

**Recommendations on the Next Proposed
5-Year Oil and Gas Lease Program
from 1997 to 2002**

**Alaska Regional Stakeholders Task Force
Report to the Outer Continental Shelf Policy Committee**

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Executive Summary

The Alaska Regional Stakeholders Task Force was formed by the Outer Continental Shelf (OCS) Policy Committee to improve the opportunity for local stakeholders to have early input into the Minerals Management Service (MMS) planning process for OCS lease sales. The Task Force was asked to make recommendations on the size, timing, and location of lease sales to be included in the next 5-Year Oil and Gas Lease Program covering the period from mid-1997 to 2002.

Task Force members included representatives from the Alaska Native, subsistence, and environmental communities; from the commercial-fishing, development and oil and gas industries; and from local, Federal, and State governments, Coastal Districts, and Coastal Resource Service Areas. Two gubernatorial appointees also served as members. Representatives from the scientific community (University of Alaska) and additional Native/subsistence interests (Chugiachmiut, Inc., Bureau of Indian Affairs, Alaska Eskimo Whaling Commission, Association of Village Council Presidents) were also invited to participate with the Task Force. Attachment 1 lists Task Force members and the communities or interests they represented, as well as the invited representatives from the scientific and Native/subsistence interests.

Members were responsible for soliciting information from the constituents they represented through letters, telephone calls, and other personal contacts. Local meetings were conducted in the communities of Kodiak, Kotzebue, Homer, Barrow, and Yakutat. At the suggestion of the Task Force, letters inviting comment and information on Task Force efforts were sent to the Mayor of Cordova, and to a variety of organizations and special-interest groups located there, because of that town's proximity to the Gulf of Alaska Planning Area.

The Task Force developed a list of evaluation criteria that were used to weigh the selection of OCS planning areas for the next 5-year program. These criteria were organized under six topics: prospectivity, infrastructure, technology, local/tribal government and community interests, subsistence/socioeconomic/ cultural interests, and environmental concerns/values. The Task Force believes that these criteria should be used nationally, when appropriate, so that planning areas will be evaluated with common standards to balance leasing decisions on a national scale. Attachment 2 lists the planning-area evaluation criteria.

Impact assistance (revenue sharing with local communities) and compensation for oil spills were among the major issues that were raised. The Task Force concluded that these issues were beyond its scope. Impact assistance would require legislative action. Compensation issues may be resolved under ongoing initiatives related to the Oil Pollution Act of 1990 or might also require legislative action.

Five of the 15 Alaska OCS Planning Areas were initially identified by the Task Force to be considered for analysis in the next 5-year program using the prospectivity, infrastructure, and environmental concerns evaluation criteria: Chukchi Sea, Hope Basin, Beaufort Sea, Cook Inlet/Shelikof Strait (this name was suggested by the Task Force to more accurately reflect the area covered), and Gulf of Alaska. There was not consensus by the Task Force that these areas should be leased. Other planning areas were excluded based on low prospectivity or a combination of the other considerations listed under the evaluation criteria. These five areas were reaffirmed for consideration following local community meetings and contacts.

Ten specific recommendations were made by the Task Force.

1. Use agreed-upon evaluation criteria for consideration of planning areas for the 5-year program.
2. Use evaluation criteria as scoping issues for environmental impact statements (EIS's) prepared for the 5-year program and for individual lease sales.
3. Focus the 5-year EIS on planning areas of industry interest. Identify critical habitats and sensitive areas as scoping issues prior to determining the areas of the sale and EIS.
4. Focus EIS's for individual lease sales on specific areas of industry interest. Consider critical habitats and sensitive areas prior to determining the areas of the EIS and sale.
5. Include the following five planning areas for evaluation in the next 5-year EIS. (Ten planning areas were deleted.)

Beaufort Sea
Chukchi Sea
Hope Basin
Gulf of Alaska
Cook Inlet/Shelikof Strait

6. Spread sales over the 5-year schedule; ideally one per year.

7. Maintain order and predictability in lease-sale schedules.
8. The Department of the Interior (DOI) should continue to analyze and improve alternative energy analyses transitions to renewable energy resources.
9. The OCS Policy Committee needs to be made aware of subsistence values and the significance of a traditional subsistence economy in Alaska. The Government needs a better understanding of subsistence and to recognize the importance and essence of subsistence values and the subsistence economy. Subsistence user representatives should be invited to address the OCS Policy Committee.
10. If a lease sale goes forward, and if after the sale lessees are not allowed to develop their leases, the Government should buy back those leases to compensate lessees.

Task Force members agreed that the Task Force provided a good opportunity to identify and address stakeholder concerns early in the planning process and that such involvement was important to successful future lease sales.

I. Introduction

The OCS Policy Committee approved a Legislative Subcommittee motion establishing an Alaska Regional Stakeholders Task Force (Attachment 3). The Task Force was to provide recommendations to aid MMS in tailoring leasing plans to stakeholder interests, and to serve as a mechanism for conflict resolution in the 5-year program development and subsequent lease-sale processes. The Task Force was asked to make recommendations to the OCS Policy Committee by April 3, 1995, on the size, timing, and location of proposed Alaska OCS lease sales to be considered in the next 5-Year Oil and Gas Lease Program covering the period of 1997 to 2002. The Task Force identified issues and concerns, developed evaluation criteria for the 5-year program and for future lease sales, and made 10 specific recommendations.

II. Alaska OCS Leasing Program Background

There have been 17 OCS lease sales conducted in Alaska since 1976. These sales have been held in Cook Inlet/Shelikof Strait, Gulf of Alaska, Beaufort Sea, Chukchi Sea, Navarin Basin, Norton Sound, Bering Sea, and North Aleutian Basin. Of the 1522 leases issued, 93 leases remain active. Eighty-one exploratory wells have been drilled. Nine wells in the Beaufort Sea have been determined capable of producing in paying quantities, but no discoveries are considered commercial at this time. Despite these results, the Alaska OCS continues to have large resource potential. Attachment 4 is a report titled "Issues Concerning Continued Exploration for Petroleum on the Alaska

Outer Continental Shelf" that summarizes the resource potential for Alaska OCS Planning Areas and the importance of OCS reserves to U.S. oil and gas production.

The current 5-Year Oil and Gas Lease Program covers the period from 1992 to 1997. Under this program, six lease sales were scheduled. No sales have occurred to date. Lease sales No. 144 (Beaufort Sea), No. 149 (Cook Inlet/Shelikof Strait), and No. 158 (Gulf of Alaska) are currently scheduled for spring 1996, fall 1996, and spring 1997, respectively. Lease sales No. 148, (Chukchi Sea) and No. 159 (Hope Basin) were deferred for consideration in the next 5-year program by DOI. There are no current actions being taken toward proposed lease sales No. 153 (St. George Basin).

The MMS published a Federal Register Notice requesting information and comment on the next 5-Year Oil and Gas Lease Program covering the period from 1997 to 2002 (Attachment 5). The comment period was extended until February 1, 1995, and 55 commentors responded to the notice relative to Alaska (Attachment 6 summarizes these comments).

III. Task Force Membership and Public Input

The Alaska representatives on the OCS Policy Committee--Paul Rusanowski (at the time, Director of the Alaska Division of Governmental Coordination), Paul Gronholdt (Sand Point), Jerome Selby (Mayor, Kodiak Island Borough), and the MMS Alaska Regional Director, Judith Gottlieb--were given the responsibility of nominating members to the Task Force. Representatives were identified from the Native/subsistence and development communities, from the oil and gas and commercial-fishing industries, and from local, Federal, and State governments and Coastal Districts. Representatives were nominated on the basis of their knowledge, experience, and interest in the OCS program. The Alaska Lands Coordinating Committee was asked to nominate a representative from the environmental community. Two gubernatorial nominees were also invited. Nominations were approved by the Chairman of the OCS Policy Committee. In some cases, a Task Force member was asked to represent more than one interest or community.

As the Task Force evolved, there were suggestions and requests for additional membership. The Task Force suggested that representatives from the scientific community be invited and that Native representation, particularly for the Kenai Peninsula, be expanded. The Alaska Eskimo Whaling Commission asked to be included as a member. Invitations to participate at the Task Force meetings and to comment and provide information to the Task Force were extended to the Bureau of Indian Affairs, the University of Alaska faculty, Chugiachmiut, Inc., (a Regional Native non-profit corporation for the Chugiach Region), the Association of Village Council Presidents, and the Alaska Eskimo Whaling Commission.

Attachment 1 lists Task Force members and the interests and communities they represented, as well as the invited representatives from the scientific and Native/subsistence communities.

The Maniilaq Association (representing the Northwest Arctic Natives of Alaska) sent a letter recommending that federally recognized tribes be provided an opportunity to submit nominations for membership to the Task Force. The short timeframe for the Task Force to produce its report and the timing of the Association's request did not allow for extending additional invitations. However, it was recognized that some members on the Task Force were tribal members and could represent tribal interests, although they were not specifically identified as representing those interests. Should the Task Force continue, membership will be re-evaluated to include tribal representation.

The Task Force held its first Alaska regional meeting on January 4 to 5, 1995, in Anchorage. The second regional meeting was held on March 13 in Anchorage. Meetings were advertised in the Anchorage Daily News and were open to the public. Public comment was invited during each meeting. (Attachment 7 is a list of attendees to the regional meetings).

Additional meetings were conducted in Kenai, Kotzebue, Homer, Barrow, and Yakutat to solicit local information and comments. Meetings were arranged and conducted by the local Task Force member. The MMS and the State Division of Governmental Coordination provided support. Meetings were open to the public, and specific individuals and organizations who represented local interests were identified and invited by the local Task Force member. (Attachment 8 is a compilation of local meeting reports and contacts, staff notes, and attendees).

Limited travel funds and bad weather prevented participation in the Homer meetings by Cook Inlet Native communities--stakeholders the Task Force sought to include. Additional efforts to involve these communities were made through distribution of materials and personal contacts by Task Force member Don Gilman, Mayor of the Kenai Peninsula Borough.

A meeting was also proposed for Shishmaref. The meeting was not held because of time and budget constraints and bad weather. Task Force members Chuck Degnan and Art Nelson solicited information from Shishmaref and from other Native communities and interests in the Bering Straits Coastal Resource Service Area by letter and personal contact.

At the suggestion of the Task Force, the MMS also sent letters to the Mayor of Cordova and to a variety of individuals and organizations in Cordova who had participated in or been contacted during previous public meetings and hearings, in order to solicit additional comments and information. Cordova is near the Gulf of Alaska OCS

Planning Area. Attachment 9 is a list of organizations and individuals who were sent letters.

Other individual members were also asked to approach their constituents between the first and second regional meetings. The MMS sent letters to other Federal Agencies not represented on the Task Force: the U.S. Coast Guard, the U.S. Army Corps of Engineers, the Environmental Protection Agency, the National Biological Service, and the National Park Service (NPS) (of these agencies, the NPS expressed interest in being considered as a stakeholder in future Task Force meetings and activities).

IV. Issues

The Task Force developed a list of planning-area evaluation criteria (Attachment 2) to be used to determine whether to include planning areas in the next 5-year program. These criteria evolved from discussions of issues and concerns raised by the Task Force members based on their knowledge and experience, results from local meetings, and other personal contacts. The Task Force agreed that these criteria should also be used as scoping issues in the preparation of EIS's for the 5-year program and for subsequent individual lease sales. In some cases, more specific issues and information were identified at the local meetings (Attachment 3) which could further focus scoping issues for the EIS's.

At the outset of the first meeting, Task Force members expressed that they could not represent, or commit to a consensus recommendation on behalf of, all of the interests and communities they were identified with (i.e., the representative from the Lake and Peninsula Borough could not represent other Coastal Districts). However, members were expected to bring their knowledge and experience to the table and, to the best of their ability, solicit information from the stakeholders' interests they represented. It was recognized that members would not be expected to "commit" to each recommendation and were to work toward consensus.

Detailed minutes from the first and second regional meetings are included as Attachments 10 and 11. The following is a summary of the major issues discussed.

Equity in the National OCS Program: Many members questioned why, outside of the Gulf of Mexico, Alaska seemed to be the focus of OCS leasing activity. Some members expressed the need to review the basis for national leasing decisions and the rationale for excluding some areas while including others. Other members felt that alternative energy sources were not adequately evaluated in oil and gas leasing decisions. Some members expressed the belief that existing leasing restrictions and concerns are based on old knowledge or perceptions and that the Task Force needed to review and update information on technologies, environmental studies and concerns, and leasing and operational experiences gained over the last 15 to 20 years.

Reliability in the Lease-Sale Program: Several members emphasized the importance of establishing and maintaining a reliable lease-sale schedule, noting that MMS has not held a sale in over 5 years. Experiences with the Congressional appropriations that prohibit activity on North Aleutian Basin Lease Sale No. 92 leases had caused some members to question the Government's commitment to the OCS leasing program.

Impact Assistance (revenue sharing): All the Task Force members supported the concept of impact assistance in some form to be made available to the lowest local level possible.

Chukchi Sea/Hope Basin Simultaneous Lease Sale (SIM Sale): There was confusion about the proposed SIM sale as it related to the current 5-year schedule for individual lease sales. Other specific concerns, such as oil spills and effects on wildlife and subsistence, were also identified. The announcement by the DOI that the proposed Chukchi Sea/Hope Basin sales would be deferred for consideration under the next 5-year program helped to resolve the confusion, although the other concerns remained. Several members expressed concern regarding the adequacy of Russian environmental and safety regulations.

Subsistence: Native representatives expressed concern that subsistence values and the subsistence economy were not properly understood and were not given fair or equal consideration by Government decision- and policy-makers. Many members felt that subsistence and oil and gas operations could be conducted together, as has happened on the North Slope. Other members indicated that subsistence users in their areas have adamantly opposed oil and gas operations in the past and would likely continue to do so. Some members felt that a mechanism should be established to compensate subsistence users for damages resulting from oil and gas activities--one that did not require a lengthy legal process. Others noted that financial compensation could not replace subsistence resources or community and cultural values.

Federal/State Responsibilities: Federal and State representatives discussed the various legal, regulatory, and administrative functions, jurisdictions, and trust responsibilities they exercised over resources and public and State lands.

Selection of Planning Areas for Consideration in the Next 5-Year Oil and Gas Lease Program: Many members of the Task Force proposed selection of planning areas based on prospectivity (areas of industry interest), community interest, and economics. One member objected to implications that selecting an area based on resource potential meant that it was acceptable to lease without balancing resource potential with potential environmental effects. Others felt that areas should and could be identified to be deleted on the basis of significant environmental concerns or resource value. One member noted that all the planning areas have important environmental and/or resource values, and that the Task Force would be unable to prioritize them.

The Task Force identified five planning areas for consideration: Beaufort Sea, Chukchi Sea, Hope Basin, Cook Inlet, and Gulf of Alaska. These areas were identified based in large part on prospectivity (industry interest) and infrastructure. Other planning areas were excluded based on low prospectivity or a combination of the other considerations listed under the evaluation criteria (i.e., North Aleutian Basin was dropped from consideration due to environmental values and ongoing litigation, despite its higher resource potential and industry interest).

Task Force members who conducted local meetings reported that there was general support for including the five planning areas that were identified by the Task Force in the next 5-year program, provided appropriate protective measures were taken and concerns were addressed. Various protective measures and concerns are described in the reports and notes from the local meetings and contacts (Attachment 8).

One member proposed that the Chukchi Sea and Hope Basin Planning Areas be removed from the list of planning areas as a result of low industry interest and high environmental risk. The Bristol Bay and Lake and Peninsula Borough Region remained opposed to any oil and gas lease sales in Bristol Bay.

By majority decision, the Task Force reaffirmed the inclusion of the original five planning areas for consideration in the 5-year program EIS. The Task Force suggested changing the name of the Cook Inlet Planning Area to the "Cook Inlet/Shelikof Strait Planning Area" to more accurately reflect the area covered. There was not a consensus that these areas should be leased.

Alternative Energy: One member expressed the need for alternative energy (and conservation) to be evaluated and factored into oil and gas leasing decisions. Some members believed that alternative energy issues were not relevant to the Task Force's mission and that the MMS already did this as part of its National Environmental Protection Act review of individual lease sales EIS's.

Refining Areas of Industry Interest: Most of the Task Force expressed interest in getting the oil and gas industry to provide more detailed information on where it was interested in leasing. Companies are restricted by antitrust laws and the competitive bidding process from being able to collaborate among themselves and to provide more specific information. Industry has already provided more information than usual in response to the 5-year notice published in the Federal Register, and MMS would need to consolidate the information provided before presenting it to the Task Force.

Size of Lease Sales: The Task Force debated the need for appropriateness of identifying critical/sensitive resource areas within planning areas as possible buffer zones and deferral options. Some members expressed the view that there was sufficient information available to make these decisions (many areas have been identified in earlier lease-sale proposals or in response to the 5-year notice, or have legally limited or

restricted access). One member recommended that the Task Force report include a map showing the various agency and/or public recommendations for deferral options. Other members felt that the Task Force did not have the expertise or time to recommend deferral options but recognized that critical/sensitive areas needed to be evaluated in the lease-sale process.

The Task Force discussed adoption of other limits on sale size to be consistent with previous planning-area reductions, such as the last Beaufort Sea and Gulf of Alaska sales where the sale areas were substantially less than the planning area. The Task Force again discussed the importance of industry being more specific in identifying areas of interest. An industry representative invited to the meeting described how industry commits limited staff and financial resources to determine if a planning area is worth pursuing, and that industry cannot commit to extensive and detailed analyses so early in the 5-year planning process. Similarly, Task Force members representing resource agencies indicated that they could not commit resources for studies and other evaluations to more specifically identify critical or sensitive areas so early in the process.

Timing of Lease Sales: Most Task Force members agreed that lease sales should be spaced so that unnecessary burdens would not be placed on MMS, other agencies, or the public. The leasing process requires a substantial commitment of time and energy to participate in meetings and in review-and-comment opportunities. One member suggested scheduling sales that have direct community support first. Others suggested there be up to 3 years between sales in the same areas. There was general recognition that the MMS lease-sale process and the National Environmental Policy Act obligations would result in sale-preparation times of up to 3 years. There was some question and concern that reoffering sales could occur sooner.

V. Recommendations

The Task Force developed the following specific recommendations.

1. Use agreed upon evaluation criteria for 5-year program consideration.
2. Use evaluate criteria as scoping issues for 5-year program and lease sale EIS's.
3. Focus 5-year EIS to planning areas of industry interest. Identify critical habitats and sensitive areas as scoping issues prior to determining area of sale and EIS.
4. Focus individual lease sale EIS's on specific areas of industry interest and consider critical habitat and sensitive areas prior to determining areas of EIS and sale.

5. Include the following five planning areas in the 5-year EIS. Ten planning areas were deleted.

Beaufort Sea
Chukchi Sea
Hope Basin
Gulf of Alaska
Cook Inlet/Snellkof Strait
6. Spread sales over the 5-year schedule; ideally one per year.
7. Maintain order and predictability in lease-sale schedules.
8. The DOI should continue to analyze and improve alternative energy analyses-transition to renewable energy resources.
9. The OCS Policy Committee needs to be made aware of subsistence values and the significance of a traditional subsistence economy in Alaska. The Government needs a better understanding of subsistence and recognize the importance and essence of subsistence values and economy. Subsistence user representatives should be invited to address the OCS Policy Committee.
10. If a lease sale goes forward and afterward lessees are not allowed to develop their leases, the Government should buy back those leases to compensate lessees.

VI. Conclusion

The Task Force provided a unique opportunity to involve Alaskan stakeholders early in the OCS lease-sale planning process. The diverse representation from the Native, subsistence, environmental, oil and gas, commercial-fishing, and development communities and from local, State, and Federal Governments identified a number of issues and concerns. Although the recommendations adopted by the Task Force do not always represent a consensus opinion, the Task Force provided the opportunity to discuss concerns, express opposing views, and identify issues.

The final recommendations by the Task Force reflect interest in and support for the inclusion of five Alaska OCS Planning Areas in the next 5-year lease-sale program. Adoption of these recommendations should help the MMS in preparing the next 5-year program and should help make the program responsive to stakeholder concerns.

Attachments

1. **Task Force Membership and Communities and Interests They Represent and Invited Representatives from the Scientific and Native/Subsistence Communities**
2. **Planning-Area Evaluation Criteria**
3. **Motion Establishing the Alaska OCS Regional Stakeholders Task Force**
4. **Issues Concerning Continued Exploration for Petroleum on the Alaska OCS**
5. **Federal Register Notice Requesting Comments on Present 5-Year Oil and Gas Lease Program**
6. **Summary of Comments on the 5-Year Federal Register Notice Relating to Alaska**
7. **Regional Stakeholders Task Force Meeting Attendees**
8. **Local Meeting Reports and Contacts, Staff Notes, and Attendance Lists**
9. **Cordova Notification List**
10. **Alaska Regional Stakeholders Task Force Meeting Minutes, January 4 to 5, 1995**
11. **Alaska Regional Stakeholders Task Force Meeting Minutes, March 13, 1995**

Attachment 1

**ALASKA REGIONAL STAKEHOLDERS TASK FORCE
MEMBERS AND INVITED REPRESENTATIVES**

Members

Mr. Dave Benton
Acting Deputy Commissioner
Alaska Fish and Game
Representing: Governor Appointee

Mr. Ken Boyd
Deputy Director, Alaska Division
of Oil and Gas
Representing: State of Alaska

Ms. Judy Brady
Executive Director, Alaska Oil
and Gas Association
Representing: Oil and Gas Industry

Mr. Chuck Degnan
Director, Bering Straits Coastal
Resource Service Area
Representing: Bering Straits Coastal
Resource Service Area

Mr. Kurt Fredriksson
Alaska Department of Environmental
Conservation (ADEC)
Representing: ADEC

Ms. Linda Freed
Kodiak Island Borough
Representing: Local Government,
Coastal District

Ms. Becky L. Gay
Executive Director, Resource Development
Council for Alaska
Representing: Development Community

Honorable Donald E. Gilman
Mayor, Kenai Peninsula Borough
Representing: Kenai Peninsula Borough

Ms. Judith C. Gottlieb
Regional Director, Minerals
Management Service
Ex-officio Member
Representing: Federal Agencies

Mr. Paul Gronholdt
Ex-officio Member (Co-chair)

Mr. Kerry Howard
Acting Director, Alaska Division of
Governmental Coordination
Representing: Governor Appointee

Honorable Daryl James
Mayor, City of Yakutat
Representing: Local Government

Mr. Larry Malloy
Executive Director, Kodiak Regional
Aquaculture Association
Representing: Fishing Industry

Ms. Rosa Meehan
U.S. Fish and Wildlife Service
Representing: Federal Agency

Ms. Pam Miller
Greenpeace
Representing: Environmental Community

Mr. Art Nelson
Kawerak Incorporated
Representing: Native Interests,
Alaska Eskimo Walrus Commission

Honorable Jerome Selby
Mayor, Kodiak Island Borough
Ex-officio Member (Co-chair)
Representing: Local Government,
Coastal District

Mr. Walt Wrede
Lake and Peninsula Borough
Representing: Lake and Peninsula Borough

Mr. Ronald Morris
Supervisory Fishery Biologist
National Marine Fisheries Service
Representing: Federal Agency

Mr. Delbert Rexford
Special Assistant to the Mayor for
North Slope Borough
Representing: Native Interests and
North Slope Borough

Mr. Frank Stein
Planning Director, Northwest
Arctic Borough
Representing: Northwest Arctic Borough

Invited Representatives

Ms. Vera Alexander
School of Fisheries & Ocean Sciences
University of Alaska Fairbanks
Representing: Scientific Community

Professor Lee Husky, Ph.D.
Institute of Social & Economic Research
University of Alaska-Anchorage

Mr. Myron Naneng
President, Associate of Village
Council Presidents
Representing: Native Community

Professor Thomas Royer, Ph.D.
Institute of Marine Science
University of Alaska-Fairbanks

Mr. Niles Cesar
Area Director
Bureau of Indian Affairs
Representing: Native Community

Mr. Paul Jackson
Chugachmiut, Inc.
Representing: Cook Inlet Native
Community

Mr. Burton Rexford
Chairman, Board of Commissioners
Alaska Eskimo Whaling Commission
Representing: Subsistence Community

Attachment 2

**Planning-Area
Evaluation Criteria**

- o **Prospectivity (industry interest/resource potential)**
- o **Infrastructure**
- o **Technology**
- o **Local/Tribal Government and Community Interests**
- o **Subsistence/Socioeconomic/Cultural Interests**
- o **Environmental Concerns/Values**

Prospectivity

- o Beaufort Sea**
- o Chukchi Sea**
- o Hope Basin**
- o Gulf of Alaska**
- o Cook Inlet**

Infrastructure

- o Prudhoe Bay
- o Cook Inlet

Technology

- o **Oil Spill Cleanup**
- o **Oil Spill Prevention**
- o **Drilling/Production (i.e.: directional drilling, reinjection, synthetic drilling fluids, blowout preventors, inspections)**
- o **Transportation (traffic corridors/safety)**
- o **Pipeline Safety (permafrost)**
- o **Safety (people/operations)**
- o **Traditional Knowledge (ice/hazards)**
- o **Evaluate Offshore Loading (Cook Inlet/Shelikof Strait)**

Local/Tribal Government and Community Interests

- o Engage communities/organizations regarding current ideas/approaches on outer continental shelf (OCS) lease areas.
- o Community concerns need to be taken seriously and provide feedback.
- o Maximize benefits and minimize adverse impacts.
- o Assure collective agreement of terms and agreements for oil and gas development (industry/community work together in planning and conducting oil and gas operations).
- o Protect subsistence lifestyles.
- o Local impact assistance funds.
- o Utilize prevention technology and locate response equipment to protect local communities.
- o Traditional knowledge.
- o Legislative barriers, which limit or prohibit local community benefits to oil and gas operations, should be eliminated (such as allowing local communities to use gas produced from OCS locations).

