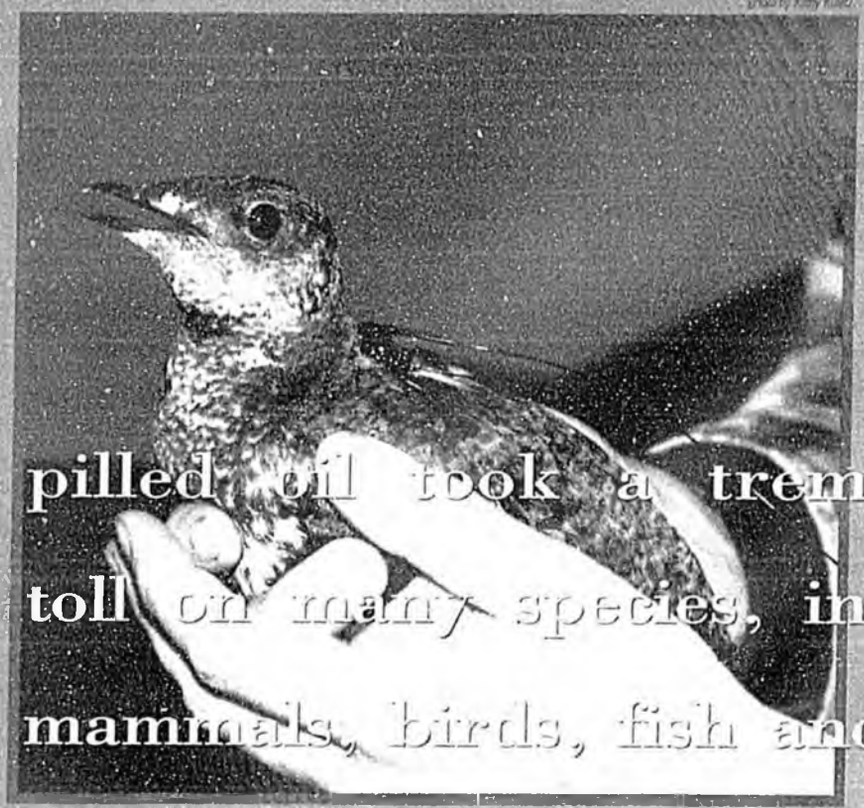

Marbled murrelets are commonly seen feeding in the marine waters but their nests in the canopy of old growth forests are very difficult to locate. To find nests, a tiny transmitter is attached to the backs of the birds.

Spilled oil took a tremendous toll on many species, including mammals, birds, fish and intertidal plants and animals such as mussels, chitons, and *Fucus*. No one knows exact numbers, but The Proceedings of the *Exxon Valdez* Oil Spill Symposium, published in 1996 by the American Fisheries Society, spelled out the enormity of the loss using carefully reviewed scientific estimates, among them: 300 harbor seals, 2,800 sea otters, 250,000 birds, and possibly 13 killer whales.

The Trustee Council established its list of injured resources to highlight some of those species with population level or chronic injuries. The common loon and three species of cormorants — pelagic, red-faced and double-crested — were added to the list during 1996 after a new analysis of population data, bringing the total number of species and resources listed to 28. Only one, the bald eagle, has been officially declared as "recovered" by the Trustee Council, although a number of others appear to be on their way to recovery.

BRUCE M. BOTELHO
Attorney General,
State of Alaska

MICHELE BROWN
Commissioner, Alaska Dept.
of Environmental Conservation

PHIL JANIK
Alaska Regional Forester, Forest
Service, U.S. Dept. of Agriculture

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Representative Alan Austerman

The Nearshore Vertebrate Predator project is focusing on river otters as one of two key fish eaters in the nearshore ecosystem. Researcher Gail Blundell holds a sedated river otter after taking measurements and blood samples.

RIVER OTTERS

River otters have a low population density and an unknown population size in Prince William Sound. Twelve river otter carcasses were recovered following the oil spill, but actual mortality is not known. Post-spill studies found notable differences between river otters from oiled and unoiled areas, including exposure to hydrocarbons or other sources of stress, reduced diversity in prey species, reduced body size and increased territory size. It is not clear if all of these differences are the result of the spill.

The Nearshore Vertebrate Predator project will shed new light on the status of the river otter. The Alaska Board of Game has restricted trapping in western Prince William Sound to ensure that results of this study are not influenced by removal of animals from study areas around Jackpot and Knight islands.

BALD EAGLE

The population of bald eagles along the coastline of Prince William Sound has returned to pre-spill levels, leading the Trustee Council to list the national symbol as the first injured species to fully recover from the effects of the oil spill. Aerial surveys conducted in 1995 verified the resurgence of the bald eagle in the spill region.

It's estimated that 5 000 bald eagles currently reside within Prince William Sound, either year-round or seasonally. Approximately 250 of the birds died in the sound during the spill, mostly from scavenging the oiled carcasses of other victims.

HARLEQUIN DUCKS

The summer population of harlequin ducks in the spill region numbers only a few thousand birds, yet more than 200 carcasses were found and it's likely many more were never recovered. It's not clear whether the birds that died in the oil were from this small breeding population or the larger wintering population, but the impact on this species could go far beyond the spill area.

There continues to be concern about poor winter survival of adult females in western versus eastern parts of the Sound. Several research projects are underway to determine the factors that may limit recovery of this species. Harvest of harlequin ducks has been restricted due to population concerns.

MARBLED MURRELETS

The marbled murrelet is listed as threatened in the Pacific Northwest, but is still abundant in Alaska waters. However, the marbled murrelet population was already in decline in Prince William

A rare photo of a marbled murrelet in its nest. The seabird nests high in the canopy of old growth forests where they are difficult to find.

NATURAL RESOURCES

SEA OTTERS

Sea otters, which became the symbol of oil's destruction during the early days of the spill, are doing well although their numbers in the hard-hit portions of western Prince William Sound remain low. For this reason, the sea otter continues to be listed as not recovering.

A group of young males observed off Knight Island may be a good indicator of recovery, showing expansion into territory that can perhaps now support more sea otters.

HARBOR SEALS

photo by Lloyd Lowry

Harbor seals continue to decline, dropping more than 80 percent over the last 20 years. To help isolate the cause of the decline, Alaska Department of Fish and Game biologist Kathy Frost places a transmitter on the back of a harbor seal after taking measurements and blood samples.

The oil spill hit harbor seals hard at a time when they were already in serious decline. The population of harbor seals in northern gulf waters dropped from an estimated 125,000 in 1973 to 21,000 in 1994, a decline of 80 percent over 20 years. At the time of the spill, it's estimated that 2,200 harbor seals inhabited Prince William Sound and about 13 percent of them perished. The decline has continued at a rate of 6 percent per year since the oil spill, and rates of decline are higher in oiled areas than in unoiled areas.

The Trustee Council is funding a five-year project to determine factors influencing harbor seal survival rates. Biologists are looking at a change in the quality and quantity of food as a primary factor in the decline. They are now able to learn something about the diet of a harbor seal by analyzing the fatty acids in the blubber.

Harbor seals have long been an important subsistence resource for Native communities in the spill region. The lack of opportunities to hunt seals has changed the diets of subsistence users. The Alaska Native Harbor Seal Commission, using Council funding, is training Native hunters to collect samples from seals harvested during subsistence hunts. These samples will be turned over to biologists to aid in harbor seal research.

KILLER WHALES

The well-known and intensively studied AB pod of killer whales — a group of 36 animals inhabiting Prince William Sound and the Gulf of Alaska — apparently lost 13 of its members and produced no young in the two years following the spill. Since then, the pod has continued to suffer more losses than births and its complex social structure appears to be deteriorating.

The link between these losses and the spill is only circumstantial. However, the losses far exceed normal rates documented over 20 years of study for this and other killer whale groups in the north Pacific.

More than 80 killer whales in six "resident" pods regularly use Prince William Sound. Other whales in "transient" groups pass through the sound less frequently. Transients prey on marine mammals, whereas resident pods feed on fish. Researchers are examining whether predation by transient killer whales is contributing to the decline in harbor seals.

PACIFIC HERRING

Pacific herring returned to lay their eggs in the intertidal and subtidal areas of Prince William Sound within weeks after the oil spill. The year class of Pacific herring remained strong through 1992, but crashed severely in 1993, resulting in cancellation of the commercial fishery for four successive years.

A viral disease and a fungus were identified as probable reasons for the crash. Evidence shows that stress on the population can be a major factor in spreading the disease and laboratory studies continue to explore the connection between the epidemic and the oil spill. Preliminary results also indicate that walleye pollock can be significant competitors with and predators on herring.

Commercial fishing for bait herring resumed in the fall of 1996 and the lucrative roe fishery is expected to be open in the spring of 1997.

CUTTHROAT TROUT

Little is known about cutthroat trout in Prince William Sound, which are at the northwest limit of their range. In 1996 a new project was initiated to determine the relationships between resident and anadromous forms of this species. This information is crucial for development of a long-term restoration and management strategy.

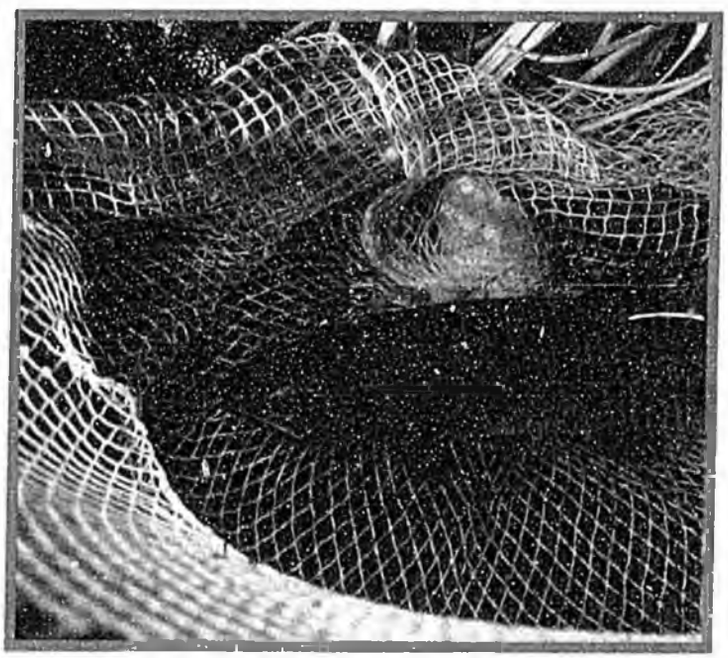


Photo by Andy McGuire

Prince William Sound is at the northwestern limit of the range of the cutthroat trout, a prized sport fish. There are few local stocks and numbers are small. Following the oil spill, cutthroat trout grew more slowly in oiled than in unoiled streams, possibly as a result of reduced food supplies or exposure to oil.

The Trustee Council is supporting a project to monitor whether habitat improvements inadvertently increase numbers of their competitor, the coho salmon. Little is known about the cutthroat trout in Prince William Sound. Another project has collected trout from 11 sites to help develop a long term, comprehensive and ecologically sound restoration strategy for these fish.

Pacific octopus has long been a favorite for subsistence users, but little is known about their habits in Prince William Sound. Researchers worked with subsistence users to locate octopus for study.

INTERTIDAL, SUBTIDAL & SEDIMENTS

Detailed coastline surveys found varying degrees of oiling on 1,500 miles of coastline. Impacts to intertidal and subtidal flora and fauna occurred at all tidal levels and to depths up to 20 meters. Many species of algae and invertebrates were less abundant at oiled than at unoiled sites. In some cases, oil-tolerant species increased greatly, changing the composition of the biological communities. Intertidal and subtidal communities are recovering from the spill and the cleanup activities that followed, but some effects linger.

Sound before the spill, which killed an estimated 7 percent of the population in the spill area. Marbled murrelets are highly reclusive and nesting sites in the old-growth forest are difficult to find. Researchers have developed new ways to monitor productivity based on the number of juveniles which make it to the water.

PIGEON GUILLEMOTS

It's estimated that the oil spill claimed 10-15 percent of the pigeon guillemots in the region. There is no evidence of a post-spill recovery and, as is the case for harbor seals and several other fish-eating species, natural changes in food supplies may play a role. Pigeon guillemots nesting on Prince William Sound's Naked Island have declined by 40 percent since 1981.

