

00001

1 OFFICIAL TRANSCRIPT - PUBLIC HEARING ANCHORAGE

2

3 MINERALS MANAGEMENT OFFICE

4

5 January 16, 2003

6

7 DRAFT ENVIRONMENTAL IMPACT STATEMENT

8 FOR COOK INLET PLANNING AREA

9 OIL AND GAS LEASE SALES 191 AND 199

00002

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

2 (Anchorage, Alaska - 1/16/2003)

3 HEARING OFFICER WALL: Welcome everybody.

4 This is a public hearing for the Cook Inlet Draft  
5 Environmental Impact Statement for multiples sales. I'm  
6 Rance Wall. I'm the regional supervisor for resource  
7 evaluation. This is Jim Lima, and he's in the  
8 environmental section and he's the lead on the  
9 development of this EIS. This is Salena Hile and she's  
10 the court reporter that's going to try to keep everything  
11 on the transcript here. There's some other people in MMS  
12 around but basically that's the people that'll be  
13 addressing today.

14 We're here to hear what the public has to  
15 say about the Draft Environmental Impact statement and  
16 for Lease Sale 191 and 199 in Cook Inlet. It's proposed  
17 sales are in 2004 and 2006. The comments we receive  
18 today will be used by the Secretary of the Interior in  
19 making decisions regarding the lease sales. The area,  
20 there's some maps, I think there's another one out there,  
21 the maps basically show the Cook Inlet area that we're  
22 considering. It's south of Kalgin Island, first it's  
23 three miles off, three miles off and further is Federal,  
24 it's north of Shuyak Island. We've had three sales there  
25 before in 1979, '82 and '97. Had 102 leases with 13

00003

1 exploration wells drilled. The only active leases of the  
2 ones remaining from the 1997 lease sale which are in the  
3 northern part of the planning area.

4 We prepared this document as part of what  
5 was approved in our five year plan that the Secretary  
6 approved last June, and in that it was proposed the same  
7 area be offered in both of our lease sales and that's the  
8 ones I referred to before in 191 and 199. We're  
9 preparing just one document that covers both sales, which  
10 we believe is prudent and encouraged under the National  
11 Environmental Policy Act. The decision that the  
12 Secretary must make at this point is whether to hold the  
13 first sale in 2004.

14 There will be a separate process with  
15 public input and an environmental analysis conducted to  
16 determine if a supplemental EIS is needed for the second  
17 sale that's scheduled for 2006.

18 In addition to this public hearing, we're  
19 going to have four other public hearings. One in  
20 Seldovia, Homer, Soldotna/Kenai, and a telephone. The  
21 public comment period closes on Tuesday, February 11th.

22 Now, if you're going to testify we'd ask  
23 that you come up to the microphone and that come up and  
24 state you're name and if you represent some entity, let  
25 us know who that is and that way we can make sure we get

00004

1 it in the public record. If you want to ask even a  
2 simple question you need to make sure that we can hear it  
3 and that she can hear it and know how to put that in the  
4 record. So usually it's easier just to come up here even  
5 for a simple question. So if you have any questions or  
6 anything, we'll do our best to reply on general questions  
7 but any of the questions that are posed here will be  
8 answered. Everything will appear in the final  
9 Environmental Impact Statement with answers to the  
10 questions, replies to them.

11 We're going to go in order by the way  
12 people signed up. And right now it doesn't seem like  
13 there's that many people so we can allow 15 minutes at  
14 this point unless a lot of other people come in and we  
15 have to cut it shorter because of the number of people.  
16 So with that, anything?

17 MR. LIMA: Just one other thing, it's  
18 come to our attention that in the media there has been a  
19 wrong date published in some of the media regarding the  
20 hearing in Kenai/Soldotna. In the Federal Register  
21 notice it was originally published as January 24th, which  
22 is a Friday night, that meeting in Kenai/Soldotna has  
23 been moved to January 25th, Saturday. It will be from  
24 11:00 a.m. to 1:00 p.m., at the Kenai Merit Inn. Other  
25 than that the schedule of public hearings is as it was

00005

1 published in the Federal Register and as put out in the  
2 sheets that we mailed with EIS's executive summaries.

3 HEARING OFFICER WALL: Okay. The first  
4 person we have signed up is Lois Epstein.

5 MS. EPSTEIN: Thank you. Thank you for  
6 offering the Anchorage public this opportunity to provide  
7 comments on the Draft Environmental Impact Statement for  
8 the Cook Inlet planning area also known as Oil and Gas  
9 Lease Sales 191 and 199. My name is Lois Epstein and I  
10 am a licensed senior engineer with Cook Inlet Keeper in  
11 our Anchorage office.

12 Cook Inlet Keeper is a non-profit  
13 environmental research and advocacy organization who's  
14 mission is to protect the Cook Inlet water shed and the  
15 life it sustains. Prior to my joining Keeper, I was a  
16 senior engineer for over 13 years with Environmental  
17 Defense, a national Environmental advocacy organization  
18 with approximately 300,000 members nationwide. My  
19 background is in both mechanical and civil engineering  
20 and I have worked in environmental issues for over 18  
21 years in the private sector, in the Federal government  
22 and for the two non-profits I mentioned.

23 Currently I serve on the U.S. Department  
24 of Transportation Office of Pipeline Safety Federal  
25 Advisory Committee for Hazardous Liquid or Oil Pipelines.

00006

1 Cook Inlet Keeper will submit more extensive comments in  
2 writing on the Draft-EIS before the comment deadline.

3 My comments fall into four categories.

4 1. Draft-EIS analytical deficiencies.

5 2. Needed stipulations and withdrawal  
6 areas.

7 3. Major process concerns.

8 4. Miscellaneous comments about  
9 pipelines, mercury contamination and air quality  
10 monitoring needs.

11 Analytical deficiencies. First, unlike  
12 it's predecessor EIS for Oil and Gas Lease Sale 149, the  
13 Draft-EIS does not analyze the impacts should greater  
14 quantities of oil and gas be discovered than the expected  
15 140 million barrels and the 190 billion cubic feet of  
16 natural gas, or should the exploration and development  
17 scenario exceed the conservative single platform scenario  
18 predicted by MMS. This is a substantial deficiency of  
19 the Draft-EIS that likely only can be remedied by  
20 developing a supplemental EIS before proceeding with any  
21 drilling beyond a single offshore platform.

