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PROPOSED LEASE SALE 193 CHUKCHI SEA

DRAFT EIS HEARING

WAINWRIGHT

Taken December 7, 2006  
Commencing at 7:20 p.m.

Volume I - Pages 1 - 57, inclusive

Taken at  
Robert James Community Center  
Wainwright, Alaska

Reported by:  
Mary A. Vavrik, RMR

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A-P-P-E-A-R-A-N-C-E-S

For Minerals Management Service:

Fred R. King  
Hearing Officer

Peter Johnson  
Geophysicist  
Mike Salyer  
EIS Coordinator

Albert Barros  
Community Liaison

Taken by:

Mary A. Vavrik, RMR

BE IT KNOWN that the aforementioned proceedings were taken at the time and place duly noted on the title page, before Mary A. Vavrik, Registered Merit Reporter and Notary Public within and for the State of Alaska.

1 P-R-O-C-E-E-D-I-N-G-S

2 HEARING OFFICER: My name is Fred King,  
3 and I'll be the hearing officer for this meeting. I'm  
4 with the Minerals Management Service, and we are out of  
5 Anchorage, Alaska. With me is Mike Salyer, who is the EIS  
6 coordinator for this project. And I also have Peter  
7 Johnson, who is with our Resource Evaluation Unit, and  
8 Albert Barros, who is our community liaison person, that's  
9 the four of us with MMS. We also have -- because this is  
10 a hearing, we have Mary Vavrik, who is a court reporter,  
11 and she is taking verbatim testimony as people give it.

12 Before we start this meeting, if it's okay with  
13 everybody, we would like to ask George to give a blessing.

14 (George Agnasagga gives a blessing.)

15 HEARING OFFICER: I would also like to  
16 apologize to the community. We tried to get in here a  
17 couple of weeks ago and got weathered out, so we have  
18 rescheduled this meeting. And we are sorry we couldn't  
19 make the first meeting, but weather got the best of us.

20 We are prepared to go through a quick briefing on  
21 Sale 193, but this is -- we're here to hear your  
22 testimony. So if you would like us to -- if you would  
23 like Mike to give about a ten-minute briefing based on the  
24 information that you have got, he will be glad to do it,  
25 or we can go to testimony.

1           If there aren't too many objections, I'll go ahead  
2           and ask Mike to do a quick briefing, and if there are a  
3           few questions, clarifications, you can go ahead and ask  
4           them as he's going through. And then as soon as he's  
5           done, what I'd like to do is if you would like to testify,  
6           if you would please come up here and sit at the seat, that  
7           way our court reporter can pick you up on the mike. And  
8           we would also ask you to give your name and spell it so we  
9           get it right. So if you will go ahead, Mike.

10                         MR. SALYER: Good evening. I'd like to  
11           start out, really appreciate you all having us in the  
12           village this evening. And if you picked up a little  
13           packet, real briefly it's just some general information on  
14           Lease Sale 193, environmental impact statement. The  
15           environmental impact statement right now is in its draft  
16           form, and it's out for comment. The comment period on  
17           draft -- the draft EIS is December 26th. And you will see  
18           that in the slide presentation.

19           On the first page, you see these green boxes, a  
20           little flow chart here. That's simply outlining the  
21           environmental impact statement process for NEPA for this  
22           lease sale, for Minerals Management Service. And we are  
23           sort of at that date. October 2006 is where we mailed out  
24           the EIS, and that kind of shows you the comment period and  
25           the times associated with the process. We are expecting

1 that the lease sale will -- if everything gets approved  
2 and decisions get made, if it was going to go forward, it  
3 would be in November of 2007. Of course, that's up to the  
4 Secretary of Interior.

5 But tonight we are here just to present some brief  
6 information and mainly to hear what your comments are on  
7 the environmental impact statement.

8 So on the next page it simply has a little chart of  
9 the different meetings, when they were held in the  
10 villages, some background information just explaining how  
11 it's a special interest sale. And that really gets us to  
12 the proposed action that the environmental impact  
13 statement covers. And as you can see, we have a couple  
14 maps up here. And the prepared action is the program area  
15 which occurs in the bold green area of the Chukchi Sea.  
16 And you also have this map attached in your packet, in the  
17 back area of the packet here.

18 Now, I want you to notice that there is a 15- to  
19 25-mile area that is excluded from this right from the  
20 beginning, okay, taking care of some of the lead system  
21 issues. And it's just the green line. That's the program  
22 area. And toward the end of last year, there were some  
23 scoping meetings held in the village. Some of you all may  
24 have attended those. And we try to take the information  
25 we obtained from everyone and incorporate that into the

1 environmental impact statement.

2 And as a result of those scoping meetings, we were  
3 able to create some deferrals as alternatives. And we are  
4 just going to look at those real briefly. On the second  
5 page you have the proposed action sort of broken down.  
6 There is a lot of numbers. It's mainly just pertaining to  
7 that green outlined area. It's roughly 34 million acres,  
8 and it excludes the spring lead system.

9 On the bottom slide it shows some of the biggest  
10 concerns that were raised in the scoping process that we  
11 have tried to address in that document. That's what we  
12 want to hear from you all tonight on whether you all think  
13 we have addressed those or not.

14 Turning the page, it has a brief description you will  
15 see entitled Lease Sale 193 deferrals. Those are our  
16 alternatives. We have the whole program area as one  
17 alternative. We have alternatives twos and no action  
18 alternative, alternative three, which is Corridor I  
19 deferral. That's the largest. That's encompassed in this  
20 purple or lavender area that's a deferral alternative.

21 Now, the fourth alternative is simply all of Corridor  
22 II. It encompasses a little west area. It's in the blue  
23 hatch marks. I apologize, it's hard to see on the map  
24 but, again, it's in the map in your packet. That's what  
25 we did the analysis on in the environmental impact

1 statement.

2 Again, the last couple slides are just a brief  
3 overview of the process and the different dates that are  
4 milestones. And again, where we are at right now is in a  
5 comment period that's going to last till December 26 on  
6 the draft. And then we'll put together a final  
7 environmental impact statement. There will be another  
8 chance to comment from there.

9 That's a brief overview of Lease Sale 193 EIS. And  
10 at that point we can answer questions or go to hearing.

11 HEARING OFFICER: One more thing. Would  
12 you explain what the second map is?

13 MR. SALYER: Sure. The second map here is  
14 sort of a historical map, if you will, of past lease sales  
15 that have occurred in Chukchi. At present there are no  
16 leases out there, but over the past roughly 15 years, this  
17 map depicts past leases and past wells that were drilled  
18 and that were capped. So that's what this is showing here  
19 within the outlined program area in the green. Okay.

20 HEARING OFFICER: One of the reasons we  
21 brought that is people quite often say where do you think  
22 there is going to be leasing or where is the oil industry  
23 interested. This is where they were interested before.  
24 There was a lot of things that they bought that they  
25 didn't drill wells or anything on, so its probably our

1 best guesstimate at this point indication of maybe where  
2 companies are interested. So that's why that's included.

3 MR. SALYER: Very good.

4 HEARING OFFICER: Are there any other  
5 questions we can respond to before we take testimony?

6 Okay. If not, I think we would like to -- we will be  
7 quiet for a bit and ask anybody who would like to come up  
8 and give us comments to -- again, if you would come up and  
9 sit here and give us your name and spell it so we get your  
10 name correctly.

11 While people are formulating their comments, I would  
12 also like to thank the Native village who has agreed to  
13 give some door prizes. I'll acknowledge them, and I  
14 assume we will be drawing for those door prizes later. We  
15 won't draw for them early. I'm afraid I'd lose my crowd  
16 here.

17 MR. GEORGE AGNASAGGA: Hi. My name is  
18 George Agnasagga, A-G-N-A-S-A-G-G-A. I was looking at the  
19 two maps. The first one is the relinquished area. And  
20 you will notice on all the relinquished area they are  
21 further out into the ocean. And if you look to the newer  
22 map, you will notice that the corridors that we are  
23 talking about now is much closer to shore. Is there a  
24 reason behind that or --

25 HEARING OFFICER: Yes. The corridors that



1 we are identifying there are areas for the Secretary to  
2 consider eliminating from the sale. So our EIS said this  
3 would be the benefits and the protection that would be  
4 added if you deferred or took those areas out of the sale.