Subsistence/Socioeconomic/Cultural Interests

- o **Tourism/Recreation**
- o **Employment Opportunities**
- o **Subsistence Users/Resources**
- o **Cultural Resources**
- o **Commercial Fishing (gear conflicts, biological timing)**
- o **Impact Assistance**
- o **Monitoring Oil and Gas Operations and Effects (including socioeconomic effects)**
- o **Traditional Knowledge (subsistence and cultural issues)**
- o **Legislative barriers, which limit or prohibit local community benefits to oil and gas operations, should be eliminated (such as allowing local communities to use gas produced from OCS locations).**

Environmental Concerns/Values

- o **Critical habitat.**
- o **Long-term/chronic effects.**
- o **Climate effects.**
- o **Cumulative effects.**
- o **Distinguishing between impact sources.**
- o **Endangered/threatened species.**
- o **Commercial/recreational resources.**
- o **Subsistence resources.**
- o **Identify conflicts and recommend solutions early in process.**
- o **Information needs/data gaps.**
- o **Natural hazards (ice, currents, geophysical, etc.).**
- o **Impacts on legislatively protected areas within the sale area.**
- o **Effects of oil spills on environmental resources.**
- o **Disturbance and displacement of sensitive species.**
- o **Monitoring oil and gas operations and effects.**
- o **State of Alaska Coastal Management Program standards.**
- o **Inadequate environmental/safety regulations of foreign countries (Russia).**
- o **Traditional knowledge of environmental concerns.**

Attachment 3

Motion

The Outer Continental Shelf (OCS) Legislative Subcommittee moves that the OCS Policy Committee establish a Regional Stakeholders Task Force (Task Force) on 5-Year Leasing Program Development in Alaska. The Minerals Management Service (MMS) will participate in Task Force activities and provide logistical and financial support. The OCS Policy Committee members from Alaska shall recommend Task Force members for appointment by the Chairman of the OCS Policy Committee.

The Task Force is to develop recommendations, through meetings, workshops, and other suitable mechanisms, and submit them to MMS at least 2 months prior to release of the draft 5-Year Leasing Program. These results are intended to aid MMS in tailoring leasing plans to stakeholder interests in the affected areas. The Task Force may continue participation in 5-year program development and serve as a mechanism for conflict resolution in this and subsequent lease sale processes.

Should State OCS Policy Committee members from other States where regions or planning areas have substantial potential resources and industry interest desire to participate in this Task Force effort, the OCS Policy Committee, in consultation with the MMS, may establish similar Task Forces there.

Passed at the November 2, 1994, OCS Policy Committee meeting.

Attachment 4

ISSUES CONCERNING CONTINUED EXPLORATION FOR PETROLEUM ON THE ALASKA OUTER CONTINENTAL SHELF

DECLINING U.S. OIL PRODUCTION

Oil production in the United States has been declining at a rate of 2-3% per year since the mid-1980's (Figure 1). Since 1985, it has fallen from 3.27 billion barrels per year (Bbbl/yr) to 2.33 Bbbl/yr in 1994. In the same time period, imports have risen from 1.17 Bbbl/yr to 2.59 Bbbl/yr. The U.S. now imports more oil than it produces. It is clear that we are becoming increasingly dependent on foreign sources for the oil that we use to produce things needed in our everyday lives. These include gasoline, electricity, lubricants, plastics, and synthetic cloths such as nylon and polypropylene.

The outlook for oil production in the U. S. is not bright. Stripper wells produce 10% of the oil used by U.S. consumers (Figure 2) or nearly 20% of the entire U.S. production. Stripper wells are marginal wells drilled in established fields to withdraw only the last of the economically recoverable oil. Many stripper wells are in very old, giant fields from which the flow of oil has declined to a very low rate. They are economically viable only because when there is little incremental expense in drilling them. Generally their future life-span is not great. That such a large percentage of the U.S. production is from marginal wells suggests that the rate of decline of U.S. production will accelerate in the future unless new fields are discovered.

Alaska plays a significant role in U.S. oil production. Approximately one quarter of the entire U.S. annual production comes from Alaska. Even with imports included, Alaska's North Slope still accounts for 12% of the oil used by U.S. consumers (Figure 2). There is every reason to believe that Alaska will continue to be an important source of oil for the U.S.. Nearly a third of the undiscovered, recoverable oil resources are thought to be in Alaska (Figure 3). One third of these are believed to be in the Alaska Outer Continental Shelf (OCS). Clearly, continued exploration of the Alaska OCS is important to the economic health of the nation.

REQUIREMENTS FOR POTENTIAL OIL RESOURCES

In order to have recoverable oil reserves, five geological phenomena must have occurred in the proper sequence. First, oil must have been generated in a *source rock*. The oil then *migrates* to a *reservoir rock*, which must have the shape of a *trap* and a *seal* to prevent the oil from leaving the trap.

Source rocks are rocks which are rich in organic detritus, the remains of once living organisms. In addition to a high content of organic material, the rock must have been heated and compressed sufficiently to "cook" the organic material into oil, but not so much as to cook it into gas. Shale is a common source rock. Oil rarely is recovered from its source rock because typical source rocks have poor storage capacity. The oil leaves the rock as it is generated.

Migration is the movement of the oil from the source rock. The rock above or below the source rock must be permeable so that the oil has a pathway through which it can flow to a place where it can collect in pools.

Reservoir rock is the rock that holds the pooled oil. A good reservoir rock is both permeable and porous. Oil can flow in the rock, and there is a lot of empty space in the rock in which the oil can reside. Sandstones and some carbonate rocks are good reservoir rocks.

Because the oil can move easily in a good reservoir rock, it is necessary that the shape of the rock formation be such that the oil collects there instead of just passing through to the next layer of rock. Traps are structures or shapes of rock layers that act as natural collecting places for oil. For example, oil that is migrating upward would be trapped by rock that is shaped like an inverted saucer.

If the rock overlying the reservoir rock were also permeable and porous, the oil would pass from the reservoir in the overlying rocks, and then to the surface of the earth. A trap then must have a sealing layer of rock above it so that the oil will be confined to the reservoir and form a pool. A seal is a rock which has very low porosity and permeability. Shales often make good seals.

All of these factors must have occurred and in the correct sequence so that the oil created in a source rock can migrate to a suitable trap with a good reservoir and seal. And just because they all appear to occur, based on data collected on the earth's surface, does not mean that economically recoverable quantities of oil will be present. Generally, it is not possible to collect data on the earth's surface that gives unambiguous knowledge of conditions at a depth of thousands of feet. Drilling is the only way to determine if and how much oil is present.

POTENTIAL OIL RESOURCES ON THE ALASKA OCS

Figure 4 is map of Alaska showing the location of the Federal planning areas on the OCS. Within each planning area, the areas identified as basins and depocenters are where the sedimentary rocks are thick enough to be candidates for potential oil accumulations. The following discussion of oil potential is organized by geographic region and within each region by planning area.

North Slope

The OCS of the North Slope is almost entirely contained in the Beaufort Sea Planning Area. The geology of the on-shore North Slope is very favorable for oil accumulation. Organically rich source rocks have been heated to thermal maturity for oil generation. The oil formed in the source rocks migrated to excellent reservoir rocks, which are capped by good seals and form large traps. Over 30 oil and gas discoveries have been made since 1946. Prudhoe Bay is a well-known example.

Twenty-five exploratory wells have been drilled in the Beaufort Sea planning area following five

Federal OCS lease sales. Based on data collected from these wells, the geology of the OCS, while similar to that of the on-shore area, is not as favorable. Source beds appear to be more localized. The reservoirs are thinner and do not extend great distances. Their porosity is only moderate to good. Over 1 billion barrels of oil have been discovered, but most of it is in pools too small to be produced economically. The lease holders of the Badami, Kuvlum and Hammerhead prospects and of the Federal portion of Seal Island continue to analyze data to better define the scope of their respective oil accumulations. Oil may yet be produced from one or more of these prospects, but until then, they remain illustrative of the difficulty of finding sufficiently large accumulations of oil on the OCS.

An important consideration for exploration and development in the Beaufort Sea is the Trans-Alaska Pipeline System (TAPS). As long as TAPS continues to operate, transportation of the oil from the Beaufort Sea will be relatively straightforward and relatively inexpensive. Transportation costs without TAPS would be so high as to make continued exploration on the OCS problematical.

Northwestern Alaska

The Chukchi Sea and Hope Basin are the two planning areas in the Federal OCS off northwestern Alaska. Two Federal lease sales in the Chukchi Sea planning area have resulted in five wells, one of which was a stratigraphic test well. No sales have been held in the Hope Basin planning area, nor have any wells been drilled.

Drilling in the Chukchi Sea has proven the existence of source rocks, good potential for migration, reservoir rocks and numerous traps with seals. The area is geologically complex, primarily because of faulting, but also because it is so large that it encompasses many different styles of geology. So the fact that none of the four exploration wells found producible oil deposits should not be viewed as a condemnation of the area. By any standard, exploration in the Chukchi Sea planning area is scant.

Oil accumulations in the Chukchi Sea planning area will have to be substantial if they are to be economically viable. Harsh arctic weather and deep water make for a difficult drilling environment. And unlike the Beaufort Sea planning area, there is no nearby pipeline to which the oil could be moved for transportation to a deep water port. Transportation costs for the oil will contribute significantly to the cost of production in the Chukchi Sea.

The Hope Basin planning area is poorly known compared to the Chukchi Sea and Beaufort Sea planning areas. Two onshore wells found excellent reservoirs, and seismic reflection data have revealed numerous fault traps on the OCS. However, the sedimentary rocks are young and not very thick. It is not known if there is a rock with adequate organic material that has been heated enough to produce oil, nor if migration could occur, were the oil produced. Petroleum exploration and development in the Hope Basin faces a harsh natural environment and challenging economics.

Bering Sea

Four lease sales have been held in the planning areas in the Bering Sea: one each in the Norton Sea, Navarin Basin, St. George Basin, and North Aleutian Basin planning areas. A total of 30 wells have been drilled to date, and *no economically recoverable reserves have been discovered.*

The geology of the Bering Sea basins is not as favorable as the Chukchi Sea or Beaufort Sea. Norton Basin has little oil potential due to an absence of suitable source rocks. Navarin Basin has some source rock, but poor reservoir rock. St. George Basin has adequate reservoir rock, but poor source rock. The North Aleutian Basin has moderate source rock and good reservoir rock, but concern about conflict between drilling activities and fishing have caused the U.S. Congress to establish a moratorium on drilling there. Despite the lack of exploration success to date, a recent call for interest by the MMS for the upcoming 5 year lease schedule yielded one nomination for the Norton Basin and one for the St. George Basin.

Several of the basins in the Bering Sea are very poorly explored. The St. Matthew Hall Basin does not have a sufficient thickness of sedimentary rocks to make good source rocks likely. The Bowers Basin and Aleutian Basin planning areas have thick sedimentary deposits and traps, but while nothing is known about the source or reservoir, they are generally thought to be of poor quality. The very deep water in these basins and their distance from shore makes exploration uneconomic for the foreseeable future. The Aleutian Arc planning area has several small basins, but source and reservoir are likely to be poor.

Southern Alaska

The two OCS planning areas in southern Alaska are the Lower Cook Inlet and the Gulf of Alaska. Both areas have received at least four nominations for inclusion in the next 5 year lease sale schedule.

The Lower Cook Inlet has been offered in three previous Federal lease sales. Fourteen wells have been drilled there to date, and several have had shows of oil. Oil is produced from wells in the Upper Cook Inlet, and oil seeps are found on the Alaska Peninsula. The potential for oil in the Lower Cook Inlet is therefore reasonably good. The problem is whether the quantities will be sufficient to produce. Relative to Upper Cook Inlet, the known reservoir rocks are thin and shallow. The permeability of deeper rocks is poor, which would inhibit migration to the reservoir rocks from the source rocks. New models for the geologic history of the basin suggest there may be subtle traps in older rocks that have a good chance for adequate reservoir. The present MMS estimate for the oil potential in the Lower Cook Inlet is 100 to 300 million barrels of oil.

Three Federal lease sales have been conducted in the Gulf of Alaska planning area. All 13 wells drilled in the OCS were dry holes. Nevertheless, there is still moderate interest in this planning area due to the presence of source, reservoir and traps. Oil seeps are found onshore adjacent to the OCS. It is possible that the presence of the seeps signifies a problem with seals for the traps. Oil will not be retained in pools if the rocks overlying the reservoir do not form a good seal. Instead, it will continue to flow upward to the surface. MMS currently estimates the oil potential

of the Gulf of Alaska to be 200 to 400 million barrels of oil.

OTHER CONSIDERATIONS

There is little doubt that the U.S. is becoming increasingly dependent on foreign sources of oil. Most people view this with concern. One of the best chances the U.S. has to offset this trend is to explore for oil on the Alaska OCS. The cost to explore for oil on the Alaska OCS is huge. A single exploratory well costs \$40,000,000-\$80,000,000. In order for companies to commit to this sort of expenditure, there must be a plan for orderly exploration and development. Lease sales must be predictable with reasonable certainty.

Timing also is a significant issue. The 5 year schedule under discussion will cover the period from 1997 to 2002. The leases will last 10 years. It is important to remember that it takes roughly 10 years from the time oil is discovered until it can be produced. Oil found during this lease period may not reach the market until 2008 to 2012. In the case of the Beaufort Sea, the one economic factor favoring development there, TAPS, will probably cease to be available after 2020, unless significant new reserves are discovered. That means that those reserves will have to be discovered before 2010. Decisions made during the near term will have long term implications. Therefore, the viewpoint must be long term.

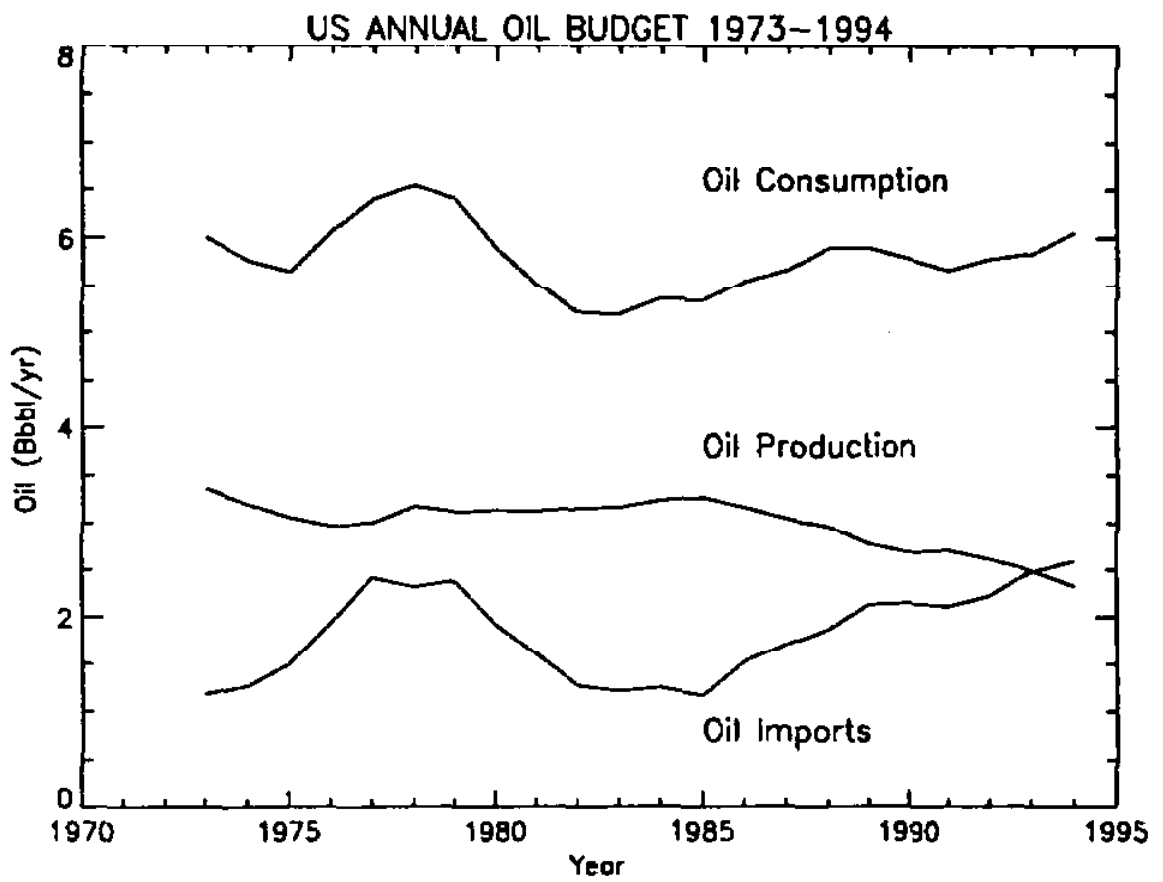


FIG. 1

Oil Sources for U.S. Consumers

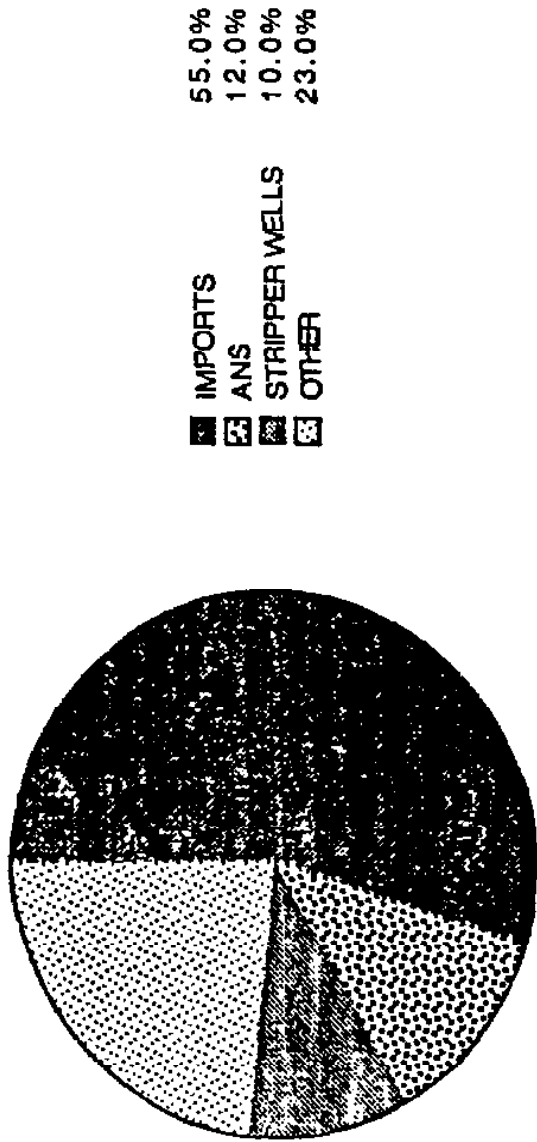


FIG. 2

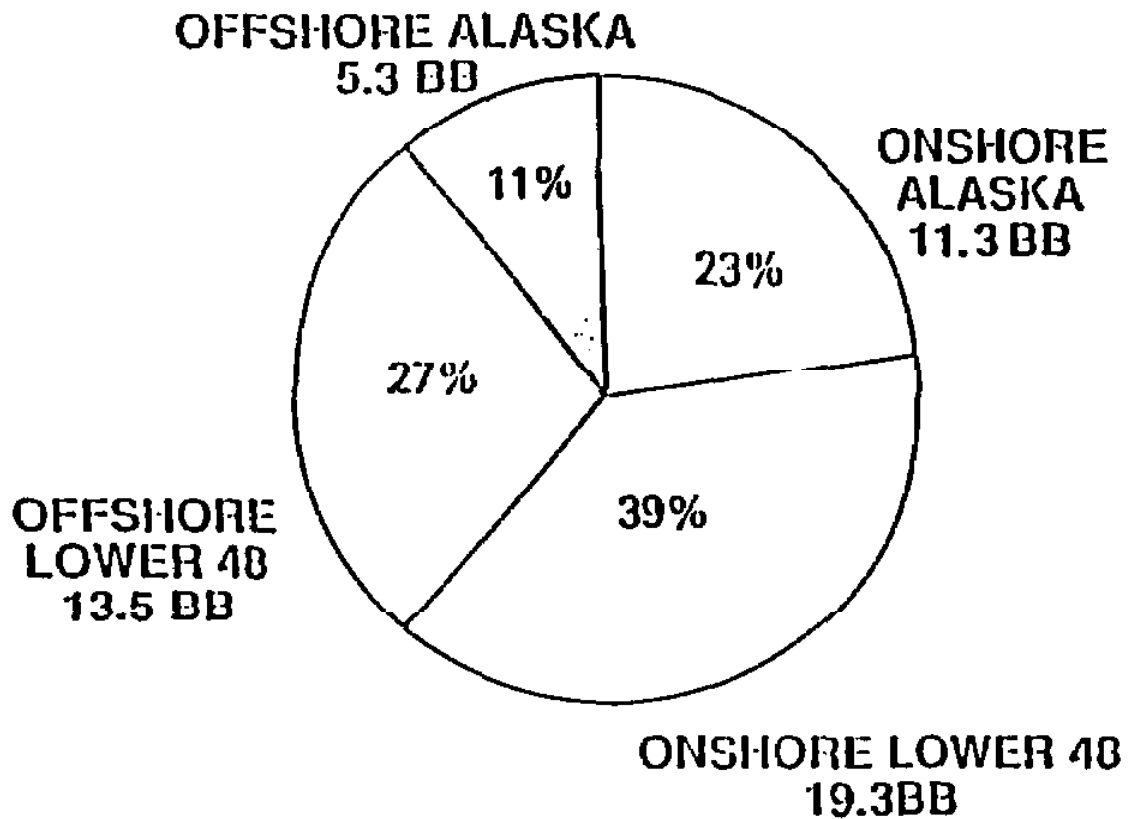


Figure 12. Distribution of undiscovered recoverable conventional crude oil resources based on mean estimates. Offshore estimates here include both Federal and State waters. Units in billions of barrels.

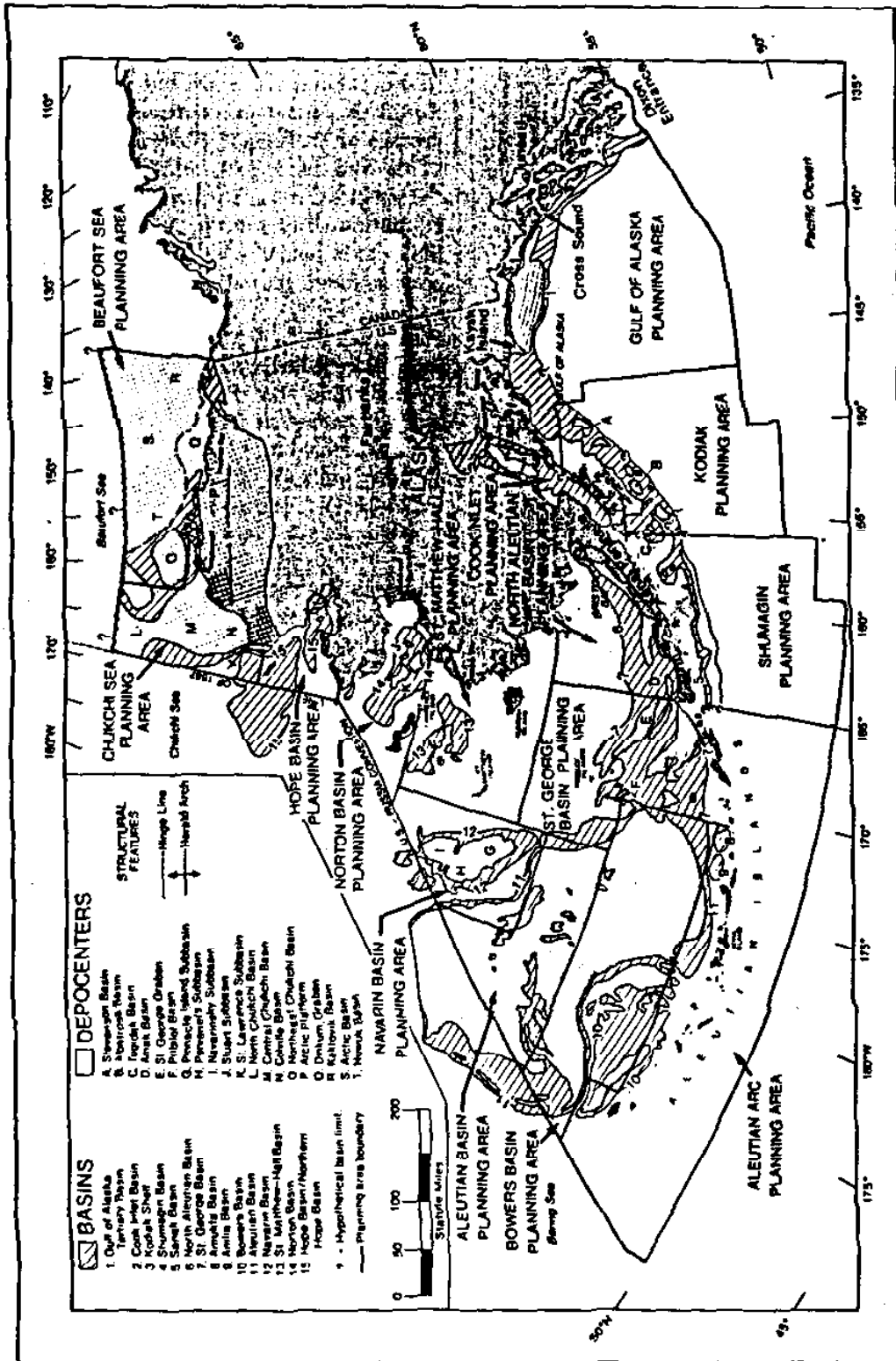


Figure 1-2. Alaska OCS Region planning areas, basins, and deponents.

FIG. 4

Attachment 5

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

Request for Comments on the Preparation of a New 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 1997-2002; and Notice of Intent to Prepare an Environmental Impact Statement for the Proposed 5-Year Program

SUMMARY: Section 18 of the OCS Lands Act (43 USC 1344) requires the Department of the Interior to solicit suggestions from Federal Agencies, coastal States, and others during the preparation of a new 5-year OCS oil and gas leasing program. The current 5-year program covers the period July 1992 to July 1997. The Minerals Management Service (MMS) intends to prepare a new 5-year program for the period 1997-2002 to succeed the current one.

The MMS is starting the program preparation process at this time because section 18 sets forth a lengthy, multi-step process of consultation and analysis that must be completed before the Secretary of the Interior may approve a new 5-year program. Section 18 includes the following required steps: this solicitation of comments; development of a draft proposed program, a proposed program, and a proposed final program; and Secretarial approval. The MMS also will prepare an Environmental Impact Statement (EIS) that analyzes the alternatives considered for the new 5-year program. This Notice announces the initiation of the EIS preparation process. The MMS will consider comments received in response to this Notice in developing the draft proposed program and in determining the scope of the programmatic EIS.

DATES: The MMS must receive all comments and information by January 9, 1995.