22 Section 4(b)(2) on the no action  
23 alternative does not contain any analysis of the  
24 possibility of utilizing renewable energy alternatives  
25 for Southcentral Alaska, such as tidal and wind power.

00007

1 And I note that we're among the places in the country  
2 that has the greatest potential for both of those sources  
3 of renewable energy.

4                   Section 4(b)(2) dismisses these  
5 reasonable and cleaner alternatives to oil and natural  
6 gas stating that, "costs and reliabilities of these  
7 alternative sources make them less viable than oil and  
8 gas resources." MMS bases this conclusion on a 43 page  
9 report written in 1996, however, which contains only one  
10 page on wind power, one paragraph on tidal power and no  
11 region-specific analysis. Moreover, the Draft-EIS makes  
12 no mention and performs no analysis on the reduced risk  
13 from terrorism through increasing our reliance on  
14 decentralized smaller scale renewable power generation  
15 rather than utilizing centralized fossil fuel extraction,  
16 transport and storage infrastructure.

17                   Needed stipulations and withdrawal areas.  
18 According to Section 2(b)(3)(b)(2), which addresses oil  
19 and gas production, "drilling fluid wastes will be  
20 reinjected. Muds and cuttings will be processed and  
21 injected into wells or barged to onshore disposal sites."  
22 If true, this would be the most environmentally friendly  
23 way to manage drilling fluids and waste which contain  
24 toxic constituents such as heavy metals, hydrocarbons and  
25 various toxic drilling additives. Unfortunately, there

00008

1 are no U.S. Environmental Protection Agency requirements  
2 that ensure such management. So without a stipulation of  
3 its own placed on lessees, predicting such management of  
4 production waste is fanciful on MMS's part. MMS has  
5 broad authorities and responsibilities under the Outer  
6 Continental Shelf Lands Act to oversee and manage oil and  
7 gas activities on the Outer Continental Shelf and  
8 deferring to another agency in an area where MMS already  
9 has authority to act simply adds uncertainty to the  
10 permitting process.

11                   Industry repeatedly has called for  
12 increased predictability and permit streamlining in oil  
13 and gas exploration and development so it makes little  
14 sense to promote contentious permitting proceedings with  
15 EPA when the issue can be addressed through an MMS lease  
16 stipulation.

17                   As for exploration fluids and waste as  
18 opposed to production fluids and waste, MMS acknowledges  
19 that EPA allows disposal of these materials into the  
20 marine environment. MMS also needs to stipulations that  
21 lessees must reinject exploration fluids and waste or  
22 barge them to onshore disposal sites. Discharges of  
23 toxic drilling fluids and waste are an ongoing concern to  
24 subsistence users of Cook Inlet's resources as well as to  
25 commercial and sportfishers.



00010

1 Graham and Nanwalek. While contrary information and  
2 identification of Draft-EIS deficiencies is certainly  
3 important, so too is widespread community opposition.  
4 MMS needs to take such opposition into account prior to  
5 announcing its decision on these sales.

6                   Furthermore, MMS appears to have  
7 abrogated its responsibilities under Executive Order  
8 13084, which calls on Federal agencies to engage in  
9 meaningful and timely government to government  
10 consultation with Federally-recognized Native tribes,  
11 potentially affected by Agency actions. Despite the fact  
12 that Draft-EIS concedes that subsistence resources and  
13 uses throughout Cook Inlet may be affected by oil and gas  
14 activities in lower Cook Inlet, it has failed to consult  
15 with various tribal governments including those of the  
16 Ninilchik, Kenaitze, Eklutna and Chickaloon tribes. As a  
17 result a variety of subsistence users have been  
18 affectively precluded from meaningful and timely input  
19 into the lease sale process.

20                   And finally some comments about  
21 pipelines, mercury and air quality. The Draft-EIS also  
22 is insufficient, in that, it fails to analyze the impacts  
23 of the onshore oil pipeline that would need to be built  
24 to transport lower Cook Inlet oil to the Nikiski  
25 refinery. As discussed in Cook Inlet Keeper's recent

00011

1 pipeline report, Lurking Below Oil and Gas Pipeline  
2 Problems in the Cook Inlet Water Shed, which is cited in  
3 the Draft-EIS, there are numerous gaps and deficiencies  
4 in Federal and State regulatory oversight of pipelines  
5 which inevitably results in unnecessarily high spill  
6 rates. The problems need to be acknowledged in the EIS  
7 and the likely spill rate for the onshore pipeline  
8 determined as well as spill consequences. As a separate  
9 action MMS also should recommend changes to Federal and  
10 State requirements to address the gaps and deficiencies  
11 in their respective land based pipeline regulations.  
12 Such an action would give MMS more credibility with the  
13 public rather than merely saying that those regulatory  
14 problems are not under its jurisdiction.

15                   The EIS also needs to include an  
16 extensive discussion on the connection between mercury  
17 offshore drilling and nearby biota. This issue was  
18 recognized by MMS last spring when it formed an  
19 independent advisory group to review data on mercury  
20 levels in water and sediments and their relationship to  
21 oil and gas activities in the Gulf of Mexico. The final  
22 EIS needs to discuss the implications of this groups work  
23 for Alaska.

24                   Additionally, Keeper urges MMS to  
25 research whether mercury from offshore oil and gas

00012

1 activities in Alaska is or is likely to impact nearby  
2 biota.

3                   In the Draft-EIS MMS includes limited  
4 information on air quality partly because there has been  
5 very little air quality monitoring in Alaska in general.  
6 Keeper believes there is a need for more extensive air  
7 quality monitoring in the parts of Cook Inlet affected by  
8 industrial activities and in Anchorage. We note that in  
9 analysis performed for Cook Inlet's Redoubt shoals field  
10 using 1993 to '94 data, the only data available, ozone  
11 levels were at nearly one-half the national ambient air  
12 quality standard when measured near Beluga on the west  
13 side of Cook Inlet. Given the remoteness of this  
14 location from industrial and transportation sources of  
15 air pollution and the age of the data, there clearly is a  
16 need for additional air quality monitoring information,  
17 particularly of ozone levels before MMS can certify that  
18 these lease sales will not significantly impact air  
19 quality.

