Bureau of Ocean Management Regulation and Enforcement

Public Hearing

Environmental Impact Supplemental Statement

Relating to Chukchi Sea Sale 193

November 4, 2010

Wainwright School Library

Wainwright, Alaska

VOICE CHECKED/CORRECTED

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Michael Haller, Community Liaison
Michael Routhier, NEPA Coordinator
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PROCEEDINGS
(On record at 7:20 p.m.)

MR. LOMAN: My name is Jeffery Loman, J-E-F-F-E-R-Y L-O-M-A-N. I’m the Deputy Regional Director with the Bureau of Ocean Energy Management Regulation and Enforcement, formerly MMS, in the Alaska Region. Thank you very much for coming. The reason I spelled my first and last name is we have a Court Reporter. Judy is going to be recording this.

This is a public hearing. It’s a public hearing for the purpose of complying with the National Environmental Policy Act or NEPA. I’ll -- we use that acronym NEPA frequently. National Environmental Policy Act, Federal environmental law signed into law by President Nixon requires a few things. Requires that the Federal Agency analyze a major federal action to see if it has the potential to affect the human environment. The major federal action in the case of tonight was the Chukchi Sea Sale 193 that took place in February of 2008. An EIS, Environmental Impact Statement, was prepared. And the Agency was -- decided to hold the oil and gas lease sale.

The Agency was sued, sued by ICAS, Native Village of Pont Hope, and a number of environmental advocacy groups. The case went to Federal court in the Alaska District. It was stalled for a while because there’s another lawsuit in the courts in Washington D.C. I won’t go into that very -- in detail, but the Alaska District Court withheld their decision until that case
was resolved, so that the Court could decide. And they did
decide. And, for the most part, they decided that our Agency
complied with NEPA. But there were a few things the Court found
that the Agency needed to address. And we’ll talk about that.
But before I go any further, other than to say thank you
for taking the time tonight to come here. We want to hear what
your comments on the draft EIS, Supplemental EIS, if you have
any comments about it. Want to hear your comments about
offshore oil and gas in any context, as well, just because we
want to communicate with you. And we want to become a better
Agency and learn from your comments and ideas and concerns about
offshore oil and gas.
Real quick, starting with Tim who’s -- we are now calling
Flying Tim -- we’re going to introduce ourselves. And then
we’ll have you introduce yourselves. And we’ll all spell our
names for Judy the Court Reporter. Tim.

MR. HOLDER: Yeah, I’m Tim Holder, H-O-L-D-E-R. And I’m
with BOEMRE in our Washington D.C. offices, opposed to everybody
else who’s in the Anchorage office. And I keep track of what’s
going on with the affairs of the Alaska office.

MR. ROUTHIER: My name is Mike Routhier, that’s R-O-U-T-H-
I-E-R. And I’m a NEPA Coordinator for the Agency, which means I
work on these National Environmental Policy Act documents.

MS. CODY: Mary Cody, C-O-D-Y and I’m a Wildlife Biologist
with the Anchorage office.
UNIDENTIFIED MALE: You’re a what?

MS. CODY: A Wildlife Biologist with the Anchorage office.

UNIDENTIFIED MALE: Okay.

MS. WARREN: Sharon Warren, W-A-R-E-N. I’m the Program Analysis Officer for the Agency in the Region.

MR. PETERSON: I’m Bob Peterson. I’m a Geologist and Chief of the Resource and Economic Analysis Section. And that’s P-E-T-E-R-S-O-N.

MR. CALLAHAN: My name is John Callahan, C-A-L-L-A-H-A-N. I’m the Public Affairs Officer for the Alaska Region. And I’m taking a few photos tonight, if that’s okay with you guys.

UNIDENTIFIED MALE: There’s a $4,000 donation that needs to come to each of our pockets.

MR. CALLAHAN: Sure.

UNIDENTIFIED MALE: I’m kidding.

UNIDENTIFIED MALE: From you to him.

MR. LOMAN: We are the Bureau of Ocean Energy Management Regulation and Enforcement. And we will no longer be showered with any gifts. If we ever were.

UNIDENTIFIED MALE: They turned off the spigot.

MR. LOMAN: So we want to meet you folks.

UNIDENTIFIED FEMALE: Mike -- Jeffery.

UNIDENTIFIED MALE: Who’s this?

UNIDENTIFIED MALE: Mike the Senior.

MR. LOMAN: Would you like to sit down?
UNIDENTIFIED MALE: Who’s that?

MR. LOMAN: I’m sorry -- Mike.

MR. HALLER: Oh, I’m Mike Haller. I’m the Community Liaison for the Bureau, M-U-D, no I’m kidding.

MR. LOMAN: Michael is our new Community Liaison. Many of you knew Albert Barros. Albert retired, returned to the Nez Pierce (ph) Indian Reservation where he’s doing great. And Michael came to us. His most recent job was as a Advisor to the Minister of Foreign Affairs or Minister of Public Affairs, rather. in Kabul, Afghanistan. So he’s used to conflict and competing interests.

So we want to meet you folks. And starting with you, sir, if you would introduce yourself and spell your name for our Reporter. Thank you.

MR. PICKETT: My name’s Frank Pickett, P-I-C-K-E-T-T. I’m in my third year as the science teacher here.


REPORTER: What’s your last name?

MR. HOPSON: N-A-M-E. He asked me to spell your name.

REPORTER: I need your last name, not the word, your name, but your name.

MR. HOPSON: H-O-P-S-O-N.

REPORTER: Thank you.

UNIDENTIFIED MALE: Go on Herbert.
MR. LOMAN:  Herbert?
MR. WAINWRIGHT:  H-E-R-B-E-R-T.
REPORTER:  Can you speak up?
MR. LOMAN:  Wainwright, Herbert.
REPORTER:  Herbert, no last name?
MR. LOMAN:  I’m sorry?
MR. LOMAN:  K-A?
MS. AKPIK:  This is Clyde Akpik, A-K-P-I-K, his last name.
And my name is Cora Akpik, from Wainwright.
MR. LOMAN:  Thank you for coming.
MR. AKPIK SR.:  Max Akpik, Senior.
REPORTER:  I’m sorry, I couldn’t hear.
REPORTER:  Everybody’s going to need to speak up.  I can’t hear.
MR. LOMAN:  Yeah, well it’s hard hearing if you’re back there.  Yeah, if you can, really shout it out.
UNIDENTIFIED MALE:  Like Bing, I think.
MR. LOMAN:  Yes sir, way in the back.
MR. PATKOTAK:  Who me?
MR. LOMAN:  Yes sir.
MR. LOMAN: Thank you.


MR. LOMAN: Thank you.

MR. AGNASAGGA: Ransom Agnasagga.

MR. LOMAN: Spell your last name please.


MR. LOMAN: Thank you. Thank you very much.

UNIDENTIFIED FEMALE: Steve?

MR. SEGEVAN: And I’m Steve Segevan, S-E-G-E-V-A-N.

REPORTER: I’m sorry, could you say that again?

MR. SEGEVAN: Segevan, S-E-G-E-V-A-N.

MR. LOMAN: Are there any other participants we may have missed? Yes sir.

UNIDENTIFIED MALE: Could you repeat what you said earlier, to the people that just came?

MR. LOMAN: For the new people? Sure, you bet. I’m Jeffery Loman. I’m the Deputy Regional Director of the Bureau of Ocean Energy Management Regulation and Enforcement, formerly known as the Minerals Management Service or MMS. And the reason that we’re here tonight is to hold a public hearing, because the
Agency has prepared a Supplemental, a draft Supplemental Environmental Impact Statement, which is required under a Court remand in a lawsuit, challenging the Agency’s actions when it did an Environmental Impact Statement for Chukchi Sea Sale 193, that took place in February of 2008.

The Agency held that sale in 2008, issued 487 leases for a total of about $2.6 billion, with Shell Oil Company obtaining $2.1 billion of those leases. And the Agency was sued, sued by the North -- the Native Village of Point Hope, ICAS, and a number of environmental advocacy groups. And they challenged the Agency’s compliance with the Federal law called the National Environmental Policy Act, or NEPA, asserting that we didn’t comply with NEPA.

The Court found that the Agency complied with NEPA, for the most part. But there were a couple of provisions that the Court found the Agency fell short. And those provisions are the failure to analyze the effects of natural gas, and the requirement to explain or analyze, evaluate under a Section of NEPA called 1502, Section 1502.22, do an analysis under that Section of about 40 pages of statements in the original EIS of uncertainty or lacks of information.

For example, there’s a statement in the original EIS that says, there’s uncertainty, scientific uncertainty concerning the population structure of the bowhead whale. At that time, the IWC, International Whaling Commission Scientific Committee, was
debating whether or not there were multiple populations, multiple stocks, of the bowhead whale, like a Beaufort stock or Bering stock. The IWC has since concluded that there is only one stock.

So our job in that -- using that example, is to determine whether or not there’s any significance. Is there significance to the Bowhead Whaler, which many of you are. Does it make a difference if there’s one or two or more stocks when you’re subsistence whaling? We think not. Whaling has taken place for a long, long time, a lot longer than our Agency has existed, a lot longer than, even than the use of oil and gas.

And the uncertainty regarding the stock, the population structure has made little or no difference to the hunter. And it makes little or no difference, we think, to the decision maker who’s got to decide on how to approve or not approve or regulate offshore oil and gas activities. So, that’s an example, one example of the exercise that we have to go through in this draft Supplemental Environmental Impact Statement. And we think we have.

We’re going to talk a little bit more about that, and explain the legal action that took place. Explain a little bit more about the document. And then we’ll go to the important part of this meeting. And that’s to hear from you. And take your comments on this draft document and talk together about your concerns, ideas, comments that you may have about any
offshore oil and gas activity.

Because our Agency, as you know, is going through a reorganization. And these are challenging times for us. And we feel that we share the same challenges as the people in the community of Wainwright.

Our work is as important to you as it is to us, really. So we are facing together these uncertain times. And we need to work together and communicate and talk and put our thinking caps on and resolve conflicts and competing interests. And we look forward to this conversation tonight. Sharon is going to talk a little bit about this Court case before the Alaska District Court. Sharon, you really will have to come over here unless you can scream.

MR. OKTOLLIK: Before you go on, I didn’t bring a pen.

MR. LOMAN: Need a pen? You probably need a book to write on, too. But we have to return it. That paper’s got my name and phone number on it, in case you don’t like what I say tonight.

MR. OKTOLLIK: All right.

MR. LOMAN: Thank you Sharon.

MS. WARREN: Okay, thank you. As you know, what Jeffery said, was that it went to the District Court in January of 2008. And the sale was held in February of 2008. Also, the fact that we have lease sales, based on a five year program. And the Sale 193 was in the five year program for 2007 through 2012. That
five year program was sued by the environmental organizations in the D.C. Circuit Court. And so, that is why that this case just kind of sat there in the District Court waiting to find out what was going to happen with the D.C. Court. Because the D.C. Court remanded back to the Secretary, his decision, on whether or not to keep the Arctic Sales in that five year program.

So that was going back and forth with the D.C. Court. And the Secretary had to do the Environmental Sensitivity Analysis, is what it was called, part of the OCS Lands Act, the Outer Continental Shelf Lands Act. So they had to meet that requirement of the law. The Court, in that situation said, Secretary, you didn’t meet the requirement of the law. You need to go back and meet the requirement of the law. So, that’s what happened to the sale. The sale was sitting in the District Court because we had the lease sale.