ADDRESSES: Respondents should mail comments and information to: 5-Year Program Project Director, Minerals Management Service (MS-4400), Room 1324, 381 Elden Street, Herndon, Virginia 22070. The MMS will accept hand deliveries at 1849 C Street, NW, Room 4230, Washington, DC. Respondents should label their comments and the packaging in which they are submitted as to subject matter: mark those pertaining to program preparation, "Comments for Preparation of the New 5-Year OCS Oil and Gas Leasing Program;" and mark those pertaining to EIS preparation, "Scoping Comments on the Proposed 5-Year OCS Oil and Gas Leasing Program EIS." However, the MMS will review all comments received for purposes of determining the scope of the EIS.

When submitting any privileged or proprietary information to be treated as confidential, respondents should mark the envelope, "Contains Confidential Information."

FOR FURTHER INFORMATION CONTACT: Carol Hartgen, 5-Year Program Project Director, at (703) 787-1216; Tim Redding, Program Decision Document Project Manager, at (703) 787-1216; or Richard Wildermann, Environmental Impact Statement Project Manager, at (703) 787-1674. To order copies of base maps referred to below or documents and maps describing the 5-year program for 1992-1997 telephone (703) 787-1216.

SUPPLEMENTARY INFORMATION: The MMS requests comments from States, local governments, tribes, the oil and gas industry, Federal Agencies, environmental and other interest organizations, and other interested parties to assist in the preparation of a 5-year OCS oil and gas leasing program for 1997-2002 and applicable EIS. The MMS is committed to an open and objective process of consultation, analysis, and deliberation throughout this effort. The MMS hopes that the comments elicited by this Notice will help to bring quickly into focus the major issues that should be considered to build consensus and develop an environmentally sound and responsible program.

Program Preparation

The 5-year program enables the Federal Government, affected States, industry, and other interested parties to plan for steps proposed to lead to OCS oil and gas lease sales. The Department will make a decision on whether to proceed with a specific sale on the schedule only after meeting all of the applicable requirements of the OCS Lands Act, the National Environmental Policy Act, and other applicable statutes.

The program preparation process will follow all the procedural steps set out in section 18 of the OCS Lands Act. This Notice solicits comments early in the program preparation process pursuant to section 18(c)(1). The MMS will prepare a draft proposed program based on consideration of the comments received and analysis of the factors specified by section 18 (those factors are indicated below). The draft proposed program will present for review and comment a preliminary schedule of lease sales indicating the size, timing, and location of OCS leasing proposed for 1997-2002.

Background on OCS Planning Areas

The MMS supports environmentally sound and responsible management of the Nation's OCS resources. Since this Administration took office, the MMS has been carefully examining the OCS program, focusing on the possible resolution of issues associated with existing leases in certain areas that currently are under

legislative restrictions and have been for several years. Under this approach the MMS has supported the restrictions for Fiscal Year (FY) 1994 and FY 1995 as it tries to build consensus on those existing leases and, based on the results of those efforts, subsequently revisit its position on the restrictions.

The MMS is committed to the application of sound science, open and informative communication, and meaningful consultation in developing and implementing OCS policies. Just as the MMS has been applying these principles to conflicts associated with existing leases, the MMS plans to carry forward this approach to its preparation of the next 5-year program.

One of the main objectives of this Notice is to elicit views and comments concerning the appropriate planning areas to include for leasing consideration in the next 5-year program. The MMS would like to focus the areas under consideration early in the program preparation process in order to build consensus and develop an environmentally sound and responsible program. With this objective in mind, the MMS will review specific conditions relating to existing leasing restrictions, ongoing litigation, incomplete mandated scientific studies, and the absence of general regional consensus or conflict concerning the OCS program as they relate to the section 18 factors in designing the 5-year program.

For purposes of administering offshore oil and gas leasing and related activities pursuant to the OCS Lands Act, the OCS is divided into 26 planning areas. Maps presented as Figures 1 and 2 depict all 26 OCS planning areas. Note that precise marine boundaries between the United States and nearby or adjacent nations have not been determined in all cases. The maritime boundaries and limits depicted in the attached maps, as well as divisions between planning areas, where shown, are for planning purposes only. These limits shall not affect or prejudice in any manner the position of the United States with respect to the nature or extent of the internal waters or of sovereign rights or jurisdiction for any purpose whatsoever.

Section 18 requires the Secretary of the Interior to begin the 5-year program preparation process by soliciting information pertaining to all of the areas of the OCS. Such information will be considered in light of the factors specified by section 18 that are discussed later in this Notice, and if the Secretary decides not to propose leasing in certain areas, further analysis of those areas under section 18 will not be necessary.

Brief historical descriptions of Federal OCS program activities in the 26 planning areas are presented below.

North Atlantic. One lease sale was held in 1979, and ensuing exploration in 1981-1982 resulted in no commercial hydrocarbon

discoveries. There are no existing leases. Due to controversy over past leasing proposals, the area has been under a series of annual congressional leasing restrictions since FY 1984 and was withdrawn from leasing through 2000 by an executive directive issued on June 26, 1990. That directive also prescribed scientific and technical studies that should be completed before considering further leasing. To date funds have not been available to do those studies, they are not currently planned, and they are not likely to occur in time for leasing between 1997-2002.

Mid-Atlantic and South Atlantic. Nine lease sales were held in these two areas between 1976 and 1983, and ensuing exploration between 1978 and 1984 resulted in no commercial hydrocarbon discoveries. There are 53 existing leases in the area, 32 of which are under suspension as a result of certain provisions of the Oil Pollution Act of 1990. The remaining 21 existing leases, which comprise the Manteo Unit, have been under suspension at the request of the unit operator pending decisions on coastal zone consistency appeals by the Department of Commerce and completion of studies recommended by the North Carolina Environmental Sciences Review Panel and committed to by Secretarial decision. On September 2, 1994, the Department of Commerce issued those decisions, which declined to override the State of North Carolina's consistency objections pertaining to the Unit operator's exploration plan and Environmental Protection Agency discharge permit, thereby prohibiting any exploration of the Manteo Unit as proposed in the exploration plan for Block 467. All 53 existing leases are involved in pending litigation filed by the leaseholders that alleges unconstitutional takings and breach of contract.

The area has been under a series of annual congressional leasing restrictions since FY 1990. The 5-year program for 1992-1997 scheduled one lease sale for an area combining portions of both the Mid-Atlantic and South Atlantic, but the restrictions have prevented initiation of the planning process for that proposed sale. The Department and the MMS have viewed the restrictions applying to the proposed Mid/South Atlantic lease sale as providing an opportunity to gather information and consult with interested and affected parties to resolve issues related to the existing leases.

Straits of Florida. One lease sale was held in 1959, and ensuing exploration in 1960 and 1961 resulted in no commercial hydrocarbon discoveries. The area was scheduled for leasing in the 5-year program for 1987-1992 but was removed in 1988, following strong opposition from the Governor of Florida and the State's Congressional Delegation. There are no existing leases in the area, no further conflict resolution efforts have taken place, and the area was not scheduled for leasing in the 5-year program for 1992-1997.

Eastern Gulf of Mexico. Eight lease sales have been held, between 1973 and 1988. The 1988 sale did not include the portion of the planning area located south of 26° N. latitude and east of 86° W. longitude. That portion was subjected to study by a multi-agency task force and subsequently was withdrawn from leasing through 2000 by an executive directive issued on June 26, 1990. That directive also prescribed scientific and technical studies that should be completed before considering further leasing. To date funds have not been available to do those studies, they are not planned, and they are not likely to occur in time for leasing between 1997-2002. That southeastern part of the planning area also has been under annual congressional leasing and exploration restrictions since FY 1989. There are 73 existing leases in the area. The 1990 executive directive requested the Secretary of the Interior to consider all of those leases for cancellation. The existing leases also are involved in litigation filed by the leaseholders that alleges unconstitutional takings and breach of contract.

There are 189 existing leases in the portion of the Eastern Gulf of Mexico that was not withdrawn by executive directive. A significant natural gas discovery has been made in the Destin Dome section. The Governor of Florida is strongly opposed to further drilling there and has articulated a general policy opposing OCS leasing and associated activities within 100 miles of the State's coastline (the portion of the planning area containing the 189 existing leases includes blocks located both within and beyond 100 miles of Florida). This area has been under annual congressional leasing restrictions since FY 1991. The 5-year program for 1992-1997 scheduled one sale in this area, but the restrictions have prevented initiation of the planning process for that proposed sale. The Department and the MMS have viewed the restrictions applying to the proposed Eastern Gulf of Mexico lease sale as providing an opportunity to gather information and consult with interested and affected parties to resolve issues related to the 189 existing leases in that portion of the planning area.

Central Gulf of Mexico and Western Gulf of Mexico. Seventy-two lease sales have been held in these areas since the inception of the Federal OCS oil and gas program in 1954, and exploration and production are ongoing. These two areas continue to contribute the great majority of all oil and gas produced from the Nation's OCS. The 5-year program for 1992-1997 provided for annual lease sales in both areas, and those proposed sales have proceeded on schedule.

Southern California. Ten lease sales were held between 1963 and 1984. This OCS planning area is the only one outside of the Central and Western Gulf of Mexico where oil and gas production has taken place. It has been under annual congressional leasing restrictions effectively since FY 1985 and was withdrawn from

leasing through 2000 by an executive directive issued on June 26, 1990. That directive also prescribed scientific and technical studies that should be completed before considering further leasing and provided that 87 blocks in the Santa Barbara Channel/Santa Maria Basin portion of the planning area could be considered for leasing before 2000 and as soon as 1996 if certain studies were done. While a number of studies have been initiated in the planning area, to date they have not been completed.

A number of California State and local government policies discourage additional offshore oil and gas leasing. Notably, in recent years many local governments have enacted ordinances restricting necessary onshore construction in support of offshore oil and gas activities, and the State has just enacted legislation permanently banning new oil and gas activities in California State waters.

In addition to 43 currently producing leases, there are another 49 existing leases in the area. The MMS is working with all interested and affected parties to resolve issues pertaining to the development of those 49 leases. The Tri-County Forum--which involves Santa Barbara, Ventura, and San Luis Obispo Counties--has been established to enhance communication among the Federal, State, and local regulatory bodies that deal with OCS oil and gas activities in the Tri-County area. Major accomplishments of the Forum to date include the development of a new process for reviewing previously approved OCS exploration plans and the formulation of a study of possible future exploration and production scenarios within existing onshore facility constraints. The latter initiative--the California Offshore Oil and Gas Resources Study (COOGER)--is being funded by the MMS and the oil and gas industry and will be managed by the MMS along with a Technical Management Team of representatives of the three counties, State agencies, and the lessees and operators of the undeveloped offshore oil and gas leases.

Central California and Northern California. One lease sale was held in these areas in 1963, and ensuing exploration between 1963 and 1967 resulted in no commercial hydrocarbon discoveries. Both areas have been under annual congressional leasing and exploration restrictions effectively since FY 1982 and were withdrawn from leasing through 2000 by an executive directive issued on June 26, 1990. That directive also prescribed scientific and technical studies that should be completed before considering further leasing. To date funds have not been available to do those studies, they are not currently planned, and they are not likely to occur in time for leasing between 1997-2002.

As described above, a number of California State and local government policies discourage additional offshore activities.

Washington-Oregon. One sale was held in 1964, and ensuing exploration between 1965 and 1967 resulted in no commercial hydrocarbon discoveries. The area has been under annual congressional leasing restrictions since FY 1991 and was withdrawn from leasing through 2000 by an executive directive issued on June 26, 1990. That directive also prescribed scientific and technical studies that should be completed before considering further leasing. To date funds have not been available to do those studies, they are not currently planned, and they are not likely to occur in time for leasing between 1997-2002.

Beaufort Sea. Five lease sales have been held, between 1979 and 1991. Ensuing exploration has resulted in six hydrocarbon discoveries, none of which are commercially viable under current economic conditions. In 1992 a significant oil discovery occurred at the Kuvium prospect, but in 1993, after further drilling, it was deemed not commercial as a stand-alone development. There are 57 existing leases in the area. The 5-year program for 1992-1997 scheduled one lease sale for 1995. Planning for that proposed sale is proceeding, and it is now scheduled for 1997.

Chukchi Sea. Two lease sales have been held, between 1988 and 1991. Ensuing exploration has resulted in no commercial discoveries. There are 8 existing leases in the area. The 5-year program for 1992-1997 scheduled one lease sale in the area for 1996. The MMS now is working with the Russian Federation on a proposal to hold a simultaneous sale in U.S. and Russian waters. This will allow the United States and the Russian Federation to cooperate in developing respective lease sale proposals and to share environmental, cultural and economic analyses. It also provides an opportunity to focus training funded by the Agency for International Development on specific work products. On the U.S. side such planning will involve blocks located in both the Chukchi Sea and Hope Basin Planning Areas. A Request for Interest and Comments concerning this proposed simultaneous lease sale was published in the *Federal Register* on September 6, 1994. If the lease sale process proceeds, the MMS projects that it would be completed after 1997.

Hope Basin. No lease sales have been held. The 5-year program for 1992-1997 scheduled one lease sale in the area for 1997. As discussed above, this area is being considered for simultaneous lease sale planning with Russia.

Norton Basin. One lease sale has been held, in 1983. Ensuing exploration has resulted in no commercial discoveries. There are no existing leases, and the area was not scheduled for leasing in the 5-year program for 1992-1997.

Navarin Basin. One lease sale has been held, in 1984. Ensuing exploration has resulted in no commercial discoveries. There are two existing leases, and the area was not scheduled for leasing in the 5-year program for 1992-1997.

St. George Basin. One sale has been held, in 1983. Ensuing exploration has resulted in no commercial hydrocarbon discoveries. There are no existing leases in the area. The 5-year program for 1992-1997 scheduled one lease sale for 1996. However, no presale planning steps have been conducted.

North Aleutian Basin: One sale was held in 1986, but a lawsuit filed by the State of Alaska and others resulted in an injunction that delayed the opening of bids and awarding of leases until the court ruled in the Department of the Interior's favor in 1988. The area has been under annual congressional leasing and exploration restrictions since FY 1990, and no exploration has occurred on the 23 existing leases, which are involved in pending litigation filed by the leaseholders that alleges unconstitutional takings and breach of contract. This area was not scheduled for leasing in the 5-year program for 1992-1997.

Cook Inlet/Shelikof Strait. Three lease sales have been held, between 1977 and 1982. Ensuing exploration has resulted in no commercial hydrocarbon discoveries. Oil and gas production has been ongoing in State waters adjacent to the Federal OCS since the 1960's, and a discovery occurred at the Sunfish prospect in 1991. However, original estimates indicating that Sunfish was a significant commercial discovery recently were revised downward based on further exploration and delineation drilling in 1993 and 1994. There are no existing Federal offshore leases in the area. The 5-year program for 1992-1997 scheduled one lease sale for 1994. During the presale planning process for that proposed sale, the Department decided to exclude the Shelikof Strait blocks from further leasing consideration. The MMS is revising environmental and other analyses affected by that decision, and the proposed sale is now scheduled for 1996.

Gulf of Alaska. Three lease sales have been held, between 1976 and 1983. Ensuing exploration has resulted in no commercial hydrocarbon discoveries. There are no existing leases in the area. The 5-year program for 1992-1997 scheduled one lease sale in the Yakutat portion of the area for 1995. Planning for that proposed sale is proceeding, and it is now scheduled for 1996.

St. Matthew-Hall, Shumagin, Kodiak, Aleutian Basin, Bowers Basin, and Aleutian Arc. No lease sales have been held in any of these areas, and none were scheduled for leasing in the 5-year program for 1992-1997.

Additional Information and Comments Requested

--All Parties

The MMS would like to receive information and comments relevant to determining the appropriate overall size, timing, and location of OCS leasing for the 5-year period 1997-2002 (i.e., the planning areas to be considered for leasing, the number and timing of sales to be scheduled in each of those areas, and the process for ultimately determining the size and location of the individual lease sales for each area).

Section 18(a) requires consideration of a number of factors in formulating a 5-year leasing program. The MMS would like to have information and suggestions relevant to the requirements of section 18(a), including suggestions, insights, or considerations of nationwide application that would be useful in shaping the new 5-year program. The list presented below provides an indication of the kind of information that would be most useful in conducting the section 18(a) analysis (note that not all factors may be relevant to all parties wishing to comment).

- (1) Information on national energy needs for the period relevant to the new program; on the economic, social, and environmental values of the renewable and nonrenewable resources contained in the OCS; and on the potential impact of oil and gas exploration on other resource values of the OCS and the marine, coastal, and human environments.
- (2) Existing information concerning geographical, geological, and ecological characteristics of the regions (planning areas) of the OCS and nearshore environments.
- (3) Suggested methods and information for analyzing the sharing of developmental benefits and environmental risks among the various regions (planning areas) and ways to determine what constitutes an equitable sharing.
- (4) Information concerning other uses of the sea and seabed, including fisheries, navigation, existing or proposed sealanes, potential sites of deepwater ports, and other anticipated uses of OCS resources and locations.
- (5) Methods and information for assessing relative environmental sensitivity and marine productivity of the different planning areas of the OCS.
- (6) Relevant environmental and predictive information pertinent to offshore and coastal areas potentially affected by OCS development.

- (7) The location of planning areas with respect to, and the relative needs of, regional and national energy markets.

The MMS welcomes socio-cultural and archeological information relating to the factors above.

It would also like to have information on the availability of transportation networks to bring oil and gas supplies to demand areas both on a current and projected basis.

Section 18(a)(4) requires that leasing activities under the 5-year program be conducted to assure the receipt of fair market value for the lands leased. The MMS welcomes information and comments on this issue.

The MMS requests that parties recommending the consideration of leasing in one or more portions of the OCS in the new oil and gas leasing program also indicate where leasing need not be pursued. It requests that parties recommending no leasing in one or more portions of the OCS in the new oil and gas leasing program also indicate where leasing should be considered. For example, should the MMS consider including in the OCS leasing program for 1997-2002:

- (1) only those areas that have not been consistently placed under annual restrictions?
- (2) only those areas that were not withdrawn from leasing consideration by the June 1990 executive directive?
- (3) any areas that are under restrictions and have a great likelihood of containing substantial natural gas resources? If so, which areas?
- (4) any areas that are not under restrictions but currently appear to be of low resource potential and low industry interest? If so, which areas?

The MMS would like comments on the existing configuration of OCS planning areas.

It requests comments and suggestions concerning the Area Evaluation and Decision Process (AEDP) used to determine the exact size and location and other specific conditions of an individual lease sale (a detailed description of this process is presented in Appendix 12 of the April 1992 Proposed Final Program for 1992-1997, which is available on request).

The MMS would like suggestions concerning possible initiatives for improved involvement and participation of constituents in the development and implementation of the 5-year program.

It requests respondents to submit information relating to section 18 factors that supports their comments in order to assist the MMS in its deliberations.

The MMS encourages local communities and American Indian and Native Alaskan tribal groups to comment.

--Governors of Coastal States

As specified in section 18(a)(2)(F), the MMS requests the Governors of affected States to identify State laws, goals, and policies relevant to OCS oil and gas. It has sent concurrently to each of those Governors a letter soliciting such information. Pursuant to section 18(f)(5) and implementing regulations at 30 CFR 256.20, the MMS requests information that pertains to States' development or administration of coastal zone management programs pursuant to the Coastal Zone Management Act and their application to the leasing, exploration, production, processing, or transportation of OCS oil and gas. It also requests the Governors to submit information concerning environmental risk and potential for damage to coastal and marine resources associated with development of the OCS adjacent to their States, information related to other uses of the sea, and any information in their possession that is relevant to equitable sharing of developmental benefits and environmental risks associated with OCS oil and gas activity.

--Oil and Gas Industry

As specified in section 18(a)(2)(E), the MMS requests oil and gas industry respondents to provide information indicating their interest in the opportunity to lease and develop additional OCS oil and gas resources. Information submitted in this instance should be based on expectations as of 1997. For each area in which your company is interested, please submit information concerning unleased hydrocarbon potential; future oil and gas price expectations; budgets for geological and geophysical data acquisition, lease acquisition and exploration; cost of operations; local, State and national laws, goals and policies applicable to each planning area; and other relevant information that your company uses in making OCS oil and gas leasing decisions. In addition the MMS requests industry commenters to provide information as specified below (on request such information will be treated as confidential as explained further below).

- (1) Indicate the OCS planning area(s) in which your company would be interested in acquiring oil and gas leases during the period 1997-2002. If you indicate more than one planning area, rank the areas in order of preference.

- (2) For each planning area in which an interest in leasing is indicated, delineate those portions that you believe are most likely to have high, moderate, low, and unknown potential for possible oil and natural gas accumulations. The delineations should be as specific as possible and would be most helpful if depicted on standard base maps that can be requested by calling (703) 787-1216.
- (3) For each area in which an interest in leasing is expressed, also indicate whether your company considers that planning area to be oil-prone, gas-prone, both, or unknown.
- (4) Indicate the number and timing of lease sales in the period 1997-2002 that would be appropriate for each area: if you suggest only one sale in a planning area, indicate whether that area should be considered for leasing early or late in the 5-year program schedule; and if you suggest more than one lease sale in a planning area, indicate the preferred interval between sales.

Section 18(g) authorizes confidential treatment of privileged or proprietary information. In order to protect the confidentiality of privileged or proprietary information, include such information as an attachment to other comments submitted. On request the MMS will treat as confidential from the time of its receipt until 5 years after approval of the next leasing program the privileged or proprietary information that is attached to a response, subject to the standards of the Freedom of Information Act. However, the MMS will not treat as confidential any aggregate summaries of such information, the names of respondents, and comments not containing such information. As noted above, the respondent should mark the envelope containing privileged or proprietary information to be treated as confidential, "Contains Confidential Information."

Preparation of the Draft Proposed Program

The MMS will consider all comments received in light of the factors set forth in section 18. It will consider both quantitative and qualitative information in performing the analyses required by section 18(a) in developing a new draft proposed program.

As recommended by the Policy Committee of the OCS Advisory Board in 1989 and implemented in the preparation of the 5-year program for 1992-1997, the MMS intends to update the analyses completed for the current approved program in developing a new draft proposed program (and full new analyses will be conducted for subsequent steps in the section 18 process). Under this approach the MMS will conduct a relatively simple updating analysis that will entail examining new information and highlighting the significant changes in information or conditions that have

developed since the current program was approved in 1992. The analyses and resulting decisions presented in the new draft proposed program will reflect those changes. Copies of the 1992 programmatic decision documents and EIS, which establish the basis from which the analysis for the new draft proposed program will proceed, are available on request.

Regional Stakeholder Task Force Initiative

On November 2, 1994, the OCS Policy Committee passed a resolution establishing a Regional Stakeholders Task Force for Alaska that is to develop recommendations concerning the new 5-year program. Establishment of this task force is intended to encourage enhanced participation by local and regional interests in the 5 year program preparation process, thereby aiding the MMS in tailoring leasing proposals to stakeholder needs and interests in affected areas. The Policy Committee resolution also provides that the regional stakeholder task force initiative could be extended to other regions of the OCS if circumstances are conducive. The MMS looks forward to receiving the input of the Regional Stakeholders Task Force for Alaska and also welcomes from all commenters their views concerning the task force initiative.

MMS Approach to Program Preparation

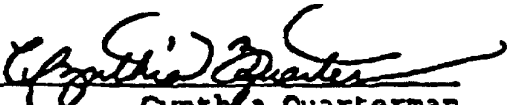
The MMS intends to develop the 5-year program for 1997-2002 in an open and candid manner with the aim of building consensus support for the program to increase its stability and reliability. It is committed to the process and the analytical requirements of section 18 and actively solicits comments and views on the appropriate composition of the 5-year program. The MMS will make no decision on the draft proposed program or subsequent versions until meeting the section 18 requirements and fully reviewing and evaluating all comments received at each stage of program preparation.

EIS Preparation

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, the MMS intends to prepare an Environmental Impact Statement (EIS) for the new 5-year OCS oil and gas leasing program for 1997-2002.

This Notice initiates the scoping process for the EIS under 40 CFR 1501.7. The MMS hereby solicits information from States, local governments, tribes, the oil and gas industry, Federal Agencies, environmental and other interest organizations, and the public regarding issues and alternatives that should be evaluated in the EIS. It requests respondents to focus their comments on the significant environmental issues attendant to OCS oil and gas leasing and development and on alternative options for the size,

timing and location of sales that should be evaluated in the EIS.
A final EIS will incorporate comments received following public
review of the draft EIS.



