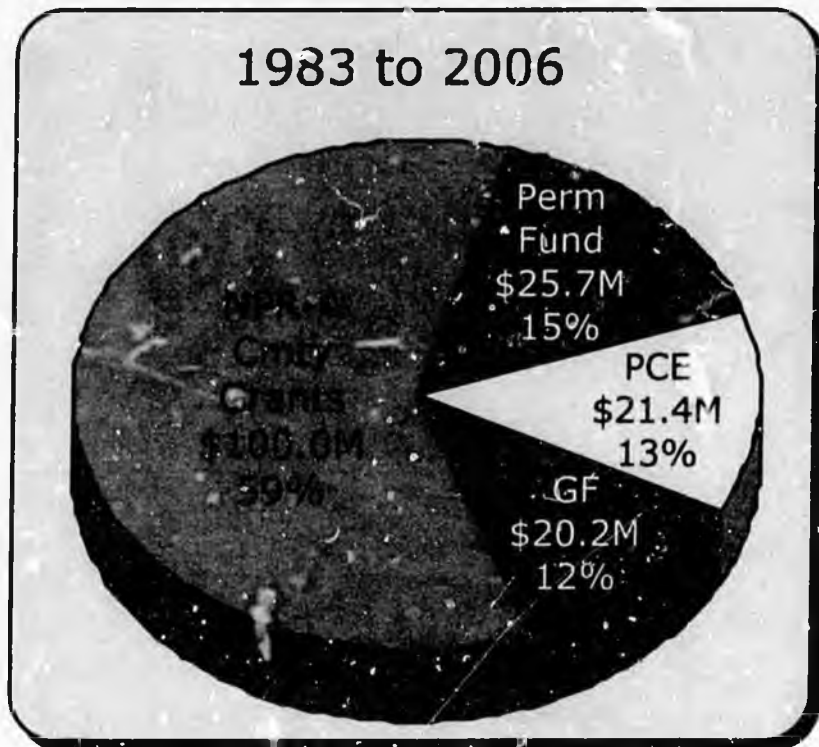


11410 HOUSE COMMUNITY & REGIONAL AFFAIRS

# ... where did the money go?

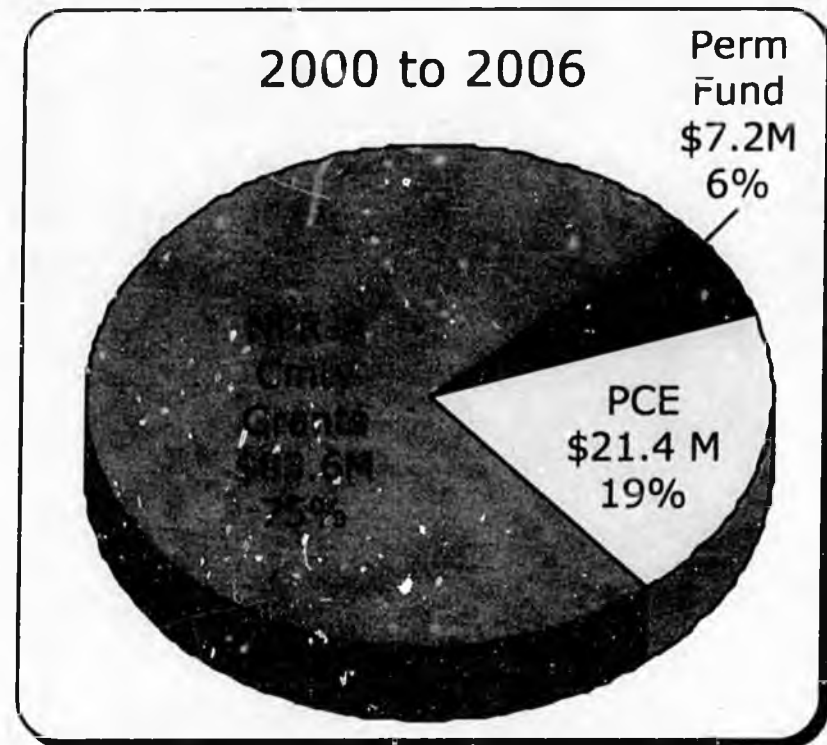
50/50 not  
90/10

## A Look at the Total Program Distribution of \$167.6 M



Note: Public School Trust received .2% (\$328,927)

## 2000 to 2006 Distribution of \$112.4 M




Note: Public School Trust received .1% (\$143,665)  
General Fund received 0%

# A Perspective in Statewide Terms


*What if* . . . the FY06 awarded grant amount was computed on a per person basis, what would that mean, for example, for other AK communities?

Anchorage



Pop - 277,498  
\$1.2 billion

Fairbanks



Pop - 84,979  
\$379.7 million

NW Arctic Boro



Pop - 7,306  
\$32.6 million

Bethel



Pop - 5,888  
\$26.3 million

Sitka

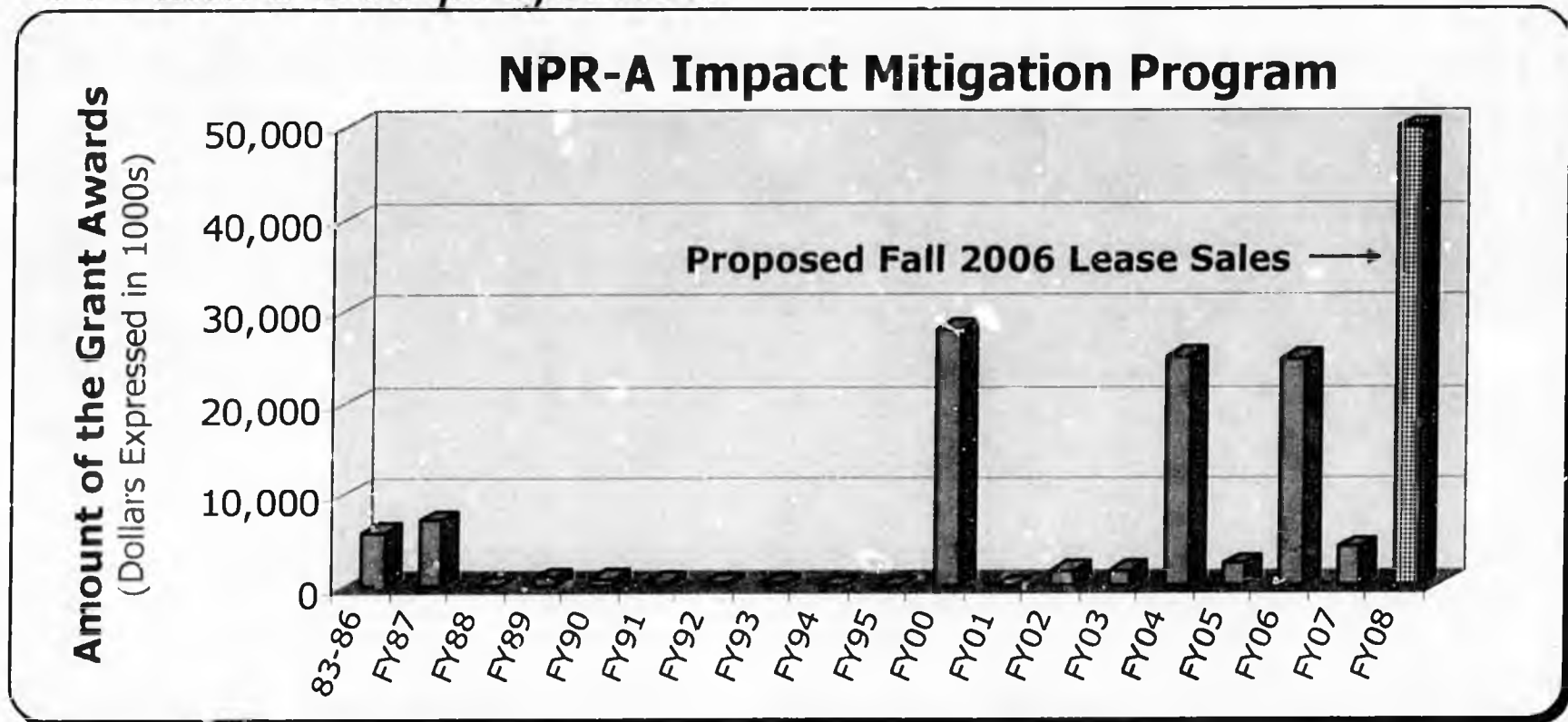


Pop - 8,805  
\$39.4 million

The FY06 requested amount, \$24,706,539, is divided by the total population of NPR-A grant recipients, 5,530, for a per person amount, \$4,468.

# Alaska's NPR-A Receipts

... and FY08 projection



FY07 is the requested amount. FY08 is the projected amount from the proposed NPR-A fall lease sales.

Since 1983, a total of **\$104,213,726** has been awarded to 4 communities. <sup>6</sup>  
(Total includes the FY07 requested amount of \$4,278,502) (FY87 and FY91 include 5 communities)

# What's NPR-A???

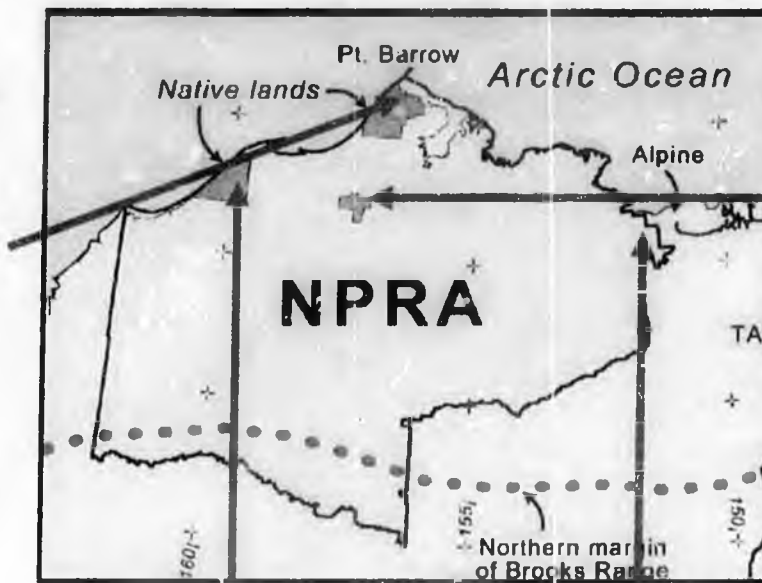


- 23.5 million-acre petroleum reserve (~ Indiana)
- NW third of Alaska's arctic between the Brooks Range and the Arctic Ocean
- New oil lease sale proposed for Fall 2006



# Communities within NPR-A

**City of Barrow**  
Population – 4,351  
Median Household Income  
 \$67,097  
City Responsibilities  
 Bingo, Community Center,  
 Roller and Ice Rink, Teen &  
 Recreation Center, Housing,  
 City Hall, Little Dribblers,  
 Taxis, Summer Youth  
 Employment, Gravel Sales

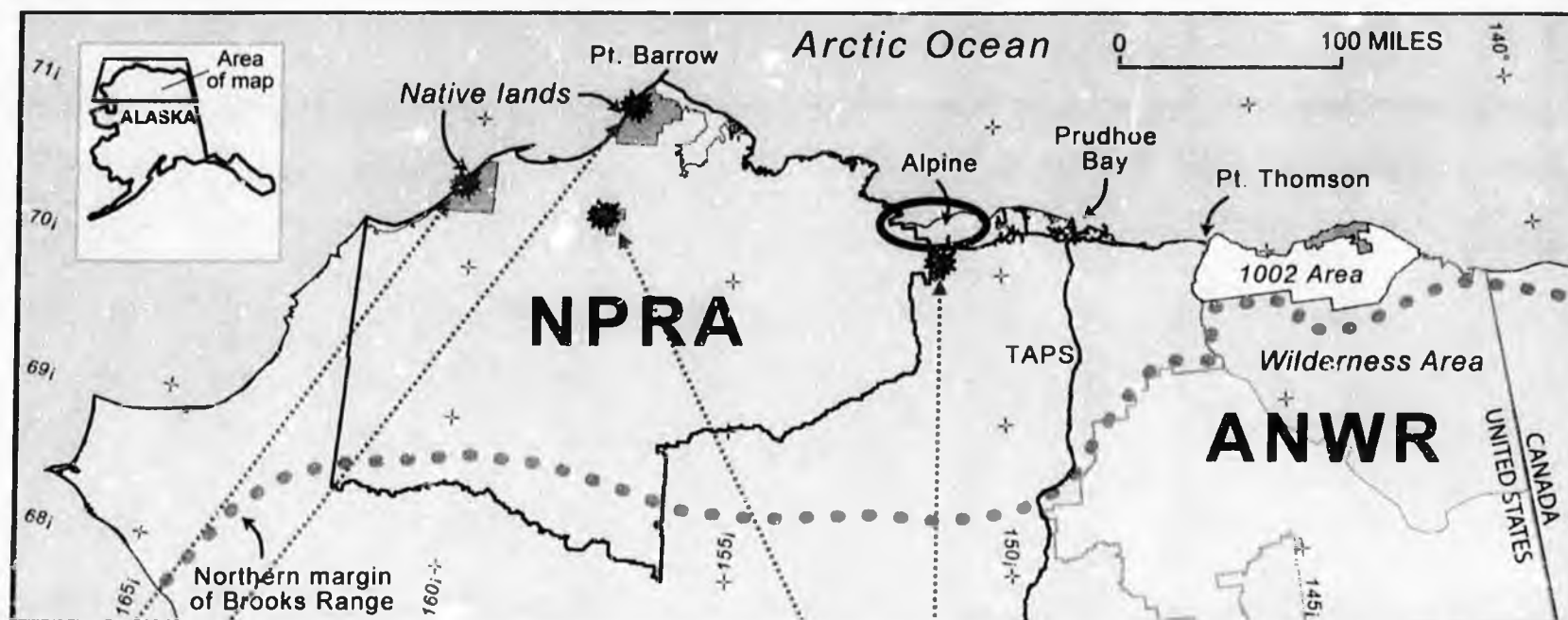


**City of Atkasuk**  
Population – 218  
Median Household Income  
 \$66,607  
City Responsibilities  
 Bingo, Room Rentals,  
 Community Center, Recreation  
 and Cable TV

**City of Wainwright**  
Population – 531  
Median Household Income  
 \$54,722  
City Responsibilities  
 None Listed

**City of Nuiqsut**  
Population – 430  
Median Household Income  
 \$48,036  
City Responsibilities  
 Community Hall, Dock and  
 Cable TV

# Where is NPR-A O&G activity?



## Proximity to Current NPR-A Oil and Gas Activity

- Wainwright ~ 220 miles
- Barrow ~ 160 miles
- Nuiqsut ~ 8 miles
- Atkasuk ~ 160 miles

# The history of NPR-A

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- 1923 President Warren Harding established the Naval Petroleum Reserve (renamed National Petroleum Reserve – Alaska in 1976)
- 1980 Congress authorized competitive leases in NPR-A (42 U.S.C., Sec. 6508)
- 1980  
↓ State of Alaska to receive 50% of the total revenue from NPR-A leases and impacted communities were given a priority to the revenue.