5 MR. SALYER: To not explore.

6 HEARING OFFICER: So we would not issue  
7 any leases or offer that for leases if the Secretary took  
8 those out. And the reason we are looking at them is when  
9 we came here in scoping, these were what we heard from the  
10 communities. If you were to go forward with the lease  
11 sale, you need to go further offshore, so you need to take  
12 these areas out of the sale. So that's not looking at  
13 where the sale would be offered, but those would be areas  
14 that have been suggested should be removed from the sale.

15 MR. GEORGE AGNASAGGA: Okay. That's what  
16 I understood several months ago when we had a meeting, and  
17 that's why I had a question on the corridor. Thank you.

18 HEARING OFFICER: That's fine.

19 MR. SALYER: That's a good question.

20 HEARING OFFICER: Just to follow up, we  
21 have two different degrees of how much area gets deferred.  
22 And that's why there is two of them there. And then  
23 again, there is always -- the other option that's analyzed  
24 in the EIS is a no sale option or do nothing. So there is  
25 those two deferrals and a do nothing and the proposal, so

1       there is four options available to the Secretary. And  
2       when I say the Secretary, this is the Secretary of  
3       Interior, Secretary Kempthorne.

4                       MR. BILLY NASHOALOOK, SR.: I'd rather ask  
5       questions from over there. I think there will be a lot of  
6       people that would want to ask but afraid to come up here.

7               I'm Billy Nashoalook. I live here all my life. And  
8       one question that I had and one story that was told that I  
9       witnessed for myself back in -- when was Western  
10      Geophysical? A long time ago.

11                      MR. JACK PANIK: '69.

12                      MR. BILLY NASHOALOOK: When they were  
13      doing seismic testing on that, but they went offshore the  
14      first part of April. I was out caribou hunting and we  
15      went as far as Icy Cape, and we had a trap line go  
16      straight out in the ocean. And we were afraid to follow  
17      it because they did have snowmachines running over the  
18      lines. We never tried to follow it. And following  
19      whaling season, I guess they were blasting right through  
20      the ice. That was in early part of April. We did not  
21      sight not one whale all spring. There was not one whale  
22      caught, not one whale sighted. I was out there whaling  
23      with them. We went paddling as far as 30 miles out.  
24      There was not a -- we didn't see no sign of any kind of  
25      whale, except for one walrus. That's the only thing I saw

1 that far. And looking at this map on the deferral  
2 corridor this area is about 20 miles out, you said?

3 HEARING OFFICER: About 25 miles.

4 MR. NASHOALOOK: And we do go out 30 to 35  
5 miles sometimes, and that's right on the migrating area of  
6 our whales that come from Point Hope and go straight to  
7 this point. So that's why I say it's best to -- unless if  
8 you guys know what -- how you are going to -- unless you  
9 know what -- how you are going to take care of any oil  
10 spills or any kind of mess any time during the -- and may  
11 I ask when will the drilling take place?

12 HEARING OFFICER: It's not 100 percent  
13 guaranteed, but because of the water depths we are facing  
14 here, I think exploration drilling would probably have to  
15 occur during the open water season, but one of our  
16 requirements is they have to meet with the communities, an  
17 oil company if they get it, and they have to agree to a  
18 conflict avoidance agreement when they can operate and  
19 what they can do and everything so they aren't disturbing  
20 the whale hunt.

21 MR. NASHOALOOK: The reason I ask was we  
22 have been hearing from Nuiqsut that has had to go farther  
23 and farther out to catch their whales now because of the  
24 oil drilling out in the Beaufort. So that's what we are  
25 afraid is going to be happening. We will probably have to

1 go about as far as 100 miles out is what we need. In the  
2 fall, that's when we -- no more whaling for fall whaling  
3 because they don't even -- we can sight some about 30, 40  
4 miles out if we are lucky coming back, but most of the  
5 time they are out right through the -- way past that.  
6 They go straight out to -- what's that island across --

7 HEARING OFFICER: Wrangell?

8 MR. NASHOALOOK: Wrangell Island? Yeah.  
9 Fall whales go straight across, not around here. And if  
10 they get blocked off, where are they going if you are  
11 going to do summer whaling. And that noise do carry a  
12 long way in the water. Thank you.

13 MR. SALYER: Thank you, sir.

14 HEARING OFFICER: Would more of you be  
15 willing to talk if you talk from your seats? But I still  
16 need you to give us your names and stuff so we can get  
17 them, and talk loudly enough so that Mary can record what  
18 you are saying. But if you would rather just talk from  
19 the audience, that's fine. We just need to make sure we  
20 get your name.

21 MR. TERRY TAGAROOK: Good evening. I'm  
22 Terry Tagarook, a resident of Wainwright. Maybe you could  
23 give us a bit of the seismic activity that was done this  
24 past summer.

25 HEARING OFFICER: You want to take a few

1 minutes?

2 MR. JOHNSON: Okay. This summer there  
3 were three companies that worked in Chukchi Sea and in the  
4 Beaufort Sea collecting seismic data. Two of them were  
5 collecting 3-D seismic data and one was, I believe,  
6 collecting 2-D data. I'm not positive of that. The  
7 companies were Shell Oil, ConocoPhillips and GXT. GXT is  
8 a Canadian company. I can't tell you exactly where they  
9 collected. I don't know personally, and it's also  
10 proprietary. And it's proprietary because these companies  
11 are competing against each other, so they don't want to  
12 let the other companies know where they are collecting the  
13 data.

14 But they were out during the open-water period. I  
15 believe GXT completed the seismic testing in early  
16 November. The others had completed it before that. And  
17 most of the testing was done in the Chukchi Sea because  
18 the Beaufort Sea had too much ice. They couldn't get the  
19 boats over to the Chukchi Sea.

20 And in the process there is a number of stipulations  
21 that they had to follow. There are very specific areas  
22 where they had to stay out of. They also had to have an  
23 Inupiat observer on board to look for marine mammals,  
24 whales in particular, but also seals and walrus and other  
25 marine mammals. And if they came upon the marine mammals,

1 they would have to shut down their operations, and then --  
2 or ramp them up slowly as -- if a marine mammal was a  
3 certain distance from the boat.

4 And the distance was determined by the loudness of  
5 the noise that was created by the seismic air vents. If  
6 the whales were further away, then -- a certain decibel  
7 level that they would hear, then it was considered they  
8 could go ahead with the -- with their seismic shoot. If  
9 the noise was too loud, the whales were too close, then  
10 they were forced to shut down until the whales moved off,  
11 and seals and other marine mammals.

12 You have other questions about that or -- do I have  
13 them covered or --

14 MR. TAGALOOK: Thank you. And I would  
15 also like to ask, on the map on the left, when they did  
16 the exploration, were there any findings of oil in those  
17 areas?

18 MR. JOHNSON: There was -- there was  
19 findings of possibly gas more than oil, but some oil. In  
20 this area here, there is -- all these colored blocks were  
21 blocks that were leased in two lease sales in the late  
22 1980s, early 1990s. I can't remember exactly which year  
23 now. Out of these areas -- and most of the blocks were  
24 purchased by Shell Oil or leased by Shell Oil. And Shell  
25 drilled these four wells in these areas, and then I

1 believe another company -- I can't remember which one.

2 HEARING OFFICER: I thought it was ARCO.

3 MR. JOHNSON: Okay. I think ARCO drilled  
4 this well later on. The highest probability prospect was  
5 this one they call Burger, which is, I guess, off of Icy  
6 Cape. And I have to give you a very approximate idea of  
7 how far offshore that is. Some 30 -- it's about 60 miles  
8 offshore or so. There is also some -- some shows in this  
9 area here, but I know Dimond itself, this one over here,  
10 was not as productive. So this is the area that was  
11 leased. And yes, there is very -- some good probability  
12 of some oil and gas in the -- in the Burger area.