So we had the five year program in the D.C. Circuit Court. We had the lease sale in the District Court. A lot of litigation going on during that time. So the D.C. -- so the Secretary -- they finally decided, you know, we’re making progress on this. And let’s start briefing again on this District Court case on Sale 193. As you know, the Secretary came out with a preliminary Advice (ph) Program in March 31st to keep Sale 193 in the five year program. But did not keep the remaining Arctic sales in the five year program. So there was two Beaufort Sea Sales planned and two of the Chukchi Sea Sales
planned. And those were removed from the five year program. So we only have one Arctic Sale that was held in this five year program.

So the District Court began looking at all the briefs that were filed. And there was a lot of allegations by the Plaintiffs saying how we didn’t follow NEPA. You know, we failed to look at all these things that we should have been looking at. So when the District Court Judge, Beistline, issued his decision in July 21st of this summer, he said, I’ve looked at all this. And I’ve looked at everything that you’ve alleged that the Agency hasn’t done. And for the most part, the Agency did take a hard look. They looked at all these things. But you need to go back, and like Jeffrey had said earlier in his opening, is you need to look at these three things. And these were the only three concerns that the Judge had.

And that’s why the document you’ll see tonight, and Mike will explain further about it, is focused because it’s based on the Court remand, because everything else in that litigation has been decided by the Judge. So we’re just left with these concerns that the Judge had on the environmental impacts concerning the natural gas and then the missing information and the cost to get that missing information. We need to look at that, as well.

What’s going to happen next is that once the comment period is closed, the comments are taken, the public hearings
held, we’ll be doing a final Environmental Impact Statement. And that final Impact Statement, after it’s completed, will go to the Court, because the Judge has kept the case before him. So he’ll look at our final Impact Statement. He’ll also look at the documents and any other documentation that we use to make that decision on the final EIS. That will be filed with the court. The Plaintiffs who sued us will also have that before them. And there’ll be briefs between the legal representation. Then the Judge will decide whether or not that we will -- whether or not we met our NEPA obligations in this court case.

The Judge also later issued an Order and set a timetable of what he thought would be the time sufficient to do this. And he gave a timeframe, six months from July 21st. So January 21st of 2011 he thought that would be a reasonable time for the government to make a reasonable effort to comply with his Order. And so that’s why you see what we have today, the focus of the document and then the timeline that we’re working from is from what the Court has said in his order.

MR. LOMAN: Sharon, we have till January 21st to submit a final EIS before this Court. How long do these folks have to make comments on this draft?

MS. WARREN: You have until November 29th. There’s a 45 day comment period. So your comments is -- it’s open until the 29th of November.

MR. LOMAN: How can they submit comments?
MS. WARREN: You can submit comments by -- in the EIS, hopefully you have a copy, if not. But you can submit comments to our Department by mail. You didn’t get in --.

UNIDENTIFIED MALE: (Indiscernible) Supplemental EIS?

MS. WARREN: Yeah it’s the Supplemental EIS. And in the beginning of the document it says precisely how you need to submit the comments. What it needs to say on the comments so that we know when we get it in there. And I think it’s the first page. So -- I don’t have one in front of me. But, there’s a email address that you can use. There’s a specific email address to use to submit your comments. You can mail them in, as well. So if you don’t have the EIS here, even though they were FedExed here. But apparently FedEx doesn’t deliver next day service, it looks like.

MR. LOMAN: Has anybody spotted it in the library here, because we did spot them in the library at Point Hope.

UNIDENTIFIED MALE: (Indiscernible).

MR. LOMAN: Somebody’s got one.

MS. WARREN: You’ve got one?

UNIDENTIFIED MALE: I called the State and I got it through the computers.

MR. LOMAN: Yeah, you can get it online.

MS. WARREN: Yes you can get it online. Our website has it online so it’s a -- you know -- you can read it online as well.

MR. LOMAN: Does anybody have an extra copy that they
brought to give away tonight?

MR. HALLER: Yeah.

MR. LOMAN: Mike did, so --.

MS. WARREN: Okay we have another -- an extra one.

MR. LOMAN: We’ll hold a (indiscernible).

MS. WARREN: Yeah.

MR. CALLAHAN: I think I have two back at our hotel room.

MS. WARREN: Okay.

MR. LOMAN: Yeah we don’t need to take any to Barrow. We know they arrived in Barrow in large numbers.

MS. WARREN: Okay.

MR. CALLAHAN: If you want one of mine, please see me afterwards.

MS. WARREN: Is there any other questions?

MR. HOPSON: Your State, right, State of Alaska Court you’re talking about?

MS. WARREN: No, Federal.

MR. HOPSON: Oh, Federal.


MR. HOPSON: Oh -- okay.

MS. WARREN: We’re in the Federal. Yeah, this is the Federal. Yeah, the State has a lot of stuff going on as well. But, no, we’re the Federal and so it goes to Federal Court.

MR. LOMAN: Thank you Sharon. Any questions about this
litigation?

UNIDENTIFIED MALE: Yeah, you stated earlier that the Secretary of Interior or somebody (indiscernible) in the five year program. And right now it’s fit right into the five year program?

MS. WARREN: Yeah, this is an interesting situation because the five year program -- there was a preliminary revised five year program that was done. That was out on the 31st of March and then public comments were taken, okay. There is not yet a final revised program, okay. So the Secretary still needs to make a decision on that five year program, in addition to doing this as well. So if the Secretary, you know, he’s got to decide that Sale 193 will be kept in the five year program. He decided, at least at the preliminary stage, it would be. But now they’re reviewing those comments. And so he has to make a decision, after reviewing those comments, whether or not it will stay in the final five year program.

If it doesn’t stay in the final five year program, then this case is going to be -- not relevant anymore. Because it -- he removed it from the five year program, so --. So there’s several things that need to happen by the Secretary.

MR. LOMAN: Thank you Sharon. Any other questions for Sharon? Mike can you come up and talk a little bit about the preparation of this document? Mike was probably the principal person that worked on this draft Supplemental Environmental
Impact Statement. And he can tell you what he did to try to address this Court remand. Mike.

MR. ROUTHIER: Sure. I was actually on my third day of work with the Agency that we got the remand so --.

MR. LOMAN: We put him right to work on this.

MR. ROUTHIER: Yeah. So it was pretty interesting, but yeah. So we got the Judge’s remand. He was pretty specific about what he wanted. He didn’t give us very specific directions on how to do it, but we went with was a Supplemental EIS. It’s a pretty intensive amount of analysis. And it also allows us the opportunity to have public comments and to go out and meet the people that are going to be concerned about it. So we’re pretty happy with that process.

As to the analysis itself, as you probably remember, the first bit of that remand, the Judge told us to do analysis of the environmental impacts of natural gas development and production. So we needed -- our Environmental Analysis Section needed, like a scenario to analyze. We needed an idea of what the natural gas development and production could entail, what kind of development, what kind of production. So, for guidance on those issues, we consulted with our Resource and Economic Analysis Section. And Bob here leads that Section. So he can fill you in a little bit on how they developed this scenario.

MR. PETERSON: So, we do the Resource and Economic Analysis. So Mike’s group, they needed something concrete to
analyze -- to study the effects of. My group is Geologists and Engineers primarily. We had already, under the original document, looked at the oil potential, came up with an oil scenario that, one, given a successful case, would expect in the Chukchi Sea.

The Judge also wanted to see a gas case. Part of our determination was, yes, there were large quantities of gas potential in the Chukchi. And one of those is that the gas was going to be associated with the oil. Oil, really, is where the big value is. You just didn’t see a case where you’re just going to have a gas field on its own. So it’s going to be an oil field with gas, and this really drove our scenario. So we were going to have, given a discovery, an oilfield with development off shore, the drilling of the oil, a pipeline to the shore, a shore base developed somewhere along the Chukchi coast. And then an oil pipeline that would go across the NPRA and hook into the existing TransAlaskan Pipeline.

The oil would be paying for a lot of the infrastructure. After we had a reasonable estimate of about 10 years, we could begin to see gas development. This would be from the same offshore facility. There would be a second pipeline to shore, more onshore infrastructure development at the coast, a second gas -- a second pipeline built, this time a gas pipeline. And it would run along the same right-of-way, both offshore and onshore, across NPRA.
And this is a little leap of faith. But we had to assume that either the Denali Pipeline or AIGA Pipeline or some gas pipeline is going to be built from the North Slope. And this gas pipeline from the Chukchi would hook into that somewhere in the Prudhoe Bay area and take the gas somewhere south, wherever that may be. So now, Mike’s group would have a scenario of oil development to begin with, that oil infrastructure built and then a second pulse of activity which would be the gas development.

We also looked at some of the economics. As you know, the North Slope Borough gets almost $240, $250 million a year from the property tax of onshore facilities around the Prudhoe Bay area. We estimated that there could be $2 to $2.5 billion worth of onshore development that would be taxable, property taxable, due to the onshore landing, oil infrastructure, pipeline, roads, oil compressors.

There would be, at a delayed time, because you’re going to produce the oil first and then later the gas. At a later time, you would then produce or have to build the gas facilities onshore and a gas pipeline. And that could be worth another $1.5 billion investment onshore for the gas facilities. You might also think -- like to mention that this all is going to take time.

First oil production could be 12 to 15 years in the future. Of course nobody’s drilled the first well yet or made
first discovery. But, from that date, you could expect 12 to 15 years before the first oil production. You could then, very easily, look at another 10 years before the first gas production came. So you’d have 10 years of oil production, roughly another 10 years of both oil and gas production with the oil production headed down. And then the oil production would halt. And then there’d be another period of time where you would only have gas production.

So that was pretty much the scenario and the timeline that we left Mike with. And, again, we looked at some of the economic infrastructure that would be built onshore and realized there would be the pulse of spending for oil. And then a second pulse later on, spending for the gas facilities.

Any questions on how we envision this working? Sir.

UNIDENTIFIED MALE: On this lots of oil and gas you’re seeing out there, you’re talking about 20 years. And yet I can’t follow you here because alternative energy there’s -- our world is coming where they look at the alternative energy.

MR. PETERSON: Yes.

UNIDENTIFIED MALE: Do you feel that we just get to rely on oil and gas up here, all of us here or whatever, (indiscernible) stuff like that? What will become of it -- if it’s not utilized and you find other source of alternative energy.

MR. LOMAN: I think it’s safe to say that with the most
heightened vision of the alternative energy development, given the use and demand for energy, if Bob’s scenario played out and you started in on a production that soon, you would be looking at taking all of the resources that we think may be, even at the highest estimation out of the Arctic. That being said, we go back to what the first Chairman of OPEC said, who was a sheik from Saudi Arabia, when they asked him back in the 60s, I think it was the 60s, how long he thought oil and gas would support these countries in OPEC. And he said, the Stone Age didn’t end because they ran out of stones. And I think it’s probably the same thing in the case of oil and gas. There’ll still be oil and gas. When we move to other sources of energy -- going to the last drop of oil and the last bit of gas before we really move to other alternative energy is kind of a scary thought.