# Conflicting Laws

---

## **Under Federal Law**

- Priority use of NPR-A funds by communities most directly or severely impacted by development of oil and gas within NPR-A

## **Without a state law on the books** (early 1980s)

- Legislature deposited half of the State's share into the Permanent Fund and .5% to the School Trust
- Legislature deposited the remainder of the funds in the General Fund

## ... but a court suit followed

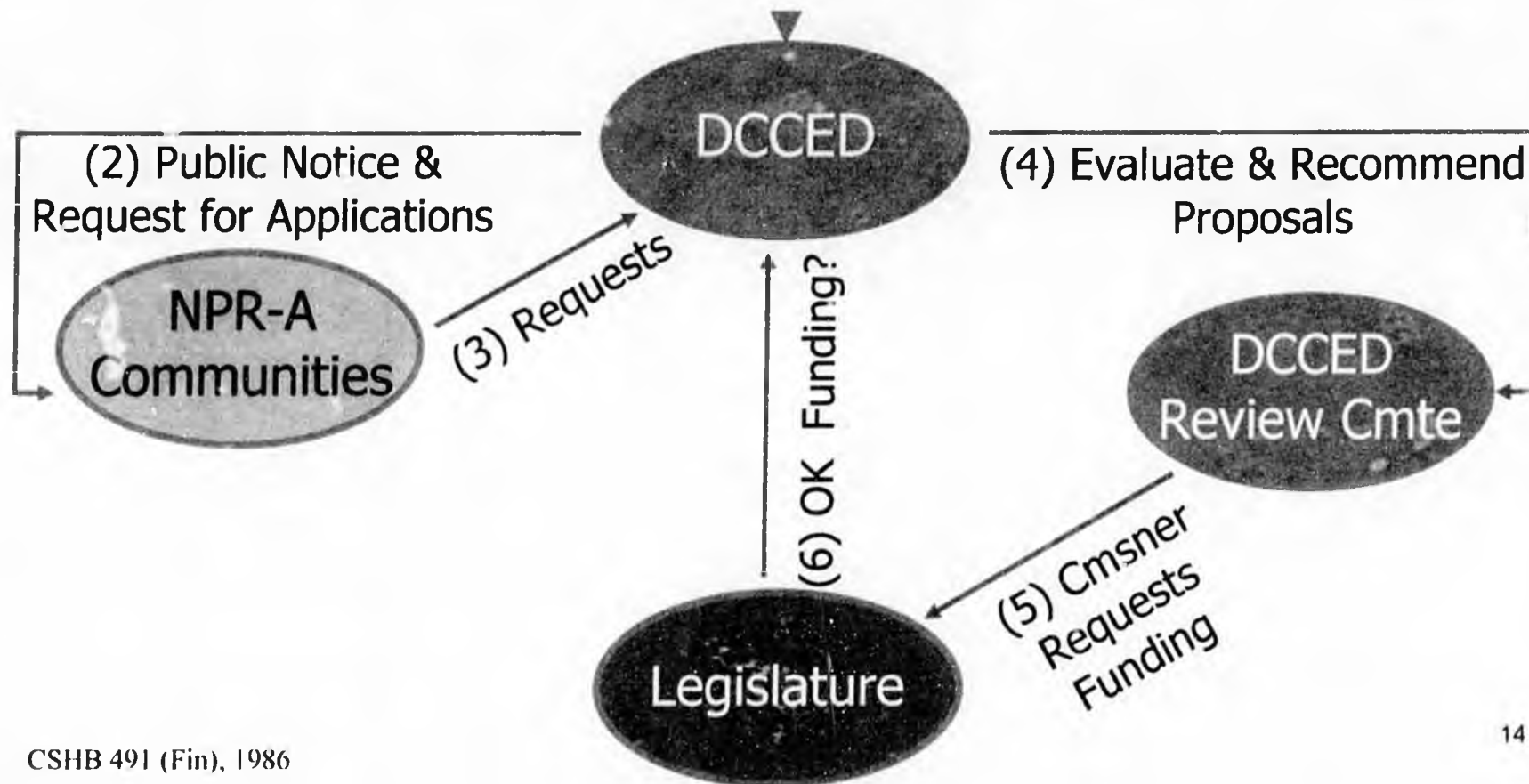
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- In 1985, the North Slope Borough and NPR-A communities sued the state
- Superior Court Judge Carpeneti ruled in 1986
  - ① Automatic deposits into the Permanent Fund violate the federal law.
  - ② The State of Alaska has a mandatory duty to address NPR-A development-related impact needs.
  - ③ The duty imposed by the federal government ultimately falls upon the Alaska Legislature.

*So in 1986, the Legislature set up . . .*

# The Current Mitigation Program

**(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts**



# What does the law say?

---

- Federal Law – 42 U.S.C. 6508
  - *In allocation of the NPR-A funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by the development of oil and gas leased in NPR-A.*
  
- Alaska State Law – AS 37.05.530
  - *A municipality may use the NPR-A funds only for services to alleviate the impact of oil and gas development within NPR-A.*
  
- Alaska Regulations – 3 AAC 150.050
  - *Impact means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508.*

(Emphasis Added)

# Over the years – “IMPACT” was rated as a minimum consideration

The criteria changed four times in six years.

<b>2000 CRITERIA</b>	Description – 15 points Impact – 50 points Budget – 15 points Sustain – 15 points Capability – 5 points
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<b>2002 CRITERIA</b>	Description – 30 points Impact – 30 points Budget – 20 points Sustain – 15 points Capability – 5 points
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<b>2004 CRITERIA</b>	Description – 25 points Impact – 25 points Budget – 20 points Sustain – 20 points Capability – 10 points
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<b>2005 CRITERIA</b>	Description – 20 points Impact – 45 points Budget – 15 points Sustain – 5 points Capability – 15 points
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# A FY06 example for review

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Wainwright Lagoon Boat Launch - \$525,000 – *To replace or renovate the Wainwright Lagoon Boat Ramp*

“Impact” on	Grant Application	But . . .
<b>Population</b>	“Construction of the oil production infrastructure and pipeline has driven up the growth of population.”	The population of Wainwright has only increased from 492 to 546 (11%) in 1990 – 2000.
<b>Social and Cultural Values</b>	“The social disruption prompted by oil and gas development affects many traditional activities.”	Wainwright is 220 miles from NPR-A development.

**Question:** Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05.530)

# And another FY06 proposal . . .

Roller Rink Renovation Feasibility Study - \$63,556 – *To identify the costs to renovate the Barrow Roller Rink*

“Impact” on	Grant Application	But . . .
<b>Social and Cultural Values</b>	“The decline in subsistence resources due to NPR-A O&G development negatively impacts the Inupiat culture.”	Studies are currently undertaken to determine the impact to wildlife, if any, to Barrow residents 160 miles from Alpine.
<b>Unemployment</b>	“As the economic benefits of O&G development begin to decline, it leaves members less able to survive . . .”	The decline in O&G development is not in NPR-A; this petroleum reserve is just beginning to be explored.

**Question:** Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05.530)

# ... and there are other concerns

---

Grants have been funded as capital projects with no lapse date.

BUT

The majority of the grants are for operating expenses.

New grants awarded before previous grants for the same purpose are done.

BUT

Two pending grants (\$439,015) for city operations; but FY07 awarded.

Awards are not based on successful completion of previous grants.

BUT

Cultural center operating grant ('02) approved; but center never built ('00).

Positive impacts as the result of oil and gas activities are not considered.

BUT

Residents enjoy free natural gas, job opportunities, tax base, low fuel costs.

# Now is the time for a change

---

To listen to the Alaska Superior Court: ( *Barrow v. State*, March 18, 1986)

“The duty imposed by the federal government ultimately falls upon the Alaska Legislature and it includes the duties to examine the claimed needs of the subdivisions arising from oil and gas development impacts, to evaluate them and, if the claimed needs are found to exist, to rate them in order of priority, and to meet them out of NPR-A revenues.”

(Emphasis Added)

# Senate Bill 171 establishes . . .

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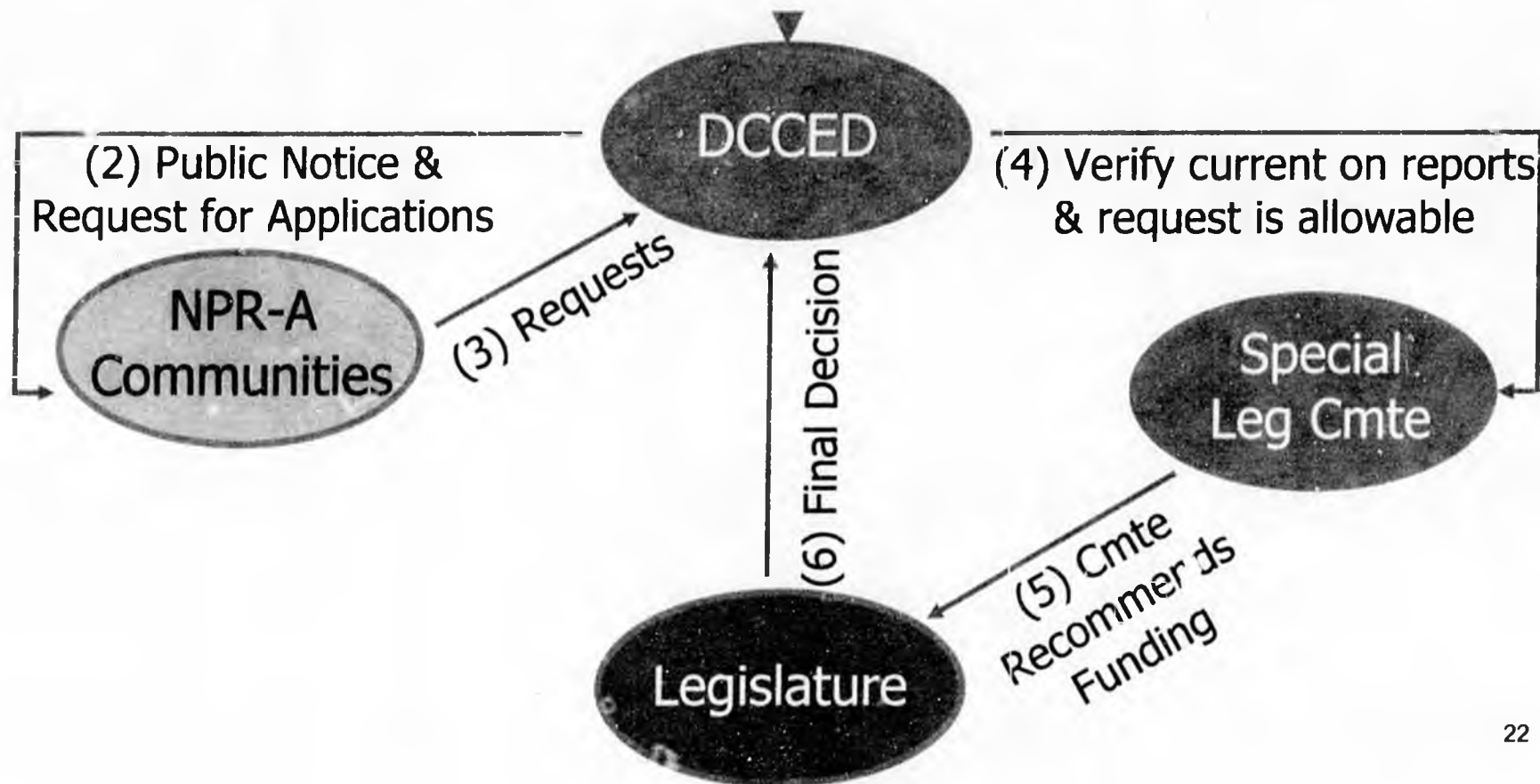
## Special Legislative Impact Review Committee

- Three members from Senate Finance and three from House Finance
- At least one member from the minority in each body and one member from an election district that includes NPR-A
- A majority from each body is necessary to approve a grant request

Note: The formal title of the committee is "*Special Legislative Oil and Gas NPR-A Development Impact Review Committee.*"

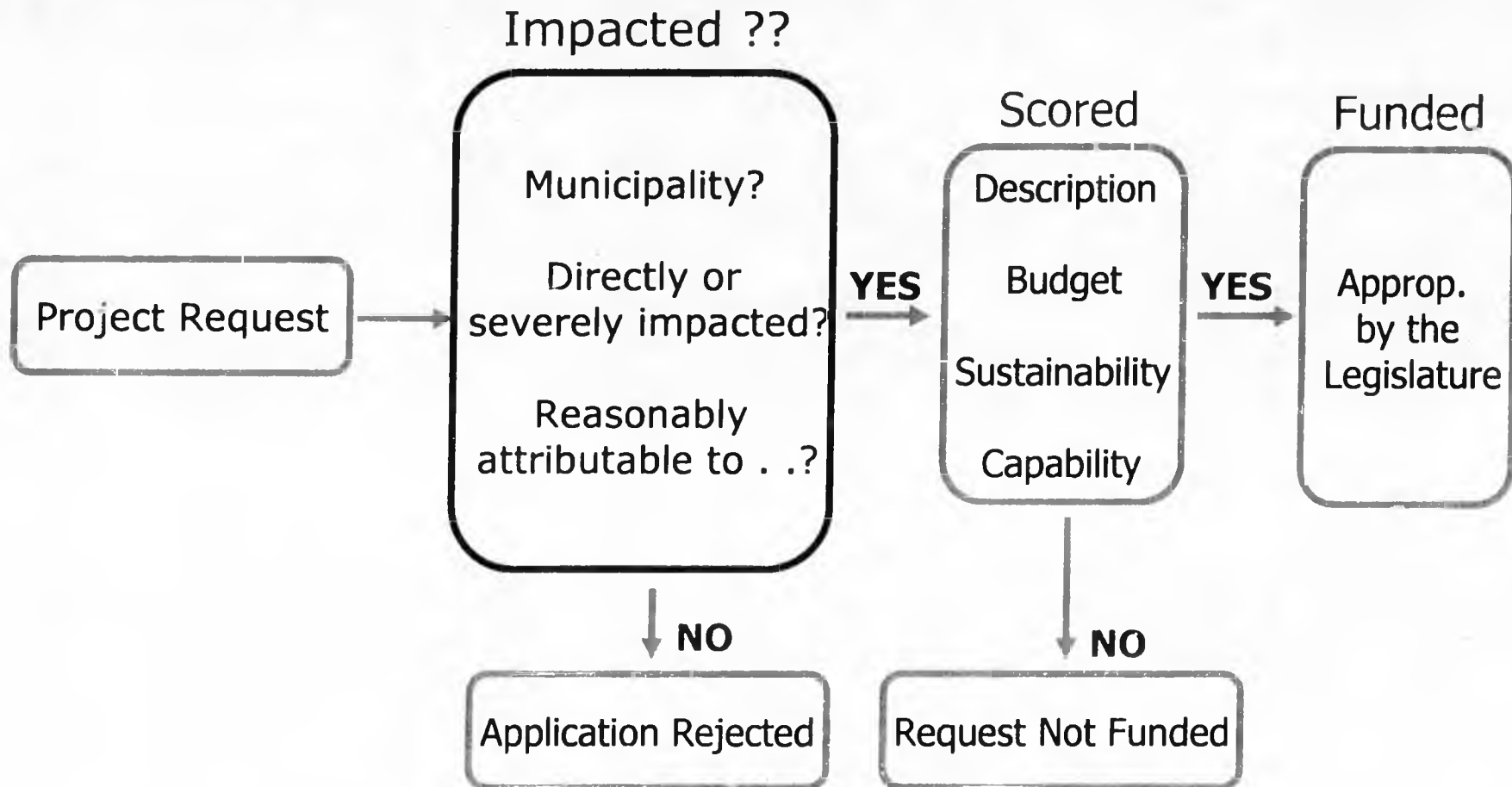
# ... and how will it work?