Cynthia Quarterman
Acting Director, Minerals Management Service

NOV 9 1994

Date

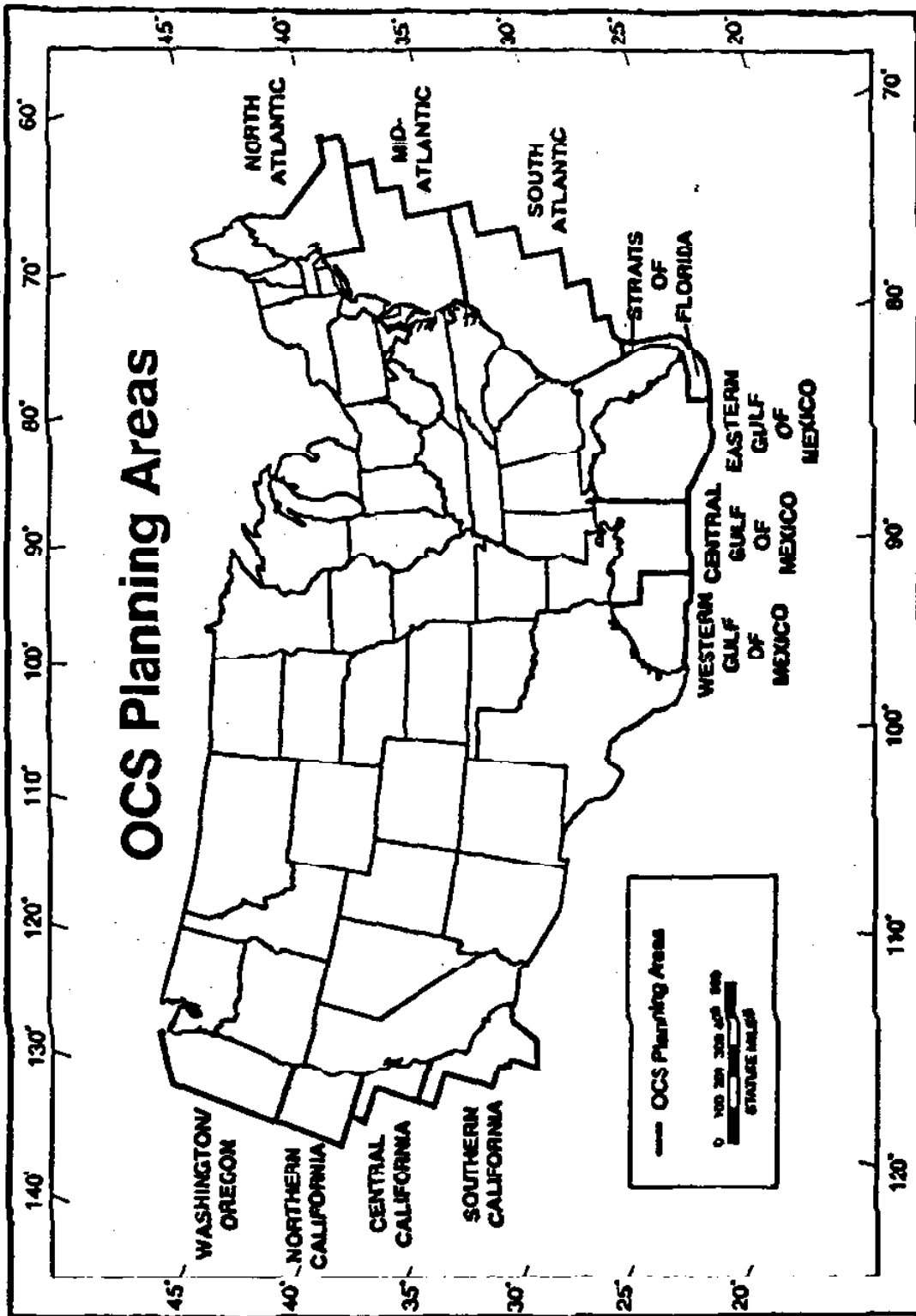


Figure 1

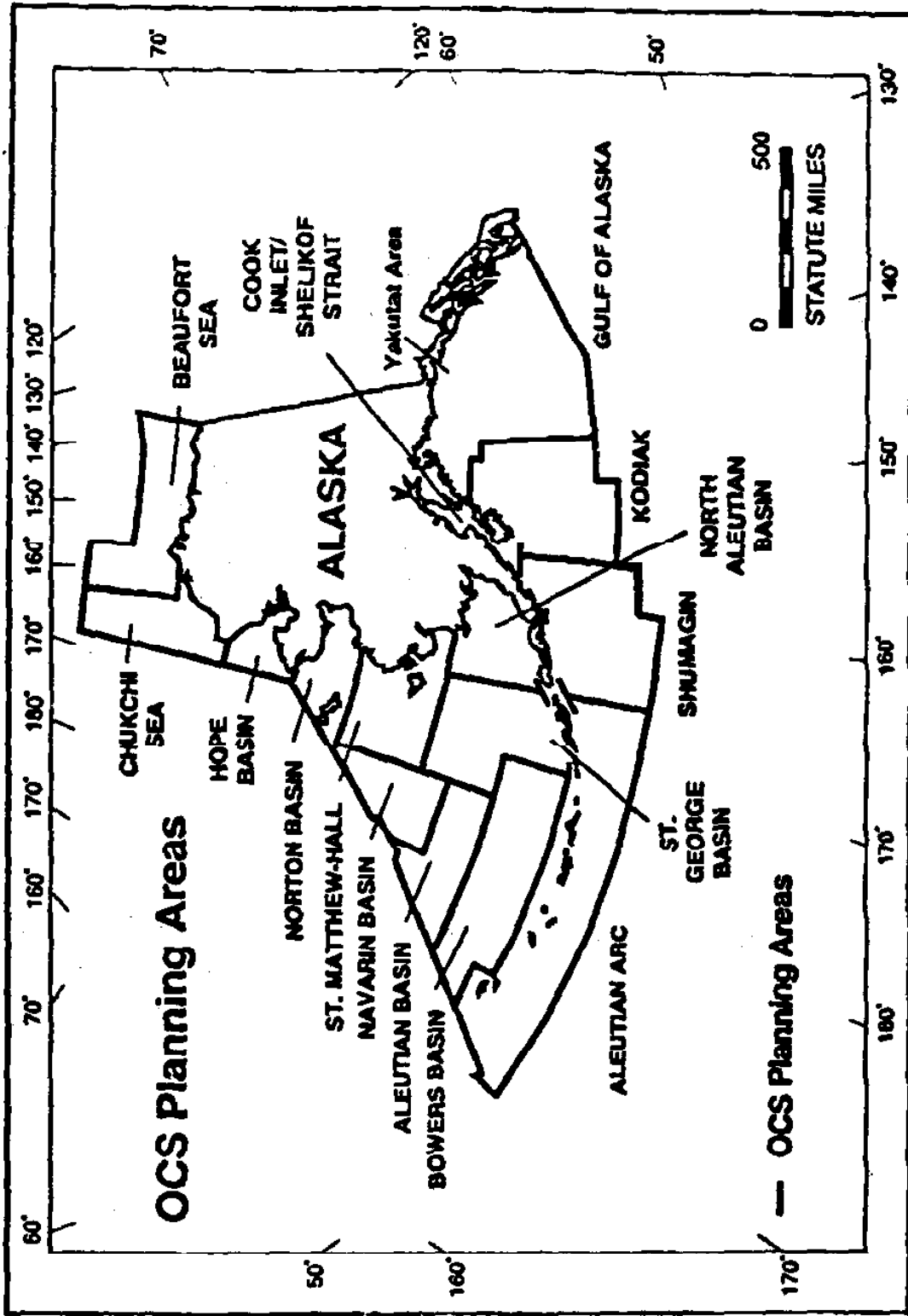


Figure 2

For Immediate Release
December 21, 1994

Lee Scurry
(202) 208-3983

**MMS EXTENDS COMMENT PERIOD
FOR NEW 5-YEAR OCS LEASING PROGRAM**

The U.S. Interior Department's Minerals Management Service (MMS) is extending by 30 days the initial comment period for the new 5-Year Oil and Gas Leasing Program for 1997-2002 and the accompanying Environmental Impact Statement (EIS), officials announced today.

The initial request for comments, published in the November 16 *Federal Register*, set a 45-day comment period to close on January 9, 1995; the new deadline is February 1.

"It is our intent at MMS to listen to all our customers and make sure they have sufficient input to the decisionmaking process," said MMS Acting Director Cynthia Quarterman. "MMS received requests from various groups for an extension of the comment period, and we are responding.

"Several requests have come from coastal states that are experiencing a change in state government administration. Other constituents have indicated that the holiday season has made it difficult to coordinate their comments," she said. "It makes good sense and good government to extend the comment period."

Comments, due February 1, 1995, should be mailed to: 5-Year Program Project Director, Minerals Management Service, MS4400, Room 1324, 381 Elden Street, Herndon, VA 22070. Also, MMS accepts hand deliveries at 1849 C Street, N.W., Room 4013, Washington, D.C. For more information contact Carol Hartgen, 5-Year Project Director, at 703-787-1216.

The Interior Department is required by the Outer Continental Shelf (OCS) Lands Act to prepare and maintain OCS natural gas and oil leasing programs that cover 5-year periods. The current program ends in July 1997.

MMS is the federal agency that manages and regulates the nation's natural gas, oil, and other mineral revenues on the Outer Continental Shelf, collects and disburses revenues from offshore federal minerals leases and from onshore mineral leases on federal and Indian lands.

--MMS--

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

Notice of Extension of Comment Period for Request for Comments on Preparation of a New 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 1997-2002, and Notice of Intent to Prepare an Environmental Impact Statement (EIS) for the Proposed 5-Year Program.

SUMMARY: On November 16, 1994, the Minerals Management Service (MMS) published a notice (59 FR 59323) requesting comments on the preparation of a new OCS oil and gas program and intent to prepare an EIS for the same program. The comment period was due to close on January 9, 1995. To date, MMS has received requests from various sources for extension of the comment period. Several of the requests have come from coastal States that are experiencing a change in State Government administration as a result of the election of a new Governor in November. These States have requested time for the new administration to review the circumstances before having to comment. They and other requestors also have indicated that the end-of-year holidays make it more difficult to coordinate their comments. In keeping with MMS's aspiration to hear and consider comments from all interested and affected parties, MMS is extending the comment period to February 1, 1995.

DATES: The MMS must receive all comments and information by February 1, 1995.

ADDRESSES: Respondents should mail comments and information to: 5-Year Program Project Director, Minerals Management Service (MS-4400), 381 Elden Street, Herndon, Virginia 22070. Hand-delivered comments also may be received at 1849 C Street NW, Room 4230, Washington, DC. Respondents should label their comments and information as to subject matter. Those pertaining to program preparation should be marked "Comments for Preparation of the New 5-Year OCS Oil and Gas Leasing Program" and those pertaining to EIS preparation marked "Scoping Comments on the Proposed 5-Year OCS Oil and Gas Leasing Program EIS." However, the MMS will review all comments received for the purpose of determining the scope of the EIS.

FOR FURTHER INFORMATION CONTACT: Carol Hartgen, 5-Year Program Project Director, at (703) 787-1216; Tim Redding, Program Decision Document Project Manager, at (703) 787-1216; or Richard Wildermann, EIS Project Manager, at (703) 787-1674.



Thomas M. Gernhofer
Associate Director for Offshore
Minerals Management

Dec. 16, 1994

Date

Attachment 6

Summary of the Alaska Outer Continental Shelf (OCS) Region
Comments to the 5-Year Plan

1997-2002

The Minerals Management Service (MMS) received 42 comments, where portions or all of the comments address the Alaska OCS Region in the next 5-Year Plan. Those comments applicable to the Alaska OCS Region are summarized below.

FEDERAL AGENCY COMMENTS

Six Federal Agencies provided comments applicable to the Alaska OCS Region: Department of Navy, Department of State, Department of Energy (DOE), Department of Commerce (DOC), Environmental Protection Agency (EPA), and the United States (U.S.) Fish and Wildlife Service (FWS).

The Department of Navy stated, ". . . the standard lease sale interval of 3 years for planning areas outside the Central/Western Gulf of Mexico (GOM) is reasonable"

The Department of State noted that the Chukchi and Beaufort Seas Planning Areas are important polar bear habitat and ". . . the U.S. and Russia are parties to a treaty which requires protection of such habitats."

The DOE recommended three items that apply to the Alaska portion of the 5-year plan:

- 1) Offer fewer, more focused sales in select Alaska Planning Areas depending on resource potential, industry interest, and environmental considerations;
- 2) Develop incentives that provide a balance between encouraging development of prospective frontier areas and ensuring that the public receives a fair return for the development of its resources;
- and 3) Work with DOE and other members of the Domestic Policy Council to actively pursue the enactment and implementation of impact assistance program for affected coastal communities and states.

The DOC stated their concern that,

The potential for loss of marine habitat and degradation of habitat quality should be considered in areas where oil and gas leasing are planned. Loss of marine habitats and degradation of habitat quality leads to adverse impacts on fish nurseries and foraging areas, which in turn affect the food web." They also noted that "In the past MMS has implemented most of National Marine Fisheries Service (NMFS) recommendations that were included in Biological Opinions" and "The State coastal management programs have an important interest in OCS lease sales from a coastal management and

ocean governance perspective. These concerns have increased substantially since the development of the last 5-year lease program.

The DOC stated,

Political considerations should be presented and assess along with other planning criteria, such as resource estimates, technological feasibility, socio-economic impacts, and environmental concerns. Of the 15 Alaska Planning Areas, we believe 5 should be emphasized for analysis in the draft Environmental Impact Statement (EIS). These are, the Beaufort Sea, Chukchi Sea, Hope Basin, Gulf of Alaska, and Cook Inlet.

The EPA recommends,

The EIS should fully address potential environmental impacts of both U.S. and Russian lease sales in the Chukchi Sea set out under a joint lease sale. We suggest that the MMS contact the Council on Environmental Quality to explore effective and efficient ways of coordinating such an effort.

The EPA recommends,

The EIS should evaluate . . . alternative programs with offerings in fewer basins and longer intervals between sales within individual basins. The 26 to 28 months currently used often does not provide enough time for EPA to use data collected from monitoring activity taking place under the earlier lease sales. . .

Scheduling less frequent sales or no sales in basins with especially valuable biological resources such as North Aleutian and St. George.

Scheduling less frequent sales in basins where the environmental hazards from oil and gas development are especially high, such as Beaufort Sea, Chukchi Sea, and Bering Sea basins.

The EPA states the EIS should include ". . . discussion of the physical and chemical oceanography, water quality, and climate for the eleven Alaska OCS planning basins . . ." They also stressed other subjects including wetlands, areas of special concern (important estuaries and sensitive habitats), subsistence resources, oil spills (containment and clean-up), the Prince William Sound oil spill, and causeways.

The FWS provided information about the changing status of several species: spectacled eider, Steller's eider, marbled murrelet,

kittlitz murrelet, red-legged kittiwake, harlequin duck, and sea otters.

The FWS recommended specific deferrals:

Beaufort Sea

The coastal area in the vicinity of Point Barrow, including the spring lead system should be deferred . . .

The lease blocks adjacent to river deltas on the North Slope are of special value as fish and wildlife habitat and should be deferred from leasing. The Colville, Canning and Kongakut river deltas are particularly important. In addition, the Barter Island area should be evaluated for its importance to fish and wildlife and their subsistence use.

Chukchi Sea

The Service supports the Point Lay Deferral Alternative In the event that the proposed Simultaneous Sale with Russia is moved into the 1997-2002 leasing cycle, we also recommend that in the Russian Chukchi Sea a 50-mile buffer be established around Wrangell and Herald islands and that a 50 mile buffer be established along the Russian coast . . .

Hope Basin

The Service supports deferral of a 50-mile wide coastal buffer to protect the feeding areas of the largest seabird nesting colonies in the Chukchi Sea at Capes Lisburne, Lewis, and Thompson . . .

Norton Basin

. . . that a coastal buffer in Norton, around Little Diomedea Island, and around St. Lawrence Island be established . . .

Navarin Basin

The Service supports Alternatives IV, St. Matthew Island Deferral, and VI, 5-Year leasing Program Highlighted Area Deferral, identified in the final EIS for Lease Sale 107.

St. George

. . . we recommend against leasing in the St. George Basin.

North Aleutian Basin

. . . the Service has consistently recommended against leasing in the North Aleutian Basin Planning Area.

Cook Inlet/Shelikof Strait

The Service recommended that a buffer be established around Chisik and Duck island, both important seabird nesting islands in Cook Inlet, and that Shelikof Strait be deferred from any lease sales . . .

Gulf of Alaska

The Service recommended adoption of a 15-mile coastal buffer around major wildlife concentration areas in the Gulf of Alaska.

Kodiak

. . . the Service recommended that a coastal buffer be established around major wildlife concentration areas in the planning area and that certain tracts offshore of the southwest end of Kodiak Island be included in any deferral because of high resource values.

Since no lease sales have been scheduled for Aleutian Arc, Aleutian Basin, Bowers Basin, St. Matthew-Hall, and Shumagin, ". . . the Service has not formally established recommendations on deferrals in these planning areas."

They also stated their concerns that, ". . . fish and wildlife resources outside of specific OCS planning areas may be affected by oil development and transportation. We are especially concerned about oil transportation from potential oil fields in ice-covered waters of the Chukchi and Bering Seas, where we have opposed the use of tankers. However, transporting oil through at-sea pipelines in these areas is also an unproven technology . . . important migratory habitat in estuaries on the north side of the Alaska Peninsula and in Unimak Pass would be at risk should an oil tanker transporting oil from Bering Sea wells go aground."

STATE OF ALASKA COMMENTS

We received three letters from the State of Alaska. The first letter noted the State had a new Governor and that State

Government was in transition and they were looking forward to working with MMS in the future. The second letter was from the State Historic Preservation Officer, who recommended MMS ". . . consider potential impacts to archaeological resources . . ." and the importance of Beringia to archaeological information. She further recommended "MMS update the Beringia archaeological predictive model using current knowledge and state-of-the-art technology to reasonably begin assessing impacts."

In the third letter, the Governor commended MMS and the Regional Director for establishing the OCS Policy Committee's Regional Stakeholder Task Force and noted that it ". . . provides an excellent opportunity for early consultation with State and Federal Government Agencies, communities, and other organizations."

The State recommended the following deferrals in the next 5-Year Plan:

Gulf of Alaska Planning Area: Defer nearshore area between Cross Sound and Dry Bay and tracts at Fairweather Ground.

St. George Basin Planning Area: Defer tracts within a 30-mile radius of the Pribilof Islands and the Unimak Pass.

Norton Basin Planning Area: Defer tracts within 12 miles of the Yukon Delta.

Beaufort Sea Planning Area: Defer tracts in the vicinity of Barrow.

North Aleutian Planning Area: Defer entire area for this 5-year program.

Chukchi Sea Planning Area: The State may recommend a coastal buffer zone or deferrals . . . in future comments.

Cook Inlet/Shelikof Strait Planning Area: The MMS may wish to consider deferral of Shelikof Strait . . . unless it addresses concerns identified by the State of Alaska in an October 17, 1991, letter to MMS.

COMMUNITY COMMENTS

We received four letters from local communities and one from a Resource Service Area Board.

The Kenai Peninsula Borough ". . . supports the inclusion of Cook Inlet" in the next 5-Year Plan. They also noted the "Regional Stakeholder concept has been well received"

The Lake and Peninsula Borough strongly recommends that the North Aleutian Basin (Bristol Bay) not be considered for oil and gas lease sales during the 1997-2002 planning period. The Borough has always taken the position that oil and gas exploration in Bristol Bay poses an unacceptable risk to the most important commercial salmon fishery in the nation and to the lifestyles of Bristol Bay residents.

They also stated they have

. . . very serious reservations about OCS lease Sales in the Cook Inlet/Shelikof Strait region. While the Borough is not prepared to recommend no leasing at all at this time, we have a number of important concerns we would want to see addressed in the EIS before we took a definitive position.

The North Slope Borough (NSB) stated, "The Borough has always favored onshore and nearshore exploration and development over offshore operations." They also stated:

Our concerns over industrial activities on the Arctic OCS remain essentially two-fold; the risks associated with a major oil spill occurring under arctic conditions and the impacts of industrial noise on both marine wildlife and subsistence activities. Assessment of these risks, and the development of acceptable measures to address them, and thereby allay our concerns is significantly complicated by what we still see as a woefully inadequate database upon which leasing and exploration decisions continue.

In their comments the NSB identifies what they perceive as three primary information gaps: ". . . baseline biological information, understanding of industrial noise impacts, and oil-spill response capability and potential impacts."

While there has been new and useful data gathered on circulation patterns in the Chukchi Sea, there remains only limited information concerning the biology of deeper waters of the Beaufort and Chukchi Seas. We will continue to oppose industrial activities which are proposed at times when they will directly interfere with subsistence whaling activities. We will also continue to argue strongly that quality studies to assess noise impacts on bowhead whales would be attached to any drilling operation which will occur when whales will be in the area. We know our

environment better than anyone, and remain unconvinced that industry has the ability to respond adequately to a major oil spill in our region.

The NSB voiced their concern about consultation with local communities. They noted that for successful communication, two things must occur: "First, there must be more frequent, open, and informal consultation with local residents. Second, local input must be given the respect it deserves." They noted that, "Progress has been made on the first of these points." They also stated that,

We still need to see, however, a greater respect for validity and value of local input and knowledge. Most importantly, traditional Native knowledge of the Arctic environment and wildlife must be placed on equal footing with Western science in decisionmaking.

The NSB recommended that "MMS should aggressively pursue legislative initiatives which will provide financial impact assistance and revenue sharing for local affected communities from the funds generated by OCS leasing and operations."

The Matanuska-Susitna Borough stated, ". . . the Matanuska-Susitna Borough has been generally supportive of oil and gas lease sales within its boundaries." They noted,

The Borough continues to have aspirations for the development of a port at Point McKenzie, which would rely on navigation channels and a turning basin within Cook Inlet and the Knik Arm remain clear of obstructions that might be associated with oil/gas development.

The Bristol Bay Coastal Resource Service Area Board ". . . opposes Oil and Gas Lease Sale in the Bering Sea, Bering Strait and Chukchi Sea." They cite the Exxon Valdez oil spill and their concern for subsistence harvest of natural resources in these areas.

NATIVE ORGANIZATION COMMENTS .

The Alaska Eskimo Whaling Commission (AEWC) ". . . strongly encourages the MMS to include our organization (AEWC) in the Regional Stakeholder Task Force for Alaska." They stated,

Since the early 1980's, the AEWC has worked with MMS and the NMFS, as well as oil and gas industry operations in Alaska, to help to address issues related to the interaction of OCS oil and gas operations with bowhead subsistence hunt. We have also worked with the agencies and operators to help to develop exploration programs, including monitoring plans

under the Marine Mammal Protection Act, that minimized the potential for conflicts between subsistence hunters and operators.

FISHING ORGANIZATION COMMENTS

The Cook Inlet Seiners Association

. . . has concerns about the proposed oil and gas lease sales in Cook Inlet, Shelikof Straits, and Gulf of Alaska. Lower Cook Inlet has a large concentration of seabirds, waterfowl, and seven species of cetaceans . . . these populations could not survive another Exxon Valdez oil spill. (Nor could the fish species and the fishing community.) Because of the concern for endangered species, if oil and gas sales are allowed in Lower Cook Inlet, fishing could be restricted in an attempt to protect marine mammals.

They recommend the ". . . fragile ecosystem of the Kamishak region must be taken into account." They stated,

. . . before the Cook Inlet Seiners Association could support oil and gas lease activities in Lower Cook Inlet, a clear, comprehensive development plan that resolves these concerns would need to be in place. If oil and gas exploration does occur here, the following must happen. In order to minimize impact on fishing areas, it is vital that directional drilling be used. As many activities as possible must be keep (sic) on shore. Comprehensive baseline studies have to (sic) done prior to any exploration with follow-up studies to determine the impact.

INDUSTRY COMMENTS

Fourteen comments were received from the natural gas and oil industry: Murphy Oil, Western Geophysical, National Ocean Industries Association (NOIA), BP Exploration [Alaska] (BPXA), American Petroleum Institute (API), Anadarko, Union Texas Petroleum, Chevron U.S.A. Production Company, Conoco Inc., Phillips Petroleum Company, Shell Oil Company, Vastar Resources Inc., Amoco Production Company, and ARCO Alaska Inc. Two trade organizations in Alaska also commented, Resource Development Council for Alaska, Inc., and Alaska Oil and Gas Association (AOGA).

Murphy Oil supported ". . . the continuation of Sales in various Alaska Areas."

Western Geophysical addressed their concern with the ongoing moratoria and the current U.S. reliance on foreign oil. They

urged MMS to ". . . include all areas of the OCS in the 5-Year Plan, including those areas which are currently subject to moratoria."

The NOIA urged us to consider comments from companies that may be interested in the eight planning areas in Alaska that are not in the current 5-Year Plan. They also recommend that "the eight areas that are in the current plan and not subject to restriction should be included in the planning process for the new plan." The NOIA favors ". . . some form of sharing revenues generated by the OCS leasing and development program with coastal states, counties, and towns."

The BPXA suggested ". . . that smaller sale areas offered sooner are more desirable than larger sale areas offered later. It is presumed that larger sale areas require more time for preparation of required studies."

The BPXA stated,

. . . their interest in future OCS activities will be largely dependent upon the extent to which the program: 1) makes high potential areas available for leasing; 2) maintains a set OCS leasing schedule that allows for orderly investment planning; and 3) provides certainly that a lease confers the right to explore for, develop, and produce hydrocarbons. The negative economic impact of growing operational restrictions will lessen industry enthusiasm for participation in the OCS program.

The BPXA ". . . is focusing its efforts on the OCS on only the Beaufort Sea Planning Area. . . ." and ". . . strongly supports holding two Beaufort Sea lease sales, and the acceleration of the sale schedule in general."

The BPXA furthermore

. . . supports the concept of regionally tailored approaches for specific OCS regions. In Alaska, the Beaufort Sea Planning Area should be given special early development consideration. The BPXA asserts that this area could be developed soon due to its proximity to existing infrastructure, thereby assuring the earliest possible offset to declining national production.

The BPXA ". . . encourages the MMS to support recent efforts of the U.S. EPA in Alaska regarding the National Pollutant Discharge Elimination System General Permit for the Beaufort Sea. Activities such as this help to streamline the OCS permitting process." They also note their concern about ". . . the potential role of the Polar Bear Habitat Conservation Strategy

(HCS), currently being developed by the U.S. FWS." They feel,

. . . the HCS could pose significant problems for oil and gas development in the OCS if the EIS recommendations include seasonal and/or year-round close of areas identified as high-value habitat for polar bears, or unnecessary restrictions on or prohibition of industrial activity across broad areas, both onshore and offshore. As currently drafted, the HCS places an inappropriate emphasis on the potential adverse effects of industrial activity on polar bears and ignores more than 25 years of safe, responsible OCS operations.

The BPXA urged MMS to review the Air Quality Regulations governing air quality permitting to ". . . determine if adequate safeguards for air quality can be achieved with a shorter, more reasonable permit review process, especially with respect to exploration activities."

The API stated,

A situation demands a new OCS leasing schedule that continues to allow the industry access to portions of Alaska and the Central and Western GOM and expands industry's access to other promising OCS planning areas, including those that have been administratively closed to leasing and now, in some cases, to exploration.

They also urged, "MMS to continue the use of 'area-wide' leasing in all planning areas."

Anadarko stated their interest in the Beaufort Sea was high; in the North Aleutian Basin interest was moderate/high; and in Cook Inlet/Shelikof Strait, it was moderate. They recommended early sales in all three planning areas.

The UTP

. . . considers Alaska to have sufficient technical merit to be an integral part of our future exploration strategy. However, an orderly and predictable leasing schedule is crucial. Our business is already fraught with considerable geological, technological, financial, and political risk. The expectation that leases will be available to implement or continue explorations programs in an orderly fashion is a driving force in any exploration strategy.

Chevron indicated their

. . . level of interest in future OCS activities will be largely dependent upon the extent to which the OCS program: (1) makes high potential areas available for lease; (2) maintains a firm OCS leasing schedule that allows for orderly investment planning; and (3) provides certainty that a lease confers the right to drill, develop, and produce. Chevron supports regularly scheduled sales in the Beaufort Sea . . . and have a continued interest in the North Aleutian Basin and request the area be opened for additional access and lease sales. However, any sale should be delayed until after the current drilling moratorium on the Bristol Bay leases is lifted and lessees have had the opportunity to drill.