Pigeon guillemots are a major focus of two large-scale research projects. The APEX project is investigating the possible link between population loss and the availability of forage fish, such as Pacific herring, sand lance and capelin. The NVP project addresses the possiblity that exposure to oil continues to limit the guillemot's recovery.

Mortality of pink salmon eggs has evened between oiled and unoiled streams. Chris Habicht, a biologist with the Dept. of Fish and Game, holds a male pink salmon collected for research.

PINK SALMON

Many commercial fisheries were closed in 1989 due to concern about oil contaminating fish bound for human consumption. By 1990, most of those fisheries had reopened, but oil's impact on the fish themselves lingered.

Both wild and hatchery-reared pink salmon swam through oiled waters in 1989 as they foraged in Prince William Sound and migrated to the sea. The results were reduced growth rates in young salmon and increased egg mortality in oiled streams. Differences in egg mortality between oiled and unoiled streams disappeared in 1994 and this lack of difference has been sustained through 1996. Wide swings in returns of pink salmon may largely be a function of natural conditions in the sound and in the Gulf of Alaska. The SEA ecosystem project is working to understand the natural fluctuations of these commercially important species.

SOCKEYE SALMON

The oil spill caused a different problem for sockeye salmon. Because commerical fisheries were closed, more sockeye reached the Kenai River (and other river-lake systems) to spawn. As a result, a super abundance of juveniles "overgrazed" their food supply. The effect of a large overescapement can ripple through a system for years. Although the return per spawning adult continues to be lower than normal, productivity is now acceptable.

The Trustee Council supports several projects to enhance sockeye and pink salmon runs by restoring streambeds, creating fish ladders and fertilizing lakes.

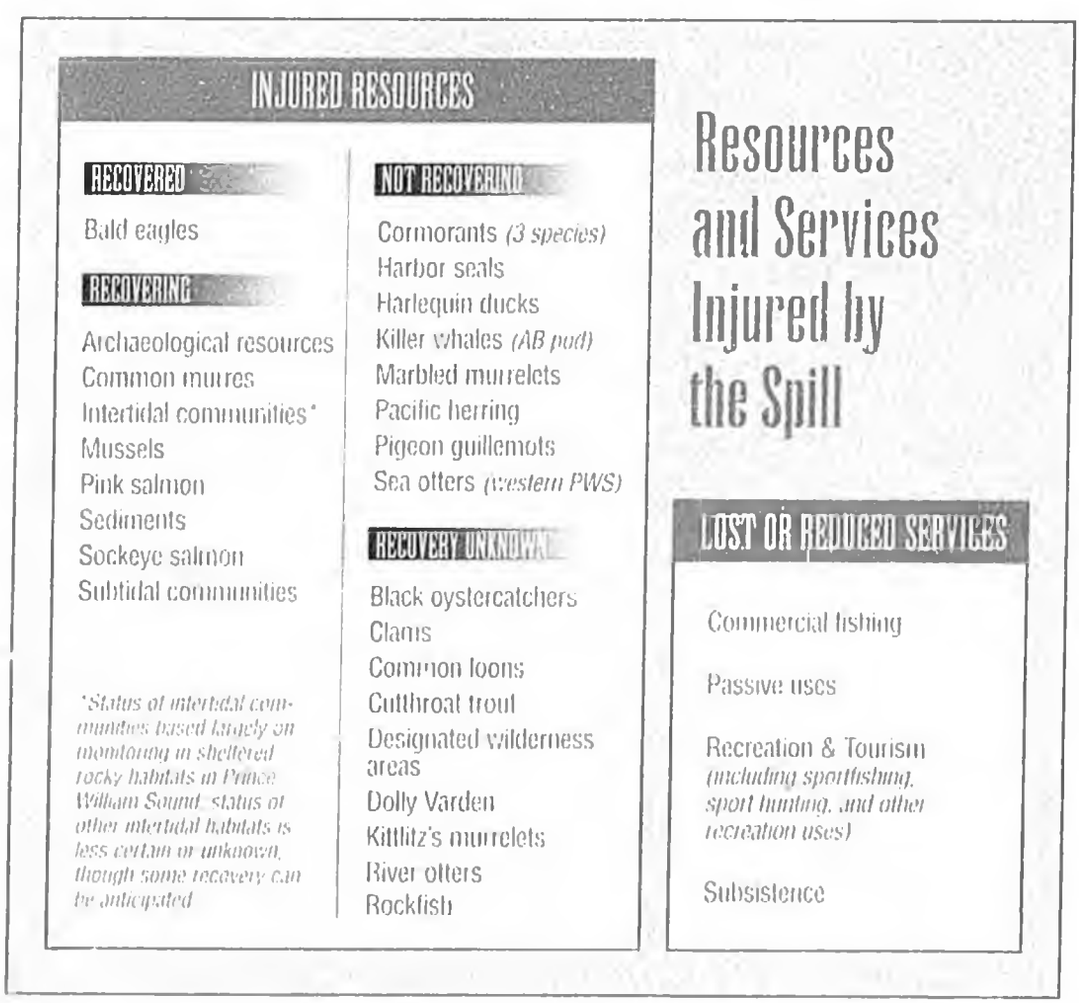
SUBSISTENCE

Subsistence harvests in most of the spill-area villages declined substantially following the spill. The harvest, as measured in pounds per person, appears to have returned to pre-spill levels in some communities, but some resources remain scarce.

To assist scientists in their efforts to learn why the harbor seal is continuing its decline, the Alaska Native Harbor Seal Commission is training subsistence hunters in the proper procedures for taking and storing tissue samples. This provides a wealth of information about harbor seal locations, diet, and overall health.

Native Alaskans are also sharing information learned from thousands of years of subsistence gathering. Local subsistence users, for example, were able to provide a boost to new research on the Pacific octopus by showing researchers that this elusive mollusk can easily be found among *Fucus*.

Other projects provide direct relief to communities that are short of subsistence resources. Hatchery-produced king salmon are starting to return to Chenega Bay; coho are being released into Boulder Bay near Tatitlek; the Kanetolook River near Perryville will be enhanced to restore natural coho runs; sockeye will be stocked in Solf Lake in Prince William Sound; pink salmon are being given a boost to restore subsistence fisheries near Port Graham; and littleneck clams the size of a fingernail are being planted as seedlings in an experiment to revitalize clamming as a subsistence activity in Tatitlek, Nanwalek and Port Graham.



Exxon Valdez oil penetrated deeply into cobble and boulder beaches and the underlying sediments that are common on shorelines throughout the spill area. Some of that oil remains, especially in sheltered habitats and underneath rocks. The oil that remains is relatively stable. In 1995, a shoreline survey team visited previously oiled sites in the Kodiak Archipelago and found no oil or only trace amounts.

The Trustees approved a $1.9 million cleanup plan in the Chenega area of western Prince William Sound in an effort to boost local confidence in subsistence and recreational use of the tidelands. The cleanup of residual oil was requested by local residents even though technical experts do not consider the residual oil to be an ecological risk.

A 1993 shoreline survey of Prince William Sound identified 225 locations with residual surface oiling, asphalt or mousse. The Chenega-area cleanup, scheduled to take place in the summer of 1997, will target surface oil found at eight key sites on Latouche, Evans and Elrington islands. These sites are on beaches where residents gather food from the rich tidelands.

HUMAN RESOURCES AND SERVICES

Injuries caused by the oil spill go well beyond the birds, fish, mammals and pristine shoreline coated with North Slope crude. The human impact is also recognized by the Trustee Council. Archaeological sites were looted, subsistence severely curtailed, commercial fishing shut down for a season followed by years of disruption, recreational use limited and, for many, the mystique of unspoiled water and lands forever tainted.

ARCHAEOLOGY

It's estimated that there are more than 3,000 significant archaeological sites in the oil spill region. During the early days of the cleanup, with thousands of people working at remote beaches, many archaeological sites were discovered and 24 sites on public land were looted or vandalized. Artifacts were stolen, burial sites violated and valuable historical evidence of North America's earliest human inhabitants destroyed.

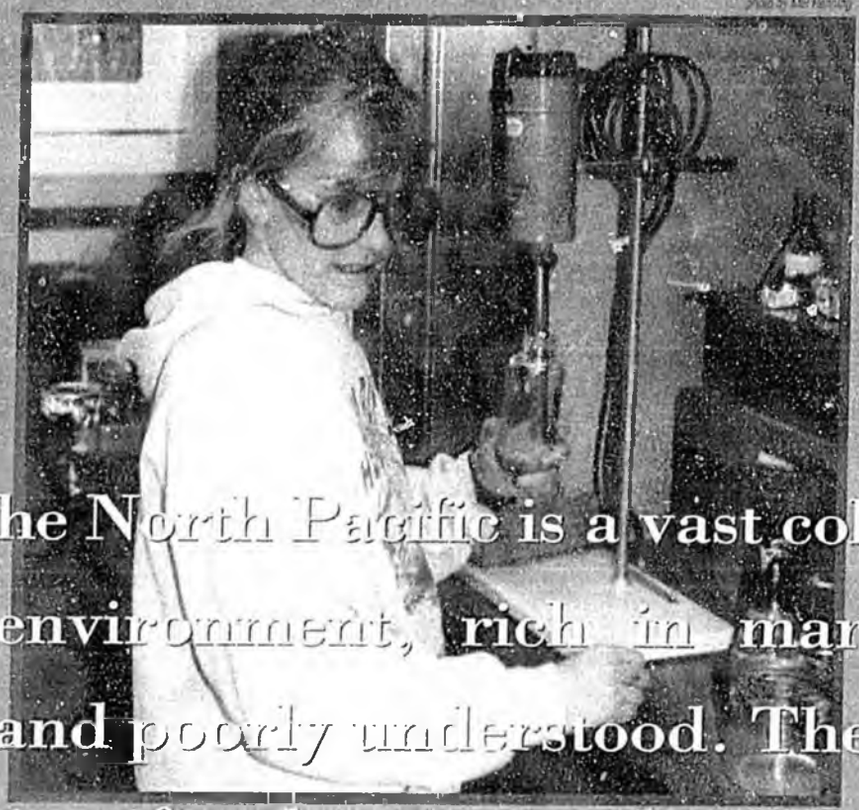
Local residents have been organized to monitor archaeological sites, such as this excavated site in the Kodiak region. Though vandalism continues to be a concern, no sites have been vandalized since 1991.

The destruction of archaeological sites is a loss of history that cannot be restored or renewed. The Trustee Council funded in 1996 a project to organize local residents to monitor nearby archaeological sites and therefore avoid further loss. Vandalism persists but no new sites were seriously vandalized in 1996.

In addition, a project is underway to explore options with communities in Prince William Sound and lower Cook Inlet which have expressed an interest in developing facilities for storage and display of artifacts. This project would also help communities develop educational programs with the goal of long-term protection of the resources.

The Alutiiq Archaeological Repository in Kodiak, constructed in part with Trustee Council funds, currently serves these puposes for the Kodiak Island communities.

RESEARCH • MONITORING RESTORATION



The Youth Area Watch puts students in the field and in the laboratory to take part in restoration projects in their own back yard. Stacy Evanoff, a student from Cheeena Bay, helps determine pristane content from blue mussels collected in Prince William Sound.

The North Pacific is a vast cold-water environment, rich in marine life and poorly understood. The lack of good scientific data turned out to be a severe handicap in understanding the full impact of the *Exxon Valdez* oil spill.

However, with funding from the Trustee Council, scientists are taking a giant leap forward in their understanding of the intricate North Pacific ecosystem.

The Trustee Council has funded hundreds of scientific projects throughout the spill region to help protect our marine life, provide better fisheries management and allow for sustained use of our resources for generations to come.

Exxon Valdez oil spill research and monitoring has opened a world of scientific knowledge once thought unachievable due to funding cutbacks and constraints. Fisheries managers have commented that our knowledge of local fisheries has advanced 25 years during the last five years of intensive research.

RECREATION

Recreational users are benefiting from restoration projects in several ways. Habitat protection opens up land previously off limits to campers, hunters, sport fishers, and wildlife viewers while at the same time protecting the health of fish, bird and marine mammal populations. For example, purchase was completed in 1996 of a prime 220-acre Cook Inlet bluff parcel just north of Homer, which is expected to be developed into a much needed state-run campground and recreational site. Likewise, a newly acquired 64-acre site on Grouse Lake north of Seward is expected to be developed into a U.S. Forest Service campground.