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



*In Senate Bill 171*

# *Impact* is the First Criteria



*The State shall give priority to subdivisions of the State  
most directly or severely impacted (42 U.S.C. 6508)*

# What are the advantages?

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## Current Process

1. DCCED Employees
2. Closed Process
3. Private Decisions
4. Accountable only to state supervisor

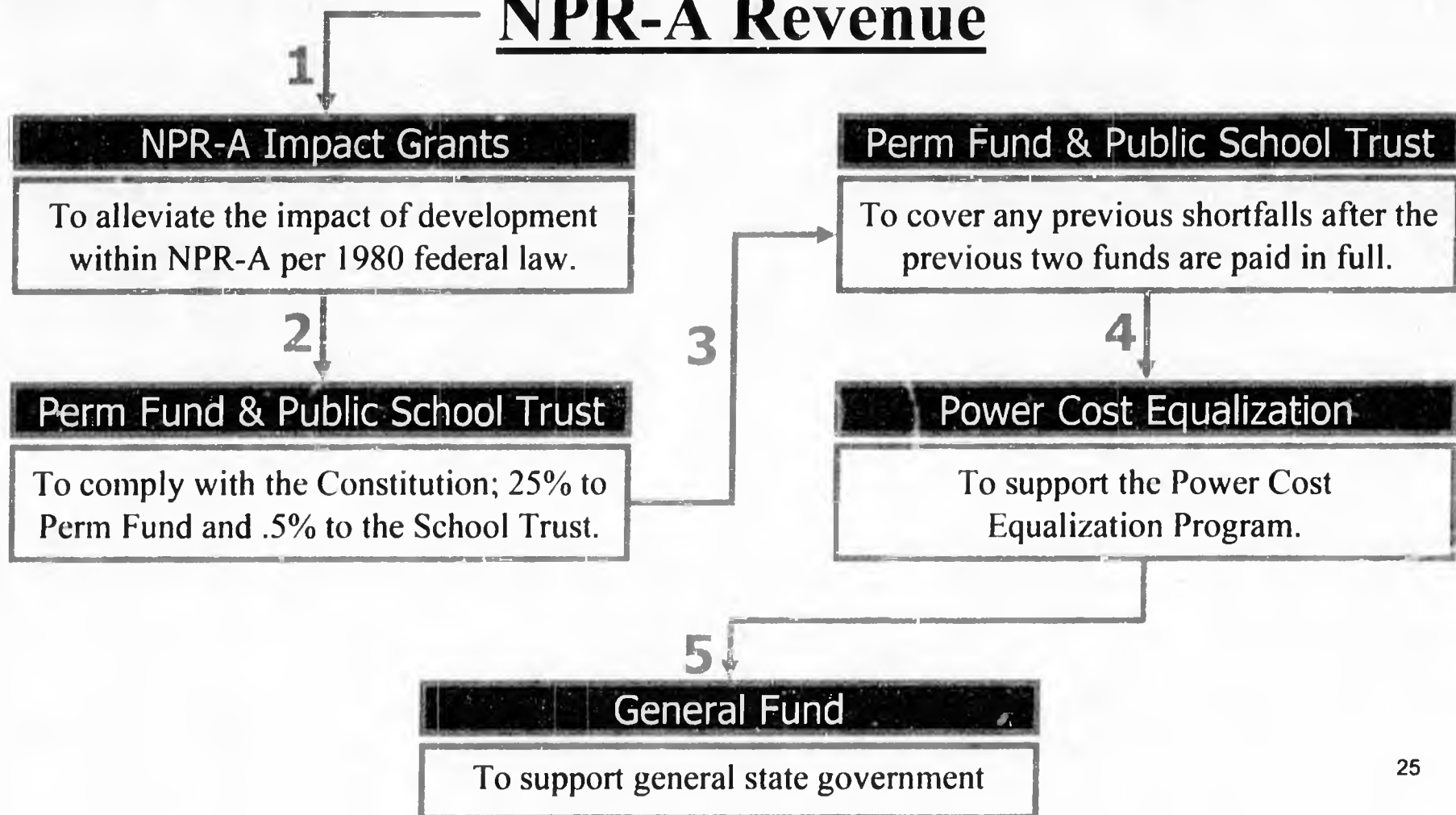
## Special Leg Cmte

*(Senate Bill 171)*

1. Elected Officials
2. Open Process
3. Public Decisions
4. Accountable to the public

# Where does the money go in SB 171?

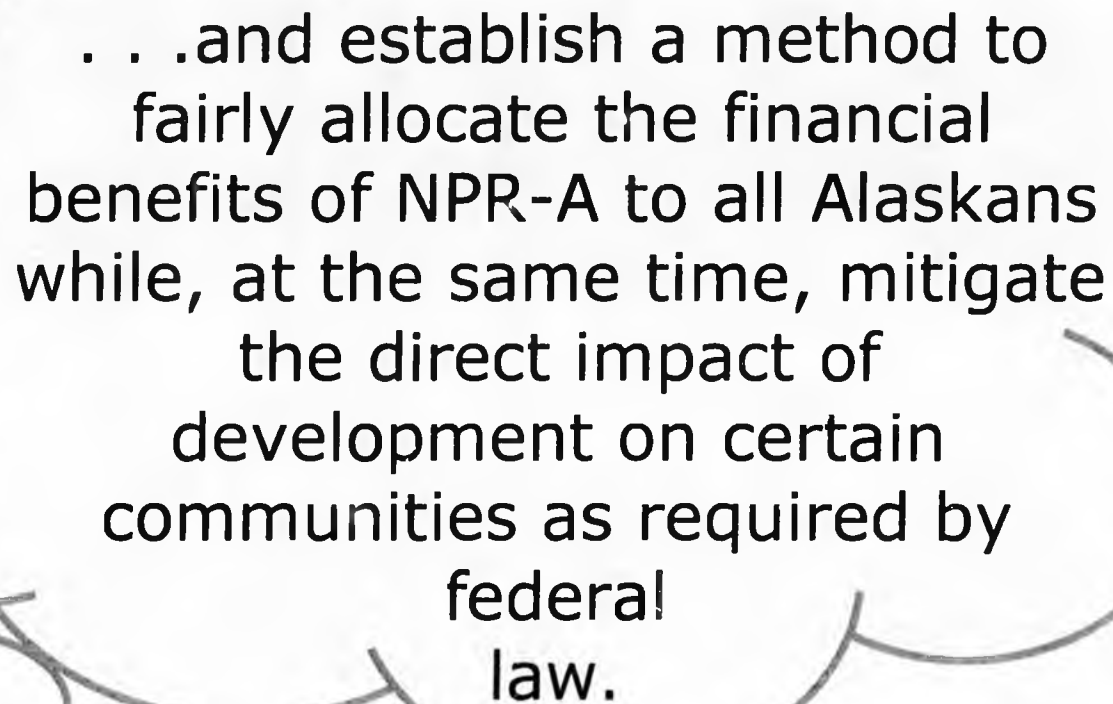
## NPR-A Revenue



# Now is the time . . .

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*To consider SB 171*



. . .and establish a method to fairly allocate the financial benefits of NPR-A to all Alaskans while, at the same time, mitigate the direct impact of development on certain communities as required by federal law.

*Thank You  
Gary Wilken*

Testimony of John Hopson, Jr.  
Olgoonik Corporation  
Wainwright, AK 99782

My name is **John Hopson Jr.** I'm the President and CEO of Olgoonik Corporation, the village corporation of Wainwright, which is 80 air miles southwest of Barrow. I'm a hunter, fisherman, member of the Wainwright Whaling Captains Association, a former North Slope Borough Assemblyman and Wainwright city mayor and councilman. I'm active in local organizations, such as search and rescue and the volunteer fire department.

Wainwright is a second-class city with powers of recreation, boats and harbors, and cemetery sites. Other local government services are provided by the North Slope Borough.

I speak in opposition to Senate Bill 171, because it is designed to make us less eligible for NPR-A impact aid grants at a time when oil development is spreading across the North Slope faster than ever and challenging our subsistence way of life.

It is hard to separate the effects of NPR-A activities from other oil development, including offshore. It is also hard to separate the effects of current NPR-A activities from those of the past or the ones that we see coming our way in the near future. When we think about oil and gas development, we don't separate one kind from another. They are all part of the same thing – a big change in the way we live and a challenge to our traditional subsistence lifestyle.

There have been generations of seismic activity in the places where we hunt and fish. These hunting grounds extend far to the south and east, as well as west of the village. The elders tell us how the movements of some animals have been changed by seismic activity over the years. Sometimes when the migrations are disrupted, they do not return to their previous path after the noise stops, so the animals are harder for us to get to.

We get caribou from the Teshekpuk herd and we hunt for birds that overwinter in the eastern part of NPR-A. These animals don't come around so much like they used to, and we have to travel farther and farther to find them. That means it is more difficult and more expensive for us, in terms of travel and time away from jobs or families. There is a very real cost to us.

When the North Slope Borough does their census, they ask about subsistence activities, and they found that more than 80 percent of the people in Wainwright get at least half of their food from subsistence. So it is not something we do in our spare time for fun. We grew up with subsistence, and it is part of who we are. There's not much in our local store anyway, but we hunt and fish as a big part of our livelihood, and we depend on wildlife for our meals.

People in Wainwright also don't have many jobs for income, so we really need access to fishing and hunting and whaling. The borough's official unemployment rate for our community is 35 percent, but from what we can tell as residents, the real unemployment rate is more like 60 percent or higher, depending on the time of year. And that rate is rising, since the borough has had to cut back on jobs and services in the last five or six years. We may have more jobs than a lot of villages around Alaska, but almost 20 percent of our families live below the poverty line in terms of cash income, and they really feel it when it gets more expensive to go out after the caribou and other animals.

That's why NPR-A grant projects like our boat launch are so important to us. Access to many of our best hunting and fishing areas is by boat, and we really need a decent boat launch to get our boats in the water. It is not a recreational boat launch, but a health and safety issue and a matter of survival for us to harvest wildlife from the ocean and the inland areas.

I understand that politics has a lot to do with this legislation, and I can't give you much advice on that. But I hope you won't be fooled into believing that people in our villages are rich and the streets are paved with gold. The streets are paved with ice most of the year, and we live pretty simple lives.

Our life has already been changed by oil and gas development. Some of the changes are good - like better schools and pretty good basic services in our communities. Some of the changes have really hurt our culture and put our kids and our language and our traditions at risk. We don't completely understand how industry activities and village impacts all work together. Neither do you, and I hope you won't pretend that you can sit here and tell us what the impacts are in our village. It gets pretty complicated when you put two totally different cultures together. We're just trying to hold on to our culture for ourselves and our kids. I hope you won't make it harder by taking away a source of revenue that has made a big difference for our community.

Thank you.

Testimony of Elizabeth Hollingsworth  
Mayor of Atqasuk  
3/26/06

I'm sorry that I was unable to come to Juneau this week, due to a death in the family. My testimony on behalf of the people of Atqasuk follows:

My family has lived in Atqasuk since the late 1930s. My father was a coal miner who hauled coal from Meade River to Barrow until 1956 (Atqasuk was originally known as Meade River). With the availability of natural gas for Barrow residents, the market for coal disappeared. In 1956, my family moved to Barrow.

Every year for as long as I can remember, my family would go back to Meade River to fish and hunt as part of our subsistence harvest. In the mid 1970s, seismic tests were conducted near Atqasuk as part of the oil and gas exploration program throughout the NPR-A. Shortly after those tests, we noticed a severe decline in the number and size of whitefish in the Meade River. The whitefish virtually disappeared until they began a gradual increase in 2000. It took 23-25 years for the population to recover.

No matter where the oil and gas activity is going on, it affects the entire NPR-A. All subsistence species are being affected. Migratory routes for caribou and rivers and lakes for fish are interconnected.

We have been pushed into a cash economy. However, we cannot live without hunting for our food. Our subsistence way of life is very important, but it is more hurried for many of us -- a weekend here and there. Our youth will only learn about subsistence hunting by going out on the land and doing it.

If we have access restrictions to the land, it further restricts our ability to teach hunting skills to our children. Access restrictions happened in Nuiqsut, and they will happen here.

Proposed exploration wells in the Northwest NPR-A for 2005-2006 by Conoco Phillips are only 53 miles from Atqasuk. One well is only 1.39 miles from the nearest subsistence cabin.

Petro-Canada has leased land in NPR-A only 23 miles from Atqasuk.

Our people need to be diligent. We need to know what is happening near us. We need frequent meetings with the oil and gas companies.

The information about Atqasuk shown on the "Communities within NPR-A" slide of Senator Wilken's presentation to the Senate contains errors and is not a valid picture of Atqasuk's population.

- The population of Atqasuk is 248 today, not 218, an increase of 250% from 1970.
- The median household income shown is distorted by the inclusion of short-term, high-wage construction jobs. The NSB 2003 Economic Profile and Census Report showed the median household income as \$45,425, not \$66,607. It's important to note that this median income figure includes 12 teachers at local schools, which increases the median income level. Local residents' household incomes will be significantly lower.
- Today only 51 full-time Atqasuk residents have permanent jobs, many of which are part-time.  
34 are employed by the North Slope Borough, 8 by the school, 6 by the city, 1 by the Native Village and 2 by the village corporation.
- 18 people are unemployed and looking for work
- 41% of the population of Atqasuk is children in school (ECE to High School).

