

Testimony of
Mayor Stanley Mack
Aleutians East Borough, AK
Presented By Brad Gilman
Before
The House Subcommittee On Energy and Mineral Resources
The House Subcommittee on Insular Affairs, Oceans and Wildlife
March 24, 2009

Thank you for inviting Aleutians East Borough Mayor Stanley Mack to present the perspective of the Aleutians East Borough on the proposed North Aleutian Basin oil and gas lease sale. Mayor Mack is in Norway this week researching Norway's experience with balancing the needs of fishing communities and the offshore oil and gas industry. He has asked me to present his testimony before your two Subcommittees.

The Aleutians East Borough stretches over 300 miles along the eastern side of the Aleutian Islands and consists of the communities of Sand Point, Nelson Lagoon, King Cove, False Pass, Cold Bay, and Akutan, with a total number of residents just over 2,600. These communities are dependent on subsistence and commercial fishing, can only be accessed by plane or boat, and are situated among the most remote and rugged terrain in the United States.

A recent study by the State of Alaska's Department of Labor and Workforce Development labeled the Borough's residents among the most diverse in the state, consisting of a mix of Native Aleuts, Asian & Pacific Islander, and Caucasians. The

2000 Census recorded unemployment rate of 33 percent in the region, with a poverty rate higher than the national average. The economic opportunities for the East Aleutian people are extremely limited and are almost entirely dependent on commercial fishing, with salmon and cod as the most important fisheries. The Region doesn't have any tourism to speak of and there is no mining, timber or sport fishing industry.

The East Aleutian fisheries may be healthy from a sustainability standpoint, but economically it is a different situation. In the late 1980s and early 90s, ex-vessel prices for sockeye salmon, the Region's most valuable salmon species, were well over \$2.00 a pound. They now hover at around 60 to 70 cents a pound as result of increased competition from subsidized farmed fish from overseas. Fuel prices in the region at the same time have gone up by nearly a factor of 5 in that same period. The East Aleutian fishermen are barely hanging on.

As a result, the East Aleutians are losing many of our long-term residents. The population of school age children has plummeted. Over the last 30 years, the Borough communities of Unga, Belikofsky, Squaw Harbor and Sanak have become ghost towns. Community abandonment is a very real to the Eastern Aleuts. These changing economic circumstances have forced the Borough to examine other economic opportunities and to be as creative as possible in seeking them out.

The plan currently adopted by the Department of Interior would permit oil and gas drilling in the North Aleutian Basin, pending completion of an Environmental Impact

Statement. As the nearest local Alaskan Government to the lease sale area, the Borough has been given Cooperating Agency status for purposes of the EIS process. Mayor Mack serves on the Department of the Interior's OCS Advisory Committee. The Borough has been investigating the impacts of the OCS on fishing communities for over twenty-five years. In the 1980s, Borough officials traveled to the Shetland Islands to discuss the impacts of OCS development on the local people. The Borough also convened a symposium which was attended by local governments from the North Slope and other OCS-impacted areas. Most recently, the Mayor has visited Norway to learn firsthand the experience the Norwegians in developing their offshore resources in a manner which protects fishermen and fishing communities. The Norwegians appear to have been able to allow the oil and gas industry to co-exist with coastal residents dependent on the commercial and subsistence fishing industries. In all of these situations, the Borough asked local government officials for advice on how to best safeguard the region's fisheries and subsistence lifestyle. The Borough's proposed mitigation measures have evolved over a twenty-five year stretch based on the experience diverse coastal communities.

Mayor Mack would like to submit for the record the mitigation measures that the Borough has presented to the Minerals Management Service for the North Aleutian Basin sale. The Borough will be aggressive during the EIS process to ensure that these mitigation measures and environmental protections are built into the final plan for the North Aleutian sale. Concurrently, the Borough will be pressing prospective bidders on the leases to guarantee the hiring of local residents and businesses.

Opponents of the North Aleutian Basin sale have mislabeled it as “stopping drilling in Bristol Bay.” The Bristol Bay communities are roughly 200 miles away. The Aleutians East communities are the closest ones to the sale and would be most affected by any accident. Statements and comments in the media make it sound like the sale is opposed by “Bristol Bay”, as if the region is one singular body that speaks with one voice. That is not the case. In fact, the Bristol Bay Borough and Lake and Peninsula Borough, the two area governments, have passed resolutions supporting inclusion of the North Aleutian Basin into the 5 year OCS Plan with proper mitigation. The Bristol Bay Native Corporation and the Aleut Corporation, representing many area Alaska natives, are also in favor of moving the process forward. The right approach is to allow MMS to complete the EIS process. The Aleutians East Borough will ultimately support the sale if MMS agrees to measures to protect fisheries and the environment.