20                   Moreover, given that Tuxedni National  
21 Wildlife Refuge is designated as a National Wilderness  
22 area which gives it a PSD Class I classification under  
23 the Clean Air Act, and that's the most restrictive  
24 classification with tighter ambient and visibility  
25 standards than in other places, it is particular

00013

1 important that MMS or another governmental entity  
2 undertake air quality monitoring in the area around  
3 Tuxedni Bay.

4 In conclusion, Keeper has concerns about  
5 the lack of analysis in the Draft-EIS of the impacts of a  
6 more extensive oil and gas find, the lack of a regional  
7 analysis of tidal and wind power generation opportunities  
8 as part of the no-action alternative, the lack of lease  
9 stipulations covering zero discharge for exploration and  
10 production and MMS's including areas in the lease sale  
11 that can impact several highly environmentally sensitive  
12 locations. Until MMS addresses these and other issues  
13 raised in these comments, no leasing should occur in  
14 lower Cook Inlet.

15 Thank you for the opportunity to comment  
16 on these important issues. Keeper hopes that, as our  
17 nation prepares for a potential war partly related to our  
18 use of Mideast oil, MMS will take a principal stand to  
19 promote long-term clean energy supplies for Alaska and  
20 the rest of the United States.

21 HEARING OFFICER WALL: Thanks. Next we  
22 have Pamela A. Miller.

23 MS. MILLER: Yeah, there's no one who  
24 came in before me?

25 MR. LIMA: No one who's signed up to

00014

1 testify.

2 MS. MILLER: Okay. Well, my name is  
3 Pamela A. Miller. I'm representing myself. I'm pleased  
4 to comment on this series of lease sales for the Cook  
5 Inlet. It's just one of many Interior Department actions  
6 having to do with oil and gas lease sales in Alaska. It  
7 begins a process that adds to 20 million acres of land  
8 and waters that will be leased by the Interior Department  
9 under plans that currently under consideration. Up to  
10 nine million acres more tomorrow will be announced for  
11 the Western Arctic in the National Petroleum Reserve.

12 What I see in common with all these  
13 actions is taking a huge area and not looking very  
14 specifically with what's at stake and how it will be  
15 affected. This is an enormous lease sale for Cook Inlet.  
16 It's much larger than the last lease sale that was held  
17 in this area.

18 What are we talking about here? Four  
19 national wildlife refuges. Alaska Maritime, Kodiak,  
20 Becharof, Alaska Peninsula and it's right next door to  
21 the Kenai refuge. Five national parks surround these  
22 waters and their shorelines could be affected by an oil  
23 spill. Lake Clark, Katmai, Aniakchak, Kenai Fjords.  
24 There's designated wilderness shorelines. McNeil River  
25 State Game Refuge. International Shorebird reserve

00015

1 network sites. Critical habitat for endangered sea  
2 lions. Habitats used by endangered humpback whales, sea  
3 otters, harbor seals, harbor porpoise, dalls porpoise,  
4 excuse me, sea birds in the hundreds of thousands at the  
5 Barren Islands, at Duck and Chiswell islands. Very  
6 important brown bear habitat. There's essential fish  
7 habitat for herring, polluck, northern rockfish, halibut,  
8 yellow-fin sole, weather bain scallops, Pacific Ocean  
9 sole; those are just the areas of essential fish habitat  
10 right within the lease sale area.

11                   This is a huge potential issue of what  
12 could be affected, not only from oil spills but the  
13 disturbance of wildlife with all the kinds of activities  
14 that are associated with drilling, aircraft, boats,  
15 supplies, hauling around drilling waste, that sort of  
16 thing.

17                   So besides all of what's potentially at  
18 risk, what's the change of an oil spill, one in four, 19  
19 percent. That's pretty big.

20                   This lease sale area includes places  
21 oiled by the Exxon Valdez Oil Spill that are still  
22 recovering. Species injured by the Spill that still  
23 haven't recovered. New scientific studies were announced  
24 just this week saying there's still impacts to sea  
25 otters, harbor seals, harlequin ducks. Many of the

00016

1 species that we're talking about here.

2                               So what did the Minerals Management  
3 Service do in terms of analyzing the potential impacts  
4 from oil spills? Well, it looked at where the oil might  
5 go in the first 30 days after a spill. Well,  
6 unfortunately we all remember how long the oil from the  
7 Exxon Valdez spill was moving around, it wasn't just 30  
8 days, it was a long time. And where did it go? It  
9 covered a huge area. Well, what would happen in this  
10 area. The Minerals Management Service uses its oil spill  
11 models and they look at little points.

12                              So along the beach of Kodiak Island, they  
13 pick a little part and say what's the chance the oil  
14 might hit that little part or for an area like the Katmai  
15 National Park, it divides the shoreline into three  
16 different parts. What's the chance of oil hitting there?  
17 Well, if I hold out my hand, what's the chance of the oil  
18 hitting just that one, versus hitting the whole hand. If  
19 you look at, does it hit me at all, it's going to be a  
20 higher number.

21                              And then in the document, you look at  
22 these nice pretty colored maps with pretty colored places  
23 oil might hit. Well, what's it going to look like?

24                              We drill right here. We drill right  
25 here. Well, we might not go up there. But it's going to



00018

1 the same risk of an oil spill.

2                   So go back to the drawing board, come up  
3 with something that's actually meaningful in terms of  
4 helping the public evaluate what the alternatives are.

5                   I am concerned about our nation's energy  
6 supply. I think the Minerals Management could look at  
7 the alternative of wind power as a meaningful alternative  
8 in this EIS. I think you should go back to the drawing  
9 board and provide the public with a much more realistic  
10 sense of what's really at stake and how all this  
11 industrialized activity might affect lower Cook Inlet.

12                   Thank you.

13                   HEARING OFFICER WALL: Thanks.

14                   MR. LIMA: Thanks.

15                   HEARING OFFICER WALL: The next one's  
16 Paul Joselyn.

17                   MR. JOSELYN: Yes, good afternoon. My  
18 name is Paul Joselyn. And I'm a biologist with the  
19 Alaska Wildlife Alliance, an organization primarily  
20 involved with the protection of Alaska's wildlife for the  
21 benefit and appreciation of its citizens.