Thank you.

TESTIMONY ON SENATE BILL 171

ROBERT SUYDAM  
NORTH SLOPE BOROUGH  
DEPARTMENT OF WILDLIFE MANAGEMENT  
BOX 69  
BARROW, AK 99723

30 MARCH 2006

Good morning. My name is Robert Suydam. I am a wildlife biologist with the North Slope Borough's Department of Wildlife Management. I would like to provide you with a little bit of background about myself before I address issues related to NPRA impacts. The North Slope has been my home and office for the past 16 years. I initially moved to Alaska to work on Master's degree through the University of Fairbanks. I studied seabirds and conducted my fieldwork on a small island adjacent to the NPRA. After completing my Master's I decided to also pursue a PhD concurrent with working for the NSB. I will complete my doctoral studies, on beluga whales, this year at the University of Washington. In my years of living and working in Barrow, I have spent a great deal of time within the NPRA studying fish and wildlife, hunting, fishing, and observing oil and gas activities.

Today I would like to address two primary issues:

- (1) Past, current, and future impacts from oil and gas activities within the NPRA, and
- (2) The need for scientific data to predict and mitigate impacts to fish and wildlife within NPRA.

On Tuesday, Sen. Wilken introduced SB 171 to you. In that presentation, he told you about NPRA impact funds being awarded to some communities that are many miles away from oil and gas development. He implied that those awards were inappropriate because the distant communities were not impacted. While it is true that some impact funded communities are a considerable distance from development, you have only heard a part of the story. Development is preceded by a great deal of other oil and gas activity. There is a tremendous amount of planning. Planning by industry is related to obtaining the appropriate permits to making decisions about where to look for oil and gas. Then there is seismic exploration followed by the drilling of exploratory wells. If there is a "find" then there is more planning. After all of these steps and more there may finally be development. With each step, there are impacts. There are impacts to people and in many cases, impacts to fish and wildlife.

You may ask how planning creates impacts. Simply put, planning means document reviews and meetings. Almost nightly in Nuiqsut there are meetings related to NPRA. The Bureau of Land Management holds meetings about their activities and plans. Industry holds meetings. There are also meetings to gather information from the communities. Residents of the North Slope attend countless numbers of meetings, mostly

related to oil and gas activities. Please don't misunderstand me though. Meetings are vitally important. My point is that meetings are impacts. Meetings take time away from other activities. For the few of us who live on the North Slope and study fish and wildlife, we have less time to conduct studies, less time to analyze data, and less time to come up with suitable mitigation measures. For subsistence users, meetings take time away from providing sustenance for their families. There is less time to hunt and fish, and there is less time for people to be with their families and neighbors. These impacts are substantial social and cultural ones and they are not confined to the village closest to development. Numerous NPRA meetings occur in each of the NPRA villages.

I would like to speak briefly about past activities that are currently impacting people and fish and wildlife. These industrial activities occurred, in some cases, decades ago. Here are a couple of examples. Numerous old, rusting 55 gallon drums are scattered across the tundra of the NPRA. These drums were left from previous exploratory work. Some of these drums, such as those at the old exploratory camp at Umiat on the Colville River, were buried. Some of the buried drums contain hazardous chemicals, such as PCBs. Erosion has exposed those drums and their contents are leaking into the river. Fish are being contaminated. In the past several years, residents of Umiat have become afraid to eat burbot, for good reason, because of this contamination. Another example of impacts is the cabling left on the tundra from past seismic operations. There are probably miles of cables still strewn across the landscape. Two summers ago I came across caribou antlers near Teshekpuk Lake. These antlers were wrapped in the old cables. I have heard many other such stories. Caribou are still being impacted and in some cases killed from past activities. Yet other examples of past impacts are the old exploratory wells that are leaking oil and gas or have not been cleaned up. Caribou have become mired in one such pit near Cape Simpson within NPRA. Further, the plants and animals are being exposed to contaminants. The people who eat these plants and animals are in turn being exposed. All of these are impacts from past oil and gas activities within NPRA.

I know today that you are mostly concerned about future oil and gas activities, but it is very important that you, as leaders of the State of Alaska, understand that there are many impacts that linger today from past oil and gas activities across the NPRA. These impacts have not been mitigated. With additional industrial activities, there will be many additional impacts.

We are already seeing impacts that are above and beyond the numerous meetings and the old oil and gas activities that I mentioned earlier. Recently, lease sales have been held in the Northeast and Northwest Planning areas of the NPRA. Companies purchased leases on three sides of Atkasuk. They purchased leases just miles south of Barrow. Also, there are leases purchased surrounding many camps and cabins of residents of the North Slope Borough. This is another example of how Senator Wilken's presentation was misleading. Yes, Barrow is a long ways from the development near the Colville River but the residents of Barrow spend large amounts of time at their camps and cabins, sometimes located many miles away. In many cases, seismic exploration is occurring literally on the doorsteps of cabins and camps.

North Slope residents have used these camps and cabins for generations. Fathers take their sons to these areas to hunt caribou or catch fish in order to feed families. People of the North Slope use these areas because they are also important for fish and wildlife. Companies have been exploring the NPRA and they will continue to do so. Right now, today, FEX is conducting seismic surveys and exploratory wells within 30 or 40 miles of Barrow, within areas are incredibly important for subsistence. This activity is expansive. Hunters are telling us that caribou are being pushed away from wintering areas making hunting more difficult and more dangerous. Areas that were previously inhabited by caribou and caribou hunters are now filled with small portable cities that move in support of seismic. When they leave an area, they leave deep dangerous ruts in the snow make traveling by snow machine very difficult and sometimes dangerous. So even if caribou remain in the area, it is very, very difficult to harvest them because the ruts make traveling very difficult.

There are many on-going impacts from oil and gas activities within NPRA. Many of the impacts we know about are on people. We know relatively little about the impacts on fish and wildlife because of limited information. BLM and other federal and state agencies have not done an adequate job collecting baseline information. The North Slope Borough has used NPRA impact funds to collect some of these baseline data. These data will be the foundation for determining the extent of impacts and more importantly, for mitigating impacts. We are collecting data on movements and biology of caribou from the Teshiekpuk Lake herd. We are monitoring the distribution, abundance and reproductive success of waterfowl. We are determining the movements and use of important fish species in the NPRA. We are collecting baseline data on hydrocarbon contaminants in various fish and wildlife. We are collecting information on where and how North Slope residents use NPRA for subsistence.

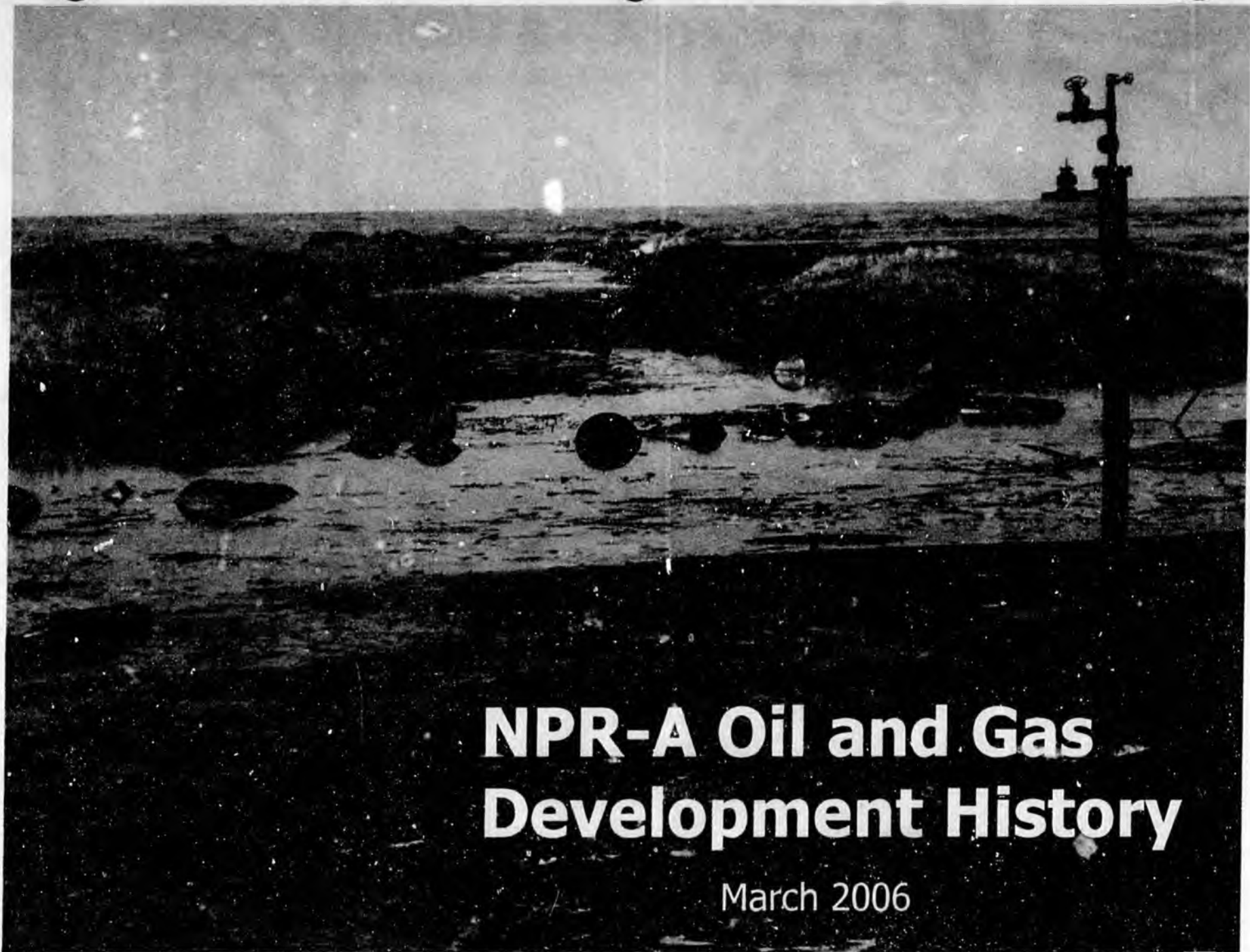
This important information would not be available if the North Slope Borough was not collecting it. The Alaska Department of Fish and Game only has one biologist that resides and works on the North Slope. He is able to only collect a small amount of data. The Department of the Interior, including BLM and the Fish and Wildlife Service, doesn't have any employees that live and work on the North Slope. Thus, there are many data gaps that exist.

Collecting baseline data is incredibly important. I can't emphasize that enough. Adequate information is needed to make informed decisions. Informed decisions means that impacts from oil and gas activities can be more appropriately mitigated. Collecting data over multiple years is absolutely necessary for several reasons. One, multiple years of data are necessary because the Arctic is amazingly variable. It can take years of study and monitoring to understand changes and impacts. Each year the Arctic can be different. For example, breakup may come earlier or later causing changes in the prime time for waterfowl to begin laying eggs. Snow may fall in the middle of the summer causing caribou calves to expend more energy on staying warm and less on growth. Or a cold July could mean there are fewer insects to harass caribou. Because the Arctic is so variable, it becomes very difficult to understand how the system works. The Arctic is so variable that it becomes exceedingly difficult to measure any impacts from oil and gas.

This doesn't mean there aren't impacts, it just becomes very difficult to measure them statistically.

Earlier this week there were discussions in this building about impacts from climate change and global warming. A second reason for needing multiple years of data is because the changes associated from global warming make it even more difficult to adequately measure impacts from oil and gas on fish and wildlife. Once impacts are determined, mitigating those impacts becomes possible.

Does oil and gas activity benefit people of the North Slope? Of course it does. But the point of today's hearing is to talk about the best way to mitigate impacts within the NPRA. There are old, new and future impacts across the NPRA. Funds from oil and gas activities need to be used for mitigation of those most directly impacted. Objective decisions and reviews of proposals for impact funds are needed. These decisions should not be politically motivated or influenced, as would happen with the passage of SB 171.



# **NPR-A Oil and Gas Development History**

March 2006







### Index map of oil and gas accumulations



**NPR-A Planning Areas**

North Slope of Alaska,  
Wildlife Refuge, and 1002

#### EXPLANATION

-  Arctic coastal plain
-  Foreland basin rocks
-  Gas field
-  Oil field
-  Gas seep
-  Oil seep

# **NPR-A History**

part 1a

- 1909-1923 North Slope oil exploration begun by Standard Oil and other companies.
- 1923 Naval Petroleum Reserve No. 4 was established to acquire federal control over oil and gas deposits.
- Reserve covers 23.5 million acres from Colville River to Icy Cape, including communities of Nuiqsut, Barrow, Atqasuk and Wainwright.
- 1944-52 Department of Defense establishes base in Barrow solely for oil and gas exploration and begins an aggressive program involving test wells and seismic tests (Umiat, Wolf Creek, South Barrow, Meade).
- Offshore dredging used to build the pad for the Naval Arctic Research Laboratory (NARL) facilities has created serious erosion on the NPR-A shoreline, exposing abandoned landfills and drums containing petroleum products which are contaminating traditional use areas today.

# **NPR-A History**

**part 1b**

- 1974-82 Second government exploration program results extensive seismic exploration and test wells throughout NPR-A.
- 1976 Reserve transferred from Navy to Department of the Interior with intent to lease for commercial development.