But we think that -- we think -- we don’t know and won’t know until exploration occurs and confirms or negates what we think, that the oil and gas resources in the Arctic could be larger than the largest oilfield on earth. So it is a substantial amount. But the demand is huge and the United States is getting most of their oil and gas, by far, from abroad now. Not at necessarily the right price, and not from people who we’re in love with. Or, they’re not in love with us. We have lots of love.

MR. PETERSON: Alternative energy, I think, has some interesting, you know, additions to the whole nation’s energy
needs. And yet, at the same time, you know, the companies and its -- money that they’re investing, are continuing to believe that we are going to need more oil and gas and more coal. So I don’t think 15 or 20 years from now there’s going to be any reduced demand for oil and gas. And I guess, again, the only support of that is, that many people are still very willing to spend the amount of money it takes to find additional quantities of oil and gas anywhere in the world and, certainly in the Arctic.

UNIDENTIFIED MALE: Some of us, (indiscernible) would probably be (indiscernible). I know they have done studies of exploration of oil and gas probably. I didn’t know what date you all would go back. But, they have done studies before and probably around the Bering Sea and along through the Chukchi Sea and the Beaufort Sea. And I always want to try to see the broad picture because most of our bodies of waters are the Outer Continental Shelf, also?

MR. PETERSON: Yes.

UNIDENTIFIED MALE: How far has that research gone with the whole Bering Sea, the Chukchi Sea and the Sea -- how much is that potential of oil and gas?

MR. PETERSON: That’s a very interesting -- intriguing question. There’s been a lot of work at different levels. Currently, as we speak, every 10 years -- I’m sorry -- yeah about every 10 years we do an updated oil and gas assessment for
the offshore. And in our case, for all of Alaska’s offshore.

Some areas we know a little bit more about, because we have seismic and -- two primary things -- are seismic and wells.

In the Arctic we have 35 wells, 30 offshore in the Beaufort or the Beaufort Sea and five in the Chukchi. That’s not very many at all. So we have seismic where we can identify tracts. And we have a few wells that say the key components for oil and gas is there. That’s what we base our estimate on.

Something we haven’t, or I haven’t mentioned yet today, we’re assuming in our scenario a success. We have basins like St. George and Norton Sound where we have gone out -- or companies have gone out and drilled where we had some very optimistic estimates of oil and gas. They drilled them and found nothing and the geology was bad. Reservoirs were missing or there was no indication that oil was in the system at all. So the result could be that after companies go out and drill some wells, they’ll all be negative. And they’ll decide there is no potential in Alaska.

So that’s also, you know, a possibility. But the impacts of that, of course, are very minimal. And we’re looking for the large impacts that could occur, or any impacts that could occur given a successful case where you go to development. Did I sort of answer your question?

UNIDENTIFIED MALE: Didn’t our (indiscernible) you say estimates? When you say estimates you do -- we don’t really
know what’s out there even from past oil and gas tests?

MR. PETERSON: I can tell you a little more in detail how we do our estimates. We have seismic data. I don’t know how familiar you are with seismic data. But it allows us to map the subsurface, what the surface of the earth looks like 5,000, 10,000, 15,000 feet deep.

We know to have an oilfield you have to have three things. You have to have oil that’s generated in the area. You have to have a reservoir rock. Prudhoe Bay is the (indiscernible) sandstone so you have to have a rock where the oil can be stored and you have to have a trap. Oil is lighter than water. So if you can see a -- those structures in the earth, oil could potentially be trapped there. To have an oilfield you have to have all three at the same place. You have to have a trap. You have to have oil generated. And you have to have the reservoir.

We don’t really know what we don’t know. One of the elements we do know is the trap. When the companies go out and shoot the seismic data, they’re now able to map traps in the subsea and they’ve mapped many traps in the Chukchi Sea. So that’s very -- that’s one good potential that they have. The five wells that they have drilled say that there are sandstone reservoirs there. So they know those, at least, exist out there. And a number of them have oil and gas in them, not enough to be economic but it indicates that there is oil and gas in the area. That’s what we base our estimates on.
We can look at the number of traps and we can kind of just add them up and, you know, in some areas maybe we see 10 traps every few hundred square miles. And we can assume it’s like that in places where we don’t know as much. That’s an estimate of that potential. We can then say, well, we think the sands will be there. It’s a risk that they’re there, but we think maybe two out of 10 will have the sands there. And that’s how we kind of filled up our estimates. They’re based on knowledge, you know, the baseline knowledge that we know. And then we estimate, you know, further up the lines to try and think how much oil and gas is reasonable to be there.

We also make estimates of most optimistic, the most pessimistic, to give our -- an idea of how big a range that our estimates are. But we kind of work in the middle that we think it’s the most likely. Again, has that addressed?

UNIDENTIFIED MALE: Yeah, I think, yes.

MR. HOLDER: Another way to answer your question is that in the ’75 to ’85 period in the last OCS, industry spent about $11 billion in the winning of bids. And, after that, in ’86 the price of oil crashed. And so, just about everybody went away and the amount that industry spent on leases subsequently was much smaller. It was like in the $100 or $200 million. And they backed away.

MMS has a process where industry can express interest in lease sales in any of the Outer Continental Shelf. And until
2005, industry -- well Shell had been interested in about 1990 and did some exploration. They backed away till 2005. They said they’re interested. And then, as Jeff pointed out, in 2008 there was about $2.6 billion put down on those leases. So that’s kind of in a snapshot of -- they have been full of industry interest.

UNIDENTIFIED MALE: Maybe I might ask you a question, all right (indiscernible). They stated that Shell Oil spent $2.1 billion?

MR. HOLDER: Yes. Right.

UNIDENTIFIED MALE: On a (indiscernible) of sea shelf? And there’s some $2.7 billion from -- a lot of lease sales? To myself -- maybe the others would know -- how is this money spent? I mean, where does it go?

MR. LOMAN: To the Treasury, to the U.S. Treasury.

UNIDENTIFIED MALE: U.S. Treasury?

MR. LOMAN: Yes.

MR. HALLER: We don’t get any of it.

MR. LOMAN: Yeah, you could say, I guess, because it influenced the Coastal Impact Assessment Program funding about $35 million. In the Chukchi Sea Sale increased the amount of Coastal Impact Assessment Program funding that went to Alaska, $35 million after that Chukchi Sea Sale. But right to the U.S. Treasury it goes.

It’s a federal resource. The Agency is second only to the
IRS in collecting money, money from lease sales, money from royalties from oil and gas.

MR. PETERSON: I’ll just finish up saying we do have these estimates. But they remain estimates. That’s why you now -- someone needs to prove it up. And that’s why you drill the well. It will always remain an estimate until someone actually drills the structure out there, penetrates it and finds out what’s actually there.

UNIDENTIFIED MALE: And we -- if we find out the major players, all the major players, if they all come out together we will find out also that something’s out there, have a large amount?

MR. PETERSON: Well just the players that are out there. And, you know, at this point there’s really just a handful of players out there. But, there are not a lot of people that can spend that kind of money. So it’s a pretty exclusive group of companies. But, they would be the ones to go out and drill those exploratory wells.

MR. LOMAN: Thank you Bob. Now, Mike is going to finish up talking about the draft Supplemental Environmental Impact Statement. Mike, Bob and his staff gave you this scenario. And I read the document. Some of these folks might have too, or they will. So, if you could answer the question, this scenario, natural gas scenario, how much different is it, really, from the effects of the oil production scenario? And how much more
analysis needed to be done? Kind of start there and then
continue on.

MR. ROUTHIER: Sure. It’s -- the effects are pretty
similar. In fact, but, in a way they are a little bit less. In
fact, you might be able to view as a subset.

One important point was that no additional exploration
would be needed to find the gas. Because, if the gas is going
to piggyback off the existing oil infrastructure -- well, all
the stuffs already there. We don’t need to go exploring for
more. We’ve already got the wells in here. We’re getting into
the oil. We’re using the gas to keep the pressure up. So, I
mean, we know where the gas is. We don’t need to explore. So
all those impacts are not going to be duplicated.

What impacts there will be are basically from development
of an offshore pipeline. You know, we’re not going to have a
pipeline in place to get the gas from the platform to shore. So
we’ll need a gas pipeline. But we could use the same corridor
that the oil pipeline is currently using.

We need an onshore facility to help process the gas. And
then we’ll need an overland pipeline. But, again, use the same
corridor that the pre-existing oil pipeline could, at that point
in time, be in. So, the effects were pretty similar to the
effects that we had already analyzed for the oil. And we tried
to organize it pretty logically in the document where we first
summarized the impacts from the oil. And then we summarized the
projected impacts from the gas development. And then summarized
the projected impacts from the gas production. So we tried to
organize it pretty logically in that manner.

And that was about it. We had our whole team of analysts
working on it, scientists like Mary here. A variety of
disciplines looked at Bob’s scenario and gave their analysis on
it. So, and that takes care of that first part, the Judge’s
remand.

The second and third concerns of the Judge’s remand, both
pertain to that 1502.22 regulatory process. Basically, there’s
provisions in the Federal regulations that say, when you have
incomplete or missing information in a NEPA document like this,
there’s a certain process that you have to follow. And the
Judge found that the Agency did not do a good enough job the
first time around. He said, do it again. So we did it again.

We developed a more logical and sequential process to keep
everything objective and keep our analysis focused on the right
things. And we ran it through our analysts. They came out with
their conclusions. And we memorialized the conclusions for
every item of missing or incomplete information in Appendix A
here.

Basically, the Plaintiffs in the lawsuit we talked about
before submitted a large exhibit that included a variety of
statements pulled from our documents where it referred to
information that was incomplete or missing, stuff like that. A
lot of it was background information. So we catalogued all those, plus we went back, reviewed our own documents, and just to try to ensure that we had captured all the references that the Plaintiffs may have missed some. So we reviewed it again ourselves and tried to look for more. We found a few more, maybe like 30. And we included those in this analysis, where a few of our analysts used a sequential process and memorialized all the analysis from Appendix A, which is there for your review in this document. And that was it.

MR. LOMAN: Any questions about the draft Supplemental Environmental Impact Statement?

UNIDENTIFIED MALE: I have a question. You said that a lot of people had filed on (indiscernible) 2008 and the court (indiscernible) the Court doesn’t need to address three concerns, right?

MR. LOMAN: Uh-huh (affirmative).

UNIDENTIFIED MALE: How close are you in addressing those concerns before the Ninth Circuit Court can accept your EIS?

MR. LOMAN: Well, we’re not in the Ninth Circuit Court yet. We’re still in the -- before the Alaska District Court.

UNIDENTIFIED MALE: Okay.

MR. LOMAN: We’ve got the draft Supplemental Environmental Impact Statement. We’re using the standard, pretty much standard, NEPA guidelines to move that document along. Taking public comments now. That will end on November 29th. Then we’ll
move to address those comments, which is required under NEPA and answer them, answer questions, explain things. Finalize the draft Supplemental EIS, after taking these comments into consideration. And then the next step is, file it with the court and look for a record of decision.

Record of decision could be, reaffirm the sale. And the Secretary would reaffirm the sale. Or the Secretary would not reaffirm the sale. Given the draft Supplemental Environmental Impact Statement, the document we have today, we’re talking about today, my recommendation to the Secretary of the Interior would be to reaffirm the sale.