In addition, funds from Exxon's criminal settlement with the state are being used to build campgrounds, cabins, trails, bridges, buoys, food caches, toilets, fire rings, docks and interpretive signs.

COMMERCIAL FISHING

Many research and monitoring projects are geared toward improving the health of commercial fish species and providing the tools for better fisheries management. State fisheries biologists are using genetic coding to determine exactly to which systems sockeye salmon are returning, allowing better in-season decisions concerning fisheries management.

photo by Rob Schaefer

Commercially important fish species, such as herring, sockeye and pink salmon, are the focal point of several projects funded by the Trustee Council. Stronger runs and better fisheries management are the goals.

Also during 1996, salmon streams were enhanced, sockeye salmon lakes fertilized, fish ladders built, rivers cleaned of debris and deepened, overescapement analyzed, hatchery salmon tagged through otolith mass marking, and the health of Prince William Sound herring studied by several means. Research on disease affecting herring has led to new management techniques affecting the herring pound fishery. In addition, hundreds of miles of salmon spawning and rearing habitat have been protected through the Council's habitat protection program

salmon and herring populations, including the availability of food for juveniles resulting from physical factors such as tidal currents, salinity and water temperature, and the predation on juveniles by other species.

Studies have helped create a better picture of fish movements within Prince William Sound. For example, researchers discovered for the first time the locations where juvenile herring overwinter, allowing a close look at winter survival. Computer modeling has helped scientists understand how ocean currents affect the availability of plankton for pink salmon and herring fry.

APEX

photo by William Ostrand

As part of the Alaska Predator Ecosystem Experiment (APEX), sonar is used to determine locations of schools of fish during different times of the year. Ken Coyle, a researcher with the Institute of Marine Science at the University of Alaska-Fairbanks, readies the sonar for deployment.

The Alaska Predator Ecosystem Experiment, a six-year project that began in 1995, concentrates on the productivity of seabirds based on the availability of forage fish as a food source. Several bird species, including pigeon guillemots, common murres and black-legged kittiwakes, are being studied as key indicators of ecosystem health.

This project is designed to identify changes that are occurring in the Gulf of Alaska and explain how those changes are affecting seabirds. Field work with seabirds suggests that reproductive success and population trends are more favorable with a high-fat diet of species such as capelin, sand lance and herring, than with recent diets of low-fat walleye pollock. The population of black-legged kittiwakes in an area of stable high-fat prey did not decline, in contrast to other populations that had less fat in their diets. Captive rearing experiments involving nestling black-legged kittiwakes and tufted puffins confirmed a slower rate of growth for birds fed pollock compared to those fed sand lance and capelin.

photo by [illegible]

The APEX project concentrates on the recovery of seabirds and the availability of small fish for their food. Teresa Sauer, a U.S. Fish and Wildlife Service biological technician, climbs the cliffs of a black-legged kittiwake colony to capture nestlings.

Analysis of historical data shows an abrupt change in relative abundance of forage fish in the late 1970s and early 1980s, with pollock and bottom fish replacing the more nutritious capelin, shrimp and sand lance. Together, these findings support the theory that a reduction in fat-rich forage fish species may have contributed to pre-spill declines and lack of recovery of seabirds, including pigeon guillemots and marbled murrelets. Continuing field work suggests that the abundance of several forage fish species may be recovering.

Through genetic mapping, scientists have learned to accurately identify to which rivers wild salmon are returning so that commercial fisheries can be better regulated to protect injured wild stocks. With restoration funding, managers have developed a way to mark hatchery salmon *en masse*, doing away with the painstaking process of marking tiny salmon fry one by one. Through intensive research, scientists have identified the virus suspected of causing the herring crash in Prince William Sound during recent years and they are continuing to study factors which might have helped spread the disease.

RESEARCH & MONITORING

The challenge to scientists is to look at the spill region as a single ecosystem, taking into account the complex interrelationships among species as well as oceanic and other physical factors. To accomplish this, the Trustee Council is providing long-term funding for three major projects that explore the natural dynamics of the North Pacific. They are known by their acronyms: NVP, SEA and APEX.

NVP

The Nearshore Vertebrate Predator project began in 1995, using four indicator species to study recovery factors on land and in shallow waters along the shore. The project focuses on two fish eaters — river otters and pigeon guillemots — and two species which feed on shellfish — harlequin ducks and sea otters.

George Esslinger and Dana Bruden take measurements and blood samples from a sea otter as part of the Nearshore Vertebrate Predator study. The sea otter is tested for hydrocarbon exposure, tagged and released.

Nearshore areas were the hardest hit by *Exxon Valdez* oil, which clung to the beaches and polluted the waters on each succeeding high tide. Not surprisingly, species commonly found in nearshore waters suffered severe losses during the spill. Pigeon guillemots, harlequin ducks and sea otters continue to be listed as not having recovered from the effects of the spill. Though the population of river otters is thought to be low, not enough is known about them to determine their recovery status.

Researchers are looking at nutrition, health indicators and population factors which affect these predators and their prey. Studies of such invertebrates as sea urchins, mussels and clams, and such nearshore fish as sand lance, help determine how the health and abundance of prey affects the recovery of their predators.

SEA

The Sound Ecosystem Assessment project was initiated in 1994 to understand the dynamics influencing pink salmon and Pacific herring productivity in Prince William Sound. Local populations of both species are highly variable. The herring population crashed in 1993, leading to immediate cancellation of the commercial roe fishery until its reinstatement scheduled for spring 1997.

Scientists believe a complicated web of factors could be involved in the productivity of pink salmon and herring. They designed SEA to consider oceanic conditions, availability of food, and predation. Scientists are seeking an ecosystem-level understanding of the factors controlling pink

RESTORATION WORKSHOP

The Annual Restoration Workshop, held January 23-25, 1997, brought together principal investigators on Trustee Council projects, associated scientists, resource managers, peer reviewers, community involvement facilitators, staff and other interested parties for three days to share data gathered and analyses done during the last year.

Dr. Kai N. Lee, author of Compass and Gyroscope: Integrating Science and Politics for the Environment, was keynote speaker, emphasizing the ecosystem approach to research and resource management and urging the Trustee Council to consider the human element as an integral part of the ecosystem. Lee is director of the Center for Environmental Studies at Williams College in Massachusetts.

SCIENCE HIGHLIGHTS

HERRING POUND

Samples from Puget Sound, Washington, and Craig, Alaska, have shown that a significant number of Pacific herring held in pens begin showing signs of the same virus (VHSV) associated with the 1993 collapse of the herring fishery in Prince William Sound. The study simulated the spawn-on-kelp pound fishery in which tons of herring are trapped in pens to spawn on a limited supply of kelp.

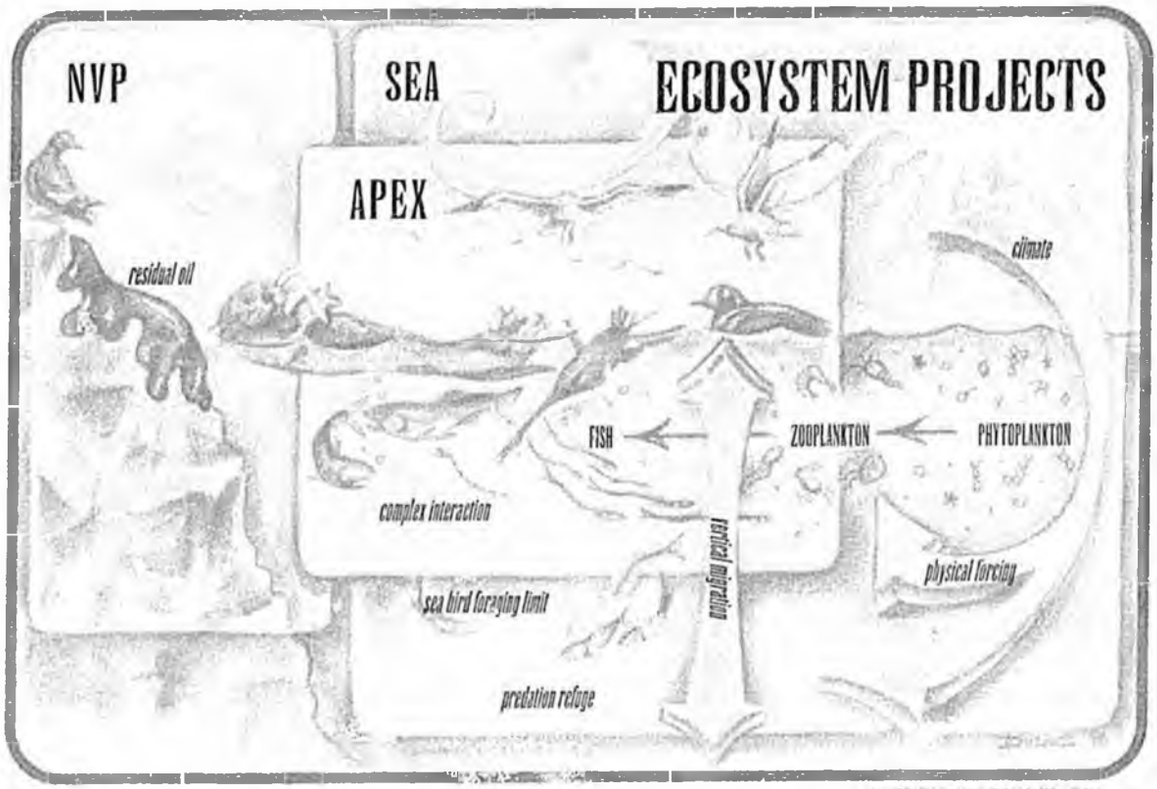
Stress is considered one possible factor in the emergence of the virus. One Council-funded study showed that within 48 hours of capture 15-20 percent of the herring were shedding significant amounts of virus into the water. Researchers believe that such a high prevalence of VHSV in herring could be a serious threat to the fishery.

As a result, fishery managers in Prince William Sound are encouraging herring pounders to switch to open pounding, which allows the herring to swim in and out of the pound at will. Pounders choosing this option will be permitted to use about one-third more kelp than those using closed pounds. In addition, researchers are planning to study the herring from closed pounds for signs of stress.

FORAGE FISH

Black-legged kittiwakes and tufted puffins raised in captivity show how diets of high-quality forage fish offer seabirds better growth rates when compared to diets of low-quality fish such as walleye pollock. This research supports the theory that a reduction in fat-rich capelin, sand lance, and herring may have contributed to pre-spill declines and the lack of recovery of some seabirds, including pigeon guillemots and marbled murrelets. Capelin and sand lance are considered rich in fats and therefore highly nutritious, while juvenile pollock represent the forage fish equivalent of junk food.

Tests showed that the fat content of sand lance and capelin is 2-3 times higher than that of pollock. The nestling seabirds had to be fed much more pollock to equal the same caloric intake as a diet of capelin. Differences in body mass gain suggest that nestlings raised on pollock may go to sea with inadequate energy reserves and that adults must expend more energy and catch more prey to meet the energy requirements of their offspring.



Each of the Trustee Council's major ecosystem projects—Nearshore Vertebrate Predator, APEX, and Sound Ecosystem Assessment—complements the others and provides unique information about recovery of the marine ecosystems in the spill area.

FORAGE FISH SYMPOSIUM

The Trustee Council was a co-sponsor of the International Forage Fish Symposium in November 1996. This symposium brought scientists from around the world to Anchorage to share new information about forage fish, their predators and their food sources.

Since forage fish are the food staple for most of the fish, seabirds and marine mammals injured in the oil spill, the symposium provided Alaska scientists with the opportunity to highlight their research and get a broad picture of other marine ecosystems from other top scientists in their field.