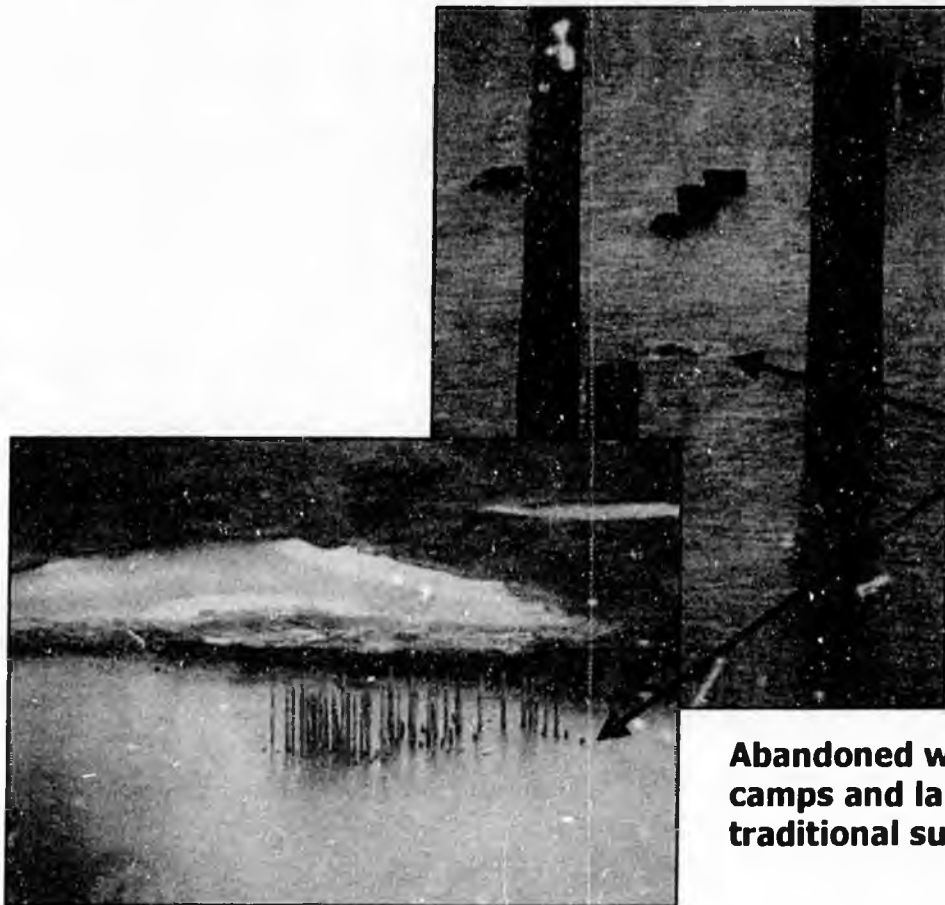
## Abandoned Well Site August 2005



**Abandoned seismic and exploration camps, landfills and well sites such as this one near Cape Simpson, dot the traditional subsistence use areas throughout the NPR-A.**

## **JW Dalton Eroded Well Site September 2005**

**From 1944-1981 alone, BLM has identified 136 abandoned wells but has the funding to plug/repair only a few of them.**



**In September 2005 the JW Dalton well near Pitt Point was found to be bubbling below the surface of the water.**

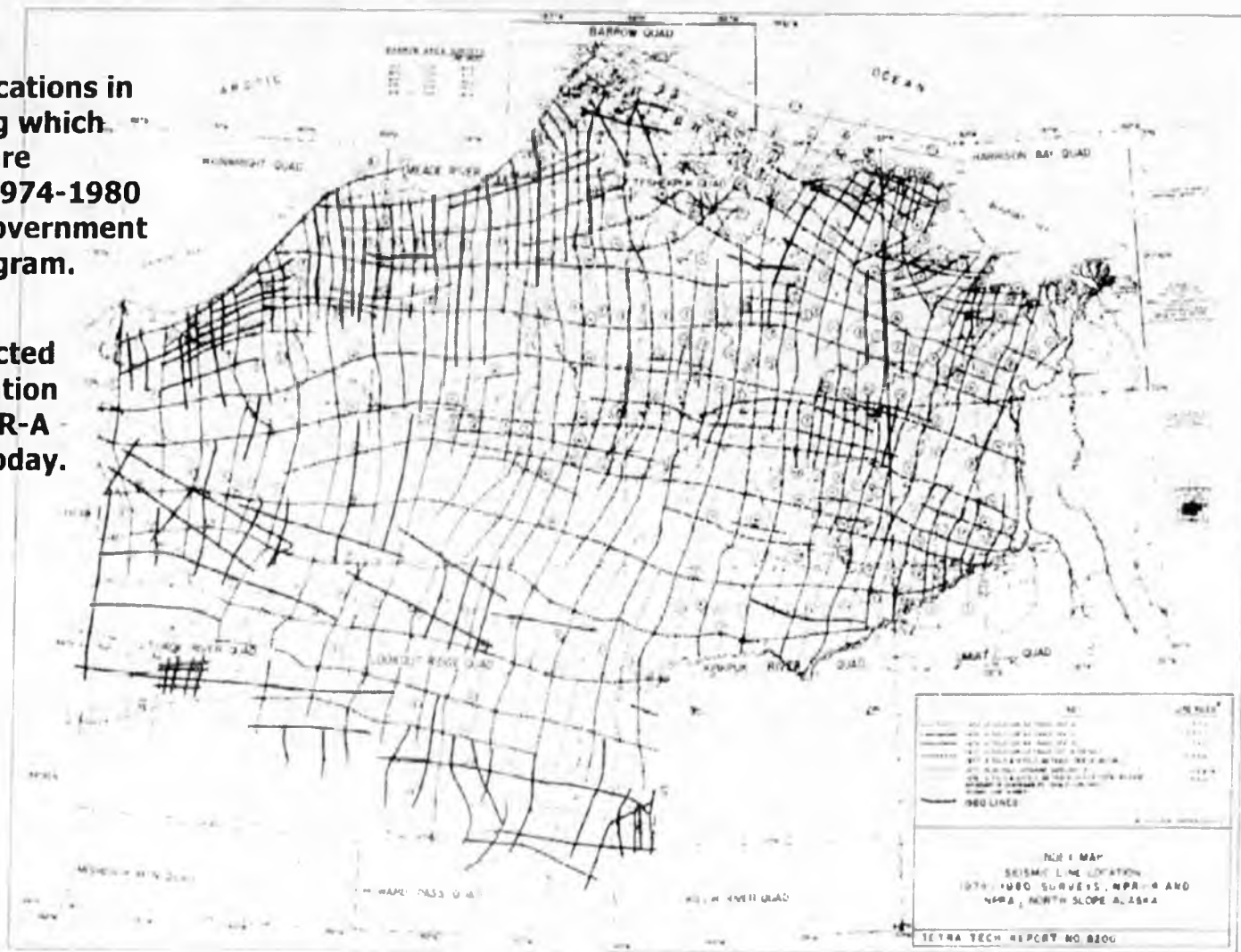
**This well was originally on shore but erosion has caused the well to be submerged and has exposed buried debris.**

**Abandoned well sites such as this one, unidentified camps and landfills present hazards to wildlife and traditional subsistence use, both on land and off shore.**

# 1974-80 Seismic Testing

Seismic Line Locations in the NPR-A along which seismic data were acquired from 1974-1980 as part of the government exploration program.

Seismic testing has been conducted since oil exploration began in the NPR-A and continues today.



TGZ-0170 FIGURE 3



## **Explosives near Nuiqsut July 2005**

- On July 29, 2005, explosives from early seismic testing were discovered 8 miles outside of Nuiqsut. Because of the deteriorated condition of the explosives, they could not be removed and had to be exploded in place. The explosion was so large that it could be heard and felt in Nuiqsut.
- This is not an isolated incident.
- Abandoned seismic and exploration camps and well heads are found throughout the NPR-A in areas used for traditional subsistence activities.

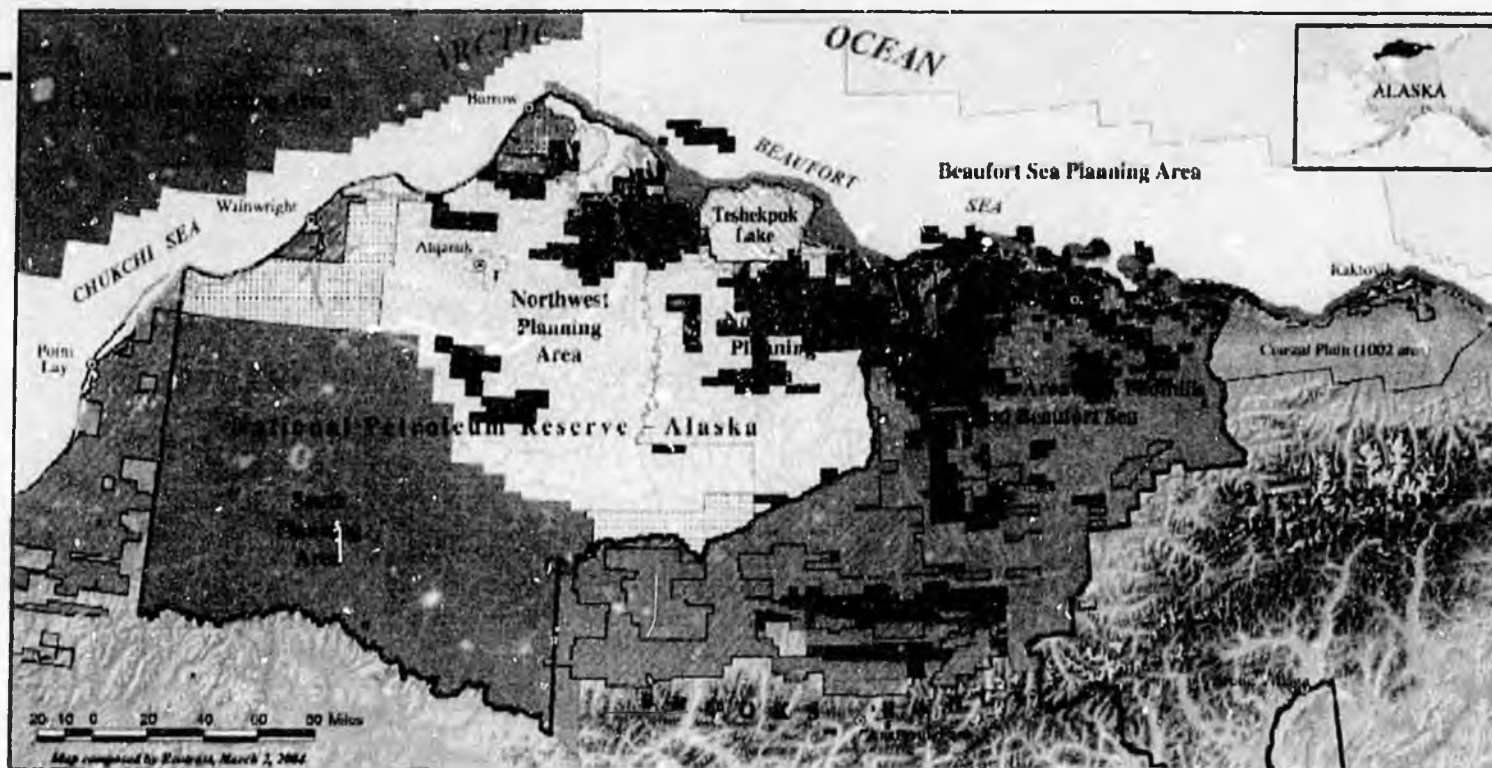
# **NPR-A History**

part 2

- 1982-84 Four industry lease sales covered 1,314,454 acres of the NPR-A.
- 1994 Major commercial discovery just northeast of the NPR-A (now known as Alpine)
- 1999 Lease sale covered 867,721 acres in the northeastern NPR-A
- 1999-2001 Multiple seismic surveys and wells drilled
- 2002 BLM awarded leases on 579,269 acres in the NE NPR-A Planning Area
- 2004 Lease sale covered 1,403,561 acres in the Northwest Planning Area of NPR-A



## Current & Proposed Oil & Gas Leases on Alaska's North Slope



- Existing Federal and State leases
- Active Federal Lease Plan Area
- Proposed Federal Lease Plan Area
- 1999 Teshekpuk Lake Area deleted from leasing. June 2004 BLM releases a new plan to lease the area.
- Proposed State Leases
- ASRC Surface and/or subsurface lands
- Barrow Native Lands

### National Petroleum Reserve - Alaska (Federal BLM)

- \* *Northwest Planning Area*  
4.6 million acres - 87% opened to lease 1998  
Next lease sale June 2005
- \* *Northwest Planning Area*  
8.8 million acres - 100% opened to lease 2004  
 Open to exploration but deferred from leasing until 2014  
First lease sale June 2004
- \* *South Planning Area*  
10 million acres  
Scoping starts Fall 2005

### Arctic Ocean (Federal MMS)

- \* *Beaufort Sea Planning Area*  
9.4 million acres - 87% opened to lease 1998  
Lease sale 186 offered 97% September 2003  
Next lease sale March 2005
  - \* *Chukchi Sea Planning Area*  
3.8 million acres  
Call for Industry Nominations April 2004
- State**
- \* *Northslope Area-wide: Foothills and Beaufort Sea*  
11 million acres in active lease plan areas  
3.9 million acres in existing leases  
Next lease sale October 2004



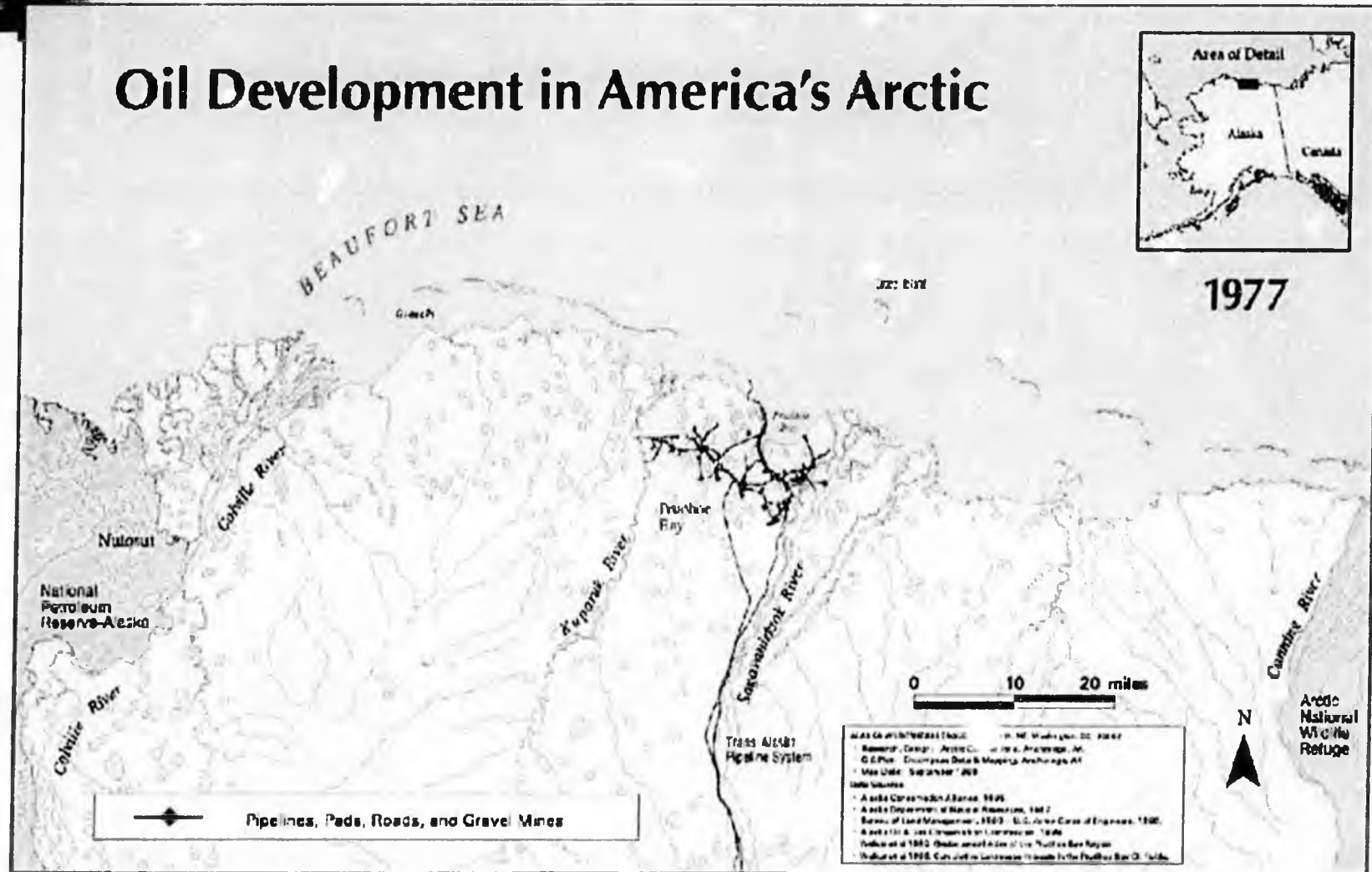
## **Expansion of Development 1977-2003**

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- The maps that follow show the rapid expansion of oil and gas development activity from 1977 to 2003, from the initial drilling around Prudhoe Bay to the satellite fields, pipelines, infrastructure and ice roads near the village of Nuiqsut in the eastern NPR-A.
- This progression clearly demonstrates the future impact we can expect as exploration, development and oil production move even farther into the NPR-A.