22                   In 1995, the Minerals Management Service  
23 proposed to lease 1.98 million acres in lower Cook Inlet.  
24 There was overwhelming opposition at that time from local  
25 residents concerned about the impacts of offshore oil and

00019

1 gas development on what it would do to the local fishing,  
2 tourism and subsistence economies. Governor Tony  
3 Knowles, at that time, and one who we know is a supporter  
4 of oil development recommended to the Secretary of the  
5 Interior Bruce Babbitt, at that time, to cancel the sale  
6 stating, and I quote, we remain concerned about the sale,  
7 because of the unique resource values for potential spill  
8 risk and the overwhelming opposition to the sale from  
9 Alaskans who live in the affected area.

10                   The sale went through. But as you know,  
11 it was limited to just two thousand acres.

12                   Now, under a new administration in D.C.,  
13 MMS is back asking again, this time for even more, 2.5  
14 million acres, should you be allowed to succeed in this,  
15 the answer should still be no.

16                   For those of you who attended the  
17 meetings this week, the research meetings on Alaska's  
18 marine environment, you know, that the impact of the oil  
19 spill in Prince William Sound is still sending shock  
20 waves, it turns out, to the eco-system. Quite apart from  
21 the fact that the people that were affected have still  
22 not been compensated, it's in the courts for the actions  
23 that have occurred.

24                   Is it possible that an oil spill would  
25 occur as is indicated here? And certainly there's been

00020

1 an estimate of in the order of perhaps one chance in five  
2 of something like this happening. If it did, the Draft-  
3 EIS estimates somewhere like 22 percent to 37 percent  
4 loss to commercial fisheries and about a 20 percent loss  
5 in sportfishing. The fishing activity itself could  
6 conceivably be shut down for an entire year. The local  
7 subsistence practices of harvesting, sharing and  
8 processing would also be seriously affected, just like it  
9 was the last time and, which, after more than a decade  
10 the oil company responsible is still battling in the  
11 courts, as I've already indicated to restrict the amount  
12 that they get.

13 I represent the Alaska Wildlife Alliance.  
14 And we're very concerned about the wildlife species that  
15 would be affected. The Cook Inlet beluga, the harbor  
16 seals, the stellar sea lions, the sea otters, the  
17 stellars eider, old squaw and sirscuter\*, all have had  
18 their problems in Cook Inlet by way of declining numbers  
19 without now adding yet another factor. What has become  
20 the top brown bear viewing area in the world, which just  
21 a few days ago we learned was now up to roughly five  
22 million a year in what it does for the economy of this  
23 state could potentially also be affected. I saw this  
24 because bear viewing is entirely centered around the  
25 health of the salmon migrations that the bears depend

00021

1 upon which then the people come to see.

2                   Are there problems already? A recent EPA  
3 stuffy of Cook Inlet Native subsistence resources found a  
4 broad array of oil type contaminants in fish and  
5 shellfish. You can imagine the levels that would be  
6 likely to occur if these leases were to go ahead.

7                   Cook Inlet boats some of the most extreme  
8 tides in the world. It's a difficult environment out  
9 there and then when you that you're surrounded by this  
10 land, is it worth risking what we now have in a way of an  
11 estimate of a one week worth's supply of oil for the U.S.  
12 in terms of its production? Or should we be more  
13 cautious about this, push that further out. Look to the  
14 things that have already been mentioned, alternative  
15 forms of energy, reduce our impact on the Greenhouse  
16 Effect, look to reducing the ability of the automobile to  
17 be successful in the sense of you want it to be able to  
18 go a lot more miles per gallon than it presently does.  
19 We seem to be moving in the opposite direction.

20                   We strongly recommend at this time go  
21 ahead with the consideration for lease sales.

22                   Thank you.

23                   MR. LIMA: May I ask a question, sir?

24                   MR. JOSELYN: Yes.

25                   MR. LIMA: You mentioned McNeil, the

00022

1 McNeil Bear reserve is generating five million dollars  
2 for the local economy?

3 MR. JOSELYN : No. The earlier speaker  
4 spoke to the McNeil River.

5 MR. LIMA: Right.

6 MR. JOSELYN: Bear viewing as a whole is  
7 exploding.....

8 MR. LIMA: Yes.

9 MR. JOSELYN: .....around this whole  
10 area.

11 MR. LIMA: Right. You had mentioned a  
12 recent report in the last few days.

13 MR. JOSELYN: Yes.

14 MR. LIMA: I was wondering if you know  
15 specifically where that was because I would like to get a  
16 hold of that for the EIS.

17 MR. JOSELYN: Yes. Well, let me see what  
18 I can do in that regard.....

19 MR. LIMA: Okay, thank you.

20 MR. JOSELYN: .....for you. I'll be glad  
21 to do that. It was at a bear viewing meeting and this is  
22 the bear-viewing folks who are now pulling those figures  
23 together.

24 MR. LIMA: Good.

25 MR. JOSELYN: Okay.

00023

1                   MR. LIMA: I would like a copy of that  
2 and if you would, I'll give you my business card.....

3                   MR. JOSELYN: Oh, thank you.

4                   MR. LIMA: .....and you can call me  
5 directly.

6                   HEARING OFFICER WALL: Do we have others  
7 that want to speak because I don't have anybody else  
8 that's checked on the list here? Nobody else wants to  
9 testify?

10                  MR. LIMA: Okay. Then at this point I  
11 would suggest that we go off the record and we will go  
12 back on the record if and when someone comes forward  
13 wishing to testify.

14                   (Off record)

15                   (On record)

16                  MR. LIMA: Ladies and gentlemen, we're  
17 back on the record.

18                  HEARING OFFICER WALL: Aggie, and it's  
19 Blackmire?

20                  MS. BLACKMIRE: Yes. Can I just point on  
21 the map here?

22                  MR. LIMA: Sure.

23                  MS. BLACKMIRE: I have some property here  
24 in Peterson Bay here in this general direction. I'm a  
25 property owner in Peterson Bay and many years ago there

00024

1 were oil platforms in Peterson Bay, they staged them  
2 there and I didn't like it then, I wouldn't like it to  
3 happen now. This is all new to me, I'm not used to  
4 public speaking, but I would just like to say that the  
5 industry in the past has demonstrated time and again,  
6 that once the oil hits the water they've had a difficult  
7 time and they can't effectively clean it up. So I think  
8 the only way to prevent oil spills is to move beyond the  
9 fossil fuel economy. Let's just look in different  
10 directions.