This exercise of analyzing natural gas, was it necessary under NEPA? Yeah. And like Mike just explained, no extra seismic activity, none -- no exploration activity. These are all the activities that are right before us. And the development activities, the effects from development are many, many years away. In fact the effects of development of natural gas are so far off into the future, this young man may be in charge of that. I’ll be dead, that’s how long. I will be. I’m going to be dead. I don’t mean to be morbid. We’re talking many, many, many years down the road.

And so, not that, you know, we didn’t have a requirement to do it under NEPA, and now we have. And the 1502.22 analysis speaks for itself. The methodical evaluation of each and every one of those items has been done. So, given that, I’m ready to
say right now, not that I can’t be, you know, persuaded that we
need to do additional things, during the middle of a public
comment period. We certainly can. We’re hearing lots of good
ideas. And we’re only about half way through our meeting with
the communities and the government to government consultations.
But none of them pertain to this particular issue, necessarily.

But we could do more. But right now -- if the Secretary
of the Interior walked through that door and said, where are we
headed with this, I would say reaffirm the sale. Don’t think
that will change, but that’s just a guesstimate at this point in
time.

By January 21st, which is in our time lifeline, extremely
fast, because it’s just right around the corner, the Secretary
will have some decisions to make.

UNIDENTIFIED MALE: Now, you made a good point of that.
You’re going to be dead when this all takes, you know, in the
future too. You know we got our grandkids that’s going to grow
up, up here. I don’t know where your family’s from but, you
know, that’s -- that’s our backyard. Do not act dumb, but we
just ask, like you say. The future is going to be affected.

MR. LOMAN: I don’t have any children. I don’t have any
grandchildren so I have to worry about yours, I guess.

UNIDENTIFIED MALE: Well I do, you know.

MR. LOMAN: Yeah and that’s part of our job. That’s part
of our job is to worry about you, your children and your
grandchildren and so on.

UNIDENTIFIED MALE: And, in my opinion, as well, it’s the part of our job, like he said, to look after our children and grandchildren. Well, I’ve got to also think about how are they going to make a living, you know. The population’s getting bigger but the job status is that it’s status quo. We don’t have jobs to provide our young people. They’re going to have to get up and leave town. That boy right there is going to have to go to college and not come back because there’ll be no jobs here.

We have to be able to develop our community in a safe, sound manner so that we -- our families can come back and work and be at home. That’s another aspect of looking at the livelihood of our families. There’s not enough jobs. There’s five of us in here who have had jobs the whole summer because of oil and gas, right now, because of oil and gas. There was none when we had these jobs. Thank you.

UNIDENTIFIED MALE: Another point I wanted to make. You know, like you said, the Borough only tax, what $250, how many millions, last year -- $250 million, right? What was the profits of Shell last year? You know, there’s a big difference in the world. We’re running this Borough, on not very much, compared to the profits that you guys are making.

MR. LOMAN: Last night at the meeting, a lady said I worked for the oil and gas company.
UNIDENTIFIED MALE: You guys say, yeah, we get the taxes.

MR. LOMAN: I don’t work for the oil and gas company. I work for the government. I serve you.

UNIDENTIFIED MALE: Yeah.

MR. LOMAN: But do the oil and gas companies -- and I think your point sir, is well taken. The oil and gas companies make a lot of money, a lot of money, a lot of money. That’s your point.

UNIDENTIFIED MALE: The market is shot.

MR. LOMAN: Go ahead. I’m sorry, I didn’t mean to interrupt.

UNIDENTIFIED MALE: But we’re expected to take care of our -- with that $250 million, run everything up here with the costs so high. And on top of that, try to create jobs and everything. It’s -- I don’t know what it’s like in the Borough but it’s got to be hard.

Just like with the federal government, you know. You’re running our government, leaving it without any money. That’s the truth, leaving a deficit. No China money you know -- we’re a slave to China for real.

UNIDENTIFIED MALE: The North Slope Borough gets its money from tax and property tax and that is declining because of the aging infrastructure. And creating a pipeline and creating onshore infrastructure, the property tax will increase. And the North Slope Borough will have more money to sustain itself. The
Borough is not running on a deficit. It’s running at a break even, with some funds being put away for future use. Not like the Federal government, where there is so many trillion in the hole and who knows what will happen.

UNIDENTIFIED MALE: The Federal government is the one that (indiscernible), you know. Would it (indiscernible).

UNIDENTIFIED MALE: I don’t know it’s a lot deeper.

MR. LOMAN: What is your biggest concern? If there is one thing that is -- bothers you the most with respect to offshore oil and gas?

UNIDENTIFIED MALE: I notice (indiscernible) done correct.

MR. LOMAN: Safety?

UNIDENTIFIED MALE: If there is a correct way.

MR. BLAIR PAKTAOTAK: I feel like, I guess, for the welfare and well being of our community like, no discussion of natural gas heating their homes and there’s a -- lot cheaper than transporting diesel, what they’re doing right now to heat our homes. Our businesses are burned by diesel. And it’s transported to the barge. I read somewhere that -- looking to the gas, analyze the gas, whatever to -- see if it’s feasible, for Wainwright to get that. You guys have no -- anything to do with that except the oil companies who drill for that, right?

MR. LOMAN: You’re talking about Alpine and the natural gas?

MR. HOPSON: You’re right, Blair. That gas issue in the
book that you’re reading, would be between Wainwright and the producer. It wouldn’t -- the Federal government couldn’t mandate the oil companies to give us free gas or flat gas, or whatever it would be, between the community and the development -- the developer.

MR. BLAIR PAKTAOTAK: We’d have to talk to them too, to see if we can go about that, getting heat to producing oil and gas, right?

MR. LOMAN: That’s -- it’s a business deal where an arrangement, a legal agreement or agreement between the community, and the case in Nuiqsut, and the producer, yes. I think what you’re talking about, and John is certainly right -- we can’t make a company give a community gas or anything else, really.

Even the Conflict Avoidance Agreement in a recent court decision which kind of exemplifies what I learned after working for the Bureau of Indian Affairs for 10 years, a lot of times you sue and you win, but you lose. And the lawsuit involving the conflict avoidance -- it was actually challenging exploration. But the issue of the Conflict Avoidance Agreement -- the court found that neither than MMS, our Agency, or National Marine Fisheries Service, is a party to the Conflict Avoidance Agreement -- couldn’t do anything to force anybody to come to it if it wasn’t reached. Couldn’t do anything if it was breached by either party. And so, in other words, the Federal
government, just two Agencies standing on the sidelines puffing up their chest and walking around powerlessly.

And so that essentially means the Court found, and that was the Ninth Circuit, that this agreement is between the Alaska Eskimo Whaling Commission and the industry alone. Last night, however, when we were talking about -- a little bit about the reorganization of our Agency, I mentioned earlier. Everybody may not have been here then. We’re not done reorganizing.

We’re going to change our name again. The Regulation and Enforcement will go to a new Agency that’s about to be created called the Bureau of Safety and Environmental Enforcement. Our inspection arm of the Agency will become a stand alone Agency.

The Bureau of Ocean Energy Management will move forward and do environmental reviews, interface with the public. Probably do everything but those enforcement activities. And they don’t know exactly, yet, because they’re working on how to create an Agency that regulates the industry that will do first, one thing. You might be the most interested in this, since your concern is safety -- most interested.

UNIDENTIFIED MALE: Thank you. (indiscernible) you’re already talking, the government’s trying to expand, you know.

MR. LOMAN: Not necessarily expand. do something right for a change. They want to create an Agency that restores public trust, restores public trust.

UNIDENTIFIED MALE: Another thing I wanted -- just ask
before you going any further. You know, if Obama doesn’t get
re-elected in 2012, is all this going to just keep going on the
way it started out? Like MMS spinning into these different
fields or is that going to -- is it go back to what is was
before?

MR. LOMAN: Well, look at history. MMS was, at one time -
- the activities that MMS did were done by BLM employees and
USGS employees. And then they created MMS. And that was -- I
don’t remember, because I wasn’t working for them at the time.
But there was either a Republican or a Democrat as President,
whoever it was, they were. And then they went to another one
and then they went -- so it continued on. Government continues
on. I’m not a political appointee. I’m not, one, an employee
of an oil company. I am not an employee of an oil company.

UNIDENTIFIED MALE: You thinking, like I was jacking you.

MR. LOMAN: I am not an employee of an oil company. You
can attack me all you want but you’re attacking somebody that
serves you. I serve you.

UNIDENTIFIED MALE: Look and see what I’m feeling.

MR. LOMAN: I know how you feel. I know how you feel and
you know that’s why --.

UNIDENTIFIED MALE: Want to see just --.

MR. LOMAN: That’s why --.

UNIDENTIFIED MALE: Feel very, very bottom, zero, zero,
zero, zero, zero, whatever percent I’m (indiscernible).
MR. LOMAN: Well when I see somebody that thinks that, you know, that I don’t serve you, I’ll come back pretty strong and say. I serve you. I serve you just as much as I serve any oil company. I serve them too, a part of my job.

But -- so this new Agency that they’re going to create, that they want to restore the public’s trust, including yours -- they’ve asked for recommendations from us. And we’ve said, well, we think you need to create an Agency that is feared and respected by the industry. Feared and respected by the industry. That doesn’t mean the industry is afraid of them like in the context. Feared because of their capability to regulate them -- their respect and fear together that industry, in a real strong way.

Last night, with the leaders in Point Lay, it was brought up that the Agency’s regulatory arm needs to have a component that protects the Inupiat culture, protects subsistence whaling. Protects other subsistence activities. Protects the culture, the Inupiat culture, from all kinds of other activities that be -- come from integration into the community, et cetera, et cetera, insomuch as the law allows.

And I had recommended, already, a much broader set of expertise than just drilling operations. And so, I’m going to recommend, and I think other leaders from communities in the Arctic will also recommend, that the Agency include a component that has a person. It’ll be a person, probably a person who has
experience like all leadership comes here -- comes first from whaling. I have to believe it’ll be leaders here, our leaders in the whaling context first. Whaling first, and possibly somebody who was also an MMO, worked in the industry, the oil and gas industry. Regulated the oil and gas industry for the Borough, or some other massive expertise that adds to this new regulatory component that will restore public trust.

Restoring public trust in the Arctic is going to mean doing those kinds of things that I can’t do. I didn’t grow up here. I don’t know about whaling. I can read about it. I can talk to you about it. But I’ve never done it and I won’t do it. You do it. I’m not allowed. So it will have to be somebody with that kind of expertise. And that might restore public trust. Who knows, it might even restore your trust, I don’t know. We can hope. I can recommend, hard, as hard as I can to these people who are in Washington D.C. Their lawyers, they know nothing about this. So they’ll listen to us. And a lot of what I have to say comes from people in meetings like this. The Lord knows all of my good ideas just get me out of the good schools.

So that’s where we’re going as an Agency. And I think this new regulatory Agency will be created as soon as -- just in a few months, there’ll be an announcement of a new Bureau of Safety and Environmental Enforcement.

We want to take public comments this evening, comments
primarily on the draft Supplemental EIS prepared to address the
Court remand. John do you have comments?

MR. HOPSON: No.

MR. LOMAN: No -- thank you.

MR. HOPSON: Not yet.

MR. LOMAN: Okay. Let me know when you’re ready. So I’m
going to turn it over to you all, and hear what you have to say.
Hear what’s on your mind. Also, we have coffee and cookies,
quite a few cookies, so please feel free to help yourself.