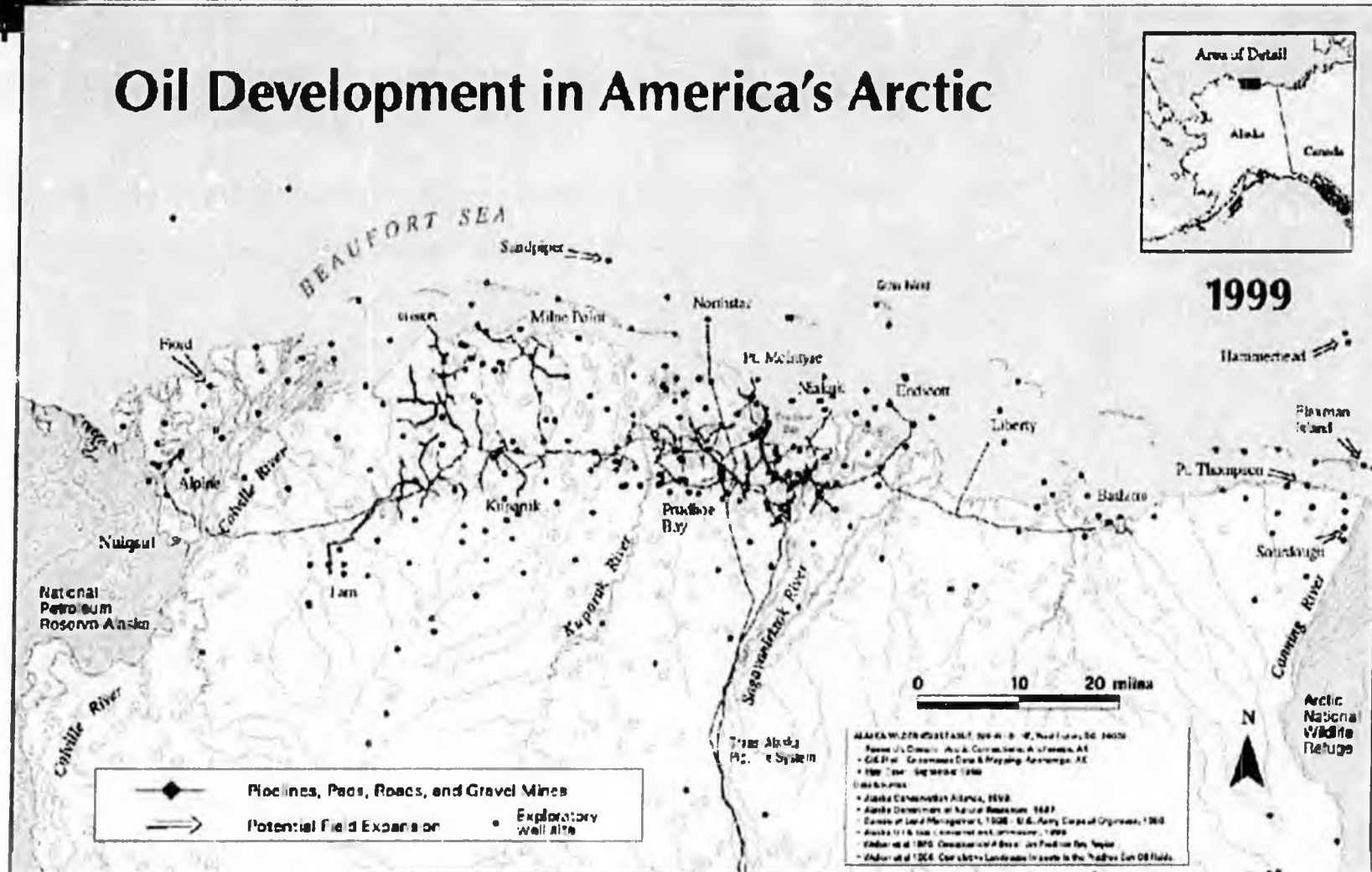
# Oil Development - 1977

## Oil Development in America's Arctic



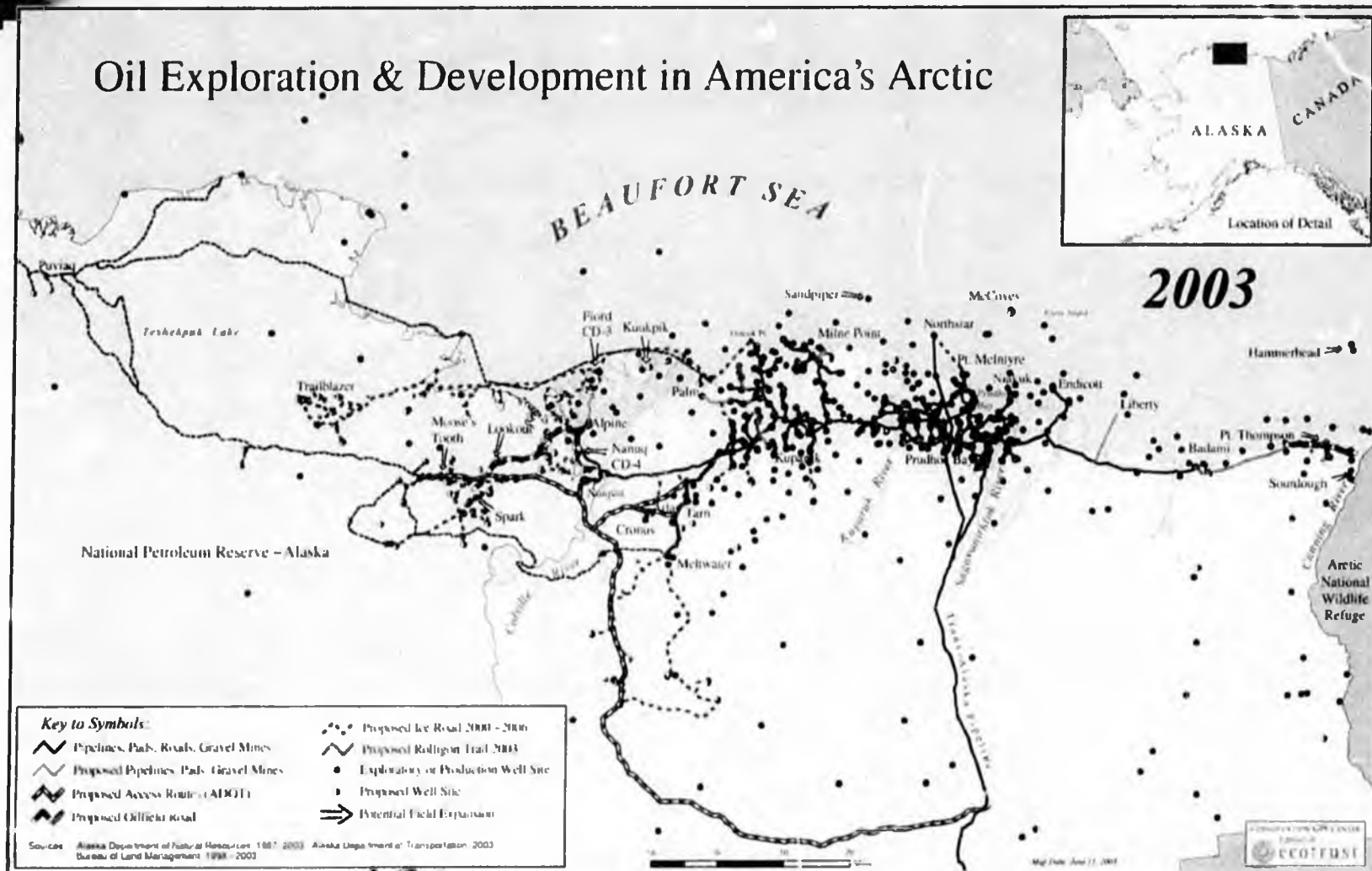
# Oil Development - 1999

## Oil Development in America's Arctic



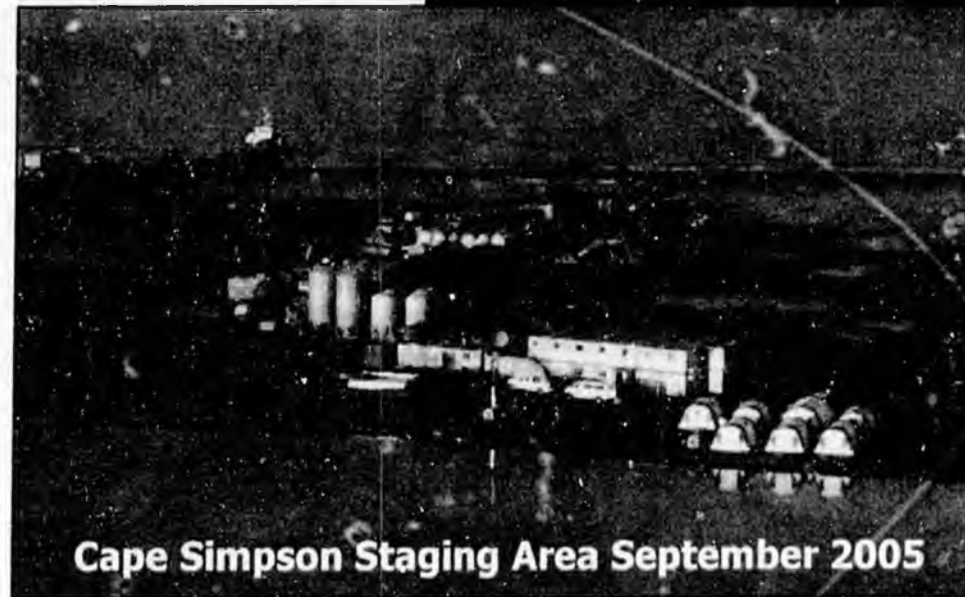


# Oil Development – 2003



## Today and Tomorrow . . .

- The steady and rapid progression of oil and gas development activities and infrastructure since 1977 is a clear indicator of current and future impacts that must be anticipated and addressed.
  - Risk of oil spills from pipelines or wells
  - Influx of workers and materials
  - Roads, ice roads, and other transportation
  - Disruption of wildlife and traditional land use for subsistence harvest.





# Impact Mitigation

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- 25 years ago the NPR-A Impact Mitigation Program was created to provide funds to mitigate past, present and future impacts of oil and gas development in the NPR-A.
- For over 80 years, oil and gas development activities have occurred in the NPR-A, affecting the way of life of the Iñupiat people.
- Over a 19 year period, impacted municipalities within the NPR-A have been awarded 158 impact mitigation grants totaling \$94,081,501 which represents just 56.9% of the total funds received by the State.

## In Summary . . .

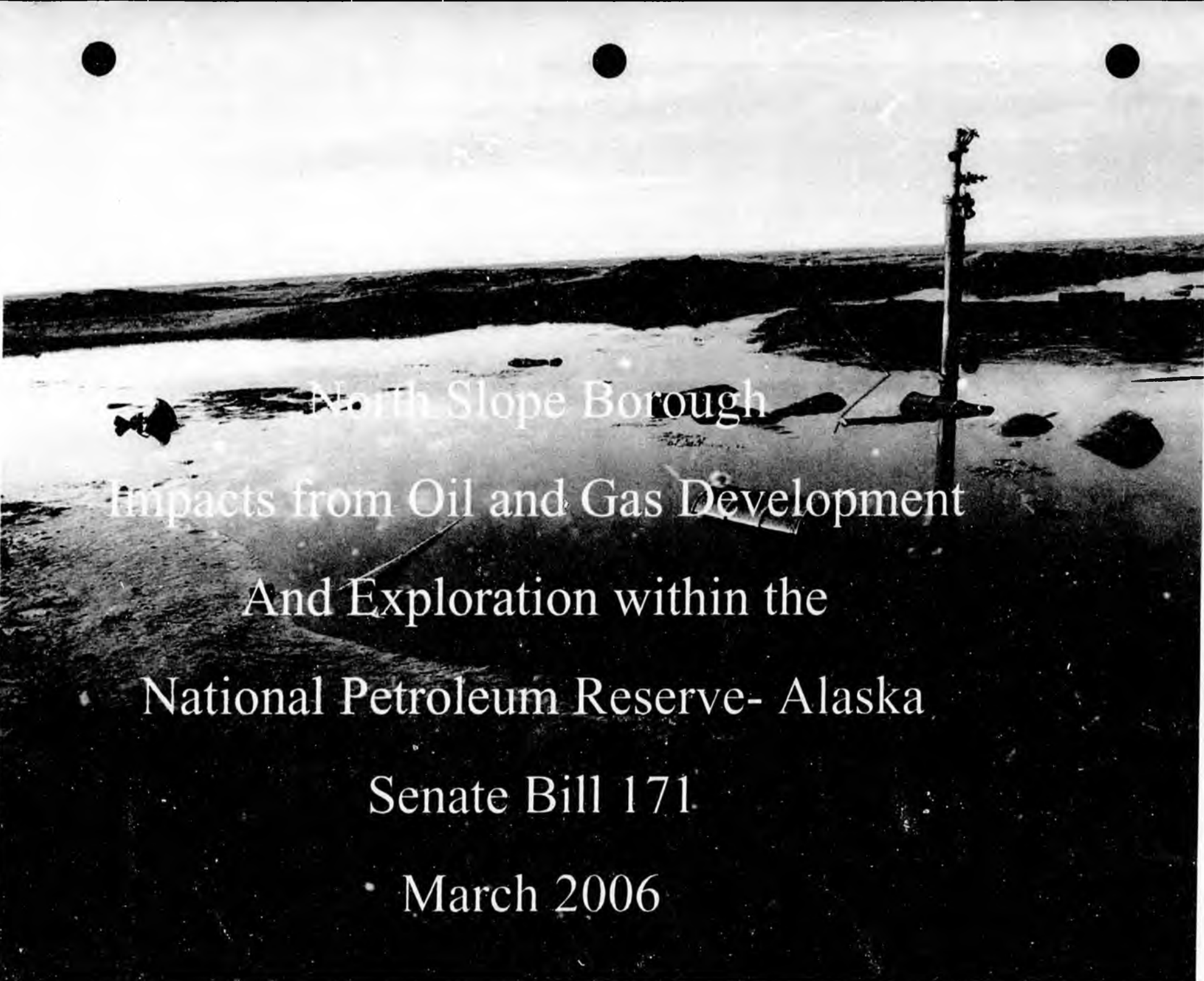
- 85 years ago oil and gas development activities began in the NPR-A.
- 61 years ago in 1944 the Dept. of Defense came to the North Slope for the purpose of oil and gas exploration and development.
- 31 years ago the second wave of government oil and gas exploration began with seismic tests and test wells throughout the NPR-A until 1982.
- 23 years ago in 1982 the Dept. of the Interior began a program of commercial leases for oil and gas development in the NPR-A, which continues today.
- Today and Tomorrow: The need for impact mitigation will increase as more land is leased and oil and gas production activities begin.