11 Thank you.

12 HEARING OFFICER WALL: Next we have  
13 Pamela Miller.

14 MS. MILLER: My voice may give out at any  
15 time so please bear with me. My name is Pamela K.  
16 Miller. And I'm a biologist and director of Alaska  
17 Community Action on Toxics. We're a statewide  
18 organization that works for environmental health and  
19 justice and we work with communities around the state who  
20 have been affected by contamination, whether from  
21 industry or military activities.

22 Years ago when Lease Sale 149 was under  
23 consideration we prepared many pages of testimony in  
24 opposition to Lease Sale 149. And I wanted to resurrect  
25 those comments today because unfortunately seeing the

00025

1 size of this current lease sale, it seems that Minerals  
2 Management Service has not learned very many lessons. At  
3 that time there was very strong public opposition from  
4 tribes, from fishermen, from people living around Cook  
5 Inlet and it's distressing to have to come here today  
6 after all of that deliberation, after all of that time,  
7 after all of that testimony to see that you're offering a  
8 lease sale of the size that you are again after Lease  
9 Sale 149 was at least very greatly restricted in response  
10 to the public opposition and also, I think good  
11 scientific justification. There are higher and better  
12 uses for Cook Inlet, many of them have been mentioned  
13 thus far.

14                               The National Wildlife Refuges and  
15 National Parks, I think testify to the values that the  
16 people of this country have for Cook Inlet, the  
17 traditional subsistence uses that have been severely  
18 damaged already by oil impacts from the Exxon Valdez Oil  
19 Spill and commercial fishing as well as recreation and  
20 tourism. Oil and gas development is in direct conflict  
21 with these higher and better uses.

22                               The other thing I wanted to mention  
23 concerning the Exxon Valdez Oil Spill, a lot of research  
24 as you may know has happened since the Exxon Valdez Oil  
25 Spill and I would want to make sure that the

00026

1 Environmental Impact Statement includes the research of  
2 Jeff Short and others at the NOAA laboratory at Auke Bay,  
3 which shows very serious sublethal effects, chronic  
4 effects of oil at levels 10 times lower than previous  
5 scientific studies have shown. This is a very serious  
6 consequence that has to be considered in the  
7 Environmental Impact Statement.

8                                 And I would just say that it's really a  
9 shame that we're here today to talk about further fossil  
10 fuel development for Cook Inlet and I agree with others  
11 who have said previously, there are clean energy  
12 alternatives and those can be developed in Cook Inlet.  
13 We don't need to rely on further offshore oil and gas  
14 leasing and development that poses such a great risk to  
15 the sensitive environments to the people who live and  
16 work around Cook Inlet.

17                                 And I would also say that the  
18 Environmental Impact Statement, again, we raised this  
19 issue with Lease Sale 149, the very serious issue of  
20 climate change. And we know now that the effects of  
21 climate change are quite severe and are particularly  
22 serious in northern environments are quite severe and are  
23 particularly serious in northern environments and the  
24 biggest contributor to that is continued reliance on  
25 fossil fuels and the burning of fossil fuels. There's

00027

1 something that I have learned and that is when you're in  
2 the hole don't dig yourself in deeper and continuing oil  
3 and gas leasing is certainly not appropriate given the  
4 very real threat of climate change now and in the future.

5 I would say again that it's very  
6 important to cancel this lease sale, look for clean safe  
7 energy alternatives and develop them in Cook Inlet and I  
8 think that should be a role that Minerals Management  
9 Service should take very seriously.

10 Thank you.

11 MR. LIMA: Is there anyone else?

12 HEARING OFFICER WALL: Anybody else? I  
13 guess we can go off the record.

14 MR. LIMA: We'll go off the record.

15 (Off record)

16 (On record)

17 HEARING OFFICER WALL: We're on the  
18 record, and we have Theresa Obermeyer.

19 MS. OBERMEYER: Yes, of course, and I'd  
20 like to spell my name, T-H-E-R-E-S-A, my middle maiden  
21 name is Nangle, N as in Nancy A-N-G-L-E, and my last name  
22 without a hyphen is Obermeyer, O-B as in Boy, E-R-M-E-Y-  
23 E-R. Now, is this correct right here the way this is?

24 HEARING OFFICER WALL: Yes.

25 MR. LIMA: Yes.

00028

1 MS. OBERMEYER: Okay, great. Because  
2 that doesn't really look like a microphone, but that's  
3 okay, whatever, it's all modern technology. I'm not  
4 really used to all that. But I was here really because  
5 I've come since the early '90s and it really does make me  
6 stop and think, I spelled my middle maiden name, and I've  
7 never been like Lisa Murkowski. I knew that I grew up  
8 and I got a good education. I didn't wait and I would  
9 never would wait for my family to put me in the U.S.  
10 Senate.

11 We are the biggest joke in the United  
12 States of America. What Frank and Lisa have done has  
13 never happened in the history of our great nation. I  
14 consider it not only a wake-up call but it created so  
15 much focus on this state and I do think that we are being  
16 talked about a great deal. I certainly hope so. I've  
17 tried for that for like 25 years.

18 See we have a web site and that is  
19 [www.tobermeyer.info](http://www.tobermeyer.info). I've already spelled my name. And  
20 of course, what we've tried to do for too many years now  
21 is simply be fair minded. Of course, when I go anywhere,  
22 I am better known than anyone in the state of Alaska.  
23 I'm nice. And I am a college administrator with a Ph.d.  
24 I have sued the University of Alaska, I'm very proud of  
25 that, and I do believe this, no one else will ever try

00029

1 unless I stay on course. Because of course, the judge's  
2 stole that one, too. They don't know how to be judges.

3                                 Do you know, and I don't know whether  
4 you've thought of these things, we live in the only state  
5 in the United States that does not have a law school.  
6 And so that is why the things that could have happened to  
7 our family of six could have been possible. I have  
8 finally written now and I'd like to label my comments  
9 Alaska Incorporated. I don't really live in a state. I  
10 live in a business owned by BP, Exxon and Conoco-  
11 Phillips. And I said to your colleague over here when I  
12 came in, you know, I want to always have a light heart,  
13 I'm Irish and I always like a joke but my question is are  
14 you giving away the store?