13 HEARING OFFICER: Back when Burger was  
14 drilled, that was when the oil prices crashed and stuff,  
15 and so it wasn't economic then. Whether or not it would  
16 be economic now -- and if I remember right, MMS considers  
17 the Burger prospect as having -- I want to say it's well  
18 in excess of 10 trillion cube feet of gas, a very large  
19 gas field. But again, without a market or anything to it,  
20 it's unknown whether companies will bid on it because they  
21 have only got a ten-year lease term -- whether or not they  
22 would bid on it because they would have to do something  
23 and develop it within that primary term to be able to  
24 produce it.

25 So it's unknown whether anybody would come in and bid

1 on a gas field right now with the price -- with the  
2 situation in gas and the fact there is not a ready way to  
3 get it to market.

4 MR. TAGALOOK: While we are on the subject  
5 of where they were drilling, could you explain to the  
6 people if these were capped and how they were capped?

7 MR. JOHNSON: Yes. All wells -- and I  
8 don't have the technology in my mind exactly how they do  
9 it, but all the wells are abandoned and they are capped.  
10 And I do know what they will do is they will pump a lot of  
11 mud down in those wells, and that would keep any kind of  
12 pressure that's underground from coming up. Any of the  
13 oil, if they had any oil that was at risk of coming up,  
14 they would have that well capped with the mud. And then  
15 they also put a large amount of cement in the ground, and  
16 that keeps that sealed. I believe they also put a metal  
17 cap on top, but I'm not absolutely positive of that. I'd  
18 have to find out more about that.

19 HEARING OFFICER: I believe they have to  
20 cut out and do all of that a certain depth below sea  
21 level.

22 MR. JOHNSON: Yeah. There is nothing  
23 exposed above the sea floor at any of these locations.  
24 Any of these are cut -- the top of those wells are cut at  
25 the sea floor.



1                   MR. TAGALOOK: Thank you. And I also have  
2 another question. Would the oil companies be willing to  
3 do some studies on the ocean floor where the crabs and the  
4 other -- other ones that crawl on the bottom of the ocean,  
5 on the ocean floor?

6                   HEARING OFFICER: I'm probably not in a  
7 position to tell you what the oil companies would be  
8 willing or wouldn't be willing to do. If MMS saw a need,  
9 an information need or something and we didn't have the  
10 information and something we could tell them you have to  
11 go collect it because we don't have it. Normally that  
12 type of information is something that MMS, if there is a  
13 need for it to be collected, would probably try to do.  
14 We, however, are restricted by budget constraints, so  
15 whether or not we would spend money, for example, doing  
16 that versus maybe doing more bowhead research or walrus  
17 research or something gets into a priority problem. It's  
18 not something I would say wouldn't be done, but I don't  
19 know how high a priority that would be or how soon it  
20 would get done.

21                   MR. TAGALOOK: What are the chances of  
22 doing oil development out there in the ocean if they found  
23 considerable amount of oil?

24                   HEARING OFFICER: Okay. If they found  
25 considerable amount of oil, there is a step phrased

1 process they have to go through. First we would have to  
2 make the decision to proceed with oil leasing. And the  
3 companies would come in and they bid, and they bid against  
4 each other. And whoever is the high bidder, then MMS also  
5 goes in and evaluates it and we determine if the  
6 government and the people are getting fair market value.  
7 If the bid is not high enough, we reject it.

8 If a company gets a bid, then they have the ability  
9 to move forward, but they have to come to us for an  
10 exploration. They have to come in and say this is how we  
11 want to explore it. And then we come in and write another  
12 NEPA document and come back out to the communities and  
13 figure out the best way for them to go about exploring it  
14 and make sure that it's safe. And the company would then  
15 be -- probably take one, two or three summers to drill  
16 wells. And if they found something maybe the first  
17 summer, they might have to come back consecutive summers  
18 to get enough holes in a structure to determine that it's  
19 economic.

20 At the point they determine it's economic, then they  
21 could come back in and provide a development plan, which  
22 again goes back through another review where we come back  
23 to the communities, we look at the additional information.  
24 We have a lot more information at that point because we  
25 know where they developed oil. We know where they want to

1 run a route, how to get it out, when to get it out, what  
2 they are doing, when they are planning on doing it. And  
3 that way we can meet with the communities and work with  
4 the communities to determine the best way to minimize  
5 impacts should we permit it to go forward.

6 MR. TAGALOOK: If the oil companies are  
7 not going to do any studies on the ocean floor where the  
8 clams, crabs that the seals, sea mammals depend on, the  
9 walruses depend on the clams, maybe MMS could do some  
10 studies.

11 HEARING OFFICER: That's why I'm saying it  
12 may be MMS that needs to do the studies versus the others.  
13 The only thing I want to be cautious about there is  
14 sometimes we have to look at what's the most important  
15 thing to spend money on with our limited budget, but it's  
16 certainly something we will take notes on and take back  
17 and consider and see. The other thing we had is  
18 earlier -- I guess it was the end of November. We had a  
19 meeting to where we brought in scientists from the North  
20 Slope Borough, scientists from other agencies, from  
21 universities and stuff that had done work up here, and we  
22 had a meeting and we asked them to help us determine the  
23 types of studies that needed to be done and put them in a  
24 priority ranking.

25 And I cannot tell you the outcomes of that yet, but

1 that's what we are working on would be -- and I'm sure we  
2 got more studies than we have funding to do it, but it was  
3 to get them going so we could go back and start collecting  
4 information and get the most important information first.  
5 But we now have kind of a list that we are going to start  
6 working from to keep getting better and better  
7 information.

8 Another thing is if they were to develop this, my  
9 best estimate would be it's going to be two to five years  
10 before you see a company out there exploring and drilling.  
11 They are going to be two to three years exploring,  
12 drilling wells and stuff before they find something. It's  
13 going to take them a couple of years after that to get  
14 ready for development, go through the planning, and you  
15 are probably least 10 to 12 years away before you would  
16 actually see anything near production out there at the  
17 earliest.

18 And if you look at over in the Beaufort Sea,  
19 Northstar, which is in the state and part federal, that's  
20 the first offshore development that's happened there. And  
21 there is potential for Liberty. And both of those are on  
22 leases that had been issued -- Northstar was probably a  
23 lease that's been around for 20 years. And Liberty has  
24 been around for about ten years. So it takes a long time  
25 for companies to put everything together, put their plans

1 right, come in and go through the processes and drill it.  
2 It's not like we lease today and tomorrow they are out  
3 there trying to put a production platform in.

4 MR. TAGALOOK: Those two companies that  
5 you just mentioned, what are the activities and did it  
6 affect the marine mammals?

7 HEARING OFFICER: Okay. It's actually BP  
8 who is in charge of both of those, and they have been  
9 required to go out there and do monitoring, and there is a  
10 whole bunch of monitoring. Plus MMS has done a bunch of  
11 monitoring both before they started to put the development  
12 in and then after things have been going on. And they  
13 have been required to do a whole bunch of acoustic  
14 monitoring, see how far sound travels from the island,  
15 trying to determine if whales are being deflected or not  
16 deflected. And to the best of my knowledge, we haven't  
17 seen any significant big changes in what's happening. But  
18 we continue to monitor that.

19 We have not seen any -- I think as far as the sea  
20 bottom and what happened from construction and stuff like  
21 that, we did not see a lot of change in the -- except  
22 where the actual island was, we haven't seen changes in  
23 the environment around the island.

24 MR. TAGALOOK: If -- if the oil companies  
25 were successful in finding oil, would they put a structure

1 out there in the ocean?

2 HEARING OFFICER: Most likely they would  
3 have to put one structure out there. They can use what  
4 they call subsea completions where you would maybe, rather  
5 than have a whole bunch of little islands, which would be  
6 very expensive and stuff, they would probably have one and  
7 then they would go out and dig a hole in the ocean floor  
8 and put everything down below that so it's lower. But I  
9 can't see any way that the oil companies could develop  
10 this without having some type of structure out in the  
11 ocean.