UNIDENTIFIED MALE: So who’s here representing the State --
nobody? It’s all feds here? All feds, huh?

MR. LOMAN: All from the three mile limit out to the 200
mile limit. But we do work with the State. Matter of fact,
we’re working with the State collectively on developing a
process to do health impact assessments in conjunction with our
NEPA evaluations.

UNIDENTIFIED MALE: You need to ask them to step up there
so the Reporter --.

MR. LOMAN: Well it would be ideal.

REPORTER: If they’re going to talk, they need to tell me
their name and spell it.

UNIDENTIFIED MALE: Do I need to come say what I said
earlier in the comments?

MR. LOMAN: No, no, no. If you’ve said it already, we have
it down. If there’s additional -- people don’t like to talk so
you have to encourage. Help me with this if you can. Encourage
people to come forward and say what’s on their mind.

UNIDENTIFIED MALE: I don’t even know the times that we
got.

MR. LOMAN: The draft Supplemental EIS? Well given all of
our environmental documents that we’ve produced, it’s two
things. Easy to read because it’s written in plain English.
And it’s short, probably the smallest environmental document
we’ve produce just about, you know. Yes sir?

UNIDENTIFIED MALE: Are those the three, there’s only 40
max (indiscernible), I believe in your EIS?

REPORTER: Can we get his name?

MR. LOMAN: I’m sorry?

UNIDENTIFIED MALE: The three concerns the Court gave you
-- are those the only three that you’re looking at?

MR. LOMAN: Yes.

UNIDENTIFIED MALE: To fulfill your EIS?

MR. LOMAN: Yes. The impetus for preparing this
Supplemental Environmental Impact Statement is the Court remand,
and those three things that the Court said we needed to address.

UNIDENTIFIED MALE: Okay, (indiscernible).

MR. LOMAN: Hasn’t been -- hasn’t been submitted to the
court yet. Because the National Environmental Policy Act, in
addition to saying you must address the affects to the human
environment when you’re taking a major Federal action like in
oil and gas lease sale, like we did in 193. Its other component is to be transparent, open. It’s a Sunshine Law, let the public know. And then the other thing is, let the public and other stakeholders, government Agencies that are interested, etcetera, provide input to us, the Agency that’s doing it. That’s why we’re here tonight.

MR. PETERSON: But I think your question was, the Judge read the original and --.

UNIDENTIFIED MALE: Yeah.

MR. PETERSON: -- and accepted everything in the original, except these three issues.

UNIDENTIFIED MALE: Yeah.

MR. PETERSON: So he did. He found the other ones treated the requirements thoroughly. So it’s just these three that he had an issue with.

UNIDENTIFIED MALE: Thank you.

MR. LOMAN: Yes sir? Our reporter will want to know who you are.

MR. HOWARD PATKOGAK: I’m Howard Patkogak with the Hoonah Corporation.

MR. LOMAN: Howard.

MR. PATKOGAK: I have a question on page 10 -- in this -- explain fourth paragraph. I need an explanation about that first sentence with BOEM. What do you call a reasoned -- reasoned choice -- explain that.
MR. LOMAN: A reasoned choice? That it’s reasonable.

Reasonable is something that is not far-fetched. It’s obtainable. It’s possible. It’s likely to happen.

MR. PATKOGAK: Thank you.

MR. ROUTHIER: And that language is taken from that Federal regulation that we discussed before, that 1502.22. That’s directly taken from the regulation.

UNIDENTIFIED MALE: You had a comment? You got a microphone on?

MR. LOMAN: We have a microphone right in that thing right there.

REPORTER: Could you state your name, please?


The Director: As Mayor of Wainwright, I would like to thank you for this opportunity to give you our thoughts about oil and gas activities in the Chukchi Sea. As the community that stands to be impacted the most by activities in the Region, we are paying close attention to a wide range of economic and environmental issues. I had the pleasure of sharing these
issues with the Director Michael Bromwich, Tom Beaudreau and
John Groll here in Wainwright on October 27th. At that time, I
told him that the City supports a balanced approach of
exploration in the Chukchi Sea. That support is shown in a
Resolution we passed, adopted this year. I have a copy of the
Resolution for you that we would like put into the record.

By a balanced approach, we mean one that provides jobs and
business opportunities, but does not impact our subsistence
lifestyle. This balance is important to us because, while much
of our traditional food comes for the sea. In today’s economy
we must also rely on jobs to pay the bills for the modern
services we have here.

One of those modern services is electric power. Today our
electricity is provided by diesel generators. The potential of
natural gas from our own backyard to power these generators
would be beneficial to us in two ways. It would provide us with
a consistent and less costly fuel. And it would help reduce the
greenhouse emissions burning diesel fuel products. This is an
advantage our neighbors in the village of Nuiqsut enjoys, thanks
to gas produced in the Alpine Oil Fields.

In a remote village like Wainwright, the number of jobs is
limited. This is why we support careful exploration in the
Chukchi. Because our community is so close to the exploration
area, we have an opportunity to create long-term jobs. That is
why we join the Olgoonik Corporation in support of exploration.
As the primary landowner and for profit organization in it will be through their efforts that development will take place. That is why we have identified Olgoonik Corporation as the point of contact for local hire and their subsidiaries as preferred contractors for operations on property owned or controlled by the Corporation.

For Wainwright, to take advantage of this economic benefits of oil and gas development in the Chukchi Sea, we urge that exploration activity be approved and not delayed any further. Thank you for this opportunity to provide you with our comments.

Respectfully, Enoch Oktollik, Mayor of City of Wainwright.

I don’t have Resolution right now, but I’ll give it to you guys.

How long will you be here?

MR. LOMAN: Well we’re going to Barrow tomorrow morning. But we actually, I believe, have the resolution already.

MR. OKTOLLIK: All right.

MR. LOMAN: If you -- and we will submit as part of the record. We will take comments until November the 29th if you want to be double sure you can always just email them. Email the resolution to us.

MR. OKTOLLIK: All right.

MR. LOMAN: And we will submit it, as part of the record. We will take comments until November 29th, if you want to be double sure, you can always just email them. Email the
Resolution to us. And we’ll make it part of the record.

MR. OKTOLLIK: All right. And, I’ll leave you a copy in
here and I never write a cc copy to the City of Wainwright. Maybe I could write it down first before I turn it over to you?

MR. LOMAN: Sure.

MR. OKTOLLIK: We got the copy in Wainwright.

MR. LOMAN: Thank you very much for your comments and the Resolution Mr. Mayor. We appreciate that.

MR. OKTOLLIK: Thank you for the opportunity to testify tonight.

MR. LOMAN: Thank you Mr. Mayor. We need that note for the record.

MS. MAYER: Good evening. For the record, Lucille Mayer. Thank you for coming to Wainwright to hear our testimonies this evening. And I’m sure there’ll be others that will submit testimonies or their comments to you by the 27th of this month.

My name is Lucille Mayer. I am a member of the Board of Directors of Olgoonik Corporation, the Village Corporation of Wainwright, Alaska. The Olgoonik Corporation was formed in 1973 by the Alaska Native Claims Settlement Act. In 1999 we formed Olgoonik Development to create and manage for profit, subsidiaries in government contracting.

During the past nine years, Olgoonik Development and its growing number of successful subsidiaries have assembled a record of proven performance in the area of construction
management, facility operation support services, design/build services, logistics support, environmental remediation services and technical security. While this growth has brought financial and educational benefits to the community, the great majority of the jobs created are outside of Alaska.

However, the Federal government’s focus on reducing reliance on contractors makes it necessary for the Olgoonik Corporation to seek opportunities outside of the Federal market place. For that reason, we made the strategic decision several years ago to diversify into commercial operations. One of our key business targets was the oil industry in Alaska. In advance of potential exploration in the Chukchi Sea, we began investing in the infrastructure and technology needed to support oil company operations on the North Slope.

Our working relationship with the industry in the Chukchi started in 2007. This was the year we began providing Marine Mammal Observers, as well as crew change and supply support for companies conducting science studies in the Region. This support has grown over the past two seasons and made it possible, train and hire local residents for several seasonal jobs. During the past four years Olgoonik has invested in excess of $5.5 million developing and upgrading infrastructure – purchasing equipment and preparing residents for working with the oil industry.

We have built good relationships with the companies who
have leases in the Chukchi. We have worked together to develop the groundwork for important economic growth. In the forefront of these efforts is our focus on what Mayor Oktollik described as balanced growth between economic and subsistence issues. The jobs and economic development that will come from exploration in the Chukchi Sea is important to the Olgoonik Corporation and the people of Wainwright. We are confident that exploration can be done in a manner that protects our subsistence traditions. Our Board has passed a resolution in this regard. And we present a copy for inclusion in the public record. Thank you for your time. And I will be happy to answer any questions you may have.

MR. LOMAN: Thank you very much.

MS. MAYER: Un-huh (affirmative).

MR. TERRY TAGAROOK: Good evening. And before I start, my cell phone accidentally pressed a number. And do you know who that person was?

UNIDENTIFIED MALE: Your mom?

MR. TAGAROOK: No, Marie Tracey. And she send her greetings to all of you. I know she -- you met with them yesterday. Anyway, I’m glad you guys are here and speaking to us about this, even though it might be on a short notice.

My name is Terry Tagarook. I am speaking today as a member of the Wainwright Tribal Council. The Council also believes we can achieve a balanced approach between our traditional subsistence lifestyle. This is important because we
no longer function in an isolated barter economy or rely totally
on subsistence as our ancestors did.

But subsistence remains an important part of our way of
life. The Arctic Ocean subsistence resources not only feed us,
but are fundamental to our identities as Native Alaskans. While
these waters provide many of our basic food, it is important to
consider the fact that we also must rely on local jobs in
addition to subsistence.

Our households are caught in a changing world. We hold
strongly to traditional Inupiaq values, but must also adapt to
the reality of living in a cash based society. The limited
number of jobs available in the Village is found in public
services provided by the North Slope Borough, the City and the
Olgoonik Corporation. In the past, this has meant that many of
our young people have had to leave the Village to find work.

For that reason, we see oil operations in the Arctic Ocean
as one of the most important opportunities we have for
developing a local economy that could grow and support future
generations. We understand that exploration and development
activities in the area will bring challenges. By speaking with
us about our concerns and taking advantage of our traditional
knowledge, these challenges can be overcome.

We believe that our traditional way of life can be
balanced with responsible and environmentally safe oil and gas
development. We urge you to move forward with approval for
drilling in the Chukchi.

Like the City of Wainwright and the Olgoonik Corporation, the Council has passed a Resolution supporting exploration in the Chukchi. And I request that this document be added to the record of this public hearing. Respectfully, Terry Tagarook, Tribal Council, Wainwright, Alaska.

And I believe you have that copy of the Resolution.

MR. LOMAN: Thank you.

MR. TAGAROOK: Thank you.

MR. HOPSON: My turn?

MR. LOMAN: Always.

MR. HOPSON: Always, huh? John Hopson, for the record.

Good evening. I'm going to speak on behalf of the Whaling Captains because our President is not here today.

My name is John Hopson, Jr. As one of the Whaling Captains in Wainwright, I would like to thank your Agency for this opportunity for us to express our opinion regarding oil and gas in the Chukchi Sea.