Chevron recommended MMS "Provide royalty relief and/or fiscal incentives in deep water and frontier areas that entail higher investment risk and for which development costs would be extremely high." They also suggested that MMS "Increase the size of the tracts offered in deepwater and frontier areas to enable optimal development of prospects with greater associated risk." They noted that changes are needed in the OCS leasing and "A first step in this direction has been taken by the formation of a Regional Stakeholder Taskforce to focus on Alaska's interest in development of a new 5-year leasing program."

Phillips indicated they had interest in eight planning areas, including two in Alaska, Beaufort Sea and Norton Basin. However, they recommended ". . . all 26 planning areas should be included in the new 5-year plan." They also stated that

. . . once a lease in the OCS is granted, the right to explore and develop must not be unreasonably withheld. The purpose of a Regional Task Force should be to consider all of the scientific evidence and economic factors and make recommendations supporting or opposing leasing based on that information. After such a recommendation has been made, if a sale is held and leases acquired, the state(s) should be bound by that decision. If the Interior Department and the states cannot resolve this issue in the near future, we believe the OCS program in many of the contentious planning areas is doomed to fail.

Shell believes

. . . all OCS acreage should be available for exploration and production, . . . Congressional moratoria must be discontinued, and issues must be resolved before leasing will occur in most OCS areas outside the Central and Western GOM. Situations like South Florida, the North Aleutian

Basin, and Mid-Atlantic where MMS has retained lease bonuses while industry has been precluded from exploring leased acreage are unacceptable. Minimization of cycle time from lease sale to first production is crucial to project economics.

Shell also stated that they ". . . support the concept of OCS revenue sharing and urges the Administration to actively seek passage of such legislation."

Vastar ". . . supports MMS adopting an aggressive, broad-based OCS Lease Sale Schedule. The central and western GOM planning areas remain top priorities for leasing and future exploration . . . MMS should schedule all OCS planning areas in the 5-year schedule and work diligently to implement the schedule "

AMOCO ". . . proposes the MMS continue with the area-wide leasing system."

ARCO Alaska provided confidential comments.

The AOGA stated their concerns that there have been no OCS sales to date under the current 5-Year Program. They stated,

We absolutely have to have consistent, reliable lease sales if we're going to have exploration and production and survive as an energy-producing country. We support the efforts in Alaska to reach out to interest groups and we support efforts of the OCS Policy Committee in consensus building.

The RDC expressed ". . . strong support for multiple lease opportunities in all prospective OCS Alaska regions in the next five-year plan, 1997-2002."

ENVIRONMENTAL GROUP COMMENTS

We received four comments from environmental organizations that specifically address Alaskan issues.

A Greenpeace letter, which also represented 15 other organizations, focused on three major points:

- 1) The new Five-Year Program should not include sales in the moratoria areas;
- 2) A policy that favors gas development in the moratoria area is misguided and should be rejected;
- and 3) Much greater protection is necessary for Alaska.

They feel that,

Cook Inlet and the Beaufort Sea are the only areas remaining where significant industry interest has been expressed. There are, however, substantial and longstanding concerns about the impacts of development in both of these areas expressed by commercial fishermen, Native organizations, tribal governments and environmental groups. The risks to the ecological integrity, and the commercial fishing and subsistence economies outweigh the limited value of offshore oil and gas resources that may be found.

Greenpeace believes that "Based on the legacy of environmental problems associated with existing oil and gas operations, industry should not be allowed to expand into frontier areas of lower Cook Inlet and Shelikof Strait. They also recommended, as they did in their comments to the 1992-1997 OCS program, that ". . . no further leasing occur in the Arctic until an adequacy of information review was conducted on these areas.

The Bristol Bay Buyback Coalition recommends, "No lease sale planning for 1997-2002" in both the North Aleutian Basin and St. George Basin Planning Areas. They further recommend placing ". . . a 20-Year moratorium on consideration of . . . the areas . . . for any OCS leasing program."

The Ocean Protection Coalition is against all offshore oil and gas activities.

The National Sierra Club stated, "The new Five-Year Program should not include lease sales in U.S. waters presently under moratorium." They recommended, "Alaska requires greater protection from OCS oil activity to prevent serious impacts on fisheries. No lease sales should be held in Alaska waters, 1997-2002." They also opposed the U.S./Russian simultaneous Chukchi sale for 1997, but suggested "MMS should provide Russian with raining(sic) in environmental and resource analysis (for mutual benefit to natural resources protection.)"

INDIVIDUAL COMMENTS

We received 12 letters from individuals. One letter from Alaska was against any leasing in ". . . Bristol Bay to protect groundfish and benthic vertebrate populations." The other eleven letters (one from Virginia, five from California, and five without addresses) were against OCS leasing. Five urged the current moratorium, which includes the "Eastern GOM, Pacific, and Bristol Bay, Alaska," be expanded to include ". . . additional vulnerable Alaska sites of the Gulf of Alaska/Yakutat, Cook Inlet/Shelikof Strait, Bering Sea, and Arctic Ocean (Planning Areas)." The other urged cancellation of all OCS lease sales.

OTHER COMMENTS

The Interhemispheric Bering Strait Tunnel and Railroad Group provided information about their efforts and plans to build a tunnel and other transportation facilities that could link Russia and the U.S.

The Falcon Seaboard suggested a new program be developed and implemented ". . . which would work something like the Work Commitment Program."

PLANNING AREA	Companies Interested	High Rank	Medium Rank	Low Rank	No Ranking Provided
Beaufort Sea	10*	4		1	5*
Chukchi Sea	4*			1	3*
Hope Basin	3*				3*
Norton Basin	3*				3*
St. George Basin	3*				3*
North Aleutian Basin	4*	1			3*
Cook Inlet/Shelikof Strait	6*	1	1	1	3*
Gulf of Alaska	6*		1	1	4*

* Two companies recommended all planning areas be included in the next 5-year Plan, and their responses are reflected in the above chart. Not all planning areas in Alaska are shown in the chart, since no other companies indicated interest.

Attachment 7

Jan 45, 1995

SIGN IN

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>TELEPHONE #</u>	<u>FAX #</u>
Chuck Dequan	Boring Str. Trs. CESA	P.O. Box 190	624-3062	624-3811
Judy Brady	Alaska Algas Assn.		2771481	
Don Gilman	Kenai Borough	144 N. Binkley SOLDOTNA, AK POB 160	262-4441	262-8616
Daryl JAMES	City & Borough of Yakutat		784-3236	
Kurt Fredrickson	AK DEC	410 Willoughby Lane 333 Reservoir Rd	465-5254 267-2342	349-1723
Lance Trasky	BOFA			
Deborah Gilcrest	Kenai Borough	144 No. Binkley	262-4441	262-8618
Art Nelson	Kaverak	P.O. Box 948 Nome AK 99762	443-5231	443-3700
Frank B. Steen	Norwest Arctic Borough	P.O. Box 1116 Kotzebue AK 99753	472-2500	
Robin Willis	ADFG		267-2329	
Ross-Meeker	USFS	333 Raspberry Rd 1011 Etudor Rd	786-3349	786-3350
James Eason	Alaska Pipe-Oil Gas	P.O. Box 107004 Anchorage AK 99510-7004	762-2547	
Billy Gray	RDC inc	121 W. Fremont	276-0700	276-3887
Jerome Selby	KLBorough	700 Milling Rd	466-9300	
Kerry Howard	DGC	P.O. Box 110030, JUNO	465-8794	465-3075

SIGN IN

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>TELEPHONE #</u>	<u>FAX #</u>
Pam Miller	Greenpeace	10 Box 104432 Anch. AK	277-8234	272-6514
Debra Ruffel	SHC Mendon	Box 231 Brew, AK	852-0200	852-0247
Brad Smith	NMFS	222 W 7th Ave. At.	271-5006	271-3030
Glen Gray	Governmental Coordination		465-8792	465-3075
Marianne McCrea			561-6131	561-6134
WALT WRENE	LAKE & PENINSULA	Box 495	244-3421	244-6602
MARIEUS LARANTE	AK. DEPT. OF COMMERCE	BONOVIA KINW 99613	465-5467	465-5767
Dorothy Childen	Greenpeace	Box 101432 Anch 99510	277-8234	272-6519

SIGN IN

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>TELEPHONE #</u>	<u>FAX #</u>
Kerry Howard	DGC	P.O. Box 110030 Juneau, AK 99801	465-8794	465-3075
Glenn Gray	PGC	" "	465-8792	465-3075
Liam Rogers	DNR/OIL & GAS	3601 P.O. Box #1398 Anchorage	762-2584	
Judy Anderson	NPS	2525 Gambell St	257-2635	257-2448
PAUL JACKSON	Chugachmiut AdCoA	4001 Tudor #210	562-4155	563-2891
Judy Bury	KIB	121 W. Jeremy Ave	2432533	
LINDA TRUED	NMFS	710 MILBURY RD	486-9360	486-9376
BRAD SMITH	city & borough of Juneau	222 W 7th Box 43 AC.	271-5006	271-3030
Daryl JAMES	ADF&G	P.O. Box 160 Yak, AK. 99689	784-3236	
Claudia Slater (for Louisa Trasky)	Public Rep Marathon Oil Co.	333 Raspberry Rd. Anch. 9981599	267-2336	349-1723
Bradley Penn		P.O. Box 196168 Anchorage, AK 99519-6168	564-6428	564-6489

SIGN IN

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>TELEPHONE #</u>	<u>FAX #</u>
Jeanne Seely	Native Blood Runge	710 14 th 11 Bay	486-9300	486 9374
Paul R. Stewart		Box 288 Sourd Poul.	383-4081	386-2698
Pam Miller	Greenpeace	P.O. Box 104432 Anch. AK 99510	277 8234	272 6519
Johnson Eningoruk	Bering Struck CeBA	P.O. Box 7209 Sitka, AK 99772	649-4711	649-3731
BUD RICE	NATIONAL PARK SERVICE	2525 Gambell St. Anchorage, AK 99503	257-2466	257-2517
Angus McCutcheon	Self	RR 100	257-2466	NO

Attachment 8

MMS 5-Year Leasing Program, 1997-2002

Yakutat Stakeholders Community Meeting January 17, 1995 Yakutat, Alaska

Following is a summary of Mayor Daryl James' local community meeting on MMS' Draft 5-Year Program, 1997-2002.

Mayor James included MMS's proposed 5-Year program on the agenda of the City & Borough of Yakutat's Assembly meeting of January 17, 1995.

Attendance: Assembly members present were: Mayor Daryl James, Carl Hifke, Eli Hanton, Jack Endicott, Alexander James, Gayla Valle, Robert Pate, and Mona Swanson. Members of the public present included: John Vale, Dean Taylor, Steve Votz, Beth McKibben, and Phyllis Casey (MMS). Although at the outset of the assembly meeting there was good public attendance, many people did not remain until the MMS 5-Year was brought up on the agenda. Nevertheless, there were good discussions.

Purpose: Mayor James briefly outlined the purpose of the Alaska Region Stakeholders Task Force and identified the 5 planning areas that the Task Force had recommended for possible further consideration in the next 5-Year Program. Those areas include: Cook Inlet, Gulf of Alaska, Chukchi Sea, Hope Basin, and Beaufort Sea. He also enumerated the evaluation criteria on which further consideration and community discussion would utilize in developing the Task Force's final recommendation of areas for the 5-Year Program. The MMS representative identified the timeframes under which the Task Force needed to make its recommendations to the policy committee; the steps in the public process which would ensue in developing the proposed draft 5-year, the EIS process, and the final 5-year program decision process to be made by the Secretary of the Interior; and the various other opportunities that further specific public input would be sought prior to final approval in mid-1997.

Discussion: Several of the assembly members asked questions as to how Mayor James was nominated for and appointed to the Task Force and how the Task Force was developed. He explained that the Task Force was developed as a sub-committee to the OCS Policy Committee which would make recommendations to the Secretary of the Interior on what planning areas of the OCS and the size, timing, and location of planning areas should be included on the next 5-Year leasing program. Mayor James elaborated on what the assembly's task and purpose of the MMS planning program being on the Assembly agenda, namely, as to whether the local community wanted or did not want the federal government to include a Gulf of Alaska sale on its next 5-year schedule. He stated that if the majority did not want to even consider a GOA sale off Yakutat, that they should so state and he would recommend that the Gulf of Alaska be removed from further consideration as a sale area. Does the community want it or not? In seeking local community input, Mayor James stated that he had talked to many of the local residents and to native interests, including the Yak Tat Kwan, the Yakutat Tribal Council, the Tlingit & Haida local council, and the Alaska Native Brotherhood, and that most had said to move forward and vote for including it on the next 5-year schedule, that it was best for the community and future economic development to have a Gulf of Alaska lease sale off Yakutat.

Mayor James discussed the Task Force discussion and preliminary recommendation to be presented to the OCS Policy Committee that it recommend subsistence impact assistance funding up front, so that local communities could receive monetary benefits to assist the community from impacts. Everyone present at the Assembly meeting agreed that this was important to include in the Task Force recommendation.

Dean Taylor, public participant, officially went on record stating that he supports oil development off Yakutat, and cited the benefits of offshore oil and gas development which he saw in his hometown area

in Louisiana, where offshore development in the Gulf of Mexico had occurred with no negative side effects to the community, bringing only positive economic benefits and with no ill effects on the fishing industry.

John Vale, public participant, expressed his concern that any recommendation made by the Borough Assembly must first undergo a thorough public process. He felt that most of the local residents did not understand the purpose of the MMS 5-year planning process on the assembly's agenda this evening; therefore, most did not stay through the assembly meeting until it came up. Mr. Vale was opposed to the sale, stating that if resources were ever located offshore Yakutat, that it will change the character and development of the Yakutat community forever; that community values would be severely impacted; that the community would lose the priority values now placed on subsistence; and strongly believes that the public should know up front all considerations and potential impacts. When questioned by Mayor James as to whether he would support development, Mr. Vale stated that he probably would, if there were positive effects for the community and if there was adequate community public involvement before decisions were made. Mr. Taylor, as well as other Assembly members, agreed with Mr. Vale that oil and gas development can change the complexity and makeup of the community, but that the City and Borough can control its destiny as to what kind of impacts/effects it would have. Mr. Taylor cited benefits he saw from oil and gas development in Louisiana, such as the rigs to reef program, navigational aids which benefited fishermen, more jobs, and a broader tax base. Mr. Vale acknowledged these benefits, and reiterated only that he wanted to see the community served by having a good public process.

Other questions which arose centered on the timing of development and production, and its presumed effect on the local community. I responded that from the time of a discovery to production would be at least 8-10 years, and that, should a commercial discovery occur, other public involvement opportunities for comment would arise during the preparation of a developmental environmental impact statement process.

The Assembly then voted unanimously for the Task Force to a Gulf of Alaska lease sale on the MMS's next 5-year program, 1997-2002, and that issues to be addressed include: social/economic concerns; impact assistance funding; oil spill response equipment; and minimizing environmental impacts.

The meeting adjourned at approximately 10:15pm.

**KOTZEBUE STAKEHOLDERS SUB-REGION MEETING
FEBRUARY 9, 1995**

Concerns/Ideas

1. Revenue sharing with local government.
2. Technical concerns about cleaning up spilled oil in the Arctic.
3. Subsistence resources of the Arctic are of comparable value to fishery resources of Bristol Bay.
4. State-wide Stakeholders Task Force needs representative from Native community (IRA; State-wide organization).
5. Establish regional-level task force that goes from Norton to Chukchi to provide Frank Stein with input.
6. Not opposed to drilling because in an emergency, the oil industry will drill and pay less environmental attention. Need a planned and safe approach to any drilling.
7. Values need to be stated clearly because it is important to preserve what is important.
8. Local people always hear "best-case" scenario. They need to know "worst-case," so they can plan and know full risk.
9. Folks from adjacent sale areas should be included in task forces for the area (see #5).
10. Should have worked together as Native community to get subsistence point across. Individuals lose when voices not lifted together.
11. Definitions of subsistence--must be careful in defining subsistence. Definitions are limiting.
12. The risk is in Alaska lost oil goes to California. Perception of acceptable risk might be different if consumption is local.
13. If oil company submits an Exploration Plan, planning for producing and transporting oil to market should be included in the event that oil is found.
14. The National Park Service (NPS)--110 miles of coast near Cape Krusenstern. Many of NPS concerns are similar to those expressed by Gordon Ito.

15. Oil spills in Alaska do have impacts in other seemingly unrelated areas of the State, and it is difficult or impossible to obtain compensation for these impacts.

For example, the *Exxon Valdez* Oil Spill resulted in public perception that all fish from Alaska were contaminated. A marginal fishery in Kotzebue was wiped out due to the effect these perceptions had on the price of fish—the bottom fell out of the market for Alaska fish.

No compensation was awarded to the Kotzebue fishery for their economic loss due to the *Exxon Valdez* spill.

Meeting Participants

Frank Stein, Northwest Arctic Borough Planning Director and Stakeholders Task Force Member

Gordon Ito, Mayor of Kotzebue

John Erlich, IRA Council, Kotzebue

Bob Gerhart, National Park Service, Kotzebue

Maureen McCrea, State of Alaska, Division of Governmental Coordination

Nancy Swanton, Minerals Management Service

Art Ivanoff, Maniilaq Association, Kotzebue



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DON GILMAN
MAYOR

DATE: February 15, 1995
TO: ALASKA REGION STAKEHOLDERS TASK FORCE
FROM: Cook Inlet Sub-Region Stakeholders Task Force
SUBJECT: Sub-Region Task Force Recommendations Regarding MMS-OCS Five-Year Oil and Gas Leasing Program (1997-2002)

As a result of the Alaska Region Stakeholders Task Force meeting held January 4 and 5, 1995, the Kenai Peninsula Borough worked closely with Minerals Management Service (MMS) staff to develop a Cook Inlet Sub-Region Stakeholders Task Force Meeting which was held in Homer, Alaska on January 21, 1995. MMS and the Borough sent forty-five (45) invitations to various stakeholders within the sub-region, including representatives from the fishing industry, oil and gas industry, native community leaders and native corporations, local community members, environmental groups, and Federal, State and Local government officials.

Of the forty-five representatives invited to participate, sixteen stakeholders were in attendance at the Homer meeting. Because of the small size of the group, the process was informal and the two public members in attendance were actively involved in identifying issues and concerns related to the MMS-OCS Proposed Five-Year Oil and Gas Leasing Program (1997-2002).

The following recommendations were developed at the January 21, 1995 meeting (ref: Attachment, "Recommendations, Set #1"). Although an attempt was made to achieve consensus, it was understood by the Stakeholders in attendance, that the recommendations developed at the Task Force meeting were merely a listing of the issues as identified by the participants. In other words, "Recommendations, Set #1", should in no way be construed to represent a consensus of the Task Force members.

Before adjournment of the January 21st meeting, the Stakeholders agreed to FAX the proposed recommendations to those stakeholders who were not in attendance in an attempt to receive additional input, especially from stakeholders representing Native issues and cultural concerns. No input was received from native community leaders, nor was there any response from the native corporations. However, some of the Stakeholders who were in attendance on January 21st have sent in additional comments on the proposed recommendations. The additional comments are listed in the attachment entitled "Recommendations Set #2".

RECOMMENDATIONS Set # 1:
(original list as sent to all stakeholders)

1. The Cook Inlet Stakeholders Task Force supports Stipulation #4 as written in the EIS prepared for Lease Sale 149 (references provisions related to offshore loading).
2. Information/maps should differentiate between the "Upper Cook Inlet" and the "Lower Cook Inlet" (one suggestion was Lat 59-Lon 46)
3. Differentiate information needs at different program stages: Pre-lease, exploration and development.
4. Need to identify/resolve current problems of existing development before undertaking a new program.
5. Require well-planned support and infrastructure for exploration and development, including oil-spill clean-up and prevention. (Main example: "As in the case of a blow-out or a major oil spill")
6. Develop a Navigational Safety System that is compatible with fishing industry operations (should include ice stages, storms, tides, gyres, currents, seismic and other hazards)
7. MMS analysis must consider "the big picture": cumulative impacts of all oil and gas development programs proposed by Federal and State agencies .
8. Require an equivalent of MSRC (Marine Spill Response Council; a National organization) in Cook Inlet. The current response program needs improvement.
9. Allocate more money to procure necessary studies
 - a. There is a need for more technical review and data such as a National Academy of Sciences review of the Cook Inlet Ecosystem; a baseline study is needed to begin a monitoring program. (used to be #13 and may be put back if requested)
10. Regarding Fisheries - Tailor drilling season to be compatible with fishing harvest seasons, habitat and life cycles. Directional drilling is encouraged to minimize use of offshore waters.
11. Proposed location of platforms needs to be evaluated to minimize conflict with fishing activities.
12. Develop a long-term water quality monitoring program.
13. (Editorial suggestion: move up to #9 because it seems related; maybe not)

SUB-REGION TASK FORCE RECOMMENDATIONS
(continued)

14. Suggest appropriating impact assistance revenues to local communities to be used in addressing monitoring and other issues.

15. Suggest that best available technology be used in any exploration/development.

-end-

RECOMMENDATIONS, SET #2

(Original list with suggested changes and comments)

1. The Cook Inlet Stakeholders Task Force supports Stipulation #4 as written in the EIS prepared for Lease Sale 149 (references provisions related to offshore loading).

Industry comment: add to #1: "(see attachment for Stipulation #4)"; Stipulation #4 relates to the transportation of oil and/or gas from an offshore production site. While the concern is a valid one (that concern being the safe transport of hydrocarbons through a marine environment to an onshore storage or refining facility), the stipulation stating a preference for one form of transportation over another should be reconsidered. Preferences tend to bias decisions prior to a thorough review of all the facts. They can bias the process ahead of time and may preclude the evaluation of a preferred environmentally sound option. Technology changes and opinions about the use of current technology also change. Identify the concern and allow the evaluation process at the time of development to make the decision on the most appropriate technology.

Industry comment: The stipulation in the sale notice dealing with transportation is #3.

2. Information/maps should differentiate between the "Upper Cook Inlet" and the "Lower Cook Inlet" (one suggestion was Lat 59-Lon 46)

Industry comment: Lat. 59 N, Lon. 46 W is a point near Cape Farewell on the southern tip of Greenland. The recommendation is probably Lat. 59 46' N which would be a line extending from Anchor Point to the Iniskin Peninsula. Although the location of the line is a reasonable one as far as differentiating between Upper and Lower Cook Inlet there may not be an environmental reason to do so. From a draft EIS's standpoint there wouldn't be a need to write two separate EIS's because the impacts are not that different.

3. Differentiate information needs at different program stages: Pre-lease, exploration and development.

Industry comment: This is consistent with the position of the oil and gas industry.

4. Need to identify/resolve current problems of existing development before undertaking a new program.

Industry comment: As we've already stated, this is not an appropriate question for the MMS review. The oil and gas industry has a 40 year history of production operations in the Upper Cook Inlet and no adverse environmental impacts have been identified from those operations.

ATTACHMENT

Stipulation No. 4 Transportation of Hydrocarbons

Pipelines will be required: (a) if pipeline rights-of-way can be determined and obtained; (b) if laying such pipelines is technologically feasible and environmentally preferable; and (c) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to any recommendation of the Regional Technical Working Group, or other similar advisory groups with participation of Federal, State, and local governments and industry.

Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the Regional Supervisor, Field Operations.

RECOMMENDATIONS, Set #2 (page 2)

Comments on Recommendation #4 (continued)

Industry comment: Disagree totally. An analogy would be to stop all air traffic travel until there is zero risk of an accident occurring. The perceived problems of the past in Cook Inlet are being studied and corrected where necessary. There is no need to stop the process. This is an attempt to impede the leasing process and obstruct the performance of MMS in offering leases for potential development. Identification and resolution of problems of existing development should be accomplished through the action of existing regulatory structure.

5. Require well-planned support and infrastructure for exploration and development, including oil-spill clean-up and prevention. (Main example: "As in the case of a blow-out or a major oil spill")

Industry comment: The regulations require it, and the oil and gas industry will comply. It is not necessary to set up an infrastructure for development prior to exploration. The infrastructure should be consistent with the stage of activity.

State Government comment: Change #5 to say: Recognize that exploration and development may require different types of support and infrastructure. For each phase MMS must require complete support and infrastructure plans, including methods and equipment for oil-spill prevention and clean-up. (Main concerns: "In case of a blow-out or major oil spill.")

6. Develop a Navigational Safety System that is compatible with fishing industry operations (should include ice stages, storms, tides, gyres, currents, seismic and other hazards)

Industry comment: This is not an MMS issue. It is more appropriately directed to the Coast Guard. Note should be taken of the statement in the OCS Sale 149 Draft EIS, Vol. II, Appendix A, page A-4 "Because the Nikiski refinery receives about sixty tankers of Alaska North Slope (ANS) crude from Valdez annually, a Cook Inlet discovery that supplies the Nikiski refinery would help decrease ANS oil tanker traffic from Valdez. Since the ANS crude also contains a significant volume of residual product, a Cook Inlet discovery may help decrease shipments of residual product from Nikiski to Asian markets." The overall impact of a discovery in the Lower Cook Inlet may be less tanker traffic.

7. MMS analysis must consider "the big picture"; cumulative impacts of all oil and gas development programs proposed by Federal and State agencies .

State Government comment: change #7 to say: MMS analysis must consider the big picture; this includes activities on both State and Federal Lands and the different authorities and responsibilities of other Federal agencies.

RECOMMENDATIONS, Set #2 (page 3)

Comments on Recommendation #7 (continued)

Industry comment: The MMS does consider "the big picture" through the EIS process. See the OCS Sale 149 Draft EIS. Volume I, Section IV, page IV.A.23.

Industry comment: This analysis must also consider timing, mitigation measures and probabilities of activities. If performed, this analysis should truly be a "big picture" analysis, involving high-level review, and not get bogged down in the minutia.

8. Require an equivalent of MSRC (Marine Spill Response Council; a National organization) in Cook Inlet. The current response program needs improvement.

Industry comment: Disagree. Where does the current system need improvement and why require additional response capabilities before they are needed?

Industry comment: The issue here is not whether Alaska needs another level of spill response organizations; the issue is protection of the environment and prompt and efficient deployment of spill response equipment. The regulations, both state and federal, require response planning standards that exceed what a MSRC could add to Alaska. The oil and gas industry will comply with those standards.

Public comment: Change first sentence to read: Require an equivalent of MSRC in Cook Inlet prior to leasing further.

9. Allocate more money to procure necessary studies

a. There is a need for more technical review and data such as a National Academy of Sciences review of the Cook Inlet Ecosystem; a baseline study is needed to begin a monitoring program. (used to be #13 and may be put back if requested)

Industry comment: Disagree. What was wrong with MMS study? Will participants be satisfied with any studies? It is a costly and time consuming effort to prove the negative. Do not unnecessarily study the Inlet and obstruct the function of the MMS. There should be critical thought given to the design and scope of such a study, to ensure cost effectiveness and significance.