12 MR. TAGALOOK: So whoever wins will have  
13 to tell MMS what they are going to do to get to the oil?

14 HEARING OFFICER: It's not only MMS, but  
15 it would be -- we would be coming back to the communities  
16 with this is their plans. And we also require them to go  
17 through -- with the regulations we require them to go  
18 through a whole bunch of engineering stuff to show that  
19 they have got these studies and this is what they know  
20 about the environment, the ice movement, the waves and  
21 everything else, and that they have engineered this  
22 structure to be capable of withstanding all of those  
23 things. If it's not safe, we aren't going to authorize  
24 it. So we try to go through a number of different  
25 processes to make sure that what's going out there is both

1 engineering and environmentally safe and sound to the best  
2 that we can do it.

3 So it's not they come in with a plan, we  
4 automatically say go do it. There is quite a review  
5 process, and there can be change and modifications. And  
6 you know, part of it -- this is where communities get in  
7 when they are allowed to work, when they are not allowed  
8 to work, where this route goes. There is probably going  
9 to have to be some type of a base for them to work from;  
10 where is that located at. Communities, the North Slope  
11 people can have some say in where those things happen.

12 MR. TAGALOOK: All I can say is I'm more  
13 concerned about the sea mammals that we depend on. And in  
14 the environment, the sea floor is where the food chain is.  
15 And I'm hoping that the oil companies will take it into  
16 consideration to be careful and do what's best for our  
17 people up here on the Slope.

18 HEARING OFFICER: Okay. What I will do is  
19 when I get back, I will talk to our studies people and see  
20 what I can find out, and I will try to send you an e-mail  
21 or a letter stating what came out of the meetings we had  
22 and what studies, if any are being planned for the sea  
23 floor; and if there aren't any, I'll see if I can find out  
24 why they came to that conclusion. But I will get back to  
25 you.

1                   MR. TAGALOOK: Do you have any newsletters  
2 of your activities with your meetings?

3                   HEARING OFFICER: Actually, the meetings  
4 that we hold for, like, this sale and stuff, when we put  
5 out the final EIS, all those are in there, but as far as a  
6 newsletter on the studies, we put out an annual study  
7 plan. And there will probably be reports on this. And I  
8 will try to make sure that both of those come to the  
9 community.

10                  We have a web page. I don't know that -- you can go  
11 there and look for information. Our web page is mms.gov.  
12 And we have information and stuff on there. I'll bring up  
13 the subject to see if they want to consider putting out a  
14 newsletter, if it would be useful. The other thing I  
15 would say is if the community feels like they need us to  
16 come in more often -- there is a good and bad in MMS  
17 coming in more often, you know. People get tired of  
18 seeing us and stuff, but if we need to come up and meet  
19 with the communities and keep you apprised of what's going  
20 on, that's something we need to do.

21                  We would probably appreciate feedback from the  
22 communities because communities get overloaded with  
23 government people and industry and everybody else coming  
24 in and demanding your time and demanding meetings. And we  
25 hear that quite a bit.



1                   MR. TAGALOOK: And having grown up in  
2                   Wainwright, we were taught by our elders to show respect  
3                   to our land and our sea. And I'm hoping that you pass  
4                   this onto the oil companies. Respect our ocean if you are  
5                   going to be doing any development out there.

6                   HEARING OFFICER: Okay. And one other  
7                   thing, again, that -- one of the things we require is the  
8                   companies, if they are going to do anything, either  
9                   exploration or development or anything else, they have to  
10                  come and meet with the communities, explain what they are  
11                  doing, give a chance for you folks to get involved. And  
12                  they have to -- for example, we require a conflict  
13                  avoidance agreement so that for exploration and things  
14                  like that they are not coming in and interfering with  
15                  your -- with your whale hunt and your other subsistence  
16                  activities.

17                 So we are requiring them to come and communicate, and  
18                 then MMS also has a responsibility to come and communicate  
19                 with you, too. I'm not saying it's all the oil companies  
20                 have to do it. We have some responsibility there, too.

21                 MR. TAGALOOK: And I think I've got  
22                 nothing else to say, but I'm sure there is some people  
23                 that will voice their concerns. Thank you.

24                 MR. SALYER: Thank you, sir. Thank you.

25                 MR. GEORGE AGNASAGGA: Looking at this

1 map, we followed the trail of the whales that were tagged  
2 from Barrow straight out to Wrangell Islands. Took a  
3 B-line. And with the elders that we have been talking to  
4 these past few years about whales coming in from Point  
5 Hope area to Cape Lisburne, they would make a straight  
6 B-line from the Cape Lisburne area straight toward Icy  
7 Cape and into Wainwright. Now, if you make a separate  
8 line between Icy Cape and Cape Lisburne, you will see some  
9 of this black line will be too far into the land, but what  
10 I would like to see is this line over here on this corner  
11 here to be further out so that you would have a B-line  
12 from Cape Lisburne to Icy Cape. That would not disturb  
13 the whales' migration during the springtime.

14 HEARING OFFICER: Let me explain the black  
15 line to you.

16 MR. GEORGE AGNASAGGA: I think I know what  
17 it is.

18 HEARING OFFICER: We started this -- every  
19 five years MMS has to develop a five-year program. And  
20 this sale that we are working on is started under the  
21 current 2002 to 2007 program. And the green line that  
22 goes there was the program area decided, which would be  
23 the maximum area we could lease. So that's there, and we  
24 started this process. In July of this coming year, that  
25 program will end. The sale hasn't happened. So the sale

1 will actually occur in the next five-year program. The  
2 Secretary of Interior in his proposed program said I'm  
3 going to defer everything 25 miles and out from being  
4 considered in the next five-year plan.

5 Right now if he makes that decision, which we expect  
6 he will, the area that will be offered will be either the  
7 black line or the green line, which either is furthest  
8 from shore.

9 MR. GEORGE AGNASAGGA: That would be the  
10 green line over here.

11 HEARING OFFICER: So it would be the green  
12 line there. In other places it would be the black line.  
13 Okay? Now, that's his proposed program. I can't say 100  
14 percent that it's going to happen, but I have never seen a  
15 Secretary make a proposed program, take an area out and  
16 then put it back in.

17 MR. GEORGE AGNASAGGA: It depends who the  
18 Secretary is, too.

19 HEARING OFFICER: But secretaries haven't  
20 come it me, and I don't always tell them what they have to  
21 do. But that's what the black line is. I would expect,  
22 at a minimum if this goes forward, that the black line  
23 will be the new boundary where it's further from shore.  
24 Otherwise, it will be the green area.

25 MR. GEORGE AGNASAGGA: Okay. Thank you.

1                   HEARING OFFICER: Thank you. You are  
2 dealing with government, and we are able to make  
3 everything complicated.

4                   MR. TAGALOOK: It's me again, Terry  
5 Tagalook. And just one question. What would it take to  
6 stop future oil leases out in the Chukchi Sea?

7                   HEARING OFFICER: It would take a decision  
8 by the Secretary or by Congress. The Secretary definitely  
9 has the power to not approve this sale, to not approve any  
10 future sales. Congress also at different times has  
11 created moratoriums, which is taking areas off. Right  
12 now, as part of the President's energy program and  
13 everything else, this has come down more or less a  
14 directive from the federal government through our agencies  
15 that we should encourage and try to offer more lands for  
16 oil development stuff. But the President would be the  
17 other person who could stop it.

18                  But those are probably the three levels. It's going  
19 to be either Congress, the Secretary, or the President who  
20 could stop this. And that's the other thing. That's why  
21 we're here. And what happens with these meetings, if  
22 people are against it, we take your testimony; when we  
23 summarize it, these are things that we tell the Secretary,  
24 when we were out, this is what we heard.

25                  MR. TAGALOOK: Thank you.

1 HEARING OFFICER: And in fact, I think the  
2 last one I was here in scoping, one of the things we got  
3 is we got a map, and a lot of people signed on the back of  
4 the map they were against it. And that's part of the  
5 record and that's part of what we identified to the  
6 Secretary. And I will acknowledge we have been here  
7 before. We have heard that you are against oil and gas  
8 leasing, and we understand why. We present that. And we  
9 make sure they know that that's what we heard.

10 MS. MARGARET AHMAOGAK: I'm Margaret  
11 Ahmaogak. I usually don't say anything, but I'm a mother  
12 and a grandmother. I definitely am against this oil lease  
13 sale in the Chukchi. You can drill anywhere else but in  
14 our ocean. Thank you.