Every whaler in our group is committed to support the subsistence lifestyle in Wainwright. That is why we have paid close attention the plans to explore for oil off our coast. We understand that these activities can bring new jobs to Wainwright. Those jobs are important, because every Captain knows that it takes money to support subsistence whaling. We need to pay for gas, supplies and equipment. That money comes
from local jobs.

For some time now, the Whaling Captains have supported Olgoonik Corporation’s effort in the oil industry. They have been active in making certain the oil industry understands the importance of whaling and other subsistence hunts. They have led the discussion of what can be done to balance exploration with our traditional lifestyles, our concern for the environment and our need for local jobs.

As an example of this effort, Olgoonik runs a Communication Center during the summer season to make certain offshore science operations do not interfere with whaling. The company also operates a small boat that supports the Science Program. This fall they’ve used that vessel to help tow in that whale, which was Wainwright’s first fall whale.

We appreciate this leadership and join the Olgoonik Corporation, the City of Wainwright and the Tribal Council in their support for the Chukchi oil exploration that is done in a safe and respectful manner. Thank you.

I’ve also got a copy of a letter dated January 7, 2010, addressed to June Childress, our President of Olgoonik Corporation from Walter Nayakik, Jr. our president of the Wainwright Whaling Captains.

MR. LOMAN: Thank you very much.

MR. HOPSON: Thank you. I just want to ask this question. It’s probably the only community that has statements of this
sort, that pretty much supports the working relationship with oil companies and the Federal government. One, because we understand whether we fight you or not, oil exploration will continue. So we’ve taken a proactive stance to work with the industry and the Federal government to help balance the issues and not fight in court.

What questions does the Federal government have of us in that sort, or the State government for that matter?

MR. LOMAN: Well I don’t know if I can speak for all of the Federal government, but you are correct that -- and there is a subtle difference. Wainwright and the statements that are being presented tonight aren’t the only statements that are supportive of responsible exploration and subsequent development. There’s a fear. And it’s understandable to me, and I think to everyone in the Federal government, of a major oil spill.

This spill that occurred in the Gulf of Mexico on April 20th -- because I work in Alaska. I’ve never worked in the Gulf region. I’ve only worked for this Agency in Alaska. I will only work for this Agency in Alaska. I came to this Agency because, one, I wanted to live in Alaska first. And, so I said to myself, what would I do and what would my colleagues do had that occurred in the Arctic? But for that spill, Shell may have conducted exploration activities in the Arctic. It was likely that they would have. And I think that -- I know I would be
devastated, personal responsibility. I would take personal responsibility for it because I am part of the senior leadership in our organization. And I work closely with the managers that would be overseeing the regulatory aspect of any drilling operations. Ours would be -- our inspector, at least one, would be there 24 hours a day during that exploration. But that’s, you know, what didn’t happen.

What did happen is, this week we took statements and listened to comments starting in Kotzebue, Point Hope, Point Lay and now here. And then we continue to Barrow and then Anchorage. And people say -- say this -- almost everywhere more and more in the communities, that exploration and development is inevitable. So if it’s going to happen, then we demand certain things. What is being demanded is pretty consistent, probably consistent with your expectations. I think you have expectations that’s different than demands. But what gets done is the same, stay out of the way of whaling. Don’t interfere with whaling and disrupt it like Shell did, by their own admission, in 1985.

Shell admits to that. One time one of their leaders said they were going to apologize for it. I hope they did. But it’s not my job to make people apologize. It’s my job to regulate that industry in a way so that they never have to apologize. Because in our mind, this is not an experiment with respect to regulating industry so they don’t disrupt subsistence activities
and other culturally self-defining activities. It has to be
done and it can be done. We know it can be done. The Deepwater
Horizon spill, Exxon Valdez -- those are incidents that didn’t
have to happen. They shouldn’t have happened. And they didn’t
have to happen.

One man could have made a turn and avoided, on time or
even close to on time, and avoided the Exxon-Valdez spill. One
turn, one course change, and it didn’t happen. That’s how
simple it is to avoid it. Given that, I say it doesn’t have to
happen. The reason it happens, in my mind, and this is just me,
it’ not about the Federal government, my Agency. It’s because
people get too comfortable, so comfortable they don’t get enough
sleep or don’t stay awake when you have to. That comfort comes
through a lot of things. It comes through an industry that
says, we’ve got a wonderful safety record. It comes from a
regulatory Agency that says, we’ve got a wonderful safety
record. And they pat themselves on the back. And they get more
comfortable. Pretty soon they’re asleep when they need to turn.

Safety environmental responsibility is accomplished
through endless demonstration. You don’t need to talk about it
and brag about it. And, hopefully, the industry -- hopefully
the industry will start realizing that. In the frontier areas,
they won’t make a dime unless they realize it. Despite what
they write in the magazines and say on TV, and even our highest
elected official and the person I ultimately serve, say -- we
have told industry that loud and clear. We had a conference in
March, oil platforms on photos that the Coast Guard put up.
Great, clear, sunny days and they’re on fire and toppling over
in calm waters. And we’ve said, this industry has to avoid that
or you will never have a production platform in these frontier
areas like the Arctic.

And the room gets silent. I don’t mean to rain on
people’s parade. If there wasn’t any exploration after the
Deepwater Horizon incident, and it’s not going to make it any
easier. One thing it will do, is it will make it safer because
the regulatory Agency will do a better job. And hopefully
industry will at least get one huge giant step forward to
endless demonstration of safety and environmental
responsibility. It can be done safely. It can be done
responsibly. And it can be done in a way that treats what every
political appointee and elected official that I’ve seen in my
entire Federal service wants. They want to treat Native people
like our national treasure instead of the poster child for the
National Trash Campaign. They want to do it. And that’s a good
starting point, because when you really want to do it, you’ll
probably do the right thing. Probably. I’m with them on that.

MR. AGNASAGGA: For the record, Ransom Agnasagga,
Alternate Commissioner Alaska Eskimo Whaling Commission. Yeah,
I was not made aware of this meeting, you know, and I’m on the
AWC. I’m an Alternate Commissioner. I don’t see Roscoe in
here, you know, he’s our Commissioner, you know. I don’t know what kind of information he’s got, if he’s even seen this, you know, because I haven’t seen it, you know.

Just listening to what everybody said, our Directors, you know -- our guess our corporate leaders, you know, they said it all. You know, even in the Bible it says all traditions will come to pass, you know. Eventually everything that we do now, you know, it’s not going to be done 30 years from now, 40 years from now. We understand that. And I guess not even really reading it, I’m going to have to stand behind them too and support it. But I was not made aware of this meeting until I saw it on the billboards around town. And I didn’t know what to expect, you know. But I’m glad John stood up for the Wainwright Whaling Captains Association, you know, and I hope that the OC will continue to support -- I hope, you know, this fall whaling season.

I mean when I was for a discount on gas, you know, because I didn’t want to be considered a special interest group, you know. What I heard from one of the meetings -- that kind of hurt, you know, so that just shows where our traditions are going, you know. It’s corporate -- it’s all about money.

I just want to make the comment that I hope it’s done like they say, responsibly, safely and with the future in mind, you know. Because when the oil and gas is gone, there goes the money with it. And what’s left is what we’re going to leave our
grandchildren, you know. And I just hope that it’s done
responsibly and safely. I guess I have to stand behind
everybody else here in Wainwright or else I’ll be the black
sheep. Go do it.

    MR. LOMAN: Thank you.

    MR. AGNASAGGA: I wasn’t able to draft a letter to, you
know. I wasn’t made of aware of it until --.

    UNIDENTIFIED MALE: You still got time.

    MR. LOMAN: Thank you.

    MR. HOWARD PATKOGAK: For the record, I’m Howard Patkogak.
I’m the Cully Corporation Chairman. To me, as a whole, I’ve got
to think about not just me, not just my neighbor, but the whole
community. You know, I grew up watching our traditional whaling
subsistence, before all the electric stuff came around. You
know, I got to see part of that. I share Ransom’s uncertainty
of these fears.

    I have the same fears, you know, but I go out hunting out
there too. At the same time, you know, we’re all dependent on
the oil that directly benefiting us for the past -- since the
70s, right?

    MR. AGNASAGGA: (Indiscernible) They ain’t going to come
out.

    MR. PATKOGAK: Yeah, I share your fears. At the same time
I don’t believe in living in fear. We as Native people, we’re
strong willed. But at the same time, we have to deal with
what’s going on around us. We can’t stick our heads in the sand. It benefits us. At the same time, I’d like to ask a careful, balanced approach. And I’m in agreement with the City and the Tribal. That’s what I wanted to say. I don’t have anything else besides that. Thank you.

MR. LOMAN: Thank you very much sir.

MR. HOPSON: It got quiet.

MR. LOMAN: John I guess I would ask -- you asked it earlier -- you had a question. Does your vision see a way to explore, produce if there is an economically viable resource benefit in a way that’s positive through jobs and economics and maintain the culturally self-defining part of the people of these communities?

MR. HOPSON: I knew that was coming.

MR. LOMAN: Way down the road?

MR. HOPSON: Again, for the record, this is John Hopson. You can hear me okay. Okay. Yes. If we -- when we listen to the Native Village of Point Hope and ICAS and AWC when they file for these lawsuits or join in each other’s lawsuits, they talk about the potential for losing our culture, our traditions and our subsistence.

I imagine that we will lose them faster if we don’t develop our communities in a positive manner, by creating jobs. I’ve never been in a skin boat. My parents have. I’ve never driven a dog team. My parents have. At the time I was born and
raised, we had snow machines, aluminum boats and outboards. So
I could not tell anybody here how to do it. I don’t know how.
I need to learn how. But because of the way I was brought up, I
need money to buy a new outboard. I need money to buy gas. I
need money to buy food for these trips that we take.

I believe we will lose our subsistence way of life faster
if we don’t find a way to supply jobs. Because these kids had
not -- did a skin boat or drive a dog team nor -- it will be
pretty hard to learn how, with the mindset we have today. So I
need the money to continue this. I could not go whaling if I
didn’t have money. I spent a lot of time up the river in the
summertime. And I couldn’t do it without money, because I have
to buy gas and diesel to heat my cabin, to drive my boat. I
have to buy guns. I have to buy bullets to shoot these animals.

The Native village of Point Hope, ICAS or AWC is not
willing to buy me any of those items. Nor can they afford it
for every hunter on the Slope for their actions that they’re
dealing with. They are stopping us from developing these
opportunities for the people today. More and more kids are
graduating from high school, but where do they go? They go to
college and they can’t come back because there’s no jobs. They
go to training. They can’t come back. There’s no jobs. So
they go live in a city. Then they lose their culture and their
traditions and their subsistence if they don’t get the chance to
come back.
That’s where I see this helping us in a positive manner. The potential for an oil spill, I believe, and I’m not an expert, is low. Based on the knowledge we’ve learned, and the education we’ve gotten from the industry over the past five years. I was probably the most vocal person against oil and gas when Shell first came up here again in ’05 to tell us they were going to go develop. But because of the education that I’ve received from them and the trips that I’ve taken around the world -- polluting Norway and seeing operations of not just Shell but Conoco and Standard Oil, made me believe we can do this.