Industry comment: There are two issues here; one has to do with whether there should be a NAS study done for the Lower Cook Inlet, and the other has to do with funding of studies for areas the MMS has previously identified. The NAS studies were a mechanism for halting MMS lease sales in several of the areas in the Lower 48. If this is the intent of the recommendation, we oppose it. We support a NAS study or any other study but only if there is an honest commitment to not only fund the study but to fund the research if any areas of concern are identified. To support one without the other is only a tool to close down yet another MMS sale area.

RECOMMENDATIONS, Set #2 (page 4)

Comments on Recommendation #9 (continued)

State Government comment: Change #9 to say: Allocate additional money to procure necessary studies. An NAS review of available data on the Cook Inlet Ecosystem comparable to the reviews conducted for California and Florida is needed to determine if it is adequate for continued leasing. However, the dollars to fund studies identified as necessary in that review must be appropriated in advance so the review does not become a de-facto denial of future leasing in Cook Inlet.

10. Regarding Fisheries - Tailor drilling season to be compatible with fishing harvest seasons, habitat and life cycles. Directional drilling is encouraged to minimize use of offshore waters.

Industry comment: We support the coordination of activities with the fishing industry and other interested parties in order to minimize conflicts in areas where we wish to operate.

We have already responded to the applicability of directional drilling technology to test geologic structures in federal waters.

Industry comment: It is uneconomic to drill one well per platform. A platform will have numerous wells directionally drilled. Again this is not an option from shore.

Public comment: Change #10 to read: Tailor drilling season (and other potentially disruptive activities) to be compatible with fishing harvest and seasons.

Federal Government comment: Item 10 should consider other cyclic natural events such as breeding and migration concentrations of species other than commercial fish.

11. Proposed location of platforms needs to be evaluated to minimize conflict with fishing activities.

Industry comment: Coordination and minimization of conflicts wherever possible is ARCO's position also.

Federal Government comment: Item 11 should consider other cyclic natural events such as breeding and migration concentrations of species other than commercial fish.

Public comment: Change #11 to read: Proposed location of platforms needs to be evaluated to minimize environmental disruption or conflict with fishing and other established commercial, recreational, and subsistence activities.

RECOMMENDATIONS, Set #2 (page 5)

12. Develop a long-term water quality monitoring program.

Federal Government comment: Item 12 should include parameters in addition to water quality monitoring to measure the health of the ecosystem (e.g., air quality, and seabird population status and yearly productivity; some baseline data of these parameters exist already and would provide a basis for comparisons).

State Government comment: Change #12 to say: Develop a comprehensive environmental monitoring plan to ensure that the environmental health of Cook Inlet is maintained.

Industry comment: Standards should be set so that all discharges meet the same water quality (ie. fish processors, municipalities, platforms, etc.). Again proving the negative is a costly and time consuming task.

Industry comment: Monitoring of discharges from OCS structures is already covered through the NPDES program under the responsibility of the EPA. If the recommendation is intended to cover the water quality and discharges throughout the entire inlet, this type of comprehensive review is outside the scope or authority of the MMS. Discharges into the inlet come from many sources, many of which are not regulated. The closest avenue to pursue such a recommendation would be the State of Alaska's nonpoint source pollution prevention program.

13. (Now #9)

14. Suggest appropriating impact assistance revenues to local communities to be used in addressing monitoring and other issues.

Public comment: Agree, but should not let industry and the federal government off the hook for the lion's share of the funding.

Industry comment: ARCO supports this recommendation, although the continuation of MMS lease sales should not be contingent on Congress authorizing the distribution of revenues to the local communities.

Industry comment: Agree. A lease sale has to be held to provide assistance.

15. Suggest that best available technology be used in any exploration/development.

Public comment: Change #15 to read: Insist/require that best available technology be used in any exploration/development.

RECOMMENDATIONS, Set #2 (page 6)

Comments on Recommendation #15 (continued)

Public comment: Agree. (no industry autonomy in defining BAT)

Industry comment: The term best available and safe technology (BAST) is a better term to use. BAST would consider costs and practicality of use in the equation and it is defined in current MMS regulations at 30 CFR Section 250.22. Best Available Technology does not consider either cost or practicality. The issue should be what is needed under the circumstances to do the job and protect the environment, not what is the best technology. The use of appropriate technology is more than sufficiently provided for in existing laws and regulations.

Additional comments:

- Public comment: If leasing should go forward, the recommendations should be prioritized, but I feel very strongly that this area is just as inappropriate as Bristol Bay for leasing.

- Public comment: Add a new #1 and #2 as follows:

1. The economic value of the tourist and fishing industries in Southern and Lower Cook Inlet far outweighs the gamble for oil exploration and development. Both these industries are sustainable and keep food on the tables of long time Alaskan residents. No lease sales should be conducted in this area.

2. Develop a long-term water quality monitoring program and put in place prior to any leasing. Allocate more money to procure necessary studies. There is a need for more technical review and data such as a National Academy of Sciences review of the Cook Inlet Ecosystem; a baseline study is needed to being a monitoring program. (gp)

- Public comment: Add a new #1 through #4 as follows:

1. A comprehensive, mandatory vessel traffic control system should be established for Cook Inlet. This was called for five years ago by the Alaska Oil Spill Commission (Recommendation 29), along with traffic lanes and a remote tracking system in the Gulf of Alaska/North Pacific (Recommendations 35 & 36).

2. An ongoing, multi-agency Cook Inlet ecosystem evaluation program should be initiated. This should have two components, baseline studies and comprehensive pollution monitoring. The first is necessary if results of the second are to have any meaning. Robert Spies, chief scientist for the Exxon Valdez Oil Spill Trustee Council has repeatedly pointed to the dearth of adequate baseline data as a major reason for the inconclusive nature of so many EVOS impact studies.

RECOMMENDATIONS, Set #2 (page 7)

Additional Comments (continued)

3. Oversight of industry activities/facilities must be increased and there must be better enforcement of relevant laws, regulations, and permits. According to Trustees for Alaska, there have been more than 3,000 violations of permit stipulations at Cook Inlet drilling platforms since 1987.

4. Parity needs to be developed between the level of risk in Cook Inlet and spill response capability. Even with recent improvements, many recommendations of the Alaska Oil Spill Commission remain to be adopted (AOSC Final Report, Appendix J). In spite of prompt, enthusiastic response to a variety of small spills, Cook Inlet Spill Prevention and Response Corporation has yet to recover a significant amount of oil.

- **Industry comment:** Cook Inlet sale should be included in the 5-year program.

1/12/95

KODIAK SUB-REGIONAL MEETING

Attendance List

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Wayne Stevens	Kodiak Chamber	PO Box 1485, Kodiak AK
Linda Freed	KIB	710 Mill Bay Road, Kodiak AK
Alan Schmitt	Jamin, RBell, Boggert Gentry	323 Carolyn Street
Jerome Selby	Kodiak Island Borough	710 Mill Bay Road, Kodiak AK
Judy Gottlieb	MMS	949 E. 36th Avenue, Anchorage AK
Norm Silta	Div. Voc. Rehab.	PO Box 3389, Kodiak AK
Tracy Silta	Guest	1214 E. Rezanof Drive, Kodiak AK
Roger Morris	Kodiak Chamber	PO Box 1485, Kodiak AK
Richard Waddell	Waddell Marine	PO Box 2808, Kodiak AK
John French	UAF-FJTC	900 Trident Way, Kodiak AK
Pete Probasco	ADF&G	211 Mission Road, Kodiak AK
Bruce Schactler	AREK Sewer's Assoc.	PO Box 2399, Kodiak AK
Mary Jacobs	MV Renaissance	PO Box 3080, Kodiak AK
Leslie Smith	NW Setnetter/KRAA	PO Box 2922, Kodiak AK
Linda Hinelbloom		PO Box 1866, Kodiak AK
Donene Tweten	Employment Service	309 Center Street, Kodiak AK
Sharon Moore	Cys Sporting Goods	202 Shelikof Street, Kodiak AK
Cy Hoen	Cys Sporting Goods	202 Shelikof Street, Kodiak AK
Edison Azizi	Alaska Airlines	Kodiak State Airport, Kodiak AK

KODIAK SUB-REGIONAL MEETING

Identified Issues:

- Sea Lion Rookeries (critical fisheries habitat)
- Harbor Seals
- Threatened and endangered species
- Timing of commercial, recreational, and sporting activities
- What can environment support?
- Herring larvae
- Risk of offshore transfer, loading
- Explore offshore from onshore - provide incentive
- Pipelines mandated, location rel. to fishing gear - resolve before sale
- Compile marine ecosystem baseline before drilling
- Conflicts with launch route
- Enclave vs. interpretation in community seems like sales go ahead in spite of public concerns/opposition
- Sea stats, winds, currents,
- VSL technology to reduce # structures
- Russian tankers standards
- Consider licensing

Barrow Sub-Regional Task Force Meeting
February 10, 1995

DRAFT

Following is a summary of the major discussion points from the Barrow sub-regional meeting.

- o Delbert Rexford opened the meeting and welcomed the participants, which included several Russian visitors (a list of attendees is attached.)

- o Tom Lohman gave a brief introduction of the Minerals Management Service (MMS), the offshore program, and the Task Force.

- o Jeff Walker reviewed the results from the first Task Force meeting, and announced that the Department of Interior had deferred any proposal for a simultaneous lease sale in the Chukchi Sea for consideration in the next 5-year program.

- o Delbert opened the meeting for comments and remarks.

- o Tom Lohman made opening comments, which were based on the North Slope Boroughs written comments on the Request for Information, with particular emphasis on information data gaps. Tom referred to the National Academy of Sciences recent report which concluded that there was generally adequate information to conduct lease sales. The NSB believes this was based on wrong assumptions about high resource potential which outweighed potential environmental impacts; that the resource potential is far less, while the potential impacts are still high. Tom also raised the concerns about displacement of marine mammals due to industrial noise, and related experiences with the Kuvlum drilling operation, designing monitoring programs and associated litigation. He also raised concerns about oil spill clean up capability, and related that during drilling operations in the Chukchi Sea, government had told the North Slope Borough that there was a small risk of a spill, and that even if there was one, it would go towards Russia and not affect Alaska. Tom also related that the Mayor had expressed strong support for impact assistance which would provided benefits to the native communities.

- o Delbert expressed the value that Alaskan natives hold on their traditional subsistence culture; that the land, sea, air and animals must be protected; that if man takes care of nature, nature will take care of man.

- o A number of the Russian visitors then made comments

- o Panaauge Timofei (hunter from Sireniki) as translated by Lundorilla Armana (Chairperson, Eskimo Society of Chukotka): He shares concerns about affects of oil and gas operations on the subsistence way of life; on walrus and bowhead whales, which are particularly sensitive to noise. He expressed concern that animals will be affected, and no longer available for native subsistence use. He expressed that money can not compensate for subsistence food sources.

- o Kutylin Leonid (hunter from Yanrakyanot): Described experiences with seal hunts; one seal sunk after being killed, which never before has this happened. Seals are skinnier than usual, and when butchered, some stank of chloroform. Even the sea grasses and bottom vegetation smell different. Walrus movements have changed from the S-N to N-S in the spring, and we don't know where they come from. The traditional hunt is important, and should be portected.

- o Mymrin Nikolai (Biologist from ?): He expressed that the Chukotka Czars did not listen to native interests in decisions about the Beringia Inter-National Park This was important to the

Natives, but the Czars just said they didn't want it. He said that the government did not involve the public in decisions, that it is a mess; that there are not many regulations, or none at all that would protect the environment and the people.

Dr. Vladimir Melnikov (Valivostok): Encourage more studies on the effects of drilling muds and cuttings on the environment. Sediments smother eggs and larvae, stopping the production cycle. Noise is also of concern. St. Peter the Great Bay (used another Russian name?), is important biological area which is important to development of fish populations for the whole ocean. (Tom Lohman agreed to provide Dr Melnikov with recent studies/research on muds and cuttings, and a list of MMS studies related to the Chukchi Sea. Dr. Melnikov was familiar with the workshop held in Sakhalin last September, but had not attended; he expressed that the Americans had not presented information on how muds and cuttings were treated.)

o Delbert thanked the Russians, expressing he felt honored that Alaskan and Russian natives share the same values.

o _____ (with the Russian group?), asked about the process; were Tom Lohman's comments to be considered "testimony"? She expressed that this all seemed informal. Jeff Walker explained more about the various public comment opportunities which the MMS uses in its planning process, and the role of the sub-regional meetings through which Delbert would collect additional information to bring to the Task Force. He explained that there were formal opportunities for public comment, but that they were not effective in building dialog between government and communities, and that is partially why the Task Force was formed.

o _____, also asked about deferrals of other sales. Jeff explained the status of current lease sale activities, and at Delbert's request, discussed the North Aleutian Shelf lease issues and status. She also asked about the Chukchi Sea sale; if there was no industry interest, and it was canceled, why would it be considered in the next program. Jeff explained that there had been low interest expressed by companies for a sale by 1997 due to low oil prices and high operating costs, but that in the long term, such as the 1997-2002 plan, interest and opportunity could change depending on the price of oil and availability of other areas for leasing.

o Jeff then described the MMS training program with the Russia Far East on public participation, environmental assessment, and regulation of operations to prevent oil spills and other environmental effects.

Ludmila ANANA - Chairperson Eskimo Society of Chukotka,

NAME	Address
1. Delbert J. Rexford	
2. Igor A. Zagrebini	Provideniya, Russia
3. Vladimir Bickov	Provideniya, Russia
4. PIERE VITEBSKY	Scott Polar Research Institute, Cambridge, England
(5) Myrmin Nikolay	Provideniya, Russia biologist
6. JOHN Tichotsky translator	NBS - Wildlife
7. Ellis Patkotak	NSB Wildlife
8. Mary Gore	P.O. Box 103737 Anchorage, AK 99510
(9) Иванов	с. Суреники Россия
10. Ludmila Anana - Anana	Тиробугенич, Россия
11. Иванов	с. Суреники Россия
12. Иванов	с. Суреники, Россия
13. Korablava Olga	- director radiocomp
14. Иванов	Provideniya
(15) Melnikov V.	senior scientist Pacific Ocean Academy Science Russia
16.	
17. Ralph Davis	NSB Permitting
18. Tom Lohman	NSB Wildlife
19. Иванов	BIS
20. Tom Albert	NSB Wildlife Management

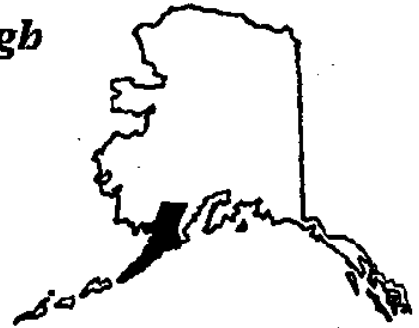
PANAUGE Timofei - hunter from Sireniki
MYMRIN Nikolai - biologist
Dr Vladimir Melnikov - biologist
KOTYLIN Leonid - hunter from YANRAKYNNOT



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



March 9, 1995

Ms. Judith C. Gottlieb
Regional Director
Department of the Interior
Minerals Management Service
Alaska OCS Region
949 E. 36th Ave., Room 603
Anchorage, AK. 99508-4302

Dear Ms. Gottlieb:

I am writing to let you know that I will not be able to attend the Regional Stakeholders Task Force meeting that is scheduled for March 13, 1995. I noticed on the Agenda that at 1 PM, the Task Force will begin discussing specific recommendations to the OCS Policy Committee regarding the timing and location of lease sales for the next 5-year planning period. Since I will not be there to participate, I thought it would be helpful to the Task Force to receive something in writing which describes the position of local governments in the Bristol Bay/Lake and Peninsula Borough region regarding the planning areas most important to us; the North Aleutian Basin and Cook Inlet. I will briefly discuss each of these areas below. Please share this letter and the enclosed background information with the Task Force.

North Aleutian Basin

On January 19, 1995, I sent the enclosed Public Notice to all of the local governments in the Bristol Bay and Lake and Peninsula Borough Region. The Notice generally described the Stakeholders Task Force, its purpose, and how it was proceeding with gathering public input on future oil and gas lease sales. It went on to say that the Task Force had basically taken Bristol Bay off of the table for discussion for a number of reasons including:

1. Communities around the Bay have historically been opposed to oil and gas lease sales in Bristol Bay and there is no reason that we are aware of to believe that sentiment has changed.

2. There are law suits pending in the courts regarding the lease sales that have already taken place.
3. There is a Congressional moratorium on proceeding any further with the 23 existing leases.
4. There is widespread support both locally, at the State level, and among our Congressional delegation for a buy-back of the existing 23 leases.

I asked each of our local governments in the region to contact me if they did not agree with the position the Task Force has taken. I did not hear from anyone. Therefore, I believe there is consensus around Bristol Bay that the Task Force is on the right track. The Lake and Peninsula Borough Assembly unequivocally supports the Task Force's position and has described its position in the attached letter dated January 24, 1995.

The local governments in the Bristol Bay and Lake and Peninsula Borough region are united and strongly opposed to any oil and gas lease sales in Bristol Bay; they urge the Department of Interior to do what it can to expedite the buy-back of the existing 23 leases, and they urge the Alaska Regional Stakeholders Task Force to recommend that no lease sales be considered for the North Aleutian Basin for the 5-year planning period 1997-2002.

Cook Inlet / Shelikof Strait

The Lake and Peninsula Borough has some very serious concerns about lease sales in this area. The Borough would want to examine things like the size, timing, location, technology proposed, industry spill prevention and clean-up capability, and a comprehensive E.I.S. before it could support a lease sale in the Cook Inlet Planning Area. The Borough's concerns about lease sales in this area are outlined in the attached letter to MMS dated January 24, 1995.

In addition, the Borough still stands by the "Tri-Borough Agreement" that was reached in late 1993 between the Kenai Peninsula Borough, the Kodiak Island Borough, and the Lake and Peninsula Borough. This agreement was a unified response to the original proposed Lease Sale 149 which included lower Cook Inlet and Shelikof Strait. The five basic principals or critical issues of the agreement were:

1. That there be no off-shore loading of tankers.
2. That specific plans be made to minimize and avoid conflicts between commercial fishing gear and oil exploration and development equipment.
3. That oil exploration and development companies have adequate spill prevention and response capability.
4. That identification of all critical habitat areas take place prior to the sale.
5. That there be a revenue sharing provision with local governments.

The three Boroughs have taken the position that these issues must be addressed in detail in the E.I.S. for the lease sale and in the terms and conditions in any proposed Notice of Sale. They also reserved the right to identify additional concerns and/or oppose the sale altogether if these issues are not adequately addressed.

The Lake and Peninsula Borough has very serious concerns and reservations about lease sales in the Cook Inlet and Shelikof Strait region. It would want to see a comprehensive E.I.S. completed first which addresses all social, economic, and environmental impacts (including subsistence), the issues raised in the January 24, 1995 letter to MMS, and the issues raised in the Tri-Borough Agreement, before it could support lease sales in the area. The Borough does not support lease sales in this area for the 5-year planning period 1997-2002 unless the necessary research and analysis can be completed first to the satisfaction of residents who live and work in the area.

Thanks for your time and consideration and good luck with your meeting on March 13th.

Sincerely,

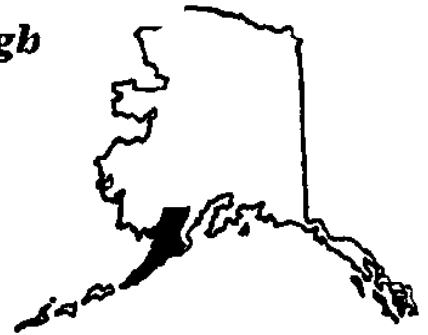
Walt Wrede
Borough Manager



Lake and Peninsula Borough

P.O. Box 495
King Salmon, Alaska 99613

Telephone: (907) 246-3421
Fax: (907) 246-6602



PUBLIC NOTICE

PLEASE POST AND / OR CIRCULATE

DATE: January 19, 1995
TO: All Local Governments in the Bristol Bay Region
FROM: Walt Wrede/Borough Manager *W. Wrede*
SUBJECT: MMS/OCS Regional Stakeholders Task Force

The Lake and Peninsula Borough was recently asked to participate on the newly created Regional Stakeholders Task Force. This task force was established by the Outer Continental Shelf (OCS) Policy Committee, a national committee that advises the Secretary of the Interior on OCS matters. The task force has been asked to develop recommendations for the OCS Policy Committee and the Minerals Management Service (MMS) regarding the timing and location of OCS oil and gas lease sales in Alaska. MMS will use these recommendations to assist it in developing a schedule of lease sales for the five year planning period beginning in 1997 and ending in 2002.

There are three Alaskans who serve on the national OCS Policy Committee. They are Jerome Selby from Kodiak who represents the interests of local governments, Paul Gronholdt from Sand Point, representing fishing interests, and the Director of the State Division of Governmental Coordination. The Alaskans on the OCS Policy Committee were asked by the Committee to make recommendations regarding who should be represented on the Alaska Stakeholders Task Force. The task force is currently made up of two representatives from State agencies (ADF&G and DEC), two from Federal agencies (Fish and Wildlife Service and National Marine Fisheries Service), representatives from the oil and gas industry, environmental groups, local governments, coastal districts, Native subsistence users, the Eskimo Whaling Commission, fishing interests, and two gubernatorial appointments.

The Stakeholders Task Force had its first meeting on January 4th and 5th. It spent most of that meeting getting organized and developing the list of criteria or standards it would use to evaluate the positive and adverse social, economic, and environmental impacts associated with holding specific lease sales in the waters adjacent to Alaska. The Task Force decided that the most efficient use of its time, effort, and money would be to narrow

the discussion and evaluation process down to the five or six OCS Planning Areas (see enclosed map) where there is known oil and gas potential and industry interest in holding lease sales. The North Aleutian Basin (Bristol Bay) is one of the areas which has both potential and industry interest.

After some discussion, the Task Force voted unanimously to take Bristol Bay off the table for discussion. This essentially means that the Task Force has made a preliminary decision to recommend that no lease sales be considered in Bristol Bay for the period 1997 through 2002. The group agreed that it made no sense to waste a great deal of time and money holding hearings around the Bay and getting people worked up for no reason when we know that:

1. Communities around the Bay have historically been opposed to oil and gas lease sales in Bristol Bay and there is no reason that we are aware of to believe that sentiment has changed.
2. There are law suits pending in the courts regarding the lease sales that have already taken place.
3. There is a Congressional moratorium on proceeding any further with the 23 existing leases.
4. There is widespread support both locally, at the State level, and among our Congressional delegation for a buy-back of the existing 23 leases.

The Lake and Peninsula Borough Assembly reaffirmed its opposition to OCS sales in Bristol Bay at its regular meeting on January 17th and it intends to forward comments to that effect directly to MMS. The Assembly is also on record as supporting the buy-back of the leases that have already been sold there.

Please contact me if you do not agree with the position the Lake and Peninsula Borough or the Stakeholders Task Force has taken regarding oil and gas lease sales in Bristol Bay. The Task Force will meet again several times before it makes its final recommendations in April. It is not too late to get Bristol Bay back on the table for discussion if that is the desire of communities around the Bay. All Task Force meetings are open to the public. Although it is not feasible to have every community around the Bay represented on the Task Force, I have recommended that at the very least, the Bristol Bay Borough, the City of Dillingham, and the Bristol Bay CRSA should be invited to participate directly if Bristol Bay winds up back on the table for serious discussion.

Please do not hesitate to contact either myself at 246-3421 or the MMS at 271-6045 if you have any questions or need additional information. Thanks

DISTRIBUTION LIST

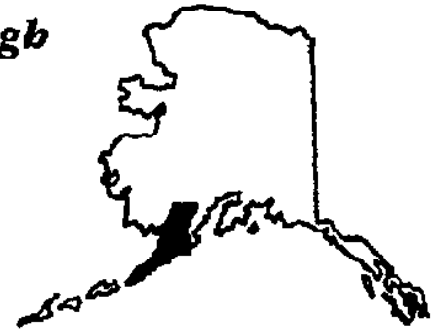
All Communities in Lake and Peninsula Borough
Mayor/Bristol Bay Borough
Mayor/City of Dillingham
Bristol Bay CRSA
Mayor/City of Clarks Point
Mayor/City of Aleknagik
Mayor/City of Ekwok
Mayor/City of New Smyahok
President/Koliganek Village Council
President/Manokotak Village Council
Mayor/City of Togiak
Judith C. Gottlieb/MMS



Lake and Peninsula Borough

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January 24, 1995

Project Director
Five Year Program
Minerals Management Service
(MS-4400)
381 Elder St.
Herndon, Va. 22070

RE: 1997-2002 Oil and Gas Leasing Program
E.I.S. for Proposed 5-Year Program

Dear Program Director:

We are writing in response to MMS's "Request for Comments on Preparation of a New 5-Year Outer Continental Shelf Oil and Gas Leasing Program for 1997-2002" and the "Notice of Intent to Prepare an Environmental Impact Statement for the Proposed 5-Year Program".

The Lake and Peninsula Borough's municipal boundaries encompass approximately 26,000 square miles; an area that includes most of the Alaska Peninsula. The Borough boundaries include many miles of coastline adjacent to Bristol Bay and the Gulf of Alaska. Therefore, the Borough has a direct interest in OCS activities in four OCS planning areas (North Aleutian Basin, Cook Inlet, Kodiak, and Shumagin).

The Lake and Peninsula Borough strongly recommends that the North Aleutian Basin (Bristol Bay) not be considered for oil and gas lease sales during the 1997-2002 planning period. The Borough has always taken the position that oil and gas exploration in Bristol Bay poses an unacceptable risk to the most important commercial salmon fishery in the nation and to the lifestyles of Bristol Bay residents. The Borough continues to support legislation that would enable the Federal government to "buy-back" the 23 existing leases in Bristol Bay. In short, the Borough believes that it is not in the public interest to consider any OCS sales in Bristol Bay for many reasons including 1) local opposition is strong, 2) there is pending litigation related to earlier sales, 3) there is a Congressional moratorium on executing the existing leases, and 4) support for a buy-back of the existing 23 leases is broad. Both the State of Alaska and the Alaska Congressional delegation are on record as supporting the buy-back.

The Borough Assembly would like to bring your attention to the fact that it also has very serious reservations about OCS lease sales in the Cook Inlet/ Shelikof Strait region. While the Borough is not prepared to recommend no leasing at all at this time, we have a number of important concerns we would want to see addressed in the E.I.S before we took a definitive position.