15 HEARING OFFICER: Thank you.

16 MR. TAGALOOK: Just on the humorous side,  
17 you can go drill by my house.

18 HEARING OFFICER: I might get in trouble  
19 because I don't have the authority.

20 MR. TAGALOOK: I'll give you permission.

21 HEARING OFFICER: Do I have to split it if  
22 I find the oil?

23 MR. TAGALOOK: Well, if you find gas, just  
24 hook me up.

25 HEARING OFFICER: Yes. Gas would be nice

1 here, wouldn't it?

2 MR. TAGALOOK: Yeah. With the oil prices  
3 going up, we need gas.

4 MR. JACK PANIK: My name is Jack Panik.  
5 I'm a whaling captain, and commissioner for Alaska Eskimo  
6 Whaling Commission. And if -- if the drilling was  
7 supposed to start out there, will MMS be involved out  
8 there watching them or what?

9 HEARING OFFICER: Yes. What happens is if  
10 a company comes in and presents us with an exploration  
11 plan, we go through the process of community involvement.  
12 And then at the point that there are supposed to be  
13 drilling, there are a number of things. Number one is we  
14 will inspect the vessel or whatever they are going to be  
15 using for drilling before it comes on site to make sure  
16 it's worthy and adequate and everything else. And then  
17 during the drilling process, we have an inspector on board  
18 the whole time that it's drilling.

19 Now, there are some cases where in the Beaufort, for  
20 example, they brought the rig, put it on site and then  
21 gone into like cold storage. And if it's not drilling or  
22 doing anything, we wouldn't have an inspector on site.  
23 But when it is drilling, we try to have an inspector on  
24 site all the time it's doing exploration drilling.

25 MR. JACK PANIK: What about Native

1 observers?

2 HEARING OFFICER: At this point it's -- we  
3 haven't required those. That doesn't mean that as we are  
4 developing it and with AEWIC involvement, conflict  
5 avoidance, all those other things that are going to be  
6 part, if there is a need for a Native observer or a desire  
7 for one, that may be something that could be accommodated.  
8 You mean for seismic.

9 Now, for seismic, we do have Native observers on the  
10 seismic, but you're talking drilling.

11 MR. JACK PANIK: Drilling, yes.

12 HEARING OFFICER: In the past there has  
13 not been, to the best of my knowledge, a requirement for a  
14 full-time Native person there doing observations. That  
15 doesn't say that would be off the table, but it isn't a  
16 requirement right now.

17 MR. JACK PANIK: So if there is drilling  
18 going on, will it be in the open water all year round  
19 or --

20 HEARING OFFICER: My guess -- and this is  
21 my guess from what I know. Exploration drilling, I would  
22 say, over the next ten years would most likely have to  
23 occur during the open water and be negotiated with the  
24 local communities so that it would occur when it wouldn't  
25 interfere with subsistence or minimize the effects to

1 subsistence. I don't see any way that they could put a  
2 rig together and go out there and do it over the ice.

3 And my understanding of the ice and everything out  
4 there, they probably can't drill from the ice like they  
5 have some places in the Beaufort. So I don't see any way  
6 it would be anything other than a vessel during open water  
7 or near open water. They may have to get something out  
8 there and get some ice breakers or something after the  
9 whaling has stopped to extend it or complete it or  
10 something, but I don't see any way it would be anything  
11 but open water.

12 That's -- that's the best information I have. I  
13 can't say that's 100 percent, but I can't see any way they  
14 could operate any other way. That's part of why I'm  
15 saying it would probably take multiple years because they  
16 are probably going to get one well, two wells at the most  
17 from a rig during the season, and so it's going to take  
18 them a while to do their exploration.

19 MR. JOHNSON: Maybe I can add one thing,  
20 that there is really two phases to going from a discovery  
21 to development. And the first part is exploration where  
22 they can put a rig out there that's a temporary rig that  
23 will only be there for a short period of time, enough time  
24 to drill the well, and then they'll move it off someplace  
25 else. And the companies like to use those rigs to drill



1 several wells because it's cheaper for them to move one  
2 around than to bring a rig up every other year.

3       Once they've made a discovery, then they have to go  
4 to decision as to whether to actually develop that  
5 discovery. And that would be a much longer process in  
6 which you would have to have much more permanent fixtures  
7 out there that would last many years while they would have  
8 these -- doing the drilling for the discovery.

9       So there is exploration and development --  
10 exploration drilling and then there is developmental  
11 drilling, and there is different things. Right now  
12 development drilling would be a long, long way into the  
13 future if they ever find something that's worth  
14 developing.

15                   MR. PANIK: All right. Thank you.

16                   MR. GEORGE AGNASAGGA: I have a question.  
17 I would recommend that there if there is a way we can have  
18 the oil companies -- prevent the oil companies to coming  
19 out in our ocean to test drilling, the daily activities  
20 around that wintering area of the whales where they stay  
21 for the winters out by St. Lawrence Island. Any  
22 activities around there, it might be useful to try going  
23 down there to test to see if there is, you know -- or get  
24 them used to the north. This is when they migrate.

25                   HEARING OFFICER: To the best of my

1 knowledge, I'm getting way out here. The only thing I  
2 know that would be is if there was anything around  
3 Sakhalin or stuff. But I don't know of any -- MMS has no  
4 plans, at least in the next five-year, to have areas  
5 further down -- at least where my perception is is where  
6 the bowhead overwinters -- that's not being offered for  
7 lease, or oil companies could not go down there and at  
8 least do any exploration activities or something. This  
9 would be a concept, I guess, that would be something that  
10 would be considered, but I know from meetings I have been  
11 to with the AEWG and stuff that they have been concerned  
12 about some proposed tests and different things to where  
13 noise and stuff would be scaring the bowhead whale or  
14 anything else. It would be something that might be  
15 possible, but it would definitely take a lot of  
16 consideration, community involvement, and AEWG involvement  
17 to make sure it was worth proceeding. Probably the other  
18 one who'd have to buy off on it would be the National  
19 Marine Fisheries Service because it's an endangered  
20 species. So whatever you do around the bowhead whale has  
21 to go through their review and have their blessing.

22 I'd like to remind everybody if you would help my  
23 court reporter out and, again, she doesn't keep track of  
24 everybody's name. So even if you are testifying again,  
25 I'd appreciate it if you would mention your name.

1 MR. JOHN HOPSON: John Hopson.

2 HEARING OFFICER: How are you, John?

3 MR. JOHN HOPSON: Good. The beluga has --  
4 they are tagged. We have tagged belugas that tell us  
5 where they go and when they are at that spot. The bowhead  
6 whales, recently we have those on there now. You can look  
7 it up on the Internet. I think it's wildlife.org, or  
8 something. Are you using that information to base your  
9 decisions on what happens out there, as well as the walrus  
10 commissions and enough commissions activities?

11 MR. SALYER: I was going to say, the  
12 latest information is probably not in there because the  
13 document was already in preparation when it was  
14 distributed. The new information we need to get in there  
15 now. You understand what I'm saying? I have to see the  
16 time frames of the data. If it was within the last, say,  
17 three or four months, it's probably not in there. Okay.  
18 So if it's newer information, then we need to go get that  
19 now and add it in there. And that's what we want to hear,  
20 that kind of information.

21 MR. JOHN HOPSON: Start typing.

22 MR. SALYER: Yeah, I agree.

23 HEARING OFFICER: John, one of the things,  
24 I guess, is the purpose of these hearings is if people  
25 know of information that's not in there that we should be

1 doing; that's hopefully what we are hearing both from  
2 people like yourself and other scientists if they know  
3 information or if they have misinterpreted information  
4 that's there.

5 MR. JOHN HOPSON: Also, you said you meet  
6 with AEWC. Do you also meet with the walrus commission,  
7 the Nanook Commission, the Beluga Whale Commission?

8 HEARING OFFICER: I know we have met with  
9 them. At least we may have gone to them and made annual  
10 presentations.

11 MR. JOHN HOPSON: I think that ought to be  
12 posted up a little more because their information is being  
13 updated monthly. That's something that's going to help us  
14 protect our animals, their information that they have. To  
15 do it annually, you are going to leave out a piece that  
16 would be so important to us.