PROCEEDINGS OF THE *EXXON VALDEZ* OIL SPILL SYMPOSIUM

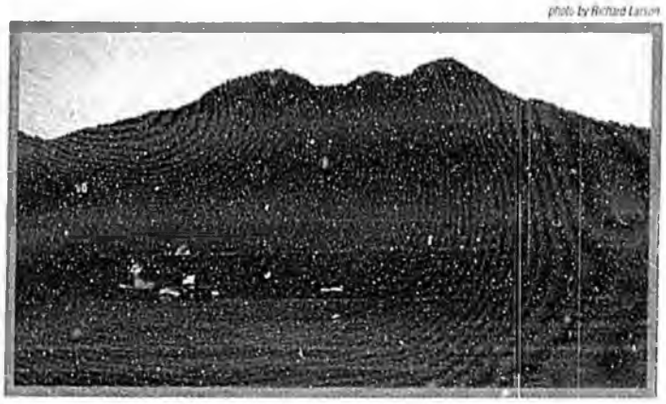
A new book describing the injuries caused by the *Exxon Valdez* oil spill was released in October 1996 providing the most comprehensive collection of Trustee-funded scientific papers published to date.

The Proceedings of the *Exxon Valdez* Oil Spill Symposium contains 61 scientific papers originally presented at a 1993 symposium organized by the Trustee Council. The volume contains 996 pages and was edited by Stanley (Jeep) Rice, program manager for Habitat Division, Auke Bay Fisheries Laboratory; Robert Spies, chief scientist for the Trustee Council; Bruce Wright, program manager for the Office of Oil Spill Damage Assessment and Restoration at Auke Bay; and D.A. Wolfe, NOAA Office of Ocean Resources Conservation and Assessment.

More than 150 investigators contributed to the book and another 100 peer reviewers evaluated the papers, making it a significant record of scientific effort to determine the extent of the injuries caused by the spill.

The book can be purchased by contacting the American Fisheries Society, Publication Fulfillment, P.O. Box 1020, Sewickley, PA 15143, phone: (412) 741-5700, fax: (412) 741-0609. The cost is $35 for the book plus $4 for shipping inside the U.S. or $6 for shipping outside of the U.S.

photo by Richard Larson



Researchers get close to photograph killer whales near Knight Island. Individual whales are identified by unique characteristics on their dorsal fins.

Gulf of Alaska. Transients travel in and out of the sound and are known to prey on marine mammals, while residents usually prey on fish. The contaminant levels could represent a classic case of biomagnification. In other words, calves had especially high levels of contaminants, indicating that contaminants are being passed from mother to offspring. Concentrations of chlorobyphenyls and chlorinated pesticides varied depending on age, sex and reproductive status.

In addition, researchers were able to show during 1996 that transient whales and resident whales are genetically different.

HARLEQUIN DUCKS

After placing transmitters on nearly 200 harlequin ducks, researchers were able to determine that winter survival for adult females differed significantly when comparing oiled to unoiled areas. Research during the winter of '95-'96 showed that 94 percent of the females survived in unoiled areas compared to 77 percent survival in oiled areas of Prince William Sound. Over time, in the absence of immigration, this could result in significant reduction of harlequin ducks in western Prince William Sound.

Blood chemistry and other indicators of health were similar at oiled and unoiled sites and oil exposure does not appear to be occurring during the molt. Researchers are also studying the effects of habitat, food abundance, and oiling history on harlequin duck distribution and density during winter.

SOLF LAKE

Researchers determined in 1996 that Solf Lake in Herring Bay on Knight Island has the zooplankton biomass to support a population of sockeye salmon. Stocking of this lake, which currently is used only by resident Dolly Varden, is scheduled to begin in 1998. This project is designed to benefit subsistence users, particularly the residents of Chenega Bay. Habitat improvements to the lake's outlet were made nearly 20 years ago to provide access for anadromous fish, but the lake itself was not stocked. Based on available spawning area, it's estimated the lake can sustain a run of approximately 10,000 sockeye. About 4,500 sockeye would be required to fully seed the system each year, leaving a harvest of 5,500 for local subsistence users.

FISH ENERGETICS

Starvation may be a key factor for young herring trying to survive their first winter. Researchers have determined that juvenile herring fast through the winter, requiring large energy reserves going into the winter months. The availability in late summer and fall of food to prepare for the fast could limit survival of new herring. Researchers are raising herring in captivity to better quantify the energy needed to survive the winter fast. This is being compared to periodic sampling to determine the nutritional status of fish in nature.

PINK SALMON OIL INJURIES

Elevated embryo mortalities were observed for pink salmon embryos originating from oil-contaminated streams during the first five years following the oil spill. No statistical differences have been observed since 1994. Data suggest that the elevated mortalities observed in 1989 and 1990 were due to direct exposure of oil while those observed in 1991-1993 may have been caused by a combination of continued oil exposure and genetic or physiological effects from the parents. Lack of a significant difference in 1994, 1995, and 1996 between oil contaminated and non-oiled streams demonstrates recovery is underway in wild pink salmon populations.

Pink Salmon in Prince William Sound appear to be recovering from the effects of the spill. Mortalities in pink salmon embryos have returned to normal for three successive years, following five years of elevated mortalities.

PRISTANE

A naturally-occurring hydrocarbon may one day help fisheries managers predict the health of the annual pink salmon return to Prince William Sound. The hydrocarbon, known as pristane, is produced by *Neocalanus* copepods, a favorite food of emerging salmon fry. The pristane passes through the salmon and settles as fecal material on mussel beds. By testing the level of pristane in mussels, researchers believe they can determine whether the pink salmon fry had enough food to improve their chances of survival. This theory will be tested when pinks return to spawn in 1997. The "pristane production index" for 1996 was down by one-third from 1995, suggesting a lower return of pink salmon in 1997. Chugach School District students participating in the Council-funded Youth Area Watch got hands-on experience collecting and analyzing samples for this project.

PORT DICK CREEK RESTORATION

Port Dick Creek, located on the southern shore of the Kenai Peninsula approximately 25 miles from Homer, historically was a strong producer of pink and chum salmon. Uplift from the 1964 earthquake reduced the depth of the water and limited the amount of spawning habitat. After four years of studying water levels, the stream was excavated in 1996 using heavy equipment barged to the site. More than 3,000 cubic yards of material were removed to establish a stable water source and create additional spawning habitat. During its first year 572 pinks and 300 chum salmon entered the newly opened tributaries and spawned, generating a projected contribution of more than 11,600 adults beginning in 1998. Dolly Varden and juvenile coho also have been observed using the new habitat. Port Dick was exposed to moderate to heavy oiling during the *Exxon Valdez* spill.

KILLER WHALES

Analysis of blubber taken from killer whales has shown that transient whales have contaminant levels more than 10 times higher than resident killer whales of Prince William Sound and the

HABITAT PROTECTION

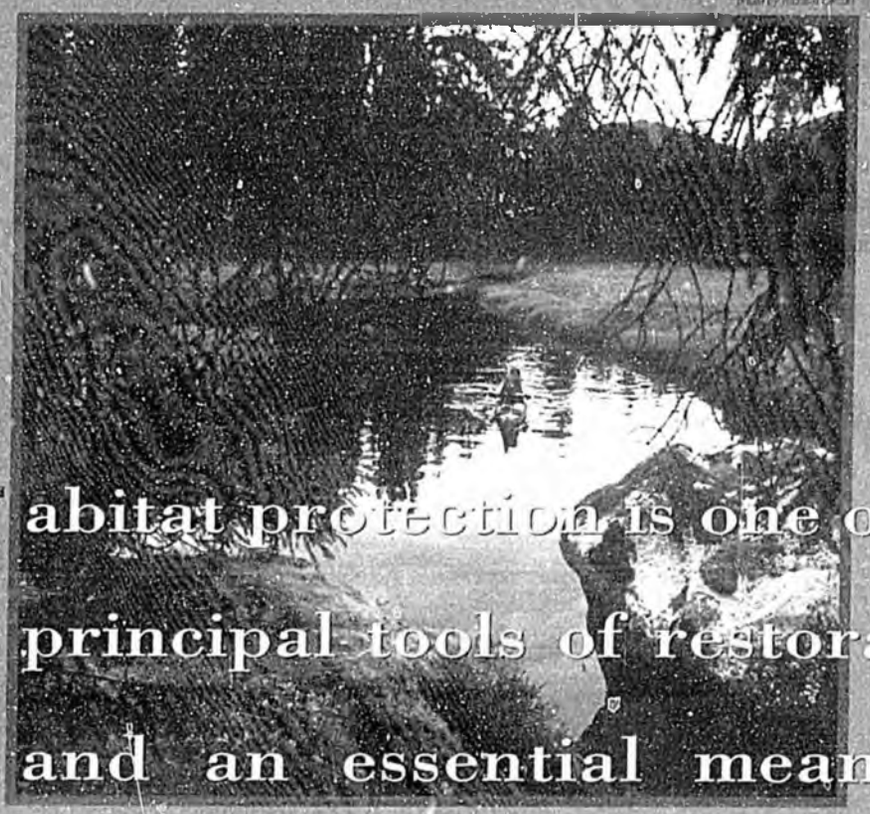


Photo by Richard Carlton

Lagoons such as this one in Eshamy Bay are used by river otters, pink salmon, sea otters and a variety of seabirds injured by the spill.

Habitat protection is one of the principal tools of restoration and an essential means of ensuring continued recovery in the spill area. It is strongly supported by residents of the spill area as well as other individuals throughout Alaska and the nation.

The Trustee Council has underway two habitat protection programs, one to purchase and protect large parcels of land in excess of 1,000 acres and another to acquire smaller parcels, strategically chosen for their restoration value. These programs not only protect habitat for salmon, birds and marine mammals, they also protect subsistence and commercial fishing uses while making land available for recreational use by the public.

OTHER PROGRAM HIGHLIGHTS

YOUTH AREA WATCH

Youth Area Watch is an innovative teaching program which takes students from several spill area communities and gets them working side-by-side with research scientists in the field. Biology, oceanography and restoration are no longer abstract classroom concepts when students become involved in hands-on science in their own backyards. Students learn techniques through field observations, gathering data and participation in laboratory analysis. The Chugach School District project, funded by the Trustee Council, is in its second year.

Students from Chugach School District learn in the laboratory and in the field. As part of the Youth Area Watch, Michael Paulsen and Stacy Evanoff of Cheneya Bay, and Even Evanson, of Hinchenbrook Island, analyze the pristane content of blue mussels.

photo by Mel Hemming

ALASKA SEALIFE CENTER

Construction is continuing on the Alaska SeaLife Center in Seward, which will provide much needed marine research facilities to support restoration work in the spill region. The Trustee Council contributed $25 million toward construction of the facility, scheduled to open in spring of 1998. The Council also dedicated funds during 1996 for construction of a fish pass designed to enhance fisheries research by allowing fish to swim directly into the facility.

The SeaLife Center will include public education components, marine life interpretive programs and full research laboratories. The center will provide technologically advanced facilities not previously available in Alaska for research on marine mammals, fish and seabirds. John Hendricks, former director of the Texas State Aquarium, was named as the center's first executive director.

MARINE POLLUTION

Marine pollution can add to the stress factors affecting the recovery of injured species. In an effort to reduce pollutants entering Prince William Sound and the Gulf of Alaska, the Trustees are funding two programs to stop marine pollution at its source.

The Sound Waste Management Program and its sibling, the Kodiak Waste Management Program, are designed to reduce chronic sources of marine pollution by providing facilities and services to properly dispose of used oil, household hazardous waste and recyclables. These continuous waste streams are affecting fish, wildlife and human services injured by the spill.

The programs are using a regional approach, coordinating efforts among communities for temporary storage and then transfer of waste for proper disposal. The Prince William Sound program will receive $1.2 million during FY97 to implement its plan. Another $267,000 will go toward creating a similar waste management plan for Kodiak communities.

LARGE PARCEL PROGRAM

Protecting marine forests maintains habitat for marbled murrelets, harlequin ducks and river otters.

Under the large parcel program, federal and state agencies work with major landowners to identify protection measures that include fee simple purchases, conservation easements, and commercial timber easements. Since 1991, the Trustee Council has worked toward the goal of protecting approximately 760,000 acres of uplands, 1,000 miles of shoreline, and hundreds of miles of anadromous rivers.

During 1996, agreements were successfully negotiated with two major landowners in Prince William Sound to protect nearly 130,000 acres in the heart of the spill area. Both agreements illustrate the Council's creative approach to protecting habitat while also ensuring that the long-term needs of area residents are addressed.