15                                 I really am sympathetic to human  
16 psychology and I see all of you nice people and you have  
17 what I would label, well, you have worked for something,  
18 you have time and rank, and I regret to say you believe  
19 in yourselves. Try not to. Try to look at the big  
20 picture, because I know that whatever you think, it's all  
21 about this little book here.

22                                 And, you know, that's the other thing. I  
23 don't want to say I want all of you to get a copy because  
24 I am sick of Flip Todd. I don't know whether you know  
25 Flip the way I do. See, my husband and I have had

00030

1 listings in this little book that cost more than the  
2 lawyer's pay for about seven years now. And I've asked,  
3 how much does it cost to be on the cover? Look at the  
4 cover of this, and I'll read it. And let me mention for  
5 the record, this is called the Alaska Directory of  
6 Attorneys. There really are two directories. There's  
7 one that the courts put out and there are two copies of  
8 it. One is for the lawyers and the other is for the  
9 court employees, they're pink and yellow and they're  
10 eight and a half by 11, and then there's this one, this  
11 is the real one. But this one has a lot of errors in it,  
12 too.

13 I consider you bright and well-educated  
14 people. You don't believe things unless you know they're  
15 true. Now, I mean I will assume a lot of this is true,  
16 but then I know a lot of it isn't. It's all a scam. See  
17 it's too long now. But of course it's also about this  
18 back and I've shown you people this book. It's now  
19 tattered and torn. This book has every lawyer and judge  
20 in our great nation's stock and trade, and this is called  
21 the American Law Reports Fourth, Volume 57, Page 1195 is  
22 the page that has caused everything that's happened to  
23 us. I'm not sure if you're aware of it. My husband's  
24 add is right here on Page 9 of this book but I've asked  
25 if we could be on the cover and I was told by the man

00031

1 that's on the inside cover, that his listing cost about  
2 as much as ours, and that really turned me off because  
3 the cover is Realtime Reporting, I mean I'm embarrassed.  
4 There's really no practice of law where I live.

5                   It's all ridiculous. It's a bunch of  
6 lawyers trading paper with each other. I'd like really  
7 mainly to refer to Page 110, and it's really very  
8 profound. Of course a little bit of this is on our web  
9 site but we could never be complete. What this is is  
10 really for mailing labels but it gives you the overview  
11 of what our Alaska Bar Association really is. We live in  
12 a place that we have more oil development than the state  
13 of Texas. We have, according to this list, and don't  
14 believe it completely but it probably is true because  
15 Flip wants to get his greenbacks and he's not going to  
16 manipulate something like this because then he won't be  
17 able to sell mailing labels. Look at why.

18                   But anyway, we have about 2269 in-state  
19 attorneys. And we have 459 that are active out-of-state.  
20 We have actually given our state away to the most  
21 powerful law firms in the United States. And those  
22 listings are in the back of this book. The names and  
23 addresses of the active out-of-state. Those are all  
24 lies. I don't know all about it. But of course, we know  
25 our neighbor hasn't been licensed, my husband, over a 19

00032

1 year period and do we know a law license is a livelihood.  
2 This has all been an effort to bankrupt us. You know, I  
3 was suing the University when my husband went to law  
4 school. And so after this book came out I lost my case  
5 against the University and I had to write a check for  
6 \$17,161, that was in 1986.

7                   But if you'd allow me, just to let you  
8 know, we have 574 government attorneys and of that number  
9 we have 447 that work for the state of Alaska. And I'm  
10 worried that they're pretty much like you people, they  
11 make tremendous -- I do believe they make more than you.  
12 But I don't know how much you make. I think you make  
13 really high salaries. That is my opinion, always correct  
14 me. Send me your salaries. I'm mentioning I'd like  
15 them, you're public employees. Give me your salaries.  
16 But I don't assume I always get what I want. So I'm just  
17 going to tell you that I know you have a 25 percent cost  
18 of living, and you make really high salaries. I think  
19 these lawyers make more than you. I think they make an  
20 average of about 100,000. They get trips everywhere.  
21 They do high level coffee drinking. And help them. I'd  
22 like you to. I don't -- I don't want to say I dislike  
23 them or I have anything against them. I understand why  
24 they do what they do. They all are raising families,  
25 they have bills to pay, and they just got somewhere and

00033

1 they went along with something and so they're there. But  
2 I don't know whether they, themselves have ever looked at  
3 this.

4 See, I've been forced to understand all  
5 this because of the way I've been treated. I could never  
6 have imagined. I assumed that -- I, first of all, came  
7 from a very influential family. I am a judge's daughter  
8 from St. Louis, Missouri. I have five siblings that are  
9 attorneys. I believe in that flag over there and I know  
10 you do, too. And let's make things go better.

11 Let's understand.

12 I really know that we're all being torn  
13 under and it's all Alaska Incorporated. We have been so  
14 ripped off.

15 I mean I'll just mention a couple of  
16 things about courts. First of all, we have the Exxon  
17 Valdez. Exxon hasn't even bothered to even consider  
18 paying, and that was in 1989. And the other one that  
19 really worries me is Alaska Airlines, and the fact that  
20 they killed 88 people. Then they got to expand all over  
21 the United States. How is this possible?

22 Now, see even my family, we fly Alaska  
23 Airlines because it's convenient. And I've just been  
24 checking airline travel, and I assume you people fly a  
25 lot too, the new thing is that you cannot change a

00034

1 roundtrip ticket in any way once you've paid for it.  
2 Now, before you leave on your departure, you may change  
3 it and that's like \$150 but if you want to change your  
4 return you lose your whole ticket. Alaska Airlines is  
5 the only airlines that doesn't have to do that. How do  
6 these things happen? I don't understand it. But I'm  
7 telling you we all need to work together because we all  
8 need to fly. Where we live especially airline  
9 transportation means so much.

10                               And then shall we go on to our  
11 Congressional Delegation briefly and what time is it,  
12 because I know you want to go to dinner and I have to  
13 mail something for my daughter, is it until 6:30, I  
14 thought so, and I won't take much more of your time.