17 HEARING OFFICER: Okay. Let me rephrase,  
18 make sure -- we meet with them. I know we make  
19 presentations and stuff. If they have data and stuff,  
20 hopefully they will also coordinate with that. We will  
21 make notes and make sure we are coordinating to get their  
22 time.

23 MR. SALYER: Yes, absolutely.

24 MR. JOHN HOPSON: Have you guys received  
25 information from the subsistence representatives or

1 observers that were out on the ships this past summer?

2 HEARING OFFICER: We have that  
3 information, yes.

4 MR. JOHN HOPSON: And is that being used  
5 to our benefit or your benefit to go ahead and lease these  
6 places out?

7 HEARING OFFICER: I think it was  
8 considered -- my understanding of the amount of marine  
9 mammals and the sightings and stuff of what was there was  
10 probably less than what was expected. And that's my  
11 understanding, that there wasn't a lot of sightings and  
12 stuff that was useful that provided a lot of new  
13 information, but I know it was available and it was  
14 available to us. I think there was a daily log that was  
15 similar to what came into the communities to where our  
16 scientists could go look and see what they sighted. And I  
17 think the annual reports from the seismic efforts are  
18 supposed to be coming out soon.

19 MR. JOHN HOBSON: What about human life?  
20 We understand there was a couple of deaths in the month of  
21 September, August or September. There was quite a few  
22 people who got sick, quite a few people who got injured.  
23 Now, with what you guys are -- in your stipulations,  
24 how -- how will that affect them? Are you making your  
25 stipulations more strict so that this doesn't happen

1 again?

2 HEARING OFFICER: I'm sorry, John, but I  
3 don't know the circumstances you are speaking to. I was  
4 unaware of any injuries that occurred during seismic  
5 operations.

6 MR. JOHNSON: I haven't heard of any,  
7 either.

8 MR. JOHN HOBSON: Well, there was.

9 MR. JOHN HOPSON: You have the information  
10 somewhere that we can --

11 MR. JOHN HOBSON: Shell Oil has them,  
12 Conoco or BP; whoever was out there; Western Geco. It was  
13 on the news quite a few times, people dying from diving,  
14 people getting sick out there.

15 HEARING OFFICER: Let me back up there.  
16 What you are talking about was a Navy ship over in the  
17 Beaufort.

18 MR. JOHN HOBSON: I don't know who it was,  
19 but that was on the news.

20 HEARING OFFICER: It was actually a U.S.  
21 Navy ship over in the Beaufort.

22 MR. JOHN HOPSON: And they said it was oil  
23 related on the news.

24 HEARING OFFICER: No, it wasn't oil  
25 related. They were doing scientific surveys, and they

1 actually put down some divers, but that was the U.S.  
2 Navy -- actually, I think it was U.S. Coast Guard. Let me  
3 correct myself. It was the U.S. Coast Guard, and they put  
4 down some divers. And it had nothing to do with oil and  
5 gas or any of the oil companies. And they put down some  
6 divers. But it was not anything permitted by the MMS. It  
7 had nothing to do with oil and gas operations. They were  
8 actually out on a scientific exploration and doing a whole  
9 bunch of different research, but it was not oil and gas  
10 related.

11 So I know what you are talking about there, but it  
12 was not related to any of the seismic permitted operations  
13 that we have. So now I'm talking about the same instance.

14 MR. JOHN HOBSON: The last one, back in  
15 October we had to haul food out from here to a ship. And  
16 it was from Western Geco. I knew of that instance because  
17 I got paid to do it. I got paid to go out there and haul  
18 their food for them from our store. They were a  
19 single-hull ship that would not come into our inlet when  
20 the waters were rough because they were afraid of tearing  
21 up their boat. What would ice do to that boat? They are  
22 hauling -- they are storing diesel to run their engines.  
23 And if ice cuts open their hull, there goes an oil spill.

24 Can you make -- is it possible to make these ships  
25 double hull for that safety of the animals in the ocean?

1 Can you put that in your stipulation to have double-hull  
2 ships out there? We have a lot of ice, and you know that  
3 for a fact.

4 HEARING OFFICER: I guess and my  
5 understanding is it's possible. I think the way we look  
6 at those regulations is that we expect the companies to  
7 get out of there if they are doing seismic when we are  
8 talking seismic ships. When they're out there doing  
9 seismic, they need to get their seismic ships out  
10 before --

11 MR. JOHN HOBSON: These are also supply  
12 ships that head out there and help these seismic ships.  
13 They having going to go out there where the ice is. I  
14 don't want you guys to play stupid with me today. Okay.  
15 I just want to make sure that we are protected.

16 MR. JOHNSON: Let me make one comment.  
17 I'm not an engineer, so I don't have all the technology on  
18 shipping. We have heard about double-hulled tankers, and  
19 my understanding is a single-hull tanker, you have a plate  
20 of steel, and directly inside that plate of steel was the  
21 oil that was stored in that tanker. A double-hulled  
22 tanker, you'd have that plate of steel, a space, another  
23 plate of steel with the oil in it. With a ship, what you  
24 have is the plate of steel is the hull of the ship, and  
25 then you would have a fuel tank inside that hull of a



1 ship.

2 So it's not necessarily the case that if a ship hits  
3 ice, it gets a hole in it, that any oil is going to -- any  
4 diesel fuel is going to spill. On the other hand, if any  
5 ship sinks, then it is a possibility, whether it's got a  
6 double hull or a single hull or whatever; it could get --

7 MR. JOHN HOBSON: And just a life safety  
8 and health issue, as well as maintaining our marine  
9 wildlife out there, keeping it clean. We have more ice  
10 than anywhere else in the world, and the activities is  
11 just growing.

12 MR. JOHNSON: I could find out for you  
13 what the stipulations are and the type of boat that they  
14 are required to have. I think those stipulations are  
15 there. And that would tell us whether they are required  
16 to have reinforced hulls, for example, to prevent  
17 damages.

18 HEARING OFFICER: I'm unaware of any  
19 requirement for a reinforced hull.

20 MR. JOHN HOBSON: It's something to think  
21 about for the safety of everybody. And these guys wanted  
22 food, but we couldn't get it to them for three days  
23 because of weather. I couldn't get my little 22-foot out  
24 there, and he couldn't bring his 75-foot in because he was  
25 afraid of running aground in his single hull is what he

1 said. And, you know, it's for the safety of everybody,  
2 the marine mammals and people's lives. He said if he had  
3 a double hull, it would reassure him he would be able to  
4 come in, whether he hits ground or not.

5 HEARING OFFICER: Okay.

6 MR. GEORGE AGNASAGGA: After sitting with  
7 the answers that you gave between the black line and green  
8 line -- we are talking about Sale 193, right?

9 HEARING OFFICER: Yes.

10 MR. GEORGE AGNASAGGA: You look at this  
11 map, you will see that the black is Sale 193. And  
12 that's -- that's the line that shows it going into the  
13 cove near Cape Beaufort and the Point Lay area. And what  
14 I'm talking about is that the whales will make a B-line  
15 from Cape Lisburne to 11 miles out at Icy Cape. If they  
16 do that, then this -- if there is drilling activity going  
17 on just beyond the black line, then the whales would have  
18 to find another route.

19 HEARING OFFICER: Okay. There will not  
20 be any leasing shoreward of this green line, regardless of  
21 the black line.

22 MR. GEORGE AGNASAGGA: We are talking  
23 about the --

24 HEARING OFFICER: Then what the Secretary  
25 did with the next five-year decision, which would happen

1 before this sale, if he decides this ought to be the  
2 boundary, that means these areas here would fall out.  
3 This area would not be added because we have not studied  
4 it under an environmental impact statement. So we would  
5 not add in this area here. It would stay here and go like  
6 that. So this area here would not be added back into this  
7 sale, regardless of what decision is made.

8 The Secretary may make the decision to defer this  
9 out, or he could choose one of these deferrals, as well.  
10 But there would not be any leasing in here in Sale 193  
11 because we haven't studied it under our NEPA analysis, so  
12 we couldn't add it back in. We can delete areas out, but  
13 we can't add areas that are outside of where we have  
14 studied.