The Chenega Corporation sold interests in 59,520 acres in western Prince William Sound for a total of $34 million (including $10 million from federal criminal settlement funds). Included in this purchase are Jackpot Bay and Eshamy Bay, two parcels with exceptional restoration values that are among the highest-ranked parcels in the entire spill area. These bays have important value for sockeye salmon production, harbor seals, harlequin ducks, marbled murrelets, pigeon guillemots and sea otters as well as being especially significant for subsistence, recreation, and commercial fishing. In the agreement, the corporation retains the land surrounding the existing community of Chenega Bay, the old village site of Chenega (destroyed during the 1964 earthquake) and a number of smaller development sites. The Chenega Corporation shareholders approved the agreement in December 1996 with 81 percent of the shareholders endorsing the purchase.

The public can now hunt, fish, hike and camp on lands purchased as part of the Trustee Council's habitat protection programs.

In northeastern Prince William Sound, the Tatitlek Corporation has offered to sell interests in approximately 68,900 acres of land at a total cost of approximately $35 million ($10 million would come from federal criminal settlement funds). The Tatitlek habitat protection proposal includes a conservation easement covering Bligh Island, the closest point of land to the reef where the *Exxon Valdez* ran aground. Bligh Island is considered valuable for subsistence use and for the long-term recovery of Pacific herring, black oystercatchers, harlequin ducks, pigeon guillemots, river otters, and intertidal resources. The protection package must be approved by two-thirds of Tatitlek Corporation shareholders.

Photo courtesy US Dept of Agriculture

Secretary of Agriculture Dan Glickman signs documents for the transfer of Chenega Corporation lands to the U.S. Forest Service and the State of Alaska while Governor Tony Knowles, left, and Chenega Corporation President Chuck Totemoff look on.

On the southern Kenai Peninsula, an agreement was reached with English Bay Corporation to protect 32,470 acres inside the boundaries of the Kenai Fjords National Park for a purchase price of $14.1 million. The English Bay property is scattered throughout several of the deep water fjords of the park. The marine waters are home to harbor seals, sea otters and killer whales and the upland habitat supports harlequin ducks, Kittlitz's and marbled murrelets, pigeon guillemots and black oystercatchers. Pink salmon spawn in area streams and herring spawn along the coastline.

With the purchase of the Chenega lands in Prince William Sound, more than 420,000 acres have been protected under the large parcel program. Much of this land is in the Kodiak region with a number of agreements completed within the Kodiak National Wildlife Refuge. In addition to safeguarding the biological resources and human uses on these lands, Kodiak Island Borough residents received an added benefit this year in the form of a payment from the Department of the Interior in lieu of taxes on the 109,000 acres that have been added to the Kodiak National Wildlife Refuge. Federal law requires payments when the federal government acquires land from private sources. Annual federal payments will be made in the future, providing economic assistance to borough residents in addition to the benefit of having important habitat protected for public use.

Other large parcel protection efforts are still in progress. Discussions continue with several major landowners including Port Graham Corporation regarding 46,170 acres located within the Kenai Fjords National Park; Afognak Joint Venture concerning 112,827 acres on Afognak Island; Eyak Corporation for 72,000 acres in eastern Prince William Sound; and Koniag Corporation concerning fee title purchase of 57,082 acres of land on Kodiak Island that is currently protected under a limited term conservation easement.

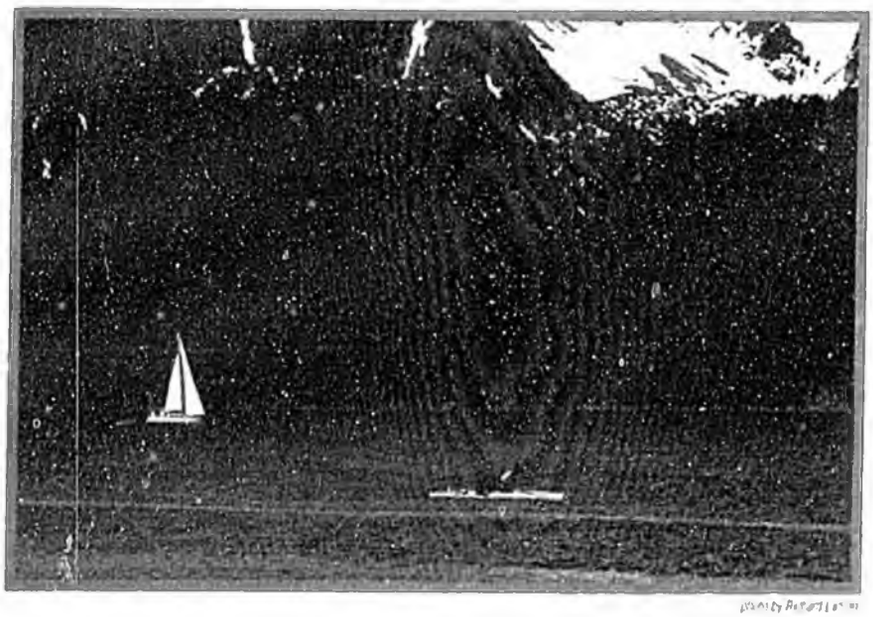


Photo by Bob Gilbert

Kenai Fjords National Park is expected to increase by about 30,000 acres with the agreement to acquire private inholdings. The park is popular with kayakers and boaters of all types.

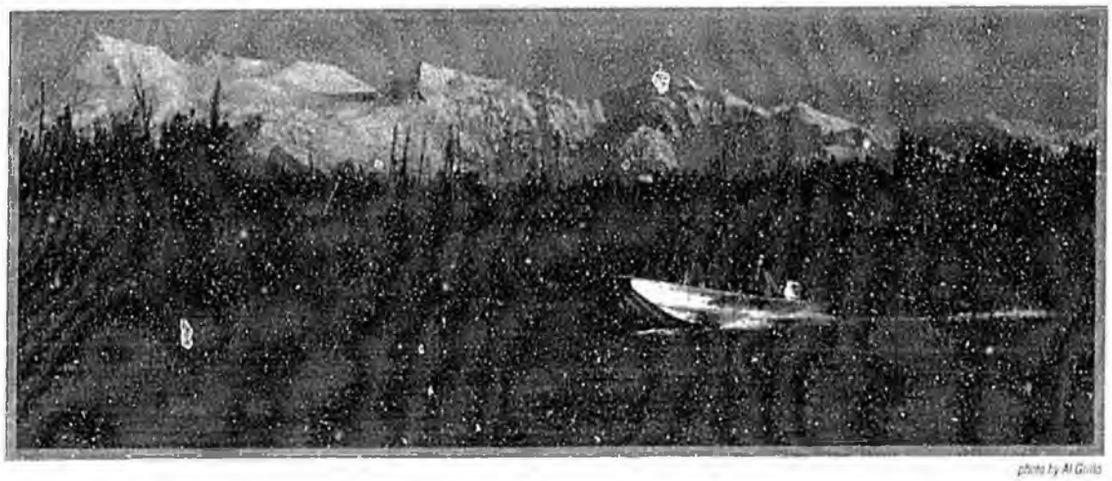


photo by Al Grillo

Habitat along the Kenai River banks, vital for rearing sockeye and chinook salmon, is being protected through the Small Parcel Program. Several of the 18 small parcels acquired during 1996 were on the Kenai River.

SMALL PARCEL PROGRAM

The small parcel program recognizes the unique habitat qualities and strategic restoration value that small tracts of land can provide. Since its inception in 1994, the public has nominated more than three hundred small parcels for consideration by the Trustee Council. Each parcel is evaluated in terms of the restoration benefits that would be provided by purchase of the parcel. This includes consideration of habitat values as well as the importance of public uses such as recreation and subsistence activities.

During 1996, the Trustee Council completed acquisition of 18 small parcels totaling 2,357 acres. Offers have been made and accepted on 12 other parcels totaling 996 acres, and another seven small parcel offers are under review.

Much of the focus of the small parcel program has been on the Kenai River, where the state, federal and local governments are working together with private landowners, commercial fishing groups and sport fishing interests to protect this heavily used river from being "loved to death." These acquisitions include lands that will become part of the Kenai National Wildlife Refuge or else managed by the state for habitat and recreation.

In addition to the Kenai lands, several private inholdings within the Kodiak National Wildlife Refuge have been protected through the small parcel program. These lands provide key public access to popular hunting and fishing areas in the refuge. Near Seward, the Trustee Council has funded the purchase (by the Chugach National Forest) of 64 acres of road-accessible lakefront property for use as a public campground and recreation site. In addition, another 19-acre parcel of land near Seward has been purchased by the Alaska Department of Natural Resources to provide public access for beach combing and boat launching at Lowell Point and to secure permanent access to a hiking trail along the coast to Caines Head State Park.

PUBLIC PARTICIPATION

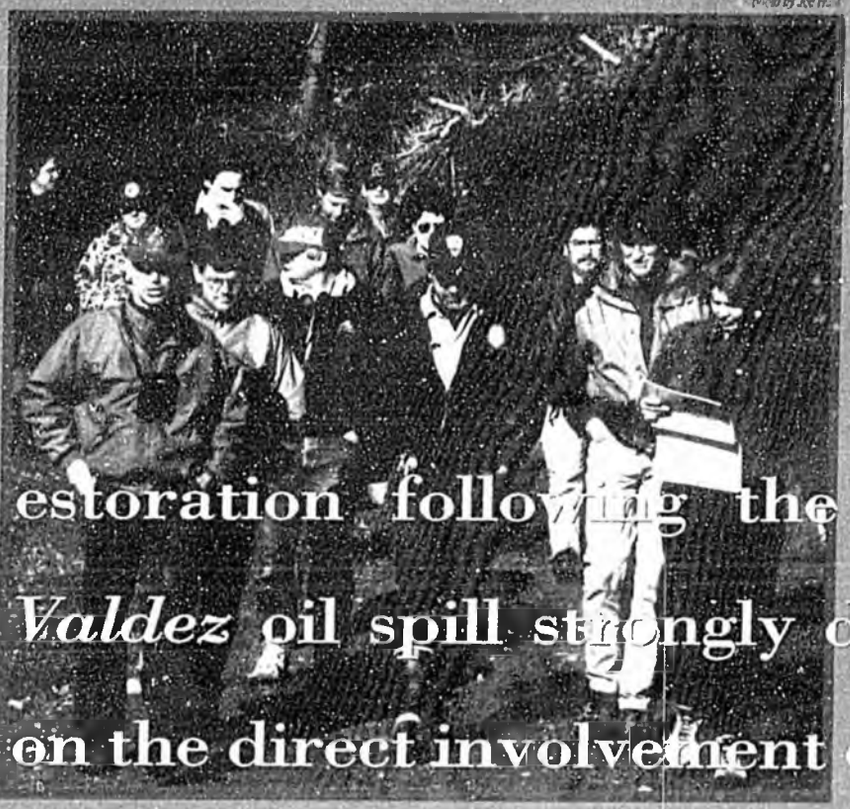


Photo by Joe H...

Members of the Public Advisory Group tour a small parcel with rare beach access located on the bluffs north of Homer. The PAG toured the parcel as part of meetings held in Homer, Seldovia and Fort Graham.

Restoration following the *Exxon Valdez* oil spill strongly depends on the direct involvement of those people with the closest ties to Prince William Sound, the Gulf of Alaska and lower Cook Inlet. The *Exxon Valdez* Oil Spill Trustee Council recognized early on that successful restoration requires the balanced views of Alaska Natives, commercial fishing families, recreational users, private landowners, business owners and many others. These include the forest products industry, local government, state legislators, environmentalists, land managers and scientists. In fact, the court settlement with Exxon specifically requires "meaningful public participation in the restoration process."

The Trustee Council seeks information and advice from a variety of groups, each with its special expertise about the spill area and its inhabitants. The 17-member Public Advisory Group, the village-based Community Involvement Project and a host of other public outreach and education efforts are key elements in the process of restoring the resources and services.

These groups provide advice to the Restoration Office staff and to the Trustees. They also return to their communities and constituencies with up-to-date information about the restoration process, priorities and accomplishments.

PUBLIC ADVISORY GROUP

The Public Advisory Group, commonly known as the PAG, brings together 17 Alaskans who represent the users of the spill area and others interested in the restoration process. The PAG includes five public-at-large members and one member each representing the following interests:

- Aquaculture
- Conservation
- Forest products
- Native landowners
- Sport hunting/fishing
- Science/academia
- Commercial fishing
- Environment
- Local government
- Recreation users
- Subsistence
- Tourism

In addition, two ex-officio members are appointed to represent the Alaska House and Senate.