Our oceans are no more than 170 feet deep where they plan on developing or exploring. The Deepwater Horizon was in a mile of water, 5,000 feet of water, which is very hard to get to when there’s a catastrophe below. Ours is just a matter of hours before we can get to it, not days or weeks or months like they had. So I think we can get this done in a positive manner. But that fear of an oil spill is still there.

But I have to find a way to buy these items so I can continue our subsistence. We take kids out to our cabin that when -- some kids that don’t have family that goes up the river -- we get to expose them to our traditions over a time period. So I get that opportunity because of the job that I have. Now it provides me money to buy this stuff. So it’s a positive move forward if we can get them to explore and develop.
Our schools are top notch. Our water and sewer is top notch. Our Fire Departments are top notch. Our Public Works is becoming top notch because the North Slope Borough has the taxing authority to provide that. But because of the aging facilities in Prudhoe, the money is at a status quo practically, the taxation. So we can’t build any more than what we already have.

Yet our populations throughout the North Slope is growing. It’s not declining. So we got to think where are we going to build our next school when we become over-populated? Where are we going to build our next hospitable if we need one in a larger community? We’re going to need more fire trucks. We’re going to need another ambulance. We’re going to need more police departments. We’re going to need more teachers. But the way that the taxing is going, the properties at -- decline the property tax by the status quo.

So we can’t provide that unless we create more infrastructure, building a pipeline, building infrastructure, hotels. You know, support facilities for offshore oil. Is our -- basically our only hope for the next 20 to 30 years when you look at what is going to happen to us, if everybody just walks away and does nothing. If the oil companies decide not to develop, we have nothing. We’re going to be stuck with what we have today and try to come up with new ideas on how the world will be able to provide the services that it’s mandated.
So it is a positive move forward. You know I just -- I’ve said this in numerous meetings. And you’ve heard me over and over. We need this to happen because of this reason. ICAS, Native Village of Point Hope, AWC executives, don’t come to our communities and tell us why they’re doing this or when they’re going to do their lawsuits. You know, they don’t get our blessings. We may have members in some of those organizations, but it’s just a one member on a Board. And they don’t come down here and ask us for our opinions as to whether we want to do this or not, whether we should get into a lawsuit or not over oil and gas.

So they’re not really representing, like ICAS says -- they represent all of the Inupiats. I don’t see that happening. I don’t see it working. It’s an organization that just has a mindset of no oil and gas whatsoever. And we have a problem with that. I have a personal problem with that. And I’ve expressed my concerns to George Edwardson. He is the President of ICAS. But he won’t listen to me. He won’t even look at me when I want to talk about oil and gas with him. He’s a -- in my opinion, a one eyed jerk. He’s my uncle, for crying out loud, but I have to call him that because he won’t listen to me. He won’t reason with me. He just does not want to reason. And he’s the Executive CEO of ICAS. Yet he’s supposed to represent us all, 10,000 people. But he won’t. Thank you.

MR. LOMAN: Thank you. It’s the other question I have.
Oh, go ahead sir.

MR. AGNASAGGA: For the record, Ransom Agnasagga. I just wanted to comment (indiscernible) ICAS, AWC. The reason AWC is included in the lawsuit is because it was formed under ICAS and that’s what I -- if I remember right, we were the leading support of trying to get behind that lawsuit during the meetings in February.

MR. LOMAN: The other question I have for everybody here is -- at least insomuch as what has happened, and these are offshore activities -- offshore activities that we are responsible for overseeing, facilitating, not promoting, facilitating. Here in Wainwright, there’s been some activities that demonstrate that maybe there’s the desire for integration of the industry -- outside workers.

Prudhoe Bay has segregation. Is integration of outside workers a concern for people in Wainwright?

UNIDENTIFIED MALE: I don’t know, look at me.

MR. HOPSON: I think in my opinion we -- if I have local trained people to do the job safely, ready to go, which we don’t have, because we haven’t really gotten the population out there. But if I had it in my hands here, saying we have these people that can do the jobs, and the oil companies are not hiring us, then we have a problem. But the way things are going, I think integration is happening and I think it’s working well, in my opinion.
MR. LOMAN: Mr. Mayor.

MR. OKTOLLIK: Enoch Oktollik again, for the record. Oil and gas development in the Chukchi and the Beaufort Sea I see that a place that we could benefit ourselves in our community. So I heard it along the lines that, from reading history books and whatnot of our United States and our Federal government, about mistakes in there when it could benefit the Federal, when it could benefit the State, when it could benefit private sectors and benefit most everybody, when it’s essential.

That is, wherever the impact is, it could benefit us here in this small community in Wainwright. I believe it could be beneficial to us all -- of what is this happening now in -- close to Wainwright. These are by the ocean or by the land, we are getting to be impacted. And we haven’t seen the full impact of it yet.

We’re going to be impacted whether into the future as probably Northwest Fisheries Service will probably come to the Arctic. And we’ll probably see the northwest manifestation of routes opening to the future in offshore tourism. We can see this as a little, even though it’s oil and gas -- pocket. There’s other things that we going to see that will impact our Arctic Ocean.

We’re going to see -- we haven’t seen the impacts of what’s going to be happening through the Bering Sea and through the Chukchi Sea of ship trafficking. How are we going -- how
are we going to regulate trafficking from the Bering Sea, Bering Straits into the Chukchi Sea? And how -- anyway when I heard this gentleman here, I can’t remember his name, they say this essential way of running a pipeline and where it will be. And through all those scenarios offshore, when development happens, oil spill is essential.

Haven’t seen where we could find funding -- relief funding -- there are relief fundings -- what about in this Environmental Impact Statement or the (indiscernible) that are impacted? I would like to see these set in place. We have work -- we are good with the NPRA from the City of Wainwright where we provide almost over two jobs. And could we be able to work with the oil companies and the Federal government in this State in providing more programs like this?

Like I’ll give you example how we get our NPRA funding and what we provide -- we provide Boys and Girls Clubs. We provide Elder programs. And also we operate our government of operations and our recreations and others that we don’t see (indiscernible) funded to the North Slope Borough -- and whatnot.

If we could set up a program of some sort with the oil companies -- Outer Continental Shelf development of this program, 30 years looks like a long ways and we could see for probably -- like more jobs in our community.

But on the most strongest point I would probably see is
some way for our own community, us over here and try to develop relief -- oil spill relief fund from the oil company before it starts its production. I think it would be essential, even though the Eskimo Whaling Commission -- I've heard they asked for $20 million aside for our subsistence way of living or what you call it (indiscernible) village, kind of a funding. We need that kind of funding for our own community. Wainwright would be very impacted and most of our, probably 30 percent of our community relies of subsistence food. Some rely on store bought food. Thank you very much.

MR. LOMAN: Thank you.

MR. AGNASAGGA: I just want to say, Ranson Agnasagga, was saying something like mitigation matters for the -- mainly the Wainwright community. I don't know what we can do for that -- a band-aid over it, but you said you can't tell them what to do. That's kind of like what I understand.

MR. LOMAN: Well there is a huge issue of -- it's one of Mayor Itta's -- a Ocean Claims Initiatives and it involves revenue sharing rather than sharing to the local level. That can mean different things to different people. The biggest to the local level to the ground zero level. Certainly Wainwright community and The Native Village of Wainwright are at ground zero. Ground zero, as in one of the communities that would be most affected because of the proximity to the Chukchi Sea.

Revenue sharing is a very difficult one for us bureaucrats
that work for a Federal agency. Because it’s going to require legislation. We don’t have the authority to mandate it. But it does exist in the Gulf of Mexico.

MR. HOPSON: You say that in a manner like, my opinion, the Federal government doesn’t want to deal with revenue sharing yet. The amount of money and royalties that the Federal government gets from the leases, the amount of money that the Federal government will get from the sales and royalties, why can’t that be used as a part of the revenue sharing for the impacted communities? I mean, you know, it’s just common sense, that’s where it should come from. We all know the oil companies are in it for the money. The Federal government is in it for the money, as well. But if we -- it would make more sense if the revenue sharing came from the Federal government’s part of its royalties. Or the State of Alaska, for that matter, when it gets its royalties, you know. That might be the route to debate rather than trying to find a way to make the oil companies come up with a revenue sharing plan, which you can’t even recommend.

MR. LOMAN: Well, in the case of the States in the Gulf of Mexico it’s the law and it goes to the State level. Senator Begich has introduced some legislation. I know there’s been other legislation introduced that has gone nowhere.

MR. HOPSON: Because it was a bogus legislation.

MR. LOMAN: Well there’s -- there are other people in bodies such as the Senate, Senators. And their position is, the
royalties from these resources should go to all the people because they belong to all the people. So the other counter argument is, is all the people don’t suffer the kinds of affects.

I come from the Upper Peninsula of Michigan on Lake Superior. It’s pretty safe to say that my culturally self-defining practices on the Lonts (ph) Indian Reservation will not be affected by offshore oil and gas activities in the Arctic. So it’s easy for me to understand why communities in the Arctic are most affected and others are not. So he logic is easy.

As far as an Agency goes, we can give administrative support to certain legislation. We can say certain things. It would be pretty safe to say that the Administration, no matter which Administration, can support that kind of legislation, revenue sharing, because it will resolve conflicts and competing interests that are stumbling blocks to getting anything done so that the nation can sell and benefit from its resources. It’s a stumbling block.

And we’ll see what happens there. It’s going to require legislation to get any kind of thing that resembles revenue sharing over and above the Coastal Impact Assistance program funding. Yes sir.

MR. PATKOTAK: I am Blair Patkotak for the record. Do I have to go up there to the mic to speak?

MR. LOMAN: It’s easier for the Reporter to hear you.
REPORTER: There’s a hum.

MR. LOMAN: There’s a hum and there’s a vent and it blocks the sound.

MR. HOPSON: Next time you come you’ll have the recorder sitting in the audience so that the reporter can hear.

MR. PATKOTAK: For the record, my name is Blair Patkotak and I’d like to say something from my heart. Because it’s what my dad wished. You know, that he wanted development to help our people. So, from his heart to my heart, I’m happy for him to say that. And thank you very much for coming. And my question to you is, you said that you are in a reorganization -- you’re planning a reorg right? And there’s another organization?

MR. LOMAN: They’re planning it for us.

MR. PATKOTAK: Yeah. And you said that there is an organization that’s going to regulate the oil companies, right? Would you pass that information on to them that, when you have that reorg and that organization is set up, to please come into the villages so that they can train us how to do what you guys do. So that maybe we might even be able do what you guys do. And thank you very much for coming down. And may God bless you.

My dad was -- considered a religious man but he had a faith in the Lord Jesus Christ. So those that do pray, we need to pray not just, you know, live in fear like my brother says -- he walked out the door. To live in fear is not what the word says. I mean, what you speak can come to pass. You know, you
afraid of oil spill, will come to pass. You will always have oil spills, plane crashes, car crashes, what kind of disasters that are out there. But we can minimize that. We are learning right? But I’m sure that if we do our part in lifting them up, it can be done successfully. And I hope that our grandchildren will reap the benefits.

Hopefully, if I ever get married and have kids, then become a grandfather. But I’d to say thank you very much and may God bless you and all those that came and attended. I speak this from my dad’s heart. From a couple of years ago, I heard a lot of no, no, no development and whatnot. To come to a meeting like this is kind of -- brings to mind my dad what he wanted in a way. And I thank you very much for taking the time to come here and come back again.

MR. LOMAN: Thank you very much.