15 MR. GEORGE AGNASAGGA: I will think about  
16 it because I've got a brother that sees some people out  
17 from this area here. And you will look at that on -- you  
18 will see these two here.

19 HEARING OFFICER: These were leased  
20 previously, but they couldn't be leased now. We couldn't  
21 offer that area.

22 MR. GEORGE AGNASAGGA: This was about 15  
23 years ago, 10, 15 years ago. He had to chase them away  
24 with a shovel. And these people came in helicopters. But  
25 he was able to chase them away. That's how we feel about

1 our area. It's part of us. That's our garden.

2 HEARING OFFICER: Okay. Thank you.

3 MR. TAGALOOK: In the first place when  
4 they first came in for the oil lease sale hearing, we were  
5 opposed to that.

6 HEARING OFFICER: Right.

7 MR. TAGALOOK: And we will definitely be  
8 opposed to oil development out in the ocean because we  
9 depend on our ocean for our subsistence lifestyle and for  
10 the marine mammals that are living out there in the ocean.  
11 Thank you.

12 HEARING OFFICER: Thank you.

13 MR. JOHN HOBSON: What's your plans after  
14 you leave Wainwright? When are you coming back?

15 HEARING OFFICER: At this point we don't  
16 have any plans on when we would be back as part of this  
17 process, but we would come back whenever the -- if the  
18 community wanted us to if they need more information.  
19 This is the -- we come out for scoping. We come out for  
20 the hearings. Those are two times that we definitely come  
21 out. And if communities want us out more often, we can  
22 come more often; but there is not another planned trip  
23 back out before this sale would be held unless we got a  
24 request from the community.

25 MR. JOHN HOBSON: What's the deadline?

1 What are we looking at?

2 HEARING OFFICER: December 26th is the  
3 deadline for the comments.

4 MR. SALYER: On the draft.

5 HEARING OFFICER: On the draft EIS.

6 MR. PANIK: And nothing will be going on  
7 after that draft is done and after you receive --

8 HEARING OFFICER: After we receive the  
9 draft -- or after we receive the comments, then what we do  
10 is we go through the comments and look what's there, and  
11 we respond to the comments that are saying you didn't use  
12 this information, you didn't have that information, you  
13 did something wrong. So we go in and look at each of  
14 those comments, respond to them, change the analysis where  
15 necessary, add analysis, et cetera, and then in the spring  
16 we will publish a final EIS.

17 When that comes out, there is another opportunity for  
18 people to comment. We send a -- we start the consistency  
19 determination process with the State that has to be  
20 consistent with coastal zone laws, and we put that. And  
21 then we are also required by law to go through and send a  
22 letter to the governor, and the governor gets to respond  
23 to us to tell us what -- and in this case what the new  
24 governor would think of the sale, what things she might  
25 want to add, or whatever. And then the Secretary looks at

1 her comments and makes a final decision on whether to  
2 proceed with the sale or not. And that decision would  
3 occur probably in the October time frame.

4 So there are a number of these processes that go on.  
5 And I believe the State comes back through the North Slope  
6 Borough for the community. And then you are able to get  
7 involved with the consistency determination review and  
8 comments and stuff on that. So there are a number of  
9 different processes that are ongoing. But the final  
10 decision on whether to proceed or not would not occur  
11 until probably October, and that's after all of the  
12 information that's been gathered and the final EIS has  
13 been made available.

14 MR. JOHN HOBSON: So we are looking at  
15 possibly this coming summer you would probably be back.

16 HEARING OFFICER: We would not come back  
17 unless the community wanted us to. But I'm assuming that  
18 MMS would be willing to come back if the community wanted  
19 us to come and talk.

20 MR. JOHN HOBSON: As for myself, I do want  
21 you guys back here. And just give everybody else a chance  
22 that's not here to comment. I know you posted notices. I  
23 know this has been ongoing, but there are other  
24 commitments going on right now. So given the fact that  
25 you can come back, we might get more people here later on.

1 HEARING OFFICER: Okay.

2 MR. TAGALOOK: It's me again, Terry  
3 Tagalook. I'm just wondering if prior to the lease sale,  
4 do the oil companies go to the State or the federal?  
5 Where do they go to?

6 HEARING OFFICER: Prior to the lease  
7 sale --

8 MR. TAGALOOK: If the Secretary of  
9 Interior open the lease sale.

10 HEARING OFFICER: If the Secretary decides  
11 to conduct the lease sale, to go forward with it, what  
12 happens is companies have to come in, and each of those  
13 little squares on there is a block, and what they have to  
14 do is they have to submit a bid. There is a minimum bid.  
15 There is a whole bunch of financial requirements they have  
16 to meet. And then they put bids in on them. And at a  
17 public sale MMS opens the bids up and reads them and we  
18 decide -- we look at who the high bidder is, and after  
19 that process we go through and determine if that bid is  
20 adequate.

21 But it's a public lease sale to where anybody,  
22 companies or individuals, can go in and bid on those  
23 leases, but it's -- I think it's like \$25 an acre minimum  
24 bid. So it's fairly hefty money. And all the monies  
25 that's received from these lease sales goes to the federal

1 treasury, the same as, like, your taxes. It does not come  
2 back to the agency. It goes to the federal treasury.

3 MR. TAGALOOK: Why not give some of that  
4 money to the villages that are going to be impacted?

5 HEARING OFFICER: This is a question that  
6 we get quite a bit, and I'll give you a short answer and  
7 I'll give you a long answer. The short answer is  
8 Congress -- because this is money that goes into the  
9 federal treasury, only Congress can appropriate funds.  
10 It's not up to my agency or the Secretary of Interior to  
11 say we think a percent of this money ought to go to the  
12 community.

13 As part of the Energy Bill -- and I think it's 2004.  
14 Can you help me there, Albert? They set aside what they  
15 called community impact assistance program to where I  
16 think it was \$250,000,000 over a five-year period is to  
17 come back to communities wherever there is OCS  
18 development. And some of that will come to the State of  
19 Alaska. Some of that will come to the North Slope Borough  
20 and communities.

21 The downside of it is that is based on where the  
22 federal government is collecting royalties and leases.  
23 And if you look at the OCS program, most of the money  
24 collected by us is in the Gulf of Mexico. The Gulf of  
25 Mexico produces about 25 percent of the oil used in the



1 U.S. and about 30 percent of the gas. So the majority of  
2 money that will go back to the states and local  
3 communities is going down there because they are the ones  
4 that have generated most of the money.

5 Now, if this program keeps funded by Congress and  
6 keeps along and if there is development here, there is  
7 potential for more money to come to the communities; but  
8 again, it's up to Congress to keep that going and keep  
9 adding it to us. But in this case, it would be Congress  
10 that you would have to keep pushing to keep giving money  
11 to it. I think MMS is supported. We need to get money to  
12 offset local communities, but we do not have the authority  
13 to appropriate funds.

14 MR. TAGALOOK: Well, if the federal  
15 government can fund space exploration, and it funded  
16 billions and billions of dollars for exploration, why not  
17 do it up here, too.

18 HEARING OFFICER: I don't disagree with  
19 you, but again, Congress is the one who has to handle  
20 that. The executive side, which is the Presidential side,  
21 cannot make those determinations. The President submits a  
22 budget, but Congress is the one who passes it, and they  
23 are the only ones that can appropriate funds. So I share  
24 some of your frustration.

25 MR. JOHN HOBSON: Do you guys have a

1 stipulation in there to request for a mitigation fund from  
2 the industry to the impacted villages?

3 HEARING OFFICER: No.

4 MR. JOHN HOBSON: Can that be put in there  
5 so that they are dictated to go do this mitigation  
6 program?

7 HEARING OFFICER: I -- I can't give you  
8 the direct answer on that. That has come up before, and I  
9 think there are some legal issues with how that's crafted.  
10 I think what happened with Northstar, the North Slope  
11 Borough was involved, and as part of their process at  
12 Northstar, BP put such a fund together. And it was  
13 handled through that process. It was not handled through  
14 a lease stipulation. I know there are certain things that  
15 we can't require. And I can't tell you -- it would  
16 probably be how that was crafted and developed as to  
17 whether or not it would be legal. I don't know. But I  
18 think they are hard to come by.