The PAG provides advice on key decisions relating to planning, funding and carrying out restoration projects. Its members review specific issues as well as make recommendations concerning the overall direction of the restoration effort. The PAG process provides a direct link between the Council and user groups throughout the spill area.

COMMUNITY INVOLVEMENT

Fifteen predominantly Native villages in the spill area rely heavily on subsistence resources such as fish, shellfish, seals and ducks, many of which were injured by the spill.

The Trustee Council is making a special effort to listen to the concerns of subsistence users and closely involve them in the restoration process. Through its Community Involvement Project, the Council funds a local facilitator in each of 10 spill-area communities to serve as a liaison between the community, the Trustee Council, the Restoration Office staff and the scientists conducting restoration projects. In addition, a community involvement coordinator works in the Restoration Office in Anchorage to facilitate two-way communication.

The project is administered through a contract with Chugach Regional Resources Commission and includes local facilitators for Chenega Bay, the Alaska Peninsula, Cordova, Kodiak Island, Nanwalek, Port Graham, Seldovia, Seward, Tatitlek and Valdez.

Virginia Aleck of Chignik Lake and Walter Meganack, Jr., of Port Graham listen to a report presented by Lora Johnson of Chignachmiut during a meeting of Community Involvement facilitators. This program helps keep spill area communities informed and involved in Trustee Council activities.

Photo by Joe Hunt

In addition to all the other research involving subsistence resources such as herring, salmon and harbor seals, the Trustee Council funded 15 subsistence projects in FY '97. These projects are specifically designed to improve subsistence harvests for local residents, including enhancement of salmon streams near the villages; experimental "seeding" of clams on suitable beach sites; and cleaning residual oil from select subsistence harvest areas. In addition, another project seeks to integrate traditional knowledge about the coastal environment into the restoration effort.

GENERAL PUBLIC

Direct public input remains a key part of the Trustee Council process. Every meeting of the Trustee Council or the Public Advisory Group includes an open forum for any citizen to address Council activities. Residents of far-flung spill communities are encouraged to participate via teleconference. The Trustee Council, members of the PAG and Restoration Office staff held meetings in a number of communities during 1996, including Kodiak, all the Kodiak Island villages, Homer, Seldovia and Port Graham.

The annual Work Plan, which establishes the projects to be funded each year, is made available to the public in draft form to allow written comments or testimony before the PAG and the Trustee Council. In addition, all annual and final reports on Council-funded projects are available through the Oil Spill Public Information Center.

PUBLIC OUTREACH

The Trustee Council has undertaken a number of new projects in 1996 in an effort to get better information to the public. The radio series "Alaska Coastal Currents," designed to explain Council-funded science and other projects to the public, was introduced in March 1996. Produced by Alaska Public Radio Network and reported by Jody Seitz, the series has proven itself to be an insightful way to spread the difficult-to-explain news of Alaska marine science. Its success has led to many spin-offs to increase exposure for the series. During 1997 it also will be produced as a weekly newspaper column and created as a self-standing kiosk-style computer display. It may also be added to the web site to provide world-wide access and produced on CD-ROM for use by schools.

The Trustee Council's homepage on the World Wide Web continues to expand in size and usage. The homepage is maintained by the Oil Spill Public Information Center (OSPIC) at http://www.alaska.net/~ospic. In it can be found the status of injury and recovery, restoration activities, background information on the spill, and a variety of other information, including the text to this annual report.

A comprehensive look at results from scientific studies is being prepared in a volume of semi-technical papers written by scientists, and edited, designed and printed by the Restoration Office. Known as the Restoration Notebook series, these papers will be a valuable resource for students and others who want to learn about the species injured by the oil spill. Harbor seals, for instance, have a 20-year history of declining populations. The Restoration Notebook documents the research being done to explain the decline, including several innovative research techniques helping to answer questions about harbor seal diet, reproduction and movements.

RESTORATION RESERVE

Since 1994, the Trustee Council has been setting aside $12 million a year to establish a reserve account for future restoration activities. The Council anticipates placing a total of $108 million into the account by the time Exxon makes its final payment in September 2001, plus accumulated interest.

Beth Carlson, of Eagle River, testifies in support of inholdings in Kenai Fjords National Park acquisition while Trustees Deborah Williams, Special Assistant to the Secretary, Department of the Interior, and Assistant Attorney General Craig Tillery listen.

The Trustee Council has made no decision about the long-term management or use of the Restoration Reserve. Meetings are being scheduled during 1997 and 1998 with interested groups to generate ideas on how to best use the fund. The Council expects to make a decision before the end of 1998.

PAST AND ESTIMATED FUTURE USES OF CIVIL SETTLEMENT

(in millions of dollars)

REIMBURSEMENTS FOR DAMAGE AND RESPONSE	**213.1**
Governments (includes litigation and cleanup)	173.2 (a)
Exxon (for cleanup after 1/1/92)	39.9
RESEARCH, MONITORING AND GENERAL RESTORATION	**180.0**
Actual expenditures:	
• FY 1992 Work Plan	12.4
• FY 1993 Work Plan	7.4 (b)
• FY 1994 Work Plan	14.6
• FY 1995 Work Plan	17.2
• FY 1996 Work Plan	17.7
• FY 1997 Work Plan (authorized)	16.2
FY 1998 - FY 2002 Work Plans (estimate)	64.5
Alutiiq Museum	1.5
Alaska SeaLife Center	25.5
Reduction of Marine Pollution	3.0
HABITAT PROTECTION	**386.3**
Large Parcel and Small Parcel habitat protection programs (past expenditures, outstanding offers, estimated future commitments and parcel evaluation costs)	
RESTORATION RESERVE	**108.0**
• FY 1994 — FY 1997	48.0
• FY 1998 — FY 2002 (anticipated)	60.0
PUBLIC INFORMATION, SCIENCE MANAGEMENT & ADMINISTRATION	**30.9**
Actual expenditures:	
• FY 1992 Work Plan	4.3
• FY 1993 Work Plan	2.7 (b)
• FY 1994 Work Plan	4.1
• FY 1995 Work Plan	3.2
• FY 1996 Work Plan	3.0
• FY 1997 Work Plan (authorized)	3.0
FY 1998 - FY 2002 Work Plans (estimate)	10.6
TOTAL	**913.3**
Exxon Payments	900.0
Interest on Court Registry Investment System (minus fees)	11.5
Interest on federal and state accounts	3.8

(a) Reimbursement to governments reduced by $2.7 million included in the FY 1992 Work Plan.

(b) 1993 Work Plan was funded for only 7 months during transition to the federal fiscal year (October 1 - September 30).

INDEPENDENT AUDITORS' REPORT

ELGEE, REHFELD & FUNK
Certified Public Accountants

9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801
Phone: 907-789-3178 · FAX: 907-789-7128

Members, *Exxon Valdez* Oil Spill Trustee Council,
Anchorage, Alaska:

We have audited the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 1996, as listed in the accompanying table of contents. These financial statements are the responsibility of the *Exxon Valdez* Oil Spill Trustee Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial presentation for the Court Registry Investment System (CRIS), *Exxon Valdez* Oil Spill Settlement Account (Joint Trust Account) is of this account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) is of the amounts related to the *Exxon Valdez* Oil Spill Trustee Council only and is not intended to present the financial position of NRDA&R or the U.S. Department of Interior Fish and Wildlife Service and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust) is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

As discussed in Note 2, the financial statements for the Joint Trust Account and NRDA&R are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Joint Trust Account and NRDA&R and the financial position of the Settlement Trust as of and for the year ended September 30, 1996, and the results of their operations for the year then ended on the basis of accounting described in Note 2 for the Joint Trust Account and NRDA&R, and in conformity with generally accepted accounting principles for the Settlement Trust.

In accordance with *Government Auditing Standards*, we have also issued reports dated January 23, 1997 on our consideration of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds' internal control structure and a report dated January 23, 1997 on their compliance with laws and regulations, as listed in the table of contents.

Elgee, Rehfeld & Funk

January 23, 1997

Exxon Valdez Oil Spill Trustee Council
UNITED STATE DISTRICT COURT - FIFTH CIRCUIT
COURT REGISTRY INVESTMENT SYSTEM
EXXON VALDEZ OIL SPILL SETTLEMENT ACCOUNT
STATEMENT OF ASSETS, LIABILITIES AND JOINT TRUST ACCOUNT
BALANCE ARISING FROM CASH TRANSACTIONS
September 30, 1996

ASSETS:		
Cash and Investments	$	112,885,654
Total Assets	$	112,885,654
LIABILITIES AND JOINT TRUST ACCOUNT BALANCE:		
Liabilities	$	-
Joint Trust Account Balance - Liquidity Account		76,889,483
Joint Trust Account Balance - Reserve Account		35,996,171
Total Liabilities and Joint Trust Account Balance	$	112,885,654

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN JOINT TRUST ACCOUNT BALANCE
For the Fiscal Year Ended September 30, 1996

Receipts:		
Receipts	$	66,708,554
Investment Income - Liquidity Account		3,887,123
Investment Income - Reserve Account		-
Total Receipts		70,595,677
Disbursements:		
State of Alaska, *Exxon Valdez* Settlement Trust:		
Fiscal 1996 Natural Resource Damage Assessment and Restoration Projects		(2,468,898)
Fiscal 1997 Natural Resource Damage Assessment and Restoration Projects		(9,906,619)
Land Acquisition Disbursements		(18,509,433)
Research Infrastructure Improvement Disbursements		(12,456,000)
Total Disbursements to State of Alaska		(43,340,950)
U.S. Department of Interior, Natural Resources Damage Assessement and Restoration Fund:		
Fiscal 1996 Natural Resource Damage Assessment and Restoration Projects		(3,850,224)
Fiscal 1997 Natural Resource Damage Assessment and Restoration Projects		(6,663,400)
Land Acquisition Disbursements		(20,534,200)
Total Disbursements to United States		(31,047,824)
Court Registry Fees		(388,772)
Total Disbursements		(74,777,546)
Deficiency of Receipts Over Disbursements		(4,181,869)
Joint Trust Account Balance, Beginning of Year		117,067,523
Joint Trust Account Balance, End of Year	$	112,885,654

The accompanying notes to trust fund financial statements are an integral part of this statement.

Exxon Valdez Oil Spill Trustee Council
UNITED STATE DEPARTMENT OF THE INTERIOR,
FISH AND WILDLIFE SERVICE
NATURAL RESOURCES DAMAGE ASSESSMENT
AND RESTORATION FUND
STATEMENT OF ASSETS, LIABILITIES AND TRUST FUND
BALANCE ARISING FROM CASH TRANSACTIONS
September 30, 1996

ASSETS:		
Cash and Investments	$	7,791,910
Total Assets	$	7,791,910
LIABILITIES AND FUND BALANCE:		
Liabilities	$	-
Trust Fund Balance		7,791,910
Total Liabilities and Trust Fund Balance	$	7,791,910

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN TRUST FUND BALANCE
For the Fiscal Year Ended September 30, 1996

Receipts:		
Contributions - Court Registry Investment System, Joint Trust Account	$	31,047,824
Investment Income		206,258
Total Receipts		31,254,082
Disbursements:		
U.S. Department of Interior:		
Fish and Wildlife Service		(22,133,000)
National Biological Service		(1,418,700)
National Park Service		(81,700)
Office of the Secretary		(61,900)
U.S. Department of Agriculture, United States Forest Service		(3,067,000)
U.S. Department of Commerce, National Oceanic and Atmospheric Administration		(3,931,300)
Total Disbursements		(30,693,600)
Excess of Revenues Over Expenditures		560,482
Trust Fund Balance, Beginning of Year		7,231,428
Trust Fund Balance, End of Year	$	7,791,910

The accompanying notes to trust fund financial statements are an integral part of this statement.