15                               Do we know that our friend, Don, is the  
16 Chairman of the U.S. House Transportation Committee, I  
17 think he still is. His new thing is he wants to start  
18 Susitna again. You know, it's all buzz words. It's all  
19 a black hole of Federal money. I don't know what you  
20 think but I know this. And so figure it out, and ask him  
21 what in the world they're doing.

22                               And then shall we go on to Frank, Ted,  
23 Frank and Lisa, ho, ho, ho. I assume you know that Ted  
24 became the President of the U.S. Senate. Now, gentlemen,  
25 and I think there is at least one lady in the room, how

00035

1 could this have happened? You see, again, I study human  
2 psychology and I see a man -- well, see, of course, my  
3 husband's case and I don't know whether you have known  
4 this for a long time, goes right to Ted Steven's license  
5 and so my husband and I are in extricably linked to Ted  
6 Stevens in terms of American law, I don't know whether  
7 you know he has a Pacific Reporter case. I don't know  
8 whether you know these things, and you see in the first  
9 sentence of his case, when he sued the Bar Association  
10 just like my husband it shows that he was admitted to  
11 practice law in Alaska by reciprocity when he wasn't  
12 licensed in another state. Now the rhetorical question  
13 is if you applied for a license of any kind and you are  
14 not licensed in the other state, what is that? I don't  
15 know whether you want to answer because I'm testifying.  
16 If anyone would like to I'll give them five bucks. That  
17 is really a prosecutable offense. That is criminal  
18 fraud. And I know that Ted Stevens is a fraud. He has  
19 been since 1960.

20                   But then you know my husband's case, like  
21 Ted's, was first published in the Pacific Reporter and  
22 then my husband's case became the lead case of all the  
23 case law reporters in the United States. I'm not sure if  
24 you gentlemen know all this. I'd like you to understand  
25 it because you see we have to learn it. We live in the

00036

1 only state in the United States that doesn't have a law  
2 school. And even I, when all this first happened, I  
3 said, well, that's not my affair, let the lawyer's deal  
4 with it, if you ask these lawyers, they'll pretend like  
5 none of this exists. They're not honorable people I  
6 regret to say. What I am absolutely positive, all they  
7 want is their money. I don't know -- and on another  
8 level, that is their work, is to make money. That is not  
9 my work, I'm an educator. And so I know we have to start  
10 a law school very soon now. It's getting scary with Ted,  
11 Frank, Lisa, Ben and I don't even know who else.

12                   But to make a long story short, how did  
13 Ted Stevens get to be President of the U.S. Senate, I  
14 don't know. I can say this, I think 98 other nice  
15 people, and we have mailed this document to all those 98  
16 people, and so what do they do, they get their buddy,  
17 like Dominici, he gets his buddy Schmidt to fly up here  
18 about space travel and all this jazz, and I mean it's  
19 getting -- it's so ridiculous. Do you notice or do you  
20 just see what's going on around you? I don't know. Do  
21 you know that Schmidt just came to the Commonwealth North  
22 on Tuesday. He is a previous U.S. Senator that I think  
23 was with Serenan and the Apollo program, and, you know,  
24 so let me ask you -- is it Mr. Lima?

25                   MR. LIMA: Lima.

00037

1 MS. OBERMEYER: Mr. Lima, you see, I'm  
2 trying to think of the gentleman's name, John, he was one  
3 of the first speakers after Frank was sworn in, Goll, G-  
4 O-L-L, and I'd like to say that I understand what he was  
5 doing, he spoke to the Alliance, I just think there has  
6 to be a limit. Tell them to stop. Would you kindly ask  
7 him to retire. I do believe he can get another job. I  
8 don't think he has to do all this. Again, I don't  
9 believe he's in the room tonight. I have seen him for  
10 many years, he was the first speaker in the beginning of  
11 December at the Alliance. They're using you, do you know  
12 this? I don't know about you but I don't want to be  
13 used. I want to be what I am. I want to be a thinking  
14 person. I don't even want to say I'd like to be  
15 appointed to the U.S. Senate. I don't want to get  
16 anything in my life I didn't get fairly and I hope you  
17 gentlemen are the same way.

18 So what's going on with you, did you have  
19 a question?

20 MR. LIMA: No.

21 MS. OBERMEYER: Well, then why are  
22 you.....

23 MR. LIMA: No, I need to point out we did  
24 have a 15.....

25 HEARING OFFICER WALL: I didn't tell you

00038

1 we had a 15 minute limit.

2 MS. OBERMEYER: And let me ask you, are  
3 these the books you're using?

4 MR. LIMA: That is the Draft  
5 Environmental Impact Statement, yes.

6 MS. OBERMEYER: And that's why we're  
7 having the public hearing?

8 MR. LIMA: Yes, ma'am.

9 MS. OBERMEYER: Okay. I would take one  
10 of those. See I've done this for years, and, you know,  
11 I've come to the meetings when you've had the oil  
12 industry here from the Alaska Oil and Gas Association and  
13 your entire meeting is focused on being lap dogs to those  
14 people and I'm going to use that term.

15 So I'm going to conclude now. Gentlemen,  
16 it's time for something real in Alaska. I hope you will  
17 read what I've handed you. I know on January 21st the  
18 State Legislature open, why don't they license my husband  
19 as their first act? You know, it should be over for us.  
20 It's time for someone else to learn and help. And I  
21 don't know what to say anymore. You know, then on the  
22 23rd and 24th of January, the Board of Governors meets  
23 right at the Atwood Building on the 29th floor. Come to  
24 the meeting. I don't believe you will because then you  
25 might lose your gravy train, and it's okay. I don't want

00039

1 anyone to be hurt, but you know I'm right. It is funny.

2 And I'm glad you laugh.

3 And of course, the last thing I always  
4 have is a great joke and I love my summary joke, they're  
5 so dumb they released me.

6 MR. LIMA: Thank you very much.

7 MS. OBERMEYER: So if anybody has any  
8 questions, we're right over here on Dartmouth. I hope  
9 you'll look at what the Catholic Church has been doing,  
10 it's all scary. But, you know, I hope I didn't keep you  
11 gentlemen from your dinner hour.

12 HEARING OFFICER WALL: Nope.

13 MR. LIMA: Not at all.

14 MS. OBERMEYER: And I just hope that --  
15 you know, you really will come at the knees. I just  
16 think they're -- see you know better how badly they've  
17 ripped us all off, I don't know the details. I only know  
18 they have ripped us off so terribly. It's scary and we  
19 have all been torn us under. We're the Americans and  
20 especially that group right over there, they're visitors  
21 in our nation. They should be bowing and scraping to us,  
22 instead it's the other way around.