19 MR. BARROS: That was handled under what  
20 BP called their good neighbor policy. And so if things  
21 occur, you may want to check with the North Slope Borough  
22 on the good neighbor policy with BP, find out a little  
23 more background information on that because that was  
24 between the North Slope Borough and BP. The MMS was not  
25 involved in that. As Fred says, we cannot require --

1       legally we cannot require that.

2                   MR. JOHN HOBSON: I just want to say for  
3       the record I'm disappointed that we have to go through  
4       this process. I oppose offshore activities to the  
5       fullest. I want to fight this to the extent that I  
6       possibly can, and I'll continue to do it for as long as I  
7       live. It's for the protection of the food we eat, the  
8       life we live, and the survival of our people that are --  
9       that live out here in the middle of nowhere. The only  
10      time we get noticed is when we are on the news about  
11      something dramatic like an oil spill or an accident. But  
12      that doesn't mean we should give up on fighting this. We  
13      got to fight this to the fullest. Offshore is not the  
14      answer to -- to our problems. We have lived long enough  
15      to know that, and we will keep doing so. Thank you.

16                   HEARING OFFICER: Thank you.

17                   MR. SALYER: Thank you.

18                   MR. JOHN HOBSON: But I also want to thank  
19      you guys for coming. It gives us the opportunity to give  
20      you guys crap, but it's crap that is well needed to be  
21      said to put us on the map and noticed. Thank you.

22                   HEARING OFFICER: You are welcome. I  
23      would like to thank the community for having us come.

24                   MR. JOHN HOBSON: And I'll keep inviting  
25      you guys to keep coming over because that's what we need.

1 It's a healthy way of doing things. The only problem is  
2 every time a meeting like this happens is we say the same  
3 thing over and over, but everything goes on without --  
4 without our input. We don't get a word in. You say and  
5 you will tell me we do, but it's happening.

6 HEARING OFFICER: Okay. I'll -- the only  
7 thing I disagree with what you said is we relay your  
8 input. We do give input. I do not think the results that  
9 are occurring after that input are the results you would  
10 like. But I guarantee you they are being informed that  
11 the communities here are against it and what you are  
12 saying. At this point I would agree with you, I have not  
13 seen the decisionmakers change their mind based on that  
14 input. I'll acknowledge that for you.

15 MR. JOHN HOBSON: Thank you.

16 HEARING OFFICER: And we will keep coming.  
17 As long as this is here and the community wants us back,  
18 we will come back.

19 MR. PANIK: And tell that Secretary to  
20 take time off and come up here.

21 HEARING OFFICER: Okay. He was on the  
22 North Slope this summer right after he took his job, but I  
23 don't think he came to Wainwright.

24 MR. JOHN HOBSON: I promise we won't be  
25 Dick Cheney. He won't get shot. Dick Cheney ain't here.

1 We may be republicans, but we are smarter than that.

2 MR. BILLY NASHOALOOK: As long as our  
3 comments don't go in the trash, that's all right.

4 HEARING OFFICER: They do not.

5 MR. GEORGE AGNASAGGA: One last comment.  
6 You know there is whale all over the world. We have whale  
7 here only a few miles from Wainwright. Still we are  
8 paying the highest price in gasoline and diesel than  
9 everybody else. We can get it cheaper from Mexico.

10 MR. JOHN HOBSON: That's a big problem,  
11 huh? Why is that, anyways? A lot of the oil and gas  
12 comes from up here, yet in America we pay the highest  
13 prices for gas and oil, literally.

14 HEARING OFFICER: Yep.

15 MR. JOHN HOBSON: It comes from our own  
16 backyard. It's ridiculous. It's an embarrassment to the  
17 country itself. You make your -- you make your people who  
18 live on top of oil pay the most. It's -- it's -- it's  
19 sick, you know. I would be ashamed to be a leader in the  
20 federal government with that kind of mentality going on.  
21 I would be ashamed to be sitting where you are sitting  
22 because of that. That's wrong.

23 HEARING OFFICER: I understand what you  
24 are saying, but from that point the federal government  
25 does not control the price of gasoline or the price of

1 oil.

2 MR. JOHN HOBSON: Well, it can if it does  
3 its policies right.

4 HEARING OFFICER: If -- maybe what we need  
5 to do is run you for higher office and get you in behind  
6 Senator Stevens and stuff so you can change stuff.

7 MR. JOHN HOBSON: At the rate we are  
8 going, I'd rather shoot myself, you know, because it's an  
9 embarrassment. That's how bad it is, literally, in  
10 America. We produce a lot of oil for you people and you  
11 benefitted -- you benefit from it like crazy. And what do  
12 we do? Suffer. And no federal assistance on that part,  
13 you know.

14 HEARING OFFICER: Yep.

15 MR. JOHN HOBSON: It's literally an  
16 embarrassment.

17 HEARING OFFICER: I can't explain it all  
18 because I know that Canada exports oil to the U.S., and  
19 yet they pay a higher price than we do.

20 MR. JOHN HOBSON: That's Canada's problem.  
21 They are a different country.

22 HEARING OFFICER: There is a lot of  
23 different things going on, and that's one point that I  
24 can't control. And it's not within the Department of  
25 Interior's decision making. I'm sorry. Or I would

1 guarantee you there would be lower prices around here.

2 MR. JOHN HOBSON: Maybe we ought to do the  
3 duck-in like they did back then. We just go to Prudhoe  
4 and stop everything and say until we get what we want, you  
5 ain't getting any more oil from us. Maybe that's the  
6 thing that people need to do, get all together and stop  
7 development up there until we get what we want. We can do  
8 it. We have the power to say no. That's our right. It's  
9 something we ought to think about. Just go shut that  
10 whole place down, see what the federal government will do.  
11 Maybe they will start giving us money left and right. Who  
12 knows?

13 MR. TAGALOOK: One final comment I'd like  
14 to make is I think it's the oil companies that are making  
15 the profits, and if you can help us, federal government  
16 should stop oil companies from going out in our oceans.  
17 That's all we ask.

18 HEARING OFFICER: Okay. Thank you. Are  
19 there other comments? Anybody else like to make a  
20 comment? Okay. I would, on behalf of MMS, like to thank  
21 everyone for coming. I'd like to remind you that the  
22 comment period for this draft EIS ends on December 26th.  
23 There is still opportunity if you would like to put in  
24 written comments or you may go onto our web page if you  
25 have a computer and you can enter them directly into our

1 MMS government web page. I think that's on the handout.  
2 And we will take your suggestion there and we will pass it  
3 on and see what we can do about coming back later this  
4 summer. And okay. There is a comment.

5 MR. GEORGE AGNASAGGA: When you go back,  
6 do you go to the government planning department? Do you  
7 attend their meetings and have comments?

8 HEARING OFFICER: We receive comments and  
9 stuff from the departments, and actually I think we can  
10 get them both from the department, and also normally the  
11 North Slope Borough themselves will make comments.

12 MR. GEORGE AGNASAGGA: You do receive  
13 public comments from them?

14 HEARING OFFICER: Yes. And in fact, I  
15 believe -- I'll take this back. We have received comments  
16 from the North Slope Borough on the Beaufort Sea sale. We  
17 haven't received any from here. But I'm very sure North  
18 Slope Borough will comment on this. They always comment  
19 on it. And sometimes the departments both within the  
20 State of Alaska and within the North Slope Borough will  
21 send us their own individual comments. Okay.

22 The village has offered some door prizes, and I am  
23 going to turn it over to them to help award the prizes.  
24 And I thank them very much for offering the door prizes.

25 (Proceedings adjourned at 8:52 p.m.)



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REPORTER'S CERTIFICATE

I, MARY A. VAVRIK, RMR, Notary Public in and for the State of Alaska do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that the proceedings were reported stenographically by me and later transcribed under my direction by computer transcription; that the foregoing is a true record of the proceedings taken at that time; and that I am not a party to nor have I any interest in the outcome of the action herein contained.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed my seal this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

\_\_\_\_\_  
MARY A. VAVRIK,  
Registered Merit Reporter  
Notary Public for Alaska

My Commission Expires: November 5, 2008