Exxon Valdez Oil Spill Trustee Council
STATE OF ALASKA - *EXXON VALDEZ* OIL SPILL SETTLEMENT TRUST
BALANCE SHEET
September 30, 1996

ASSETS:		
Cash and Investments	$	42,130,502
Total Assets	$	42,130,502
LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts Payable	$	3,937,523
Deferred Revenues		10,196,019
Total Liabilities		14,133,542
Fund Balances:		
Reserved for Encumbrances		20,708,598
Unreserved		7,288,362
Total Fund Balances		27,996,960
Total Liabilities and Fund Balances	$	42,130,502

STATEMENT OF REVENUES , EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 1996

Revenues:		
Contributions - Court Registry Investment System, Joint Trust Account	$	55,508,647
Interest and Investment Income		1,673,683
Total Revenues		57,182,330
Expenditures:		
Current Operating:		
Natural Resources Damage Assessment and Restoration Projects		
Department of Fish and Game		(12,752,869)
Department of Environmental Conservation		(455,496)
Department of Natural Resources		(1,618,827)
Total Current Operating		(14,827,192)
Capital Outlay:		
Research Infrastructure Improvements - Alaska Department of Fish & Game		(5,711,366)
Land Acquisitions - Alaska Department of Natural Resources		(18,249,433)
Total Expenditures		(38,787,991)
Excess of Revenues Over Expenditures		18,394,339
Fund Balances, Beginning of Year		9,602,621
Fund Balances, End of Year	$	27,996,960

The accompanying notes to trust fund financial statements are an integral part of this statement.

Exxon Valdez Oil Spill Trustee Council
NOTES TO TRUST FUNDS FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 1996

1. *EXXON VALDEZ* OIL SPILL TRUSTEE COUNCIL

Formation of the *Exxon Valdez* Oil Spill Trustee Council

The United States of America (United States) and the State of Alaska (State) entered into a Memorandum of Agreement and Consent Decree (MOA) on August 28, 1991. The MOA was made to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the T/V *Exxon Valdez* Oil Spill (Oil Spill), which occurred on the night of March 23-24, 1989 in Prince William Sound, Alaska. Upon entering into the MOA, the United States and the State believed that the terms of the MOA were in the public interest and would best enable them to fulfill their duties as trustees to assess injuries and to restore, replace, rehabilitate, enhance, or acquire the equivalent of the natural resources injured, lost, or destroyed as a result of the Oil Spill.

Pursuant to the MOA and federal laws, the United States and State act as co-trustees in the collection and joint use of all natural resource damage recoveries for the benefit of natural resources injured, lost or destroyed as a result of the Oil Spill. To manage the co-trustee relationship, the *Exxon Valdez* Oil Spill Trustee Council (Council) was formed.

Exxon Valdez Oil Spill Trustee Council Structure

The Council consists of six trustees, three trustees represent the United States and three trustees represent the State. The United States' trustees are the Secretaries of the United States Departments of Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (a bureau of the United States Department of Commerce). The State's trustees consist of the Commissioners of the State Departments of Environmental Conservation and Fish and Game, and the Attorney General of the State of Alaska. The MOA allows the President of the United States or the Governor of the State of Alaska to transfer trustee status from one official to another official of their respective governments.

All decisions of the Council must be made by the unanimous agreement of the trustees. The decisions of the United States' trustees must be made in consultation with the United States Environmental Protection Agency. If the trustees cannot reach unanimous consent, either the United States or the State may resort to litigation in the United States District Court for the District of Alaska (Court).

Restoration Office

The Council has established a Restoration Office which is responsible for the coordination and supervision of the activities of the Council. The Restoration Office is managed by an Executive Director who reports directly to the Council. Since the Council exists through the MOA, it and the Restoration Office operate within the framework of the Trustee Agencies. During fiscal 1996, all activities of the Restoration Office were conducted through the Alaska State Departments of Fish and Game and Natural Resources. In addition, The National Oceanic and Atmospheric Administration administered certain parts of the Restoration Office's activities.

The Restoration Office develops an annual budget which, upon approval by the Council, sets forth the anticipated expenditures of the Restoration Office. The Council makes an annual contribution to the State agencies equal to the budget for the Restoration Office. The contributions are made using the disbursements procedures discussed in Note 6.

Termination of the *Exxon Valdez* Oil Spill Trustee Council

The MOA shall terminate when the United States and the State certify to the Court, or when the Court determines on application by either government, that all activities contemplated under the MOA have been completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Joint Trust Account - Court Registry Investment System

As further discussed in Note 5, amounts paid by Exxon Corporation are made directly to the United States and the State for reimbursement of certain costs incurred by them in connection with the Oil Spill. In accordance with the MOA and as ordered by the presiding Court, money that is not directly paid to the United States and the State is placed in an interest-bearing account in the Court Registry Investment System (CRIS) administered through the United States District Court for the Southern District of Texas. In addition, an account entitled "Exxon Valdez Oil Spill Settlement Account" (Joint Trust Account) was established in CRIS specifically for the Exxon settlement proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CRIS is a cash management system developed by the United States District Court for the Southern District of Texas. All amounts placed with the CRIS liquidity account are maintained in United States government treasury securities with maturities of 100 days or less, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. Amounts placed with the CRIS reserve fund are maintained in United States government treasury securities with maturity dates ranging from fiscal 1997 through fiscal 2002, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. The financial presentation for the Joint Trust Account is of the Joint Trust Account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations.

Upon unanimous approval of the Trustee Council, funds are disbursed to the United States and the State to be expended by the Trustee Agencies in accordance with the Council's wishes. The accompanying financial statements for the Joint Trust Account reflect the intent of the disbursements as to natural resource damage assessment and restoration, or the acquisition of land or research infrastructure improvements to further protect the natural resources. The financial statements also reflect the fiscal year which the disbursements are to be expended by the Trustee Agencies.

As allowed under 28 USC 1913, 1914 (b) and 1930(b), the Clerk of the Court for the United States Courts is allowed to charge a registry fee for administering investment holdings of funds held in their registry accounts. During the year ended December 31, 1996, the registry fee charged to the Joint Trust Account was 10 percent of investment income. In addition, CRIS has entered into a contract with a Houston, Texas based financial institution to provide investment advisory information, securities trading services, and accounting services at a fee of .025 percent added to the cost of securities purchased by CRIS. On October 8, 1996, the United States, on behalf of the natural resource trustees applied to the court for restoration of the court registry fees assessed against the Exxon Valdez Oil Spill Settlement Account and for an order waiving such fees in the future.

U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund

Disbursements which are made from the Joint Trust Account to the United States are deposited in the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R). NRDA&R was established pursuant to Public Law 102-154, and is administered by the U.S. Department of Interior, Fish and Wildlife Service. It is a trust fund which was established to hold natural resources damage assessment and restoration settlement proceeds of the United States Government. Public Law 120-229 requires that federal proceeds from the Agreement and Consent Decree (see additional discussion in Note 4) be deposited in NRDA&R, and that all interest earned on these proceeds be available to the Federal Trustees for necessary expenses for assessment and restoration of areas affected by the Oil Spill. Public Law 120-229 also calls for amounts in NRDA&R to be invested by the U.S. Secretary of the Treasury in interest bearing obligations of the United States.

Disbursements from NRDA&R are made pursuant to the directions of the Council and as approved by the Court. At the beginning of each fiscal year, the Department of Interior, Fish and Wildlife Service communicates with each of the United States Trustee Agencies to determine the timing of disbursements from NRDA&R to each Federal Trustee Agency. Investments are purchased in order to earn interest on available balances within NRDA&R, and with scheduled maturity dates coincident with the scheduled date of disbursement.

The financial presentation for NRDA&R is of the amounts related to the Council only and is not intended to present the financial position of NRDA&R or the Department of Interior, Fish and Wildlife Service and the results of their operations.

State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust

Disbursements which are made from the Joint Trust Account to the State are deposited in the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust). The Settlement Trust is established pursuant to AS 37.14.400. Pursuant to State law a state agency may not expend money from the Settlement Trust unless the expenditure is in accordance with an appropriation made by law. Expenditures of funds are made upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain.

The Settlement Trust is an expendable trust fund of the State. Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the fund's designated operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upon approval by the Council, the Court, and the State of Alaska, Trustee Agencies make expenditures directly against the Settlement Trust.

The financial presentation for the Settlement Trust is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

Basis of Accounting

Basis of accounting refers to when revenues, expenditures and the related assets and liabilities are recorded in the accounts and financial statements. Specifically, it relates to the timing of the financial measurements made, regardless of the measurement focus applied.

The basis of accounting used by the Joint Trust Account, NRDA&R and the Settlement Trust are as follows:

Joint Trust Account - The financial statements of the Joint Trust Account are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

NRDA&R - The financial statements of NRDA&R are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

Settlement Trust - The financial statements of the Settlement Fund are accounted for using a current financial resources measurement focus on the modified accrual basis. The Settlement Fund recognizes revenues when the source is measurable and available, and intended for the fiscal year. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Assets are recorded when measurable and due.

Expenditures are recorded when the related liability is incurred. Encumbrance accounting, under which purchase orders and contracts for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary integration of the Settlement Trust. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Interest and investment income is allocated to the Settlement Trust as agreed to under a Memorandum of Understanding (MOU) by and between the State Departments of Revenue and Administration effective July 1, 1993. Under the MOU, interest is credited daily to the Settlement Trust by determining the Settlement Trust's daily cash balance and applying the current weekly 180 day Treasury Bill Rates based on the Treasury Bill auctions.

Statement Presenation

Separate balance sheets and statements of receipts and disbursements or revenues and expenditures are presented for each of the Joint Trust Account, NRDA&R and the Settlement Trust. This is due to the fact that ownership of the Trust Funds rests separately with each of the U.S. District Court, U.S. Department of Interior, Fish and Wildlife Service and the State of Alaska, and the different bases of accounting used by the Trust Funds.

Accounts Payable and Deferred Revenue - Settlement Trust

Accounts payable in the Settlement Trust financial statements include disbursements made against the Settlement Trust subsequent to September 30, 1996, which relate to fiscal 1996 restoration activities.

Deferred Revenues in the Settlement Trust financial statements include amounts received or receivable at September 30, 1996, which are to be expended by the State in fiscal 1997.

3. CASH AND INVESTMENTS

Cash and investments for the Joint Trust Account, NRDA&R and the Settlement Trust are as follows:

Joint Trust Account - All deposits and investments of the Joint Trust Account are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. At September 30, 1996, the balances held in the CRIS liquidity account are held in U.S. Treasury Bills with maturities less than 100 days, and the balances held in the CRIS reserve fund are held in U.S. Treasury Bills with maturity dates on November 15, in each year from 1997 through 2002. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of CRIS's investments and deposits in GASB credit risk category 1 *.

NRDA&R - All cash and investments of NRDA&R are held in the name of the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund at the U.S. Department of the Treasury. At September 30, 1996, substantially all balances are held in U.S. Treasury Bills with maturities ranging from 30 to 300 days. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of NRDA&R's investments and deposits in GASB credit risk category 1 *.

Settlement Trust - Cash and Investments of the Settlement Trust represent cash on deposit in banks, and cash invested in various investments as a part of the State's short-term cash management pools. By law, all deposits and investments relating to the Settlement Trust are under the control of the Commissioner of the State Department of Revenue. The State's cash is invested pursuant to State laws which mandate that investments shall be made with the judgment and care exercised by an institutional investor of ordinary professional prudence, discretion and intelligence. All deposits are insured or collateralized with securities held by the State or by its custodian in its name. All investments are insured or registered in the State's name and are held by the State or its custodian. This places all of the State's General Investment Funds deposits and investments, of which the Settlement Trust cash and investments are a part, in GASB credit risk category 1 *.

* GASB Statement No. 3 requires deposits and investments to be categorized to indicate the level of risk assumed by an entity. For investments, category 1 consists of investments that are insured or registered for which the securities are held by the entity or its custodian in the entity's name, category 2 consists of uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the entity's name, and category 3 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent not in the entity's name.