**North Slope Borough Grants Division**

North Slope Borough Grants Division March 2006

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A black and white photograph of a coastal landscape. In the foreground, a utility pole stands on a sandy or muddy shore. The middle ground shows a body of water with a person in a small boat or kayak on the left. The background features a low, dark landmass under a cloudy sky. Three circular punch holes are visible at the top of the page.

North Slope Borough  
Impacts from Oil and Gas Development  
And Exploration within the  
National Petroleum Reserve- Alaska

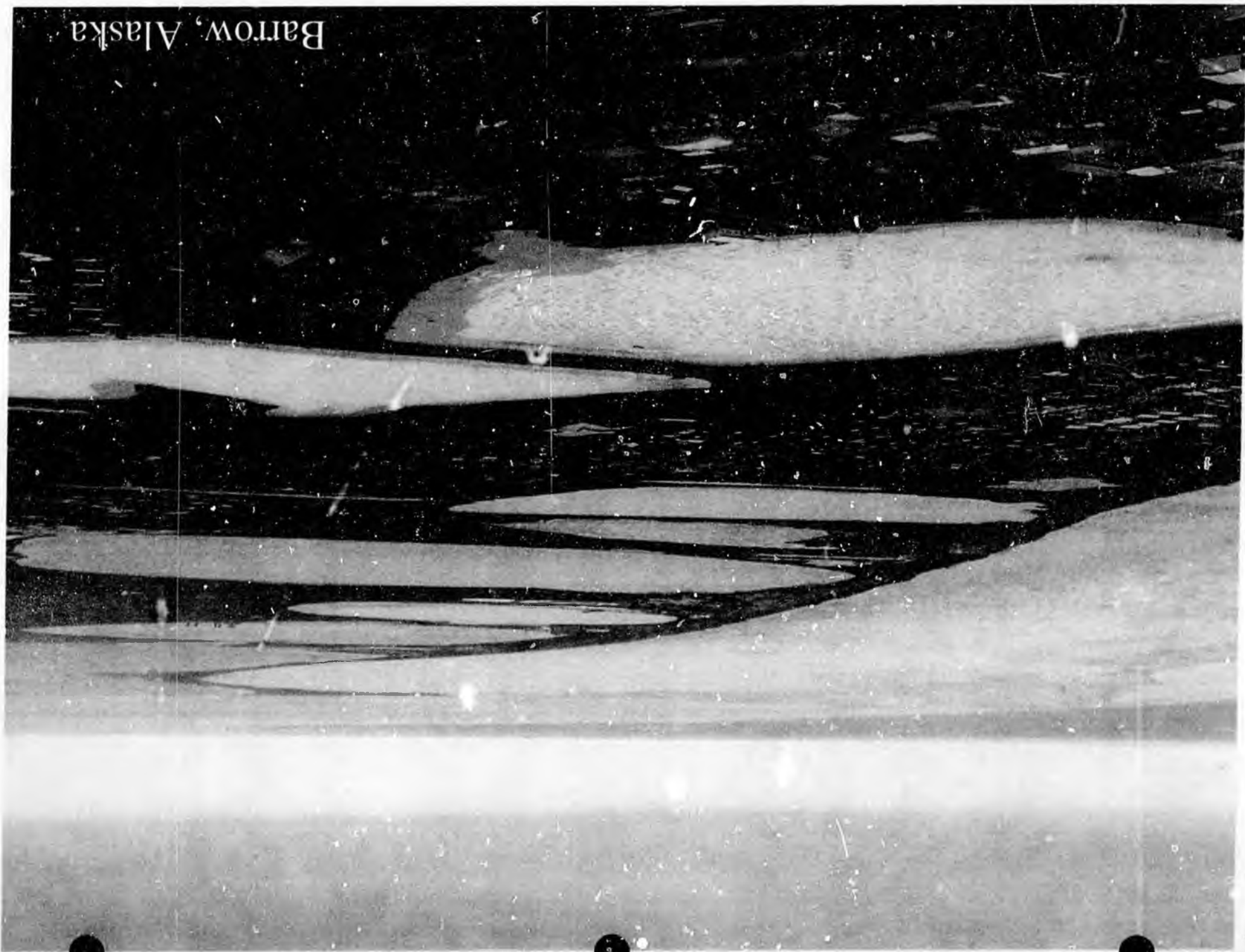
Senate Bill 171

March 2006



Barrow, Alaska

BARTOW, Alaska





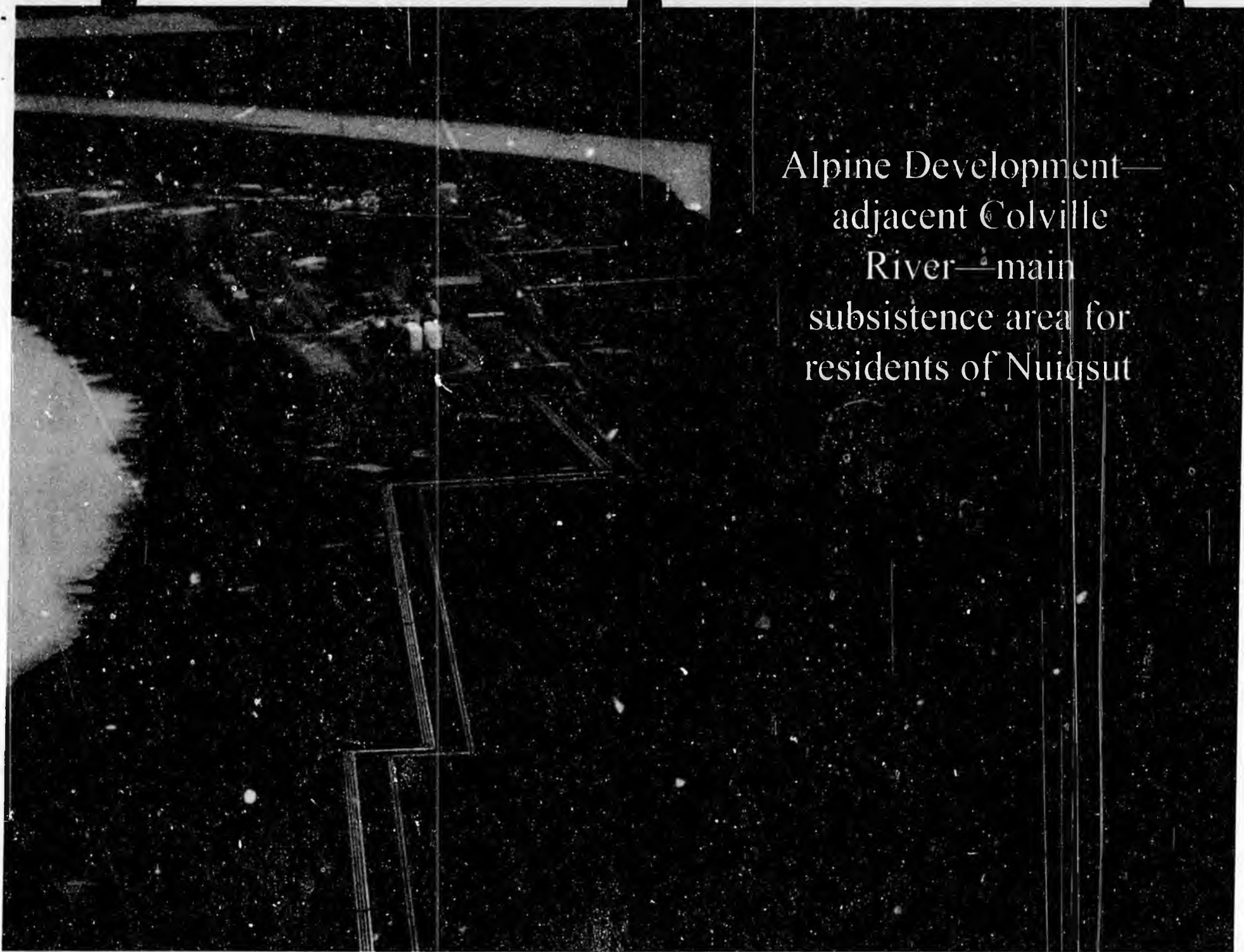
Wainwright, Alaska



Nuiqsut, Alaska



Atkasuk, Alaska

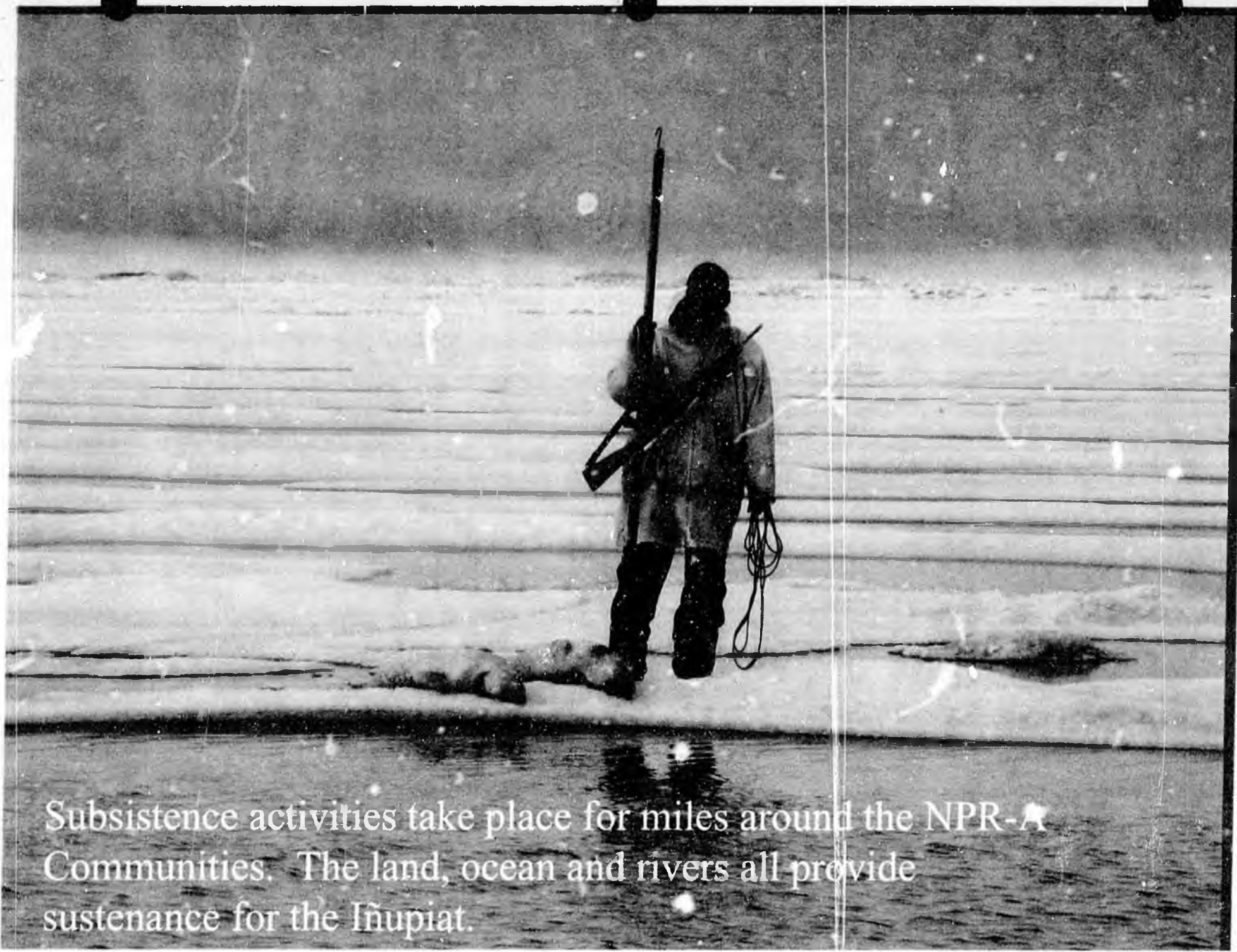


Alpine Development—  
adjacent Colville  
River—main  
subsistence area for  
residents of Nuiqsut