Shelikof Strait is known for its very strong currents, winds, and bad weather. Any large oil spill which occurred in Cook Inlet or Shelikof Strait would not only be very difficult to clean up, it would probably do more damage to points south of the spill (mid to lower Alaska Peninsula) than it would to areas immediately adjacent to the spill. The Chignik Fishing District, a district that is very important to the economic health of the Borough and its communities, lies directly in the path of spills that might occur in this region. Five Borough Communities, Chignik, Chignik Lagoon, Chignik Lake, Perryville, and Ivanof Bay would suffer direct impacts to their economies and subsistence lifestyle if a spill occurred. These communities suffered damages from the Exxon Valdez spill in 1989.

An oil spill in the Cook Inlet/Shelikof Strait region would directly impact many square miles of national interest lands. This includes Lake Clark National Park, Katmai National Park, Aniakchak National Park, Becharof National Wildlife Refuge, and Alaska Peninsula National Wildlife Refuge. The eastern side of the Alaska Peninsula is characterized by an extraordinary coast line that is very high in scenic and habitat values. Some of the bays along the coast, including Paule Bay in Becharof NWR, were very heavily oiled during the Exxon Valdez spill which occurred about 400 miles away. The adverse impacts to sea bird colonies and other fauna there has been well documented and the area is still recovering.

In short, the existing economy of the region is based upon commercial fishing, the visitor industry, and the subsistence lifestyle. It is the Borough's position that any OCS sales in this region must be based upon a well researched and comprehensive E.I.S., that the sale must be structured in such a way as to be compatible with existing uses in the area, and that all available steps must be taken to mitigate the potential for adverse impacts to the environment.

Thankyou for the opportunity to comment on the next 5-year OCS plan. Please do not hesitate to contact us if you have any questions or need any additional information.

Sincerely,



Walt Wrede

Borough Manager

c.

Bristol Bay CRSA
Glen Gray/DGC
Senator Ted Stevens

Senator Frank Murkowski
Congressman Don Young

Attachment 9

CORDOVA NOTIFICATION LIST

**Mr. Ted Achilles, Jr.
President, Prince William Sound
Aquaculture Corp.**

**Mr. Brooke Anderson
Cordova City Planner/Zoning
Commission**

**Mr. Cal Baker
District Ranger
Forest Service**

**Mr. Robert Blake
Cordova Aquatic Marketing
Association**

**Ms. Robin Doane-Irving
Administrative Coordinator
Oil Spill Recovery Institute**

**Ms. Dorne Hawkhurst
Cordova District Fishermen's United**

**Mr. Robert Henrich
Eyak Traditional Council**

**Mr. Scott Janke
Cordova City Manager**

**Ms. Margy Johnson
Mayor, City of Cordova**

**Ms. Carol Kompkoff
Tatitlek Corporation**

**Mr. Jerry McCune
Northern District Setnetters**

**Mr. James Mykland
c/o Cordova District Fisherman
United**

**Mr. Daryl Olson
Secretary, Board of Directors
Tatitlek Corporation**

**Ms. Riki Ott
Chairman, United Fishermen of
Alaska Habitat Committee**

**Ms. Donna Platt
President, Eyak Corporation**

**Ms. Kelly Rose
Executive Director, Cordova
Chamber of Commerce**

**Ms. Jody Seitz
Public**

**Mr. Rick Steiner
University of Alaska
Marine Advisory Program**

**Mr. Gary L. Thomas
President, Prince William Sound
Science Center**

Attachment 10

**REGIONAL STAKEHOLDERS TASK FORCE
MEETING MINUTES
JANUARY 4-5, 1995**

Members Present

Judith Gottlieb, Reg. Dir., Alaska OCS
Judy Brady, Executive Director, AOGA
Chuck Degnan, Director, Bering Straits Coastal Resource Ser. Area
Jim Eason, Director, Alaska Division of Oil and Gas
Curt Fredriksson, Department of Environmental Conservation
Becky L. Gay, Exec. Dir., Resource Dev. Council for Alaska
Donald E. Gilman, Mayor, Kenai Peninsula Borough
Daryl James, Mayor, City of Yakutat
Rosa Meehan, U.S. Fish and Wildlife Services
Pam Miller, Greenpeace
Art Nelson, Kawerak, Inc.
Walt Wrede, Lake and Peninsula Borough
Delbert Rexford, Spec. Asst. to the Mayor for North Slope Borough
Frank Stein, Planning Dir., Northwest Arctic Borough
Kerry Howard, Act. Dir., Div. of Gov. Coordination
Paul Gronholdt, OCS Policy Committee, Sand Point, Alaska
Brad Smith for Ron J. Morris, National Marine Fisheries Service
Lance Trasky, Alaska Dept. Fish and Game
Jerome Selby, Kodiak Island Borough (absent a.m. session)

Others Present

Karen Weerheim, Sec. to Regional Director
Jeff Walker, OCS Staff
Maureen McCray, Div. Gov. Coordination
Glenn Gray, State of Alaska
Nancy Swanton
Larry Cooke, MMS, Resource Evaluation
Phillip Casey
Bob Brock, Regional Supervisor for Leasing and Environment
Audrey Krovchuk, Court Reporter

DAY 1

I. WELCOME AND OPENING REMARKS

Ms. Judith Gottlieb, Regional director of the Alaska OCS Region called the meeting to order and welcomed participants to the task force meeting. She stated that the task force was a rather unique group, the only group in the country looking at Mineral Management Services' (MMS) next five year program.

II. INTRODUCTIONS BY MEMBERS

Ms. Gottlieb reviewed the contents of the meeting packets. She stated that comments on the MMS Five-Year Program - 1997-2002 are due by February 1, 1995. Task force members were introduced to one another.

III. FOCUS TASK FORCE OBJECTIVES/TASK FORCE CHARTER

Ms. Gottlieb then briefly reviewed the agenda and gave background on the task force formation. She stated that the task force might want to break into smaller groups, by geographic area to discuss how to coordinate with the people and organizations represented. She stated that time for public comment was scheduled. She noted that the second day would be spent on developing an action plan, public comment, and discussion of any follow-up issues.

Ms. Gottlieb gave an overview of the Minerals Management Service, a summary of the OCS Lands Act, and how the Regional Stakeholders Task Force was set up by the Policy Committee and how the Stakeholders Task Force were expected to report back to the Policy Committee.

Ms. Gottlieb stated that the Five-Year Program should consider the potential impact of oil and gas exploration on other resources in the outer continental shelf, particularly marine, coastal and human resources. She noted that one of the objectives of the Task Force would be to aid MMS to tailor leasing plans to stakeholder interests. She stated that she hoped that the Task Force would facilitate the early resolution of any conflicts with regard to lease plans. She hoped that members would coordinate with their constituents and members of their communities to facilitate coverage of all interests. She stated that Section 18 provisions of the OCSLA mandates a review of the size, timing and location of lease sales. She stated that this should be a major focus of stakeholders. She hoped that participants would compile a report to include recommendations for action, the pluses and minuses of the recommendations, and a rationale for resolving issues. She stated that the Five-Year Program was for the period of 1997-2002.

Mr. Rexford questioned whether the comment period on the Five-Year Plan was sufficient. Ms. Gottlieb noted that the comment period was actually about 60 days.

Mr. Degnan asked if any provision had been made to give native villages additional avenues to discuss their concerns with regard to the impact on subsistence in their areas. Ms. Gottlieb noted that a separate avenue was not currently available, noting that this input was welcome. Ms. Gottlieb noted that she felt that the government had a better understanding and recognition of subsistence and felt that the comments offered would be taken seriously. The issue of local hire was briefly addressed.

Ms. Gay asked whether the Task Force should be developing a consensus report or minority/majority reports. Ms. Gottlieb stated that the Task Force would decide on the type of reports to be submitted. Ms. Miller was concerned with process, noting that there were a lot of diverse opinions which needed to be respected and that the Task Force needed to insure that if there were disagreements that they are reflected in the report.

Mr. Wrede suggested that the Task Force have a charter similar to the OCS Policy Committee and not spend time developing a separate charter. Members discussed how the Task Force should be structured and the type of reports generated. Several members supported working toward consensus and flagging outstanding disagreements. Ms. Brady stated that the group needed to decide whether members were representing themselves or truly participating as stakeholders. Members discussed this point.

Members discussed whether lease sales would be offered in the next five years. Ms. Gottlieb stated the Department was putting out the request for comment on the next five-year program, noting that a decision on lease sales would be made after these comments had been collected and reviewed. She assumed that there would be lease sales on the schedule.

Mr. Eason asked what is currently being considered with regard to lease sales nationwide. Ms. Gottlieb referred members to their packet. She noted that there is currently a moratorium on leasing in the North Aleutian Basin. She did not believe that any leases were being proposed off California, Oregon or Washington. She did not think any leases were proposed in the Atlantic and she felt that one area off the coast of Florida was

under moratorium. One member suggested Mr. Brock's review of the Alaska lease sale areas be moved up on the agenda. Other members suggested that the issues of committee chairmanship and representation be resolved before Mr. Brock's report. Mr. Rexford felt that the initial appointment letter clearly identified representation. Ms. Gay stated that resolution of this issue was very important in order for the committee to make meaningful recommendations. Ms. Brady stated that an individual cannot bind the North Slope Borough. She stated that while she could speak for the Oil and Gas Association, she cannot bind them to an action. She stated that she did not feel that state employees could not bind the state. She stated that she felt the task force should represent interests rather than try to bind respective stakeholders. Members discussed this issue at length.

A break was taken at 10:30 a.m. and the meeting was reconvened at 10:45 a.m.

Ms. Gottlieb summarized the earlier discussion, stating that the task force would be assessing MMS's 1997-2002 program. She noted that the task force would be reviewing the size, timing, and location of possible offshore areas to be offered for lease sale, emphasizing location. She stated that she hoped the task force could agree on some common principles relating to the lease sale areas. She suggested that task force members represent their respective organizations/constituents and make recommendations based on the knowledge that members as individuals have, keeping in mind who members they represent. She reported that members discussed using OCS Policy Committee rules. She noted that members had discussed consensus, where possible. She stated that minority positions would be noted and that she assumed that a written report would be developed.

IV. MMS LEASING PROGRAM - BOB BROCK

Mr. Bob Brock, Regional Supervisor for Leasing and Environment reported on the current status of the MMS leasing program. He reported that the OCS Lands Act required a five-year schedule. He stated that the purpose of the schedule was to ensure orderly and informative development. He noted that a lease sale cannot be held unless it is on the five-year program schedule. He noted that pre-sale steps can be completed prior to scheduling a lease sale. Mr. Brock then gave a brief history of offshore leasing in Alaska.

Mr. Brock reported that out of 1,582 leases only 95 were active. He stated that 23 of those leases were in the North Aleutian Basin under moratorium. He that two leases were in the Navarin Basin, stating that no activity had been noted in this area. He reported that 62 leases were in the Beaufort Sea and 8 leases were in the Chukchi Sea. He stated that out of the 80 wells that have been drilled, 4 have been drilled in the Chukchi Sea. The present five-year schedule (1992-97), had six sales scheduled. Those six sales were in part of the Gulf of Alaska, Cook Inlet and Shelikof Strait, part of the Beaufort Sea, part of the Chukchi Sea, the northwest third of the Hope Basin, and the St. George Basin. He reported that the Cook Inlet sale (Sale No. 149) is scheduled for June of 1996 and the draft Environmental Impact Statement is due out in mid-January with the public hearing scheduled in March 1995. The Gulf of Alaska sale (Yakutat Area, Sale No. 158) he reported, is scheduled for June of 1997 with the draft Environmental Impact Statement due out in August of 1995. He stated that the Beaufort Sea sale (Sale No. 144) is scheduled for March of 1997, with the draft Environmental Impact Statement due in September or October of 1995. The Chukchi Sea sale has been an area of very low interest, he reported. He noted that the Department was working with the Russians on a request for information for the combination of Chukchi Sea and the Hope Basin and included some areas in Russian waters. He referred to this sale as the simultaneous sale or the "sims" sale. The request for information just closed on that sale and a decision will be made on whether further steps will be taken toward a sale. The St. George Basin sale is still on the schedule, he reported, noting that no action toward this sale had taken place. On the simultaneous sale with the Russians, he noted that it is not possible for this sale to take place on the current five-year program. Ms. Miller questioned why the St. George Basin sale had not moved forward. Mr. Brock did not know why this sale was not moving forward.

Mr. Brock reported that it takes about two years to get a five year program approved. He stated that if the Cook Inlet sale took place as scheduled in June of 1996 that drilling could not take place until mid to late 1997. He noted that some locations might need to be included in the next five year schedule prior to knowing about the resources there. Mr. Brock stated that there is a provision for a drainage sale but he believes the agency has never used this provision in the last 15 years and that recent amendments may void this option. He then explained a drainage sale. Mr. Brock stated that current areas of interest included Cook Inlet, Beaufort Sea and the Gulf of Alaska.

Mr. Rexford asked if impact funds would be available for affected communities and if it was within the purview of the committee to make recommendations regarding this issue. Mr. Brock did not believe that this issue was part of the charter of the task force, although he did not think it would hurt to make a recommendation. He noted that the Department of the Interior had been on record supporting impact assistance in conjunction with the State and affected communities, noting that Congress had not adopted that position. Mr. Brock stated that the task force might want to make suggestions with regard to planning unit boundaries.

[T-2] Mr. Rexford stated that it was unfortunate that the Federal government didn't consider impact funds when lease-related activities adversely affected bush communities. He noted that it was important not to force indigenous or aboriginal people into a state of cultural genocide for the sake of mass production. He stated that impact aid should be provided so that there is proper introduction into the community of the potential impacts and how it will affect the community as a whole. Mr. Brock noted that the Department of the Interior is on record in agreement. Mr. Brock noted that all funds generated from lease sale bids and production in the 3-6 miles offshore, except the State's 26%, goes directly into the Federal Treasury to be reappropriated. A member noted that the current Congressional Delegation was supportive of local impact funds. Members discussed this issue. Mr. Brock noted that leases had been issued in areas under moratorium. He stated that the companies were not paying rental fees but were prohibited from activities in these areas. These leases are currently in litigation. He noted that the task force might want to consider whether the specific areas should be considered for future lease sales.

Mr. Brock noted that the responding American companies had expressed low interest in the Chukchi Sea area. He stated that he did not know if interest had been expressed in the Russian side. He noted that there was no infrastructure or discoveries that are able to be developed there at this time. Mr. Brock stated that it was his understanding that specific locations were on the table for discussion and possible adoption for recommendation. Members discussed the diverseness of the group and how that would affect recommendations on lease sale areas, with members noting that consensus might not be possible.

Mr. Eason stated that he would like to look at a new approach with regard to these issues. He noted that the world today was a different place from the world of 1976 when the first OCS lease sale was held. Mr. Eason felt that the decisions regarding size, timing and location should be approached differently and part of that should be systematically incorporating what has been learned technologically, noting that there was a host of considerations. He stated that the Task Force should identify items that would help guide the Secretary and his advisors in the Policy Committee about the way they review available options. Mr. Eason stated that as an individual he was concerned that historically Alaska is being asked to carry the load of the OCS leasing program, taking the Gulf of Mexico out of the equation. He felt that someone should explore the reasons for this decision. He stated that the principles under which lease sale decisions in Alaska are being made have not been defined. He stated that there is information at the staff level that can help confirm how to revise estimates of the most likely place to yield results from lease sales. He noted that if the low interest areas appear to be under consideration it sometimes causes individuals in those areas to be concerned and stake out positions opposing any lease sales. He stated that he felt there was an issue of equality; he asked why Alaska was being asked to do the majority of the OCS leasing. He stated that we should ask the Secretary how, formally, can we get a better understanding of prospectivity and how that should play into lease sale decisions and understand whether there is a potential for economic sharing that could help people unite as true stakeholders. Mr. Eason also stated that there are two places where oil and gas are produced: Cook Inlet and the North Slope. He stated that due to the dramatic decline in North Slope oil the cost of new development was going to be higher, and he thought it would be appropriate to focus on the areas that are unlikely to be developed or that are unlikely to support the cost of development. He felt that the Secretary of Interior should look at high resource potential, demonstrated technology to develop the resource, and where the development of the resources can benefit the broadest community. Ms. Gottlieb stated that she felt that the group could develop some guiding principles and agree upon them. She liked the idea of focusing on the best resource potential, coupled with the least disruption to the public. She noted that cost was a key factor. Mr. Rexford stated that perhaps it was time for Alaska to say no more offshore lease sales until impacted communities receive their fair share of impact funds.

V. MMS RESOURCE EVALUATION - LARRY COOKE

Mr. Cooke presented a national prospective on America's oil production, noting that America was consuming approximately twice what was produced. He stated that Alaska was anticipated to have one-third of the undiscovered resources in America. Mr. Fredriksson noted that he was sensitive to Mr. Eason's discussion with regard to equality and asked Mr. Cooke whether there was a breakdown of what resources California and the Atlantic Coast might offer. Mr. Cooke stated that the information was not available but that he would provide it to the group tomorrow. Mr. Cooke then described the key geological ingredients which are necessary for oil to form. He then showed the task force a map of geographical potential for oil in Alaska. He noted that there was a narrow band in the Beaufort Sea, north and south of the Barrow Arch. He noted that there were over 30 discoveries in the North Slope, 5 Federal lease sales, and 25 exploratory wells. He reported that the Federal offshore program targeted younger sequences which was different than the Prudhoe Bay discoveries. Ms. Miller asked for a definition of "discovery." He noted that small wells, abandoned sites, small gas fields and noncommercial finds were all counted. He noted that exploration in the Federal offshore areas were a bit tougher. He noted that the Cublund (ph) project was currently subeconomic. He reported that over a billion barrels had been discovered in the arctic but not produced. He noted that the Transalaska Pipeline was important to future oil development in Alaska.

In the Chukchi Sea, Mr. Cooke reported that two federal lease sales had been held, four wells drilled, and favorable geologic features found in the area. He stated that reservoir rocks, source rocks, seals and numerous traps in the area had been identified. He stated that this was a very complex area. He reported that due to economic constraints this area has not been developed.

In the Hope Basin, Mr. Cooke reported that no sales have been held or exploratory wells drilled. He stated that a few onshore wells have shown some reservoir properties, noting that the sediments were younger and there was a question of whether oil could have been formed in these sediments. He stated that this area has a much lower potential than the Chukchi Sea.

Mr. Cooke reported on the Bering Sea Basins. He reported that four sales had been held and 30 wells drilled. Norton Basin, he noted showed little or no economic potential. He reported that

Navarin and St. George showed poor reservoirs, poor source potential, and low industry interest. He stated, however, that there are large areas which are undrilled.

Mr. Cooke reported that the North Aleutian Basin had good potential, noting that the problem was the moratorium and the pending litigation. Mr. Trasky asked if the good source potential was based on speculation or actual drilled wells. Mr. Cooke reported that one test well had been drilled and that seismic data was available for mapping as well as seeing large obvious structures. He stated that this area looks better than Navarin or St. George, noting that the reservoir potential looks better in North Aleutian. He stated that the remaining basins were of low potential. Mr. Cooke stated that areas that look good in terms of potential may not be developed as quickly as they would if the wells were located in the Lower 48 because of the cost of development, lack of infrastructure, and getting the oil to a market.

In Cook Inlet, Mr. Cooke reported discoveries in State waters. He reported three sales in Federal waters and 14 wells drilled. He noted that the reservoirs in Federal waters were thin and shallow and there were problems with migrations. He noted that the industry was considering more settle traps and possibly older sediments. He stated that there was a good chance for good reservoir rock to develop offshore. He reported that Sale No. 149 estimates for the draft EIS range from one to 300 million barrels of oil for the base case assessment.

In the Gulf of Alaska, Mr. Cooke reported that one small oil field had been discovered. He reported that there have been three sales in the Federal offshore and 13 offshore dry holes drilled. He noted that the geological formations show high potential, but that the area has not produced. Mr. Cooke stated that there has been speculation that the lack of discoveries are because of large regional faults in the area and that the hydrocarbons could have been generated but migrated along the faults to onshore seeps, came to the surface and eroded away. There is still industry interest, but low. Current estimates on the ongoing sale are between 200-400 million barrels. He stated that Cook Inlet and the Gulf of Alaska are on the current schedule and suggested that perhaps follow-up sales might be in order if further discoveries were made.

Mr. Cooke stated the five-year program was initially put in place to have orderly exploration and development to meet the nation's energy needs. On timing, Mr. Cooke stated that leasing terms could be up to 10 years and that production could vary from 10 to 20 years. He advocated for a long-term viewpoint.

Mr. Cooke reported that the highest potential areas for discoveries were in the Beaufort and Chukchi Seas. He noted that both of these areas would be very expensive to develop. He stated that the Bering Sea Basins, in general, show low economic potential. He stated that Cook Inlet and the Gulf of Alaska had moderate potential with an advantage of lower development costs. He noted that geologic risk, economics, and the lack of infrastructure were hindrances to further development in Alaska. Members discussed high and low potential areas and the joint Russian/American lease sale. Mr. Rexford noted that the joint Russian/American lease sale would directly impact future recommendations of the task force. Mr. Cooke stated that he did not believe the Russians had the same volume of data available for resource estimation. Members stated that it was unlikely that this sale could take place before beginning of the next planning period. Members stated their concern with regard to Russian development in the Bering Strait and the possible differences in environmental regulations between the two countries and requested more information regarding this lease sale.

The meeting was adjourned for lunch at 12:10 p.m.

[T-3] Ms. Gottlieb called the meeting to order at 1:30 p.m. She introduced Mayor Jerome Selby from Kodiak Island Borough. Ms. Gottlieb answered questions that were asked during the discussion of the simultaneous sale. She reported that the simultaneous sale was on the 1992-1997 schedule and that MMS had not made a recommendation to the Secretary on whether to continue with the current process, delay the process, or defer it to the next five-year program. She noted that this did not preclude the task force suggesting a Chukchi or a Hope or a combined sale be on the next five-year program.

VI. SUMMARY OF MEETING

Mr. Jeff Walker presented a summary of the morning meeting.

Members asked Mr. Selby for his views of the task force. Mr. Selby stated that from the summary the group appeared to be on-task. He stated that he felt there were some items on which the group was not going to be able to reach agreement. He would like to see the group write up the majority recommendation, but also identify outstanding concerns and note that they need to be addressed in the environmental impact studies. He emphasized that the outstanding concerns regarding all recommendations were very important. He stated that a bill was being drafted for introduction on local impact assistance with the intention of submission to Congress early in the session. He noted that the bill would need support. He stated that he was glad that Alaskans had the opportunity for local input into the new program.

VII. SELECT CHAIR, VICE-CHAIR

Mr. Gilman suggested that the two OCS Policy Committee members co-chair the task force. Mr. Gronholdt stated that the committee should also consider the State's representative in this decision. Ms. Meehan questioned the role of the Chair. She stated that she would feel more comfortable with a Chair that acted more as a moderator and a facilitator to make sure the discussions were on track and that issues were addressed, and that Task Force assignments completed. She supported Mr. Gilman's recommendation. Mr. Rexford supported Mr. Gilman's recommendation. Members discussed the Chairmanship further.

MOTION: Mr. Gilman moved that Jerome Selby and Mr. Gronholdt be co-chair of this task force. Motion seconded and passed by unanimous consent.

VIII. MEMBER PRESENTATIONS/REMARKS

Ms. Kerry Howard, Acting Director of the Division of Governmental Coordination, stated that her agency's main interest was coastal management program in the state of Alaska. The agency is concerned that this group's actions stay as consistent as possible with DGC's program. She noted that DGC's program has certain standards which are at issue when looking at development. She stated that DGC would be concerned with transportation standards, facility standards, habitat standards, and air and water quality. She noted that DGC would be developing the State's position separately and State members would be bringing forward any consensus developed from that forum.

Mr. Art Nelson reported that he was representing Kawerak, the regional non-profit representing 20 villages in the Norton Sound/Bering Strait region. He stated that he is very much in line with what was discussed. He stated that he was here as an observer and to inform his constituents of the discussions and to go back to them and gather input to present at the next meeting. He stated that his constituency was concerned about the impact of lease sales in the Beaufort and Chukchi Seas.

Mr. Chuck Degnan, Director of the Bering Straits Coastal Resource Service Area, stated that his constituents were primarily dependent upon subsistence utilization, noting that fish and wildlife migrated through the areas which were proposed for lease sale. He stated that if there was impact on the established economy that his constituents would like protection for both communities and users. He stated that his constituents would like to see benefits in case of an oil spill, conditions of the lease sale rather than a result of litigation. He stated that his board has been opposed to lease sales in the areas that have ice coverage because of the power of the currents and the ice. He stated that this group views the new technology as unproven and they are very concerned.

Mayor Daryl James, Mayor of the City and Borough of Yakutat and member of the tribal council, stated that his constituents were on record supporting wise and well planned resource development in the area. He stated that their major concerns would be presented in individual lease sales. He stated that a major concern was the location of oil exploration, noting that the currents going by Yakutat are rather stiff. He stated that they were also concerned about impact funding for communities and subsistence issues relating to oil exploration.

Ms. Rosa Meehan of the U.S. Fish and Wildlife Service stated that her agency had trust responsibility for endangered species as well as for migratory birds and some marine mammals. She stated that her agency was concerned with any measures that could be taken to protect trust and subsistence resources. She stated that she felt that the status of some species had changed, particularly two types of eiders, and that this information should be shared with committee members. She noted that the agency was working to establish a polar bear habitat conservation plan and a similar habitat conservation program for walrus. She stated that the agency was very interested in getting these measures incorporated up front in the leasing process.

Mr. Curt Fredriksson of the Department of Environmental Conservation, stated that most of his concerns were covered in the handout in the meeting packet. He stated that he would like the group consider existing infrastructure when looking at lease sales in terms of the ability to respond to a spill if one were to occur. He stated that the Department also regulates permitted discharges to air and water.

Mr. Frank Stein, Planning Director of the Northwest Arctic Borough, stated that his constituents' top priority was subsistence protection and the protection of the cultural aspects of the region. He stated that his constituents were concerned about the safety of a joint Russian/American Chukchi Sea lease sale. He stated that his constituents would like to be involved in the proper economic development of oil drilling in that area.

Mr. Brad Smith from the National Marine Fisheries Service stated that his agency was a federal agency with trust responsibilities for certain marine mammals in Alaska. He stated that his agency was also charged with management and protection responsibilities for fisheries and certain threatened and endangered species. He stated that the status of the stellar sea lion has changed and has become threatened and may potentially become fully endangered. Past recommendations have included deletion of certain tracts or lease areas which were environmentally sensitive or important to commercial value or of subsistence value. He noted that some of these concerns were probably somewhat insensitive to the advances of the last 20 years and may simply represent the existence of critical habitat or a sensitive resource concentration. He stated that the agency has conservation plans and recovery plans for different species which may affect the agency's recommendation to the task force.