4. CONTRIBUTIONS BY EXXON CORPORATION

Agreement and Consent Decree

On October 8, 1991, the United States, the State, Exxon Corporation (Exxon) and Exxon Shipping Company, and Exxon Pipeline Company entered into an Agreement and Consent Decree (Agreement). The Agreement principally stipulates that Exxon make certain payments, and that all parties release and covenant not to sue or to file any administrative claim against the other parties or specifically identified third parties. Pursuant to the Agreement Exxon is to pay the United States and the State a total of $900 million as follows:

Date Payment Due	Amount
Ten days after the Agreement became effective	$ 90,000,000
December 1, 1992	150,000,000
September 1, 1993	100,000,000
September 1, 1994	70,000,000
September 1, 1995	70,000,000
September 1, 1996	70,000,000
September 1, 1997	70,000,000
September 1, 1998	70,000,000
September 1, 1999	70,000,000
September 1, 2000	70,000,000
September 1, 2001	70,000,000
	$ 900,000,000

4. CONTRIBUTIONS BY EXXON CORPORATION (Continued)

During fiscal 1996, Exxon Corporation made the contribution to the Joint Trust Account as required by the Agreement. As further discussed in Note 5, $3,291,446 of the $70,000,000 contribution was paid directly to the State of Alaska. The balance of $66,708,554 was placed with the Joint Trust Account.

Reopener for Unknown Injury

In addition to the payment terms discussed above, the Agreement also has a reopener provision that allows the government to claim an additional $100 million from Exxon between September 1, 2002, and September 1, 2006, as required for the performance of restoration projects in Prince William Sound and other areas affected by the Oil Spill to restore one or more populations, habitats, or species which, as a result of the Oil Spill, suffered substantial loss or substantial decline in the areas affected by the Oil Spill.

The cost of the restoration projects must not be grossly disproportionate to the magnitude of the benefits obtained, and the reopener is available only for any losses or declines that could not reasonably have been known or anticipated from information available at the time of the Agreement.

5. REIMBURSEMENTS TO THE UNITED STATES AND THE STATE

Under the terms of the Agreement, certain amounts paid by Exxon are to be made directly to the United States and the State. These payments are to be used solely to reimburse them for the following purposes:

1. Response and clean-up costs incurred by either of them on or before December 31, 1990 in connection with the Oil Spill;
2. Natural resource damages assessment costs incurred by either of them on or before March 12, 1991 in connection with the Oil Spill;
3. (State only) Attorneys fees, experts' fees, and other costs incurred by the State on or before March 12, 1991 in connection with litigation arising from the Oil Spill;
4. Response and clean-up costs incurred by either of them after December 31, 1990 in connection with the Oil Spill;
5. To assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services after March 12, 1991; and
6. (State only) Reasonable litigation costs incurred by the State after March 12, 1991.

The agreement states that the amounts to be reimbursed to the United States for items one and two above are not to exceed $67 million. The amounts to be reimbursed to the State for items one, two and three above are not to exceed $75 million. The agreement does not place a cap on items four and five. The amounts paid to the State for item six above are not to exceed $1 million per month.

During fiscal 1996, $3,291,446 was paid to the State of Alaska as a reimbursement pursuant to the Agreement. There were no other reimbursements made to the United States or the State during fiscal 1996 under the Agreement.

6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT

Approved Payment Uses

Under the terms of the MOA, amounts paid by Exxon, excluding the reimbursements discussed in the preceding Note, are deposited into the Joint Trust Account. These payments are to be used solely to assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services.

Project Approval

The Council has developed a solicitation and review process for projects to address the purposes stated above. The outcome of the process is the development of a fiscal year Work Plan which approves the funding for all projects to be conducted during the fiscal year. For the fiscal year ending September 30, 1996, the following project solicitation and review process was used by the Council:

6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT (Continued)

1. In March 1995, the Council published an *Invitation to Submit Restoration Projects for Fiscal Year 1996.* As part of the Invitation requirements, proposers developed and submitted detailed project descriptions and project budgets for review. The Council's Chief Scientist coordinated a preliminary scientific and technical review of the projects. The projects were also reviewed by the Council's Executive Director, Federal and State agency staff, and representatives of the Public Advisory Group (the Public Advisory Group consists of members of the public and concerned groups and was appointed by the Council in accordance with the MOA to help provide meaningful public participation in the injury assessment and restoration process).
2. In late June, all proposals and the results of the reviews were published in the *Draft Fiscal Year 1996 Work Plan.* The public comment period on the draft closed August 4, 1995.
3. During the public review period, the Public Advisory Group reviewed the draft work plan at a meeting in late July. In addition to the public review many proposals underwent further technical, budget, policy, and legal review.
4. The majority of approved projects, received interim funding from the Council in August 1995. Additionally, projects that required further technical review received funding in August 1995.
5. In December 1995, the Council made final project approval. The approved projects were published in the *Fiscal Year 1996 Work Plan.*

In addition to the process outlined above, the Council has also identified and acquired several tracts of land as permitted by the MOA. The land acquisition support costs are funded through the Work Plan, and all land acquisitions are separately approved by the Council.

Interest Income Recovery - NRDA&R and the Settlement Trust

The governments are to report to the Council the amount of interest earned on net available balances in NRDA&R and the Settlement Trust. The Council then recovers the interest reported by reducing subsequent disbursements from the Joint Trust Fund for future projects. During fiscal 1996, disbursements to the United States and the State were reduced by $222,042 and $1,436,335 for such interest earnings, respectively.

Unobligated Balance Recovery - NRDA&R and the Settlement Trust

Actual project costs are frequently less than the original project budgets. When this occurs, the United States and the State retain the unspent or unobligated balances. The Council then recovers these balances by reducing subsequent disbursements for new projects. During fiscal 1996, the United States and the State reported total unobligated balances of $3,665,782. Of this amount, the United States and the State reported $1,165,334 and $2,500,448 respectively. These unobligated funds were recovered through reduced project disbursements during the fiscal year ending September 30, 1996.

Disbursements from the Joint Trust Account

During fiscal 1996, the Council disbursed $74,388,774 for restoration projects and land acquisition pursuant to the MOA as follows:

Restoration Projects Authorized By the Council For 1996 and 1997:	
To be conducted by the United States	$ 11,901,000
To be conducted by the State	15,816,700
Total	27,717,700
Land Acquisitions and Research Infrastructure Improvements Authorized By The Council For 1996 and 1997:	
To be acquired by the United States	20,534,200
To be acquired by the State	31,511,033
Total	52,045,233
	79,762,933
Less:	
Unobligated balances on prior years projects	(3,665,782)
Interest earnings on payments not yet disbursed by the United State and State	(1,708,377)
Disbursements from the Joint Trust Account	$ 74,388,774

7. DEFERRED REVENUE

On September 10, 1996, the Court approved the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1997. The disbursement relating to this action was made from the Joint Trust Account on September 19, 1996, and the amount disbursed to the State Trustee Agencies' of $9,906,619 has been recorded as deferred revenue.

Also during Fiscal 1996, the Department of Environmental Conservation received funding for a project that was originally anticipated to be conducted in Fiscal 1996. It was later determined that the project would be conducted in Fiscal 1997. Accordingly the amount received from the Trustee Council for this project of $289,400 is included in deferred revenue for the Settlement Trust as of September 30, 1996.

NRDA&R received the United States' disbursement relating to the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1997 prior to September 30 1996. The amount received of $6,663,400 has been recorded as Receipts - CRIS in the NRDA&R financial statements since NRDA&R is accounted for using the cash basis of accounting, and is part of the ending Trust Fund Balance. However, this money will be made available to the Federal Trustee Agencies in fiscal 1997.

8. REAL PROPERTY ACQUISITIONS

In order to protect the habitat of resources and services injured by the oil spill, the Council, directed its staff to establish a process for the evaluation and acquisition of real property that was imminently threatened by development, or had habitat value. This process was divided into two programs; large parcels, generally those over 1,000 acres, and small parcels, generally those smaller than 1,000 acres.

Large Parcel Acquisitions

The large parcels program of the land evaluation and acquisition process was initiated in 1992. This evaluation process lead to the consideration of numerous parcels for acquisition by Trustee Agencies. As of September 30, 1996, the Council funded the acquisition, through either the purchase of the property, or interest in the property, or the acquisition of a limited term conservation easement, for 361,120 acres, with a total purchase cost, excluding interest, of $195,350,000. Of the total purchase cost, $160,600,000 is being provided from the Joint Trust Account, and $34,750,000 from other sources.

During fiscal 1996, large parcel acquisitions were completed on 143,436 acres with a total purchase cost of $70,500,000. Of the total purchase cost, $63,500,000 is being provided from the Joint Trust Account, and $7,000,000 from other sources.

Four of the acquisitions completed to date are to be paid on an installment basis through fiscal 2002. Only one of these acquisitions, with a final principal payment of $2,917,000 due October 1997, bears interest. Interest accrues on the unpaid balance at a rate equal to the fifty-two week United States treasury bill rate, adjusted and compounded annually. The following is a summary of the remaining commitments (excluding interest) due from the Joint Trust Account as of September 30, 1996:

Fiscal Year Ending September 30:	
1997	$ 18,916,667
1998	8,500,000
1999	4,000,000
2000	4,000,000
2001	4,000,000
Thereafter	11,805,734
	$ 51,222,401

Pending Large Parcel Acquisitions

During fiscal 1996, the Council authorized two additional large parcel acquisitions totaling 127,440 acres with a total cost of $69,010,800. Of the total purchase cost, $49,010,800 is to be provided from the Joint Trust Account, and $20,000,000 from other sources. These acquisitions are expected to be completed during fiscal 1997. In addition, negotiations continue on five other large parcel acquisitions. Currently, the area under negotiation includes approximately 320,000 acres.

8. REAL PROPERTY ACQUISITIONS (Continued)

Small Parcel Acquisitions

The small parcel program of the land evaluation and acquisition process was initiated in 1994. In response to a public solicitation, 302 parcels have been nominated for acquisition by the Trustees. The nomination period is open ended, and the Council continues to receive and evaluate nominations. The Council's staff evaluate, score, and rank the parcels, taking into account the resource value of the parcel, adverse impacts from human activity, and potential benefits to management of public lands. To date the Council has expressed interest in acquiring approximately 50 of the nominated parcels.

During fiscal 1996, the Council completed the acquisition of the first 14 parcels containing 805 acres with a total cost of $5,295,000. Subsequent to fiscal year-end, 7 additional parcels containing 1,847 acres with a total cost of $3,184,000 were acquired. In addition, offers have been accepted by sellers on 9 parcels which are expected to close during fiscal 1997. These parcels contain 701 acres and have a total cost of $3,334,000. All of the small parcels are purchased under fee simple title, and cash is paid on these parcels at closing. Most of these acquisitions are purchased through the Alaska Department of Natural Resources or the U.S. Department of the Interior, Fish and Wildlife Service, and all parcels acquired to date have been fully funded from the Joint Trust Account.

Alaska Sea Life Center

On November 2, 1994, the Council approved the disbursement of $24,956,000 from the Joint Trust Account with CRIS to fund the construction of the research infrastructure improvements for the Alaska Sea Life Center in Seward, Alaska which is affiliated with the University of Alaska, School of Fisheries and Ocean Sciences, Institute of Marine Science. The first of two withdrawals to fund the project in the amount of $12,500,000 was made in September, 1995. The second withdrawal of $12,456,000 was made in September, 1996. The funds are being expended by the Alaska Department of Fish and Game under a cooperative agreement with the City of Seward, Alaska. As of September 30, 1996, $5,711,000 had been expended under the contract, and $19,245,000 remained encumbered.

9. SUBSEQUENT EVENTS

On October 11, 1996, the Council applied for a disbursement in the amount of $2,613,500 for the purchase of two parcels under the small parcel acquisition program.

On November 8, 1996, the Council applied for a disbursement in the amount of $3,252,125 for the purchase of two parcels under the small parcel acquisition program, and for the final payment due for the acquisition of a large parcel.

On December 6, 1996, the Council approved the second disbursement related to its fiscal 1997 *Work Plan* for Restoration Projects to be conducted by the Trustee Agencies. The total amount approved was $621,300. The United States and the State reported $29,041, and $398,567, respectively, of interest earned on available balances in NRDA&R and the Settlement Trust since the previous disbursement. In addition, the Council approved $1,035,000 for the acquisition of five parcels under the small parcel acquisition program. As a result, $1,228,692 was withdrawn from the Joint Trust Account for disbursement to the United States and State.

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"Although you work in the natural world, the scope, structure and resource base of your activities is touchingly human. What you do arises from grief and worry, from the pursuit of justice — from values that are incomprehensible without humans in the landscape."

— Dr. Kai N. Lee

Author, Director of the Center for Environmental Studies at Williams College (Mass.), during keynote speech at the 1997 Restoration Workshop.

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