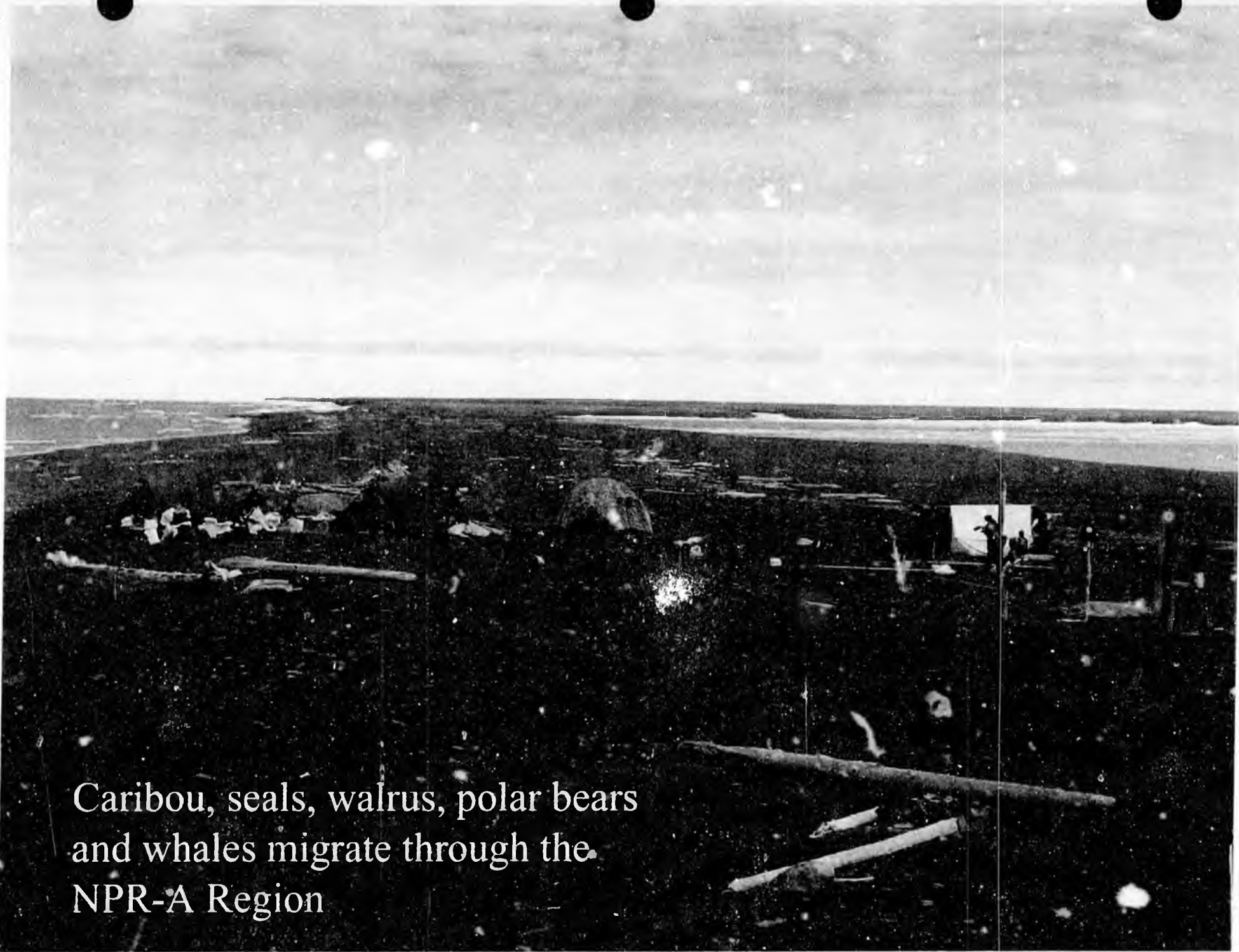


Prudhoe Bay—

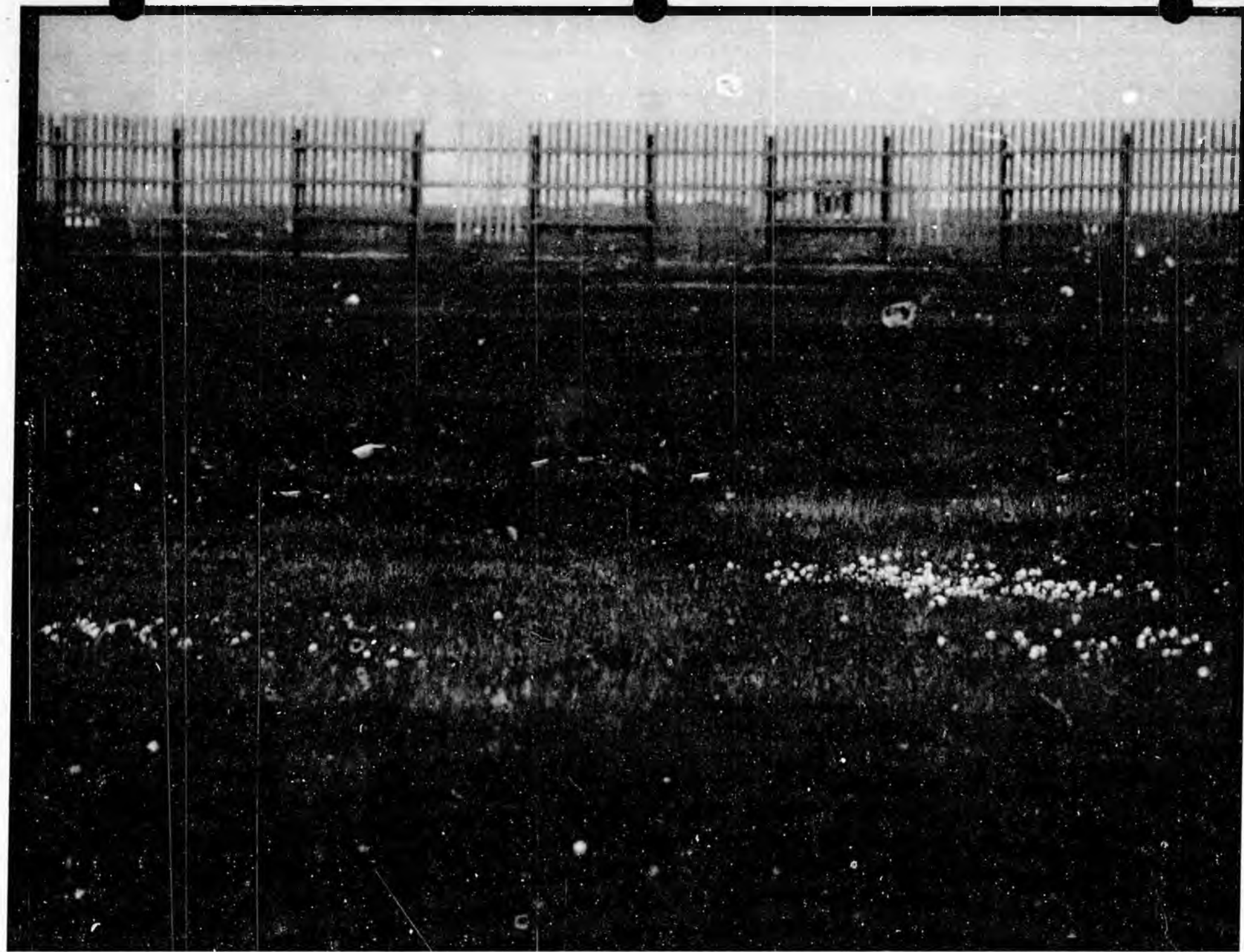
A View of the future of  
NPR-A?



Subsistence activities take place for miles around the NPR-A Communities. The land, ocean and rivers all provide sustenance for the Inupiat.

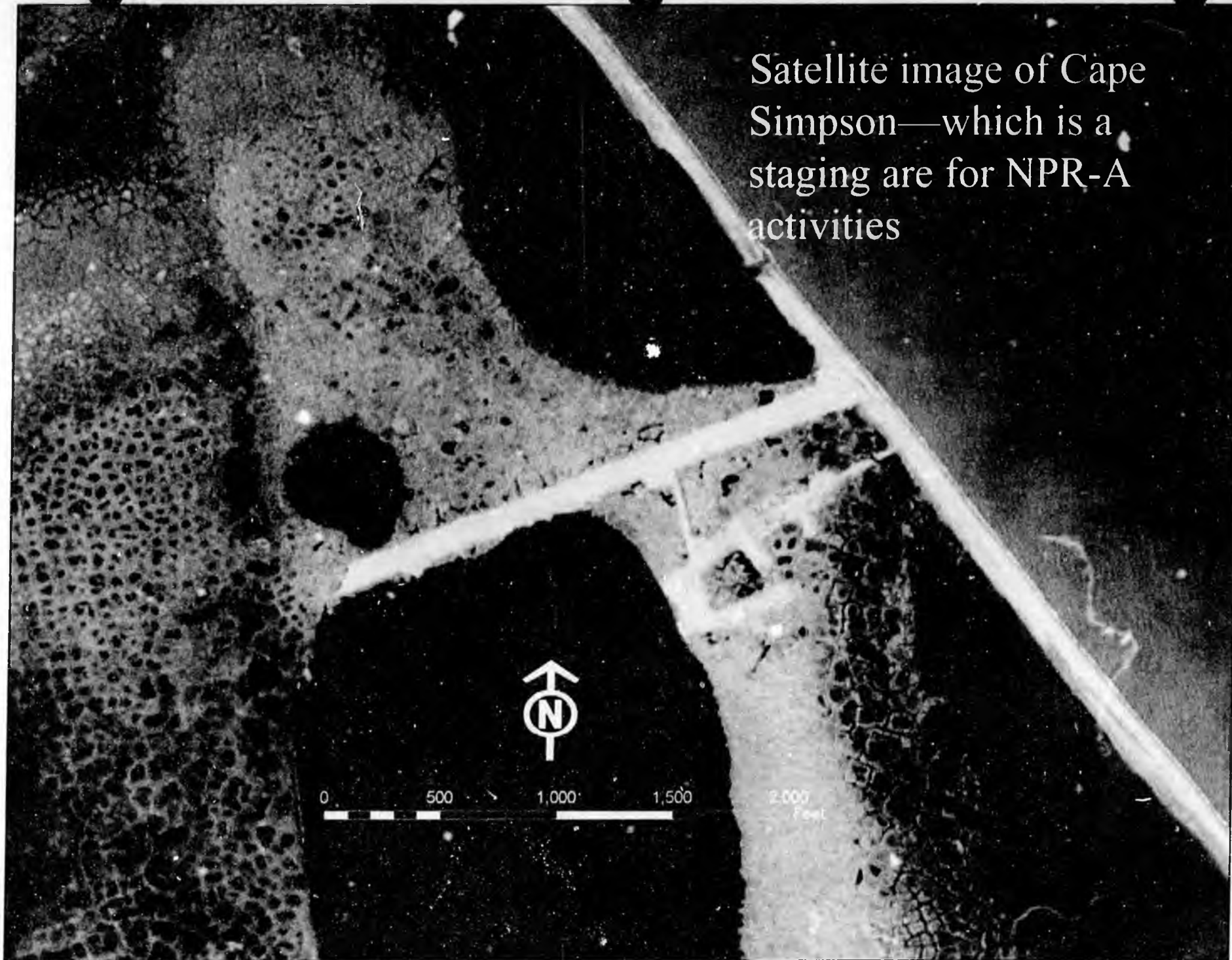


Caribou, seals, walrus, polar bears  
and whales migrate through the  
NPR-A Region



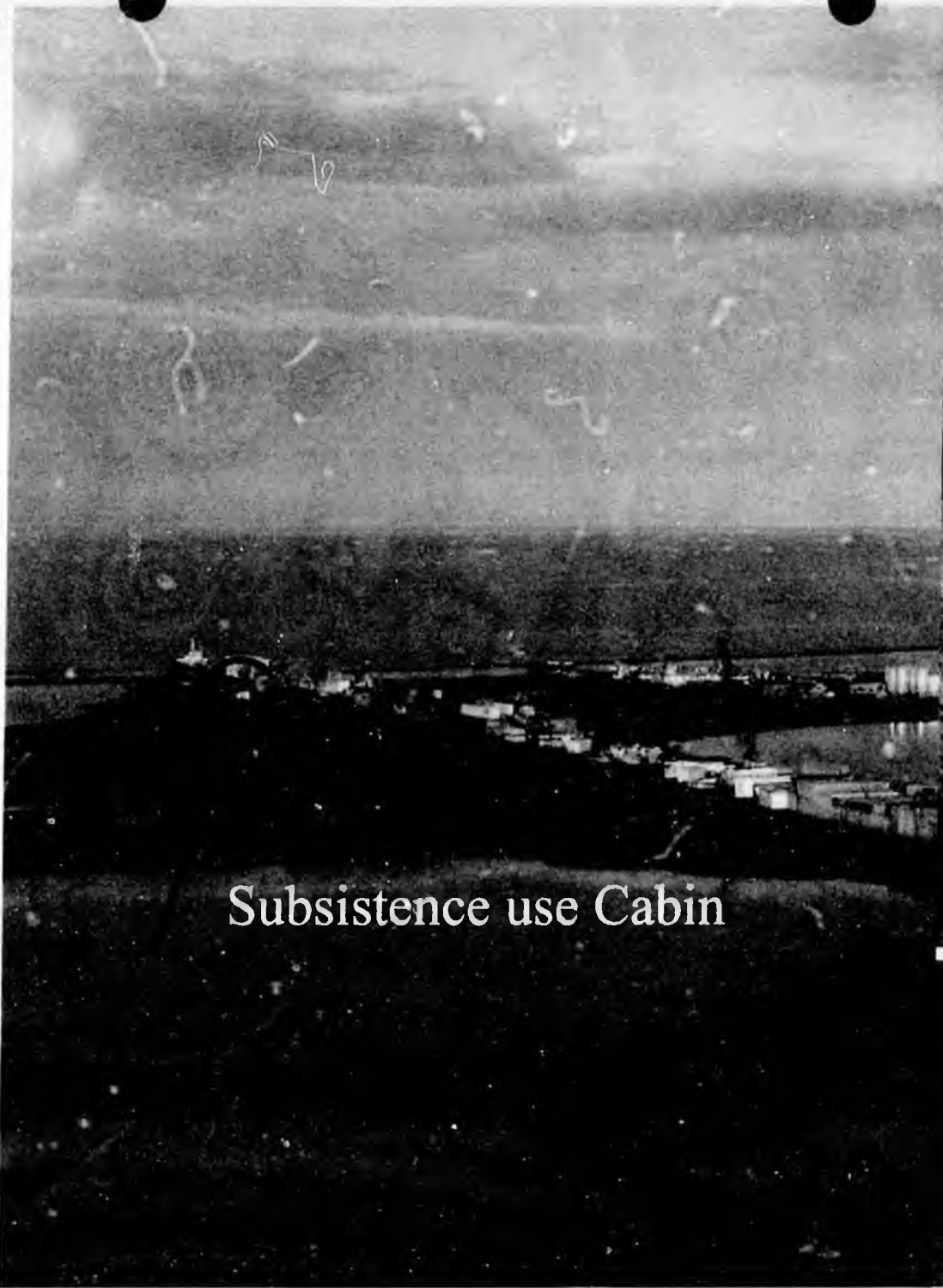


Satellite image of Cape Simpson—which is a staging area for NPR-A activities



NPR-A staging area at  
Cape Simpson—Sept  
2005





Subsistence use Cabin