23 So thank you.

24 HEARING OFFICER WALL: We'll be off

25 record then.

00040

1

(END OF PROCEEDINGS)

00041

1 C E R T I F I C A T E

2 UNITED STATES OF AMERICA)  
3 )ss.  
4 STATE OF ALASKA )

5 I, Joseph P. Kolasinski, Notary Public in and for  
6 the state of Alaska, and reporter for Computer Matrix  
7 Court Reporters, LLC, do hereby certify:

8 THAT the foregoing Mineral Management Service  
9 Hearing was electronically recorded by Salena Hile on the  
10 16th day of January 2003, at Anchorage, Alaska;

11 That this hearing was recorded electronically and  
12 thereafter transcribed under my direction and reduced to  
13 print;

14 That the foregoing is a full, complete, and true  
15 record of said testimony.

16 I further certify that I am not a relative, nor  
17 employee, nor attorney, nor of counsel of any of the  
18 parties to the foregoing matter, nor in any way  
19 interested in the outcome of the matter therein named.

20 IN WITNESS WHEREOF, I have hereunto set my hand and  
21 affixed my seal this 17th day of February 2003.

22 \_\_\_\_\_  
23 Joseph P. Kolasinski  
24 Notary Public in and for Alaska  
25 My Commission Expires: 4/17/04

00001

1 OFFICIAL TRANSCRIPT - PUBLIC HEARING HOMER

2

3 MINERALS MANAGEMENT OFFICE

4

5 January 23, 2003

6

7 DRAFT ENVIRONMENTAL IMPACT STATEMENT

8 FOR COOK INLET PLANNING AREA

9 OIL AND GAS LEASE SALES 191 AND 199

00002

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

2 (Homer, Alaska - 1/23/2003)

3 MR. O'MEARA: I just kind of offered to  
4 start off here and welcome you all and ask you to  
5 welcome, not Minerals Management Service, because I know  
6 a lot of you don't really feel too welcoming about the  
7 Service, but the folks who came down from Minerals  
8 Management Service. And they're here to let you tell  
9 them what you think about their proposal for oil and gas  
10 leasing in the Inlet and also to answer your questions  
11 and so I'm going to let them do that. I'd like to  
12 introduce John Goll to start with, who's the Regional  
13 Director of Minerals Management Service.

14 HEARING OFFICER GOLL: That's correct, in  
15 Anchorage, yes.

16 MAYOR: In Anchorage. And he's got a  
17 staff of folks here and John, why don't you just share  
18 with the folks a little bit about yourself and maybe your  
19 staff can do the same.

20 HEARING OFFICER GOLL: Well, good  
21 evening. My name is John Goll and I live in Anchorage  
22 and work with the Minerals Management Service. My  
23 background, I have degrees in meteorology and  
24 oceanography. But of course when one starts going into  
25 the management side you start going away from that and

00003

1 more of what I have to deal with is working with people,  
2 such as you. We've had meetings on the North Slope and  
3 other places throughout the state.

4                   A little bit about myself. I've got two  
5 daughters, one who graduated about a year or so ago from  
6 Dimond High School in Anchorage. We moved up here about  
7 seven years ago. And for her it was the best thing, I  
8 think, again, about coming to Alaska and she did things  
9 here that she never would have done back in Virginia. So  
10 we really have enjoyed living here.

11                   When I am able, usually, well, career-  
12 wise, in commuting to work, I have often commuted by  
13 bicycle, which also our chief engineer back in Reston,  
14 Virginia walks to work about six miles every day back and  
15 forth. I also have always driven cars that get 30 miles  
16 a gallon rather than other ones in commuting. So I guess  
17 I'm sympathetic to.....

18                   (Applause)

19                   .....and yes, some day I would like to  
20 see, you know, some of the alterative energy that you all  
21 have been talking about.

22                   But, of course, I do work for the  
23 Minerals Management Service and what we're here for  
24 tonight is to hear what you have to say. And depending  
25 on how many comments we have and how many commenters, we

00004

1 might also be able to go into, you know, more discussion,  
2 but I'll get to that in a minute.

3                           Let me introduce Renee Orr, who is from  
4 our Washington, D.C. office.

5                           MS. ORR: As John said, I'm Renee Orr.  
6 And I am from our Washington, D.C., office. I am Chief  
7 of the Leasing Division in the Headquarters in MMS. I've  
8 had that job since this past July. And I'm really happy  
9 to be able to be up here. Because one of the roles of my  
10 division is when the Secretary needs to make a decision  
11 about whether to go forward with a lease sale or not, one  
12 of the roles of my division is to pull together all of  
13 that information, all the comments that we've received,  
14 all the consultation that we've done and pull it together  
15 in a package and provide the information to her so that  
16 she can make a decision. So it's incredibly helpful for  
17 me to be here and actually hear from you all face to face  
18 and see where you live as opposed to reading about it in  
19 a document that's that big back at my desk in Herndon.

20                           So I'm very glad to be here.

21                           I guess a little bit about me. I have a  
22 10 year old daughter. I do have to commute to work,  
23 about 45 miles each way, unfortunately, the public  
24 transportation in Northern Virginia is not what it should  
25 be and urban sprawl has hit that area but if I could bike

00005

1 45 miles I would be incredible shape, but I'm not quite  
2 there yet.

3 But again, I'm really happy to be here  
4 and hear what you all have to say.

5 (Applause)

6 HEARING OFFICER GOLL: Salena Hile here  
7 who does not work for MMS but she is the recorder, so she  
8 will be an important person. You have to obey her,  
9 especially if you want to make sure that your comments,  
10 you know, get into the record.

11 And Jim Lima, who was the person who  
12 helped put together the Environmental Impact Statement,  
13 coordinating that document.

14 MR. LIMA: Thank you, John. My name's  
15 Jim Lima. My background. I've been in Alaska.....

16 UNIDENTIFIED VOICE: Speak up, please.

17 MR. LIMA: Oh, okay. Gee, I've never had  
18 anyone have to ask that of me before. My name is Jim  
19 Lima. I've been in