MR. PATKOTAK: Thank you.

MR. LOMAN: We appreciate it. I think. Yes sir.

MR. AGNASAGGA: One more comment, Ramsom Agnasagga. This is just like the -- there ain’t going to be no socio-economic, what you call it?

MR. LOMAN: Socio-economic study?

MR. AGNASAGGA: Yeah, like impact like that?

MR. LOMAN: We have socio-economic studies specific to the Chukchi Sea under way.

MR. AGNASAGGA: You do?
MR. LOMAN: Yeah. Sharon has a list of our environmental studies that --.

MR. AGNASAGGA: I was one of the people in the past, that it said there’s no baseline, you know. That’s why they started all that stuff, you know. Just wondering about that, too. Because, the socio-economics of the North Slope and the people in the villages, how it’s going to impact, you know?

MR. HALLER: Right. In the EIS, the original EIS -- there’s a socio-economic impact analysis and I know -- I used to do some of that so I kind of know about that piece of it. And it gets into the socio-cultural, the subsistence and then with jobs.

MR. AGNASAGGA: And like I said, I haven’t had a chance to see that.

MR. HALLER: Yeah, well that --.

MR. AGNASAGGA: I wish I would have.

MR. HALLER: Right. The Chukchi EIS is a much bigger one but the socio-economic, subsistence. But you always have to keep up with the current, you know, because society is constantly changing. And so we always having to revise them.

MR. HOPSON: We’re hearing different leaders who have come in and different opinions will come out.

MR. HALLER: The pendulum swings.

MR. OKTOLLIK: Enoch Oktollik. Did you -- I know that we saw the bottom core studies -- on the Beaufort Sea from a
company that did the bottom floor study. But, yet, we haven’t
the baseline studies in our bottom sea studies in the --.
MR. HALLER: Right. Yeah, those are -- I’m not sure of
the exact status of those, but I know those are --.
MR. OKTOLLIK: And how could we get those studies?
MR. HALLER: Well Sharon --.
MR. HOPSON: We were a part of that. Our company was a
part of that study.
MR. HALLER: Yeah -- Sharon has a list of the studies and
then there’s -- we have a website that has studies that are on-
going, as well as completed studies. And then, if you want more
information there’s about eight or, what, ten people in our
Study Section. Hugh Williams is the Chief it. You know, if you
need more.
MR. HOPSON: Would these studies --.
MR. OKTOLLIK: Got a lot of group of them -- many of them
like Shell and them. Shell, Conoco and those others that’s been
leading them -- studying on them.
MR. HALLER: Yes and this --
UNIDENTIFIED MALE: Their focus would be the bowhead whale
and it’s slowly starting to go out into, like, other animals.
MR. HOPSON: We have copies of the studies. And they talk
about walrus and whale and seal and fish and krill, plankton,
the bottom, the shrimp, worms. We have all of that. They’re
just trying to make it in plain English because about 80 percent
of the book I cannot understand and read it.

MR. HALLER: Yeah, way to -- .

MR. HOPSON: So I read it based on the pictures until we get the down to earth type -- summary out of it. And that’s what we’re waiting for. But we do have this -- the book is about yea thick just on one season’s project.

MR. HALLER: Yeah one.

MR. LOMAN: Mr. Mayor our new Community Liaison, Michael, will be coming to the community soon. And, in addition to working with the school, to kind of have some interaction between our scientists and the students, expose them to some outside -- positive outside influence that is part and parcel to their environment here.

Our environmental studies people can come with that effort and present information, especially those studies in the Chukchi Sea that are being finalized or where data’s coming up, and provide information to you by talking, oral communication, in some pretty substantial detail. It is not true when you read that the government knows more about the planet Venus than the Chukchi Sea, no matter how many times they say it

MR. OKTOLLIK: What about the sea collection data from the bottom floor and the offshore studies of the bottom sediments of the (indiscernible).

MR. LOMAN: What we do know is that the Arctic Ocean, and the Chukchi Sea certainly included, has a breathtaking amount of
diverse living organisms that support a complex ecosystem that is beyond the imagination of most. From one respect, I know that every whaler knows it, because it’s the same ocean that supports those whales, an extremely complex and sophisticated animal, some of which were swimming -- or are swimming out there now and were swimming when Abraham Lincoln was President.

MR. OKTOLLIK: Most of us were (indiscernible) many has two, North Slope Borough, Fish and Wildlife. How many members?

MR. AGNASAGGA: No, I don’t.

MR. OKTOLLIK: Offshore, Walrus becomes a member and Whaling Commission and certain, the Borough Commission. And sometimes, when you understand it in the Arctic Ocean, we’ve got so many endangered species. There would be a number of endangered species out there. As we’re talking right now, how many -- some of them need to be added on to the Endangered Species list into the Arctic.

What, versus Endangered Species and the ones that are coming into the listing, versus oil industry -- what does it mean? Maybe somebody --.

MR. LOMAN: Mary can answer that question better than I can.

MS. CODY: Once they’re listed under the Endangered Species Act, any action that the oil company wants to take, they have to consult with the Agency that’s responsible for that species. So, like for the polar bear, that’s Fish & Wildlife
Service. And when they give us a plan for what they plan on
doing, the oil companies also have to give that plan to Fish &
Wildlife Service. And Fish & Wildlife Service reviews it. And
for bowhead it’s NIMS (ph).

And if there are things in that plan that Fish & Wildlife
Service or NIMS (ph) think are incompatible with maintaining
these species, they have the option to just say, no you can’t do
it. You can do it this way instead. Usually it’s an iterative
(ph) process that goes back and forth, sometimes for months.
And companies having a specific plan and the Agency that’s
responsible for that species, helping them come up with a plan
that they can do what it is they want to do without additional
harm to a species that may already be in decline. It’s a very
strong law.

MR. HOPSON: Leads to another question and it’s going to
affect oil and gas. Why is it that the Federal government
doesn’t go consult with the people who live with these animals
before they’re listed? We don’t see our comments in -- when
they say they come and they say they’re going to consider our
comments and concerns and list them, we don’t see those in the
Register. We don’t see our comments.

We all opposed the Federal government in listing the polar
bears as a threatened species. But nobody took that serious
consideration. And it was a move to screw up oil and gas, in my
opinion by the Democratic people of America. No right
Republican in their right mind would do that thing. We’re not that dumb. But the Federal government never did come and seriously take our consideration and why we were telling them, it’s not a threatened species. We’ve seen these animals die of drowning. We’ve seen these animals die from themselves. When they fight each other, they kill each other. They eat each other. The only reason that it became a national political issue is because Shell was out there exploring, doing seismic activity and some guy took one picture of a dead polar bear and we see it every year all the time.

Take for instance, the walrus, the last year’s instance where the Federal government said we had four hundred dead walrus on our beach. And there was only ten. And they blamed the oil companies. The oil companies are 70 miles offshore and these walruses died on the beaches. They come here and Icy Cape. You know, it’s crazy. Now they want to list -- now they’re thinking of listing the walrus as a threatened or Endangered Species because there’s no ice, you know.

The animals move. Go to the Russian side and count them. They’re thousands of them, you know. Watch their pictures. It’s just crazy that the Federal government can come here and tell us, this is going to happen whether you like it or not. And then come back to us and say, oh we made a mistake. We’re sorry. It’s not right, you know. It’s just not right. And our taxpayers pay for that, you know.
And it affects oil and gas in a big, big way when it comes to threatened or Endangered Species. When the Marine Mammal Protection Act was created, they said the bowhead was going to be listed as Endangered until its population reached 10,000 or more. Well it reached that population number, about four years, five years ago. And we’re still on the Endangered Species list. Nobody’s listening to us.

IWC knows our numbers. They take our numbers and they’re credible. But our own Federal government won’t take it. You know, it’s crazy. And it affects oil and gas and what they want to do, when they can do it, and when they can’t do it, you know.

The only thing that should determine what the oil and gas can do and can’t do is the ice movement. That’s what should dictate what they can and can’t do. So that they can do it in a safe, sound manner. Animals get deflected. They will. We deflect them ourselves, you know. We can deflect a herd of 10,000 caribou in a heartbeat. We don’t do it because we won’t.

If you listen to us, we can teach you. But you have to be willing to listen to us. Both the State and Federal government, they have to be willing to listen to us. We’ve listened to you. We’ve lived by the laws of the Federal and the State government. But why not take our advice as we’ve been doing this for thousands of years?

I cannot go down to California and tell you how to hunt...
those crazy animals, you know. Because I don’t know how. But I
can teach you to hunt our animals. I can show you how we hunt
our animals. Just got to be willing to listen to us. Thank
you.

MR. TAGAROOK: Before I go, one last comment, I want to
make it. I’m Terry Tagarook, for the record. You know, we have
to listen to the pros and cons of all -- what is happening with
the Federal, the oil company and our people. To our people
before White man came, we were taught to respect our elders, our
land, our sea, ourselves. Respect other people’s property. And
we didn’t have no police doing that, going after people that
were doing something wrong. That was up to the Council and the
Council had that power. But in the long run, the respect is
what we have always been shown to do to our environment, the
land, the sea, our animals.

If the government will listen to us, then please learn to
show respect to our environment. In this Arctic, animals, the
mammals we depended on before oil companies came up. We showed
-- they showed us respect, to show respect to our animals. It
took government and the oil companies and whoever it is, to show
respect to our environment. Things will go smoothly.

And that is one thing that everybody’s got to learn,
respect. Trust and show others what is right and what is wrong.
I know that I was raised to show respect. And I’m looking at
the kids that are running around in the library. We weren’t
even allowed to run around in a meeting or at the church, and that’s respect. And all the parents would reprimand us and we’d quiet down and settle down. It’s something that has changed. And we know that change is coming. We cannot stop it. Progress -- that’s what’s happening. And whether we like it or not, it’s going to happen. No matter what the outcome will be at the end. But in the end, we’ll be impacted. Thank you.

MR. OKTOLLIK: Terry, before you go, you addressed one race and it was a White person. I would be happy if you say that immigrants’ children’s, children’s, children. Probably be the proper words to say -- and you not put him into one category when it’s around 300 and some nationality.

MR. TAGAROOK: Whatever we do, I want Eskimo support on the North Slope.

MR. AGNASAGGA: Hagar (ph) said we are the Endangered Species.

MR. HOPSON: Yeah we will be.

MR. LOMAN: Well, I thank you for sharing everything with us tonight. And we learned a lot. Hopefully, you learned a little bit from us. And we appreciate your comments and your time and effort and look forward to meeting you again soon to provide information and to provide assistance.

So, barring any other comments, we’ll close this record and say a quick prayer for some good weather tomorrow so we can go to Barrow and continue on with this mission. Thank you again.
very much.

(Off record: 9:30 p.m.)

REPORTER: Off the record 9:30.
TRANSCRIBER'S CERTIFICATE

I, Judy Bradshaw, hereby certify that the foregoing pages numbered 2 through 82 are a true, accurate and complete transcript of the Bureau of Ocean Energy Management Regulation and Enforcement Public Hearing regarding the Environmental Impact Supplemental Statement Relating to Chukchi Sea Sale 193 held in Wainwright, Alaska on November 4, 2010, transcribed by me from a copy of the electronic sound recording to the best of my knowledge and ability.

____________________________   ______________________________
Date                                  Judy Bradshaw