Ms. Pam Miller from Greenpeace stated that she represented Greenpeace and groups that are members of the Alaska Lands Coordinating Council. She stated that she was there to share the groups concerns and to advise the groups of activities of the task force. She stated that these two groups had worked very hard for moratoria in all parts of the country. She stated that this recommendation was based on four points. She noted that there is little understanding in all areas of the country of the long term cumulative, chronic affects of oil and gas development, environmental, social and economic. She stated that the concerns of the affected communities are not being taken seriously and that they aren't adequately represented in this

process. She stated that we do not have the technology to prevent and clean up oil spills, especially in ice affected areas. She stated that her group feels that continued dependency on fossil fuels is dangerous, stating that her group was advocating a transition to a clean energy future based on renewable energy sources. She stated that the threat of climate change was also a concern of these groups.

Mr. Delbert Rexford, Special Assistant to the Mayor for the North Slope Borough, stated that his constituents had reaped the benefits of the oil and gas industry. He stated that the North Slope Borough had a good working relationship with the industry. He stated that as technology and philosophies change, as more and more special interest groups get interested in the environment and the delivery of services, his constituents will be changing with the times and look to see what is in the best interest of the people. As a member of the Arctic Monitoring and Assessment Program, he stated that he has seen international data regarding the tremendous amount of pollution and waste in the arctic. He stated that his constituents were concerned about the contaminants that are being found in foods harvested in the arctic. He stated that the Borough agreed that there must be a means of collectively agreeing to terms and conditions that ultimately will set a plan forward for the oil and gas industry to consider future exploration and production. He stated that the Inupiat people were protective of the environment but feel that they can balance the two interests.

Mr. Walt Wrede, Borough Manager for the Lake and Peninsula Borough, stated that the Borough was relatively new and covered most of the Alaska peninsula. He stated that the economy and lifestyle of the borough was very similar to Kodiak. He noted that subsistence was very important, commercial fishing, tourism and the recreation were also important. The Borough Assembly was very interested in any impact on these industries. He noted that the Borough was also interested in impact assistance. He supported the idea of a fund up front in the case of an oil disaster. He noted that Lake and Peninsula has taken some strong

stands on drilling. He stated that it is the Borough's not to say no to any development, noting that the Borough has a coastal management plan that is out for public review. He noted that their decisions would be based on performance standards. He stated that he would call individuals from the Bristol Bay area and bring their input to the next meeting.

Ms. Judy Brady, Executive Director of the Alaska Oil and Gas Association, stated that she was not speaking for the companies. She noted that if there was no ability to lease in Alaska or if it becomes more and more problematical, the companies will go somewhere else. She stated that the industry had changed, the countries that nationalized 20 to 30 years ago have now privatized and are asking companies to come back. As Alaskans, she stated, we need not only to preserve our wildlife and our subsistence lifestyle whether its urban or rural, but also our future. She stated that Alaska cannot keep saying that we are going to have a lease sale and then change our minds. She said that if task force members don't want sales in their area to just say that and move on to the next area. She stated that the oil industry was very important to Alaskans, feeling that there should be a way for everybody to live together.

Mr. Don Gilman, Mayor of the Kenai Peninsula Borough, stated that he was Mayor during the first lease sale in Cook Inlet. He stated that the oil industry started offshore in Cook Inlet in 1961. He stated that the well began production in 1964, noting that this does not happen anymore, that the average length from discovery to production, under the best of conditions, is 14 years. He stated that his community was concerned about what happens if we don't go ahead with lease sales. He noted that there has not been much exploration since Prudhoe Bay. He stated that many problems occur when we start the process and don't pay enough attention up front to the conflicts that are on the table. He stated that we have three areas that lease sales may go through. He thought that the task force should identify every possible conflict and suggest ways to resolve them.

Ms. Becky Gay from the Resource Development Council stated that the council would like to see some success in this program. She stated that they were concerned with the charter and would like to see order and predictability in the development process. She stated that she would be interested in hearing more about Alaska's "burden" and would like to look at it rather as an opportunity, noting that if Alaska is the only place except the Gulf of Mexico that will have oil and gas development that we should focus on high potential areas. She stated that she was concerned with the failure in the North Aleutian Basin leases. She asked that communities who want oil and gas development to express their interest to the industry. She stated that funding for the Alaska region should be commensurate with what it is

contributing and this idea brought up at the OCS Policy Council. She is concerned with the onshore preference. She is totally supportive of impact mitigation. She stated that all high potential areas should go forward on the next five-year program. She stated that she felt that the word "Indian" mentioned in the charter should be broadened or the word "Alaskan Native" added to the charter.

Mr. Lance Trasky from the Alaska Department of Fish and Game stated that the agency had a statutory responsibility to protect, preserve, maintain and where possible extend the fish and wildlife resources of the state in the interest of the economy. He noted that fish and wildlife harvest in the state is the largest employer and the state's second largest source of income. He stated that the agency also had a responsibility for maintaining opportunities for subsistence, commercial and recreational harvests of fish and wildlife resources. He stated that many resources occur where oil and gas exploration may happen and could be affected. The agency's general concerns include the affects of oil spills on fish and wildlife harvests, avoiding interference with harvest activities, and the affects of oil exploration on endangered species. Mr. Trasky stated that the agency would like to see the group focus on the areas of greatest interest. The agency would like to see leasing avoided in the areas of the greatest risk the areas with the highest value of fish and wildlife resources. He stated that his agency would like to see standards set for lease activities to minimize risk. The agency would also like to see a resolution of problems and conflicts prior to lease sales.

Mr. Jim Eason with the Division of Oil and Gas stated that he had a large breadth of experience, knowledge, and background in the oil industry spanning a number of years. He felt that he could provide a sounding board for the entire group, to test concepts and test results of decisions that were made. He stated that he hoped to be a participant in the conversations from that prospective, sometimes playing the devil's advocate in a way that will encourage open and candid conversation. He advocated looking at what makes sense for Alaska in this process.

The Chair asked if any stakeholders were missing. Mr. Degnan stated that perhaps the Bureau of Indian Affairs should be represented. Ms. Brady requested that the scientific community be represented. She suggested someone like Vera Alexander. The Chair noted that Mr. Larry Malloy from the Kodiak Regional Aquaculture Association and Ms. Linda Freed of the Kodiak Island Borough were stakeholders that were absent.

The committee took a 15 minute break.

{T-4}

IX. ADMINISTRATIVE ISSUES

Ms. Karen Weerheim reviewed allowable expenses, reimbursements and travel vouchers. She reported that the total per diem for Anchorage was \$138.00 per day. She stated that car rentals were not reimbursable, although travel to and from the airport was reimbursable. She emphasized that she must have each member's social security number and receipts to process travel vouchers. She noted that reimbursements should be expected 4-5 weeks after submission. She stated that individuals should call her at 271-6010 if there were further questions.

X. MEMBER PRESENTATIONS/REMARKS (continued)

Members continued the discussion on bid areas. The Chair stated that it was the consensus of the group that it would make more sense to break up into subgroups by region or interest after discussing which regions should be left on the table for possible lease sale recommendation. Ms. Gottlieb stated that the group might want to discuss policy guideline statements and decide on priority lease sale areas rather than decide on the elimination of areas. Members discussed how the process should be undertaken. Community interest was noted as an area that the task force should review as well as looking at existing infrastructure, industry interest, and economics. Ms. Pam Miller objected to the process, noting that the group was assuming that there were areas that leasing was a foregone conclusion, noting that she could not support that assumption. The Chair noted that Ms. Miller's position was known and that the group needed a logical process for discussion of issues leading to a closure by April 3, 1995. The Chair noted that Ms. Miller would have ample opportunity to oppose lease sales in each of the areas, both in

discussion and in the final document. Ms. Miller stated that it appeared that the group was focusing on the areas with resource potential, noting that the mandate that MMS has under the OCS Lands Act requires OCS to do a balancing of both resource potential and potential for harm to the environment. Ms. Miller stated that she would like to have those considerations included in the narrowing down of areas to initially review. The Chair noted that that was a part of the process, and that the first process would be to narrow the focus of the group. He stated that changes could be made on the documents.

Ms. Meehan stated that it was just as important to exclude areas because they have a high resource value as it was to include areas because they have a high resource potential. Members continued to discuss the process that should be used to narrow the focus of the task force. Ms. Brady stated that each area of the state had resource value and that it would be impossible to pick areas with the least resource value. She noted that with oil and gas exploration that the real question was whether there was even a resource in the area. She noted when a positive determination was made with regard to resource potential, then discussions with regard to the other values could begin. Ms. Meehan disagreed, stating that there were areas in which the resource values were so outstanding that even if there was oil there that her agency would fight drilling in the area. She gave the North Aleutian Shelf as an example. She advocated giving incredible resource value an equal weight with oil potential.

Mr. Eason presented a time line of oil lease production activities on the board. He stated that it would be impossible to keep fighting the two diverging interests. He stated that OCS would either have to stop leasing in a substantial sense or try to work with existing resources and look at the world and see what is different. He stated that perhaps it was time to narrow the focus and not waste energy and resources on marginal areas. He noted that perhaps industry should be involved in the process differently, noting that industry has been very confidential about their leasing interests in the past. He stated that the public may be interested in seeing domestic reserves developed, but greater specificity about the location of the resources is needed so that some areas can be eliminated from discussion.

Ms. Brady stated that the companies would drill somewhere else if areas of interest were not included on the next five-year program. She noted that areas with existing infrastructures such

as Cook Inlet and Prudhoe Bay were obvious interest areas. She noted that the oil companies may be interested in a different role if other players are interested in viewing lease sales differently. She noted that the companies are going through a same downsizing process much the same as MMS and local government. She stated that the individuals who developed the land studies are not working for the companies anymore and the companies were looking at existing information, updating it with current information and making decisions without benefit of new studies. Mr. Gronholdt stated that to move the process along that perhaps strict parliamentary procedure should be observed. Members did not comment on this suggestion. Ms. Meehan stated that since information was already on file that perhaps a first cut could be made using existing information and add or drop areas later in the process. The Chair suggested that the task force ask the oil companies to rate the areas one through fifteen in terms of level of interest in the next three months. Mr. Selby stated that a fundamental change was taking place, that it appeared that the task force was going to exclude areas from further leasing consideration based on a statement from industry that they are not interested in that area.

Members discussed at length the next five-year schedule and the process of narrowing the areas for discussion. Members stated that prospectivity/industry interest, infrastructure and availability, environmental values/concerns, and community desire were all factors to consider. Members stated that Cook Inlet Chukchi Sea, Beaufort Sea, and the Gulf of Alaska/Yakutat appeared to be the areas of greatest potential.

Ms. Miller spoke to the burden Alaska has in carrying the OCS program federally. She stated that it appeared the committee was moving forward on the assumption that, minus her opinion, certain areas will be recommended for lease sale. She noted that the primary consideration seemed to be industry interest. She stated that industry interest driving the process was the main problem her constituents had with the OCS program. She would like to see the committee focus on the question of why Alaska is bearing the burden of oil and gas leasing at the Federal level. It was noted that those questions should be answered in the EIS process and the charge of the task force was to address MMS's five-year leasing program so that concerns about leasing areas can be identified. Members discussed these issues at length. Mr. Rexford stated that he feared if lease sales were not held in the

United States that the companies would go next door where regulation to protect the environment does not exist. Members discussed the criteria for screening areas and the process that should be used to make task force decisions. Ms. Miller suggested that a matrix for each of the areas be developed listing the criteria for screening, then the task force could review the matrix and make some cuts. She stated that the subgroups could then elaborate on each of the various criteria in the areas which were left after the initial cut. Members discussed the criteria, noting that they were not fully developed, suggesting that staff develop a list for review in the morning. The Chair stated that reviewing all fifteen areas would be time consuming, suggesting that perhaps the Task Force should initially focus on four, five, or six areas and review all fifteen areas with their constituents and bring back any suggestions for addition at a future meeting.

Ms. Meehan requested a copy of the comments that MMS receives on the next five-year program. Ms. Gottlieb stated that this was possible.

The Chair noted that tomorrow's meeting would be focusing on high candidate areas and identification of regional subgroups that would focus on those areas.

XI. PUBLIC COMMENT

The Chair called for public comment. No comments were made. A request was made for an evening public comment session.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:30 p.m.

DAY 2

XIII. CALL TO ORDER

The Chair called the meeting to order at 9:00 a.m. on January 5, 1995.

XIV. SUMMARY OF DAY ONE, IDENTIFY ISSUES

Mr. Jeff Walker presented a summary of January 4th. He noted that staff took the five criteria for ranking and took

issues/concerns and subcategorized them. He noted that there was a category called "other" for issues that did not seem to fit into the five criteria. He stated that staff suggested titles but welcomed other ideas. He stated that the last page included a list of follow-up items that needed to be addressed. He stated that the North Aleutian Basin was included on the list because there were both pros and cons on its inclusion. He stated that a list of issues was developed.

The Chair asked for changes to the Planning Area Evaluation Criteria. Members began to discuss the document. Ms. Gay noted that items on the page labeled "Technology" were all negative. The Chair requested that items be discussed in order.

Mr. Gilman stated that he would like to see title "Community Interest" on the Planning Area Evaluation Criteria changed to more adequately reflect area interest. Members discussed this item. Members agreed to come back to this item later in the process.

The Chair asked for changes to the category of "Prospectivity." Members noted that Hope Basin probably should not stand alone and might be combined with Chukchi. The Chair noted that Hope Basin had been listed as one of the fifteen areas. Members discussed this item. The Chair noted that the committee should be looking at the criteria and make suggestions to MMS on which areas be included. One member questioned why St. George was not included in this category. Members did not revise this category.

The Chair asked for changes to the category of "Infrastructure." The Chair eliminated the category of "other(s)."

The Chair asked for changes to the category of "Technology." One member asked if drilling should be included under Technology. Ms. Gay stated she felt that the "Technology" category should be stated differently. One member suggested deleting the qualifying terms. Members agreed with this suggestion. One member suggested adding "Lateral Drilling." One member suggested that "Transportation Technology" should be added. Ms. Miller suggested adding the category of "Pipeline Safety." She was concerned with the problem of chronic discharges and felt that some note should be made with regard to ineffective oil clean-up technology in arctic waters. This view was challenged by another member of the committee. Members discussed these issues. Ms.

Gay felt that giant improvements have been made with regard to reduced surface footprint, reinjection of waste and cuttings, and directional drilling. Ms. Gay suggested that chronic seepage seemed more like an environmental concern. She stated that advances in technology should also be discussed. The Chair added "Transportation Technology" and "Drilling/Production Technology." "Unsafe Operations" was changed to "Safety Technology." "Ice Forces" and "Currents" was deleted from this category and moved to "Environmental Concerns." The Chair added sub-items to the Drilling/Production category which included synthetic drilling muds, directional drilling, reduced footprint, reinjection of waste and cuttings. The Chair added sub-items to Transportation Technology including pipelines, ships, and scattered production systems. The Chair requested that the staff flush out the sub-items in the categories and send to members. A suggestion was made that diagrams be drawn showing the area and the new innovations in drilling. One member cautioned that only the technology that is clearly applicable to OCS should be diagramed. The category of "Traditional Knowledge" was added. Ms. Miller stated that a fair assessment of the limitations of technology was needed.

The Chair requested comments on the "Community Interest" category. A member suggested deleting the reference to a specific area in the first category changing "on North Aleutian Basin" to read "on current OCS lease sales." Members discussed this category. One member suggested that the committee needed to decide where the categories of subsistence, commercial fishing, tourism/recreation should be included. Members agreed. Members discussed the title of this criteria. Members agreed on "Socioeconomic Cultural Interest," listing federal, state, and local interests as categories. Members, at length, discussed the criteria title. Members stated that community concerns were very important. Members discussed the exact definition of community and whether it was an area's elected officials or private interest groups in a particular area. "Local Government/Community Interest" was suggested as a criteria title without any sideboards at this point. Several members agreed that the information should be kept simple. Mr. Rexford noted that different perspectives were always brought forward from different groups. Member suggested adding Tribal Government to the criteria title. On the criteria labeled "Local/Tribal Government/Community Interest," members eliminated the statement, "Communities need to be open to negotiation." The Chair revised

the third statement to state, "Community concerns need to be taken seriously." Ms. Gottlieb stated the last two entries on this criteria would be included under the new category. The Chair added a new statement under Community Interest, which stated, "Communities or local interests should maximize benefits/minimize impacts." Members asked where subsistence should be placed. Ms. Gottlieb stated that the new category could be called "Socioeconomic and Cultural Interest Values" which would cover subsistence, tourism, and commercial fishing. Members discussed and then eliminated the statement, "Community concerns need to be taken seriously." A member added "Impact Assistance" under the criteria "Socioeconomic and Cultural Interest Values." Members discussed the criteria of "Environmental Concerns/Values." Members discussed how to involve local communities in the process. Natural gas reserves were discussed and the fact that several reserves were located near communities and current regulation prohibits delivery of that resource to local communities. The Chair noted that these items needed to be addressed. Mr. Gronholdt suggested shortening the third statement, "long term/chronic effects" to "long term" and in the fourth statement changing "climate change" to "climate effects" and shortening the wording of the statement on compensation to just "Compensation." Another member stated that he was not comfortable with this list. He would like to rework or rethink this criteria. The Chair noted that this criteria was not final, suggesting that changes be sent to Ms. Gottlieb for further development. Cultural resources were moved to the socioeconomic criteria. Members wanted to see cumulative effects reflected separately. The fifth statement was deleted. "Commercial Fishing and Tourism/recreation Activities" was moved to socioeconomic. Industry representatives wanted to see some differentiation between environmental issues caused by oil and gas exploration as opposed to other sources. This suggestion was discussed, with Ms. Miller noting that oil and gas exploration was not done in a vacuum. Members agreed it was important to distinguish impacts. The Chair suggested that two statements be added, "Impact on subsistence resources" and "impact on other resources." The statement regarding compensation was discussed, with the committee requesting that statement be shortened. The chair shortened the last statement to simply state, "Identify conflicts and recommend solutions, up front of the process." One committee member suggested adding information needs and data gaps. Another member added environmental hazards such as

currents and ice. The Chair stated that ice forces, currents and natural hazards had been added. Ms. Miller suggested adding two other statements: consideration of energy alternatives and consider the impacts on existing protected areas within or adjacent to the sale area. Members discussed these suggestions. One member suggested adding spill prevention protection, chronic discharges. Mr. Rexford asked Ms. Miller to define alternative energy sources. Ms. Miller stated that if Alaska is being asked to shoulder the burden of oil and gas development then the Federal government needs to consider reasonable alternatives to fossil fuels. She suggested that there are reasonable energy analyses that show we don't need to develop additional fossil fuel resources, that there is technology to make the conversion to renewable energy technologies, wind, solar, hydrogen, geothermal. The Chair stated that he felt that this item was a Federal energy policy argument and was not the charge of the task force. Ms. Miller disagreed, feeling it was irresponsible of the committee not to address this issue and ask the Department of Interior to do a reasonable and thorough energy analysis to show whether leasing is really necessary in Alaskan waters. The Chair suggested that this item be included in recommendations from the committee, but didn't feel that this was a criteria to look at when considering environmental concerns for a specific lease sale. Ms. Miller requested that this be a separate category.

One member suggested adding, disturbance and displacement of sensitive species. Members discussed this statement, requesting that the statement be worded more positively.

Ms. Gay stated that there should be a good science standard. The Chair noted that this was not a category but rather a general approach. Ms. Gay stated that she didn't feel that Ms. Miller's concern about alternative energy sources was appropriate.

The committee took a short break and reconvened the meeting at 11:00 a.m.

The Chair put the "State Coastal Management Standards" and "Inadequate environmental safety regulations in foreign countries" under the "Environmental Concerns" Criteria. He listed "Impact assistance" and the "Balance of economic benefits" in the "Socioeconomic" criteria. He stated that the remaining items would be addressed at the next meeting.

Mr. Degan stated that he wanted to ensure that subsistence was viewed as it was practiced in the traditional and customary manner. He stated that subsistence needed to be recognized as a viable economy and viewed as employment. He noted that it was difficult to quantify the subsistence lifestyle if subsistence was not practiced by those making the decisions. He stated that just because the loss was not measurable that it did not negate the loss, that it was a matter of perspective. The Chair noted that subsistence cut across three areas, the subsistence lifestyle, employment and the cultural value issue. Mr. Gronholdt committed to voice these concerns at the OCS policy committee level. The Chair requested help from members in developing the descriptions of subsistence lifestyle. Mr. Stein stated that the subsistence lifestyle to the native community is like a renewable resource. The Chair suggested that the native community should come and make the presentation on subsistence issues.

The Chair noted that Ms. Gottlieb and staff would further clarify the planning and evaluation criteria. The Chair stated that an individual from BIA would be invited to attend the next meeting. One member suggested that someone from AVCP be invited to the next meeting. Another member suggested that since the Aleutian Basin was back on the list that someone from Bristol Bay Borough, the City of Dillingham, Bristol Bay CRSA, or the Bristol Bay Native Association be invited to attend the next meeting. The Chair stated that the representatives from the area needed to hold a regional meeting, presenting the revised criteria to each region. Members discussed the Aleutian Basin and the political realities of this area. The Chair suggested field testing the criteria with this area. After discussion, the Committee eliminated North Aleutian from the Prospectivity criteria. The Chair reminded the committee not to lose sight of the big picture. He noted that all regional meetings needed to be completed by February 10th.

Ms. Miller stated her concern regarding the lack of representation by Cook Inlet native communities. She reiterated that representation from the scientific committee was needed. The Chair noted that this request would be addressed. On Cook Inlet representation, the Chair noted that meetings in Kodiak and on the Kenai peninsula would be held and individuals would be invited to participate in this process at that time.

One member asked the purpose of the regional meetings. The Chair stated that the regional meetings would be held to review the potential lease sale areas and give individuals in the region a forum to identify concerns they would like to see addressed in the next five-year leasing process. Members discussed the purpose of the meetings and the task force. The Chair stated that the focus of the regional meetings should be identical to this meeting, noting that the regional meetings should focus on the concerns in that particular area. One member asked whether a public meeting should be held or selected representative group meeting. The Chair felt that it should be geared more to a stakeholders type meeting, with time for public comment. Timing was discussed as well as statewide agency participation in regional meetings. The Chair stated that these meetings were not intended to produce a definitive conclusion with regard to a lease sale area. The Chair noted that the regional meetings were intended to expand the table to gain more regional input on the process.

The Chair questioned whether Barrow and Kotzebue would be appropriate meeting places for the northern region. Mr. Gilman felt that the real focus was the Beaufort and Cook Inlet/Shelikof Strait areas, envisioning that the task force was the group which should make the first cut of areas to be included/excluded. He stated that perhaps the regional meetings would unnecessarily illicit excitement and interest on some areas, such as the Hope Basin and Chukchi Sea, where it would be difficult to schedule a leasing sale within the current time frame. He felt like the new five-year schedule needed to dovetail with the current schedule. He suggested eliminating Hope Basin and Chukchi Sea off the new schedule. The Committee discussed this recommendation. Mr. Eason suggested writing a letter to industry letting them know that the Task Force was moving toward drastically limiting areas under consideration, naming the areas, and not schedule a meeting in the northwest unless there is interest there by industry. Members discussed the Hope Basin and Chukchi Sea areas. Mr. Stein stated that he would like to have the opportunity to review these areas with constituents, suggesting leaving these two areas on the criteria. Mr. Rexford stated that it was the North Slope Borough's position to favor onshore rather than offshore development. He stated that it was the Borough's position on previously leased offshore areas that the Federal government and the State of Alaska should utilize their full regulatory authority for these activities. He stated that the Borough encouraged development activities if these activities do not

disturb bowhead whale hunting, subsistence, or the migration of other marine mammals and fish or present the risk or hazard of well blowout, oil spill or pipeline rupture. He stated that the Borough's policy is to work jointly with both public and private sectors to establish time limitations and appropriate conditions which will avoid interference and conflict with marine mammals, subsistence hunting, and related coastal zone activities for Borough residents. Mr. Rexford felt that the natives who practice subsistence say no because they are scared. He noted that his constituents would like to be informed up front.

XV. ASSIGNMENTS, NEXT MEETING AGENDA/SCHEDULE

The Chair directed the discussion back to the topic of meeting sites. Nome was discussed, but eliminated in favor of Shishmaref. Kenai/Soldotna, Kodiak, Homer/Ninilchik, Cordova were suggested as meeting sites. Ms. Gottlieb noted that teleconferencing could be used for individuals who could not be present at a specific location. The Chair reported that Ms. Gottlieb would be coordinating the meetings. The Chair noted that March 13th was the tentative date for the next meeting, noting that the group would be working on the development of a final draft report at that time.

The Chair appointed Mr. Rexford responsible for the Northwest area meeting, he appointed Mr. Degan and Mr. Nelson for the Shishmaref area, he appointed Mr. Gilman responsible for the Homer/Ninilchik area meeting. The Chair noted that the Kodiak meeting was scheduled for the 12th. The Chair appointed Ms. Gottlieb to schedule the area meeting in Cordova. (The name of the individual coordinating the Kotzebue meeting was inaudible.)

Ms. Meehan suggested that the regional meeting Chair review the criteria and solicit feedback on each item on the criteria as well as additional comments. She noted that it should be clear that the Chair was seeking information to make recommendations for the lease sale structure.

Mr. Rexford suggested that new terminology be defined in a handout. He then asked to be considered for the Kuskokwim meeting. The Chair noted that there was not a meeting scheduled for the Kuskokwim area.

Ms. Gottlieb stated that she would be issuing a press release summarizing this meeting. One member asked when further comments on the criteria were needed. The Chair noted that comments needed to be submitted in the next few days. One member requested that MMS make as much information as possible available to committee members, including environmental impact studies. The Chair noted that regional meetings would be held instead of breaking the task force into subgroups.

Ms. Gottlieb stated that February 1st was the deadline for comments on the next five-year program for individual organizations or representatives. The Chair noted that this comment period was an opportunity to reinforce the community input process.

XVI. PUBLIC COMMENT/COMMITTEE MEMBER COMMENT

The Chair called for public comment. No public comment.

One member asked when the transcript would be available, suggesting that a computer be available at the next meeting so that a transcript could be generated immediately.

XVII. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:00 noon.

Attachment 11

(Not available at time of Distribution)