Thank you for allowing the Aleutians East Borough to testify before you today.

Proposed Mitigation Measures for OCS Leasing In the North Aleutian Basin¹

Fisheries Protection

Lease related use will be restricted to prevent conflicts with local commercial, subsistence, and sport

harvest activities. All OCS operations, both onshore and offshore, must be designed, sited and operated to

ensure that:

- (a) adverse changes to the distribution or abundance of fish resources do not occur;
- (b) fish or shellfish catches are not adversely impacted by OCS activities;
- (c) all exploration, construction and operation activities will be coordinated with the fishing community to maximize communication, ensure public participation, and avoid conflicts;
- (d) ballast water treatment is required to remove or eliminate non indigenous species.
- (e) fishermen are not displaced or precluded from access to fishing areas, unless they are adequately compensated for the displacement;
- (f) fishermen are not precluded from participating in designated fishing seasons, unless they are adequately compensated for the lost season(s); and
- (g) fishermen will be compensated for damage to fishing equipment, vessels, gear and decreased harvest value from OCS operations in a timely manner.

NOAA Fisheries must complete a baseline fisheries assessment prior to commencement of OCS exploration. NOAA Fisheries must review and approve all exploration and development activities under

the leases issued in collaboration with local, state and federal agencies, and implement federal monitoring

programs to ensure these fish resource standards are met.

Transportation, Utility Corridors and Infrastructure Siting

Transportation routes, utility corridors and infrastructure must be carefully sited and constructed to allow

for the free passage and movement of fish and wildlife, to avoid construction during critical migration

periods for fish and wildlife. Pipelines should be buried wherever possible. The siting of facilities, other

than docks, roads, utility or pipeline corridors, or terminal facilities, will be prohibited within one-half

mile of the coast, barrier islands, reefs and lagoons, fish bearing waterbodies and 1500 feet from all

surface water drinking sources.

Coastal Habitat Protection

Offshore operations must use the best available oil spill prevention and response technologies to prevent

oil spills from adversely impacting coastal habitat, and to rapidly respond to oil spills. Geographic response strategies must be used to protect environmentally and culturally sensitive sites.

¹ The proposed mitigation measures are in addition to the lease stipulations listed in the OCS DEIS for the Alaska

Region, and to replace the Fisheries Protection stipulation which AEB has determined to be inadequate.

Local Hire and Training

OCS Operators will be required to submit a local hire and training program prior to any exploration, production or permitting activity, which provides a description of the operator's plans for partnering with local communities to recruit and hire local residents, local contractors, and local businesses and a training program to prepare local residents to be qualified for oil and gas jobs for exploration and development activities within their region.

Air Pollution

Best available emission control technology will be required for all industrial sources of air pollution, including criteria air pollutants and hazardous air pollutants.

Water Pollution

A zero water pollution discharge will be required for all industrial operations.

Marine Mammals and Essential Habitat

All onshore and offshore facilities and OCS-support vessel and air craft routes must be carefully sited to avoid marine mammal and essential habitat impacts.

Social Systems

All onshore and offshore facilities must be carefully sited, designed and operated to avoid adverse social system disruptions and impacts. OCS Operators must:

- (a) Minimize impacts on residential areas, privately-owned surface lands and native allotments;
- (b) Provide utilities, support services and expand other community infrastructure, and services as needed to support their OCS development and associated local population increases; and
- (c) Communicate with local residents, interested local community groups, and especially fishing organizations.

Good Neighbor Policy

All OCS Operators, operating off the Aleutian East Borough coastline, should be required to adopt a Good Neighbor Policy that is appropriate for this region. AEB's Good Neighbor Policy requires OCS Operators to work with the AEB to provide cost effective fuel, power, transportation, medical services, emergency and other services to the local communities. AEB's Good Neighbor Policy also required OCS Operators to provide a compensation system to minimize disruptions to subsistence activities and provides resources to relocate subsistence hunters and fishermen to alternate areas or provide temporary supplies if a spill affects the taking of subsistence resources.

Cultural and Historic Site Protection

OCS Operators must protect all existing cultural and historic sites and notify the local government as soon as possible about the discovery of prehistoric, historic and archaeological sites. The notification must describe what was discovered and how the area will be preserved. A final project report shall be submitted to the local government.

Seismic Design

All onshore and offshore facilities must be designed to the Seismic Zone IV, Uniform Building Code design standard for the Aleutian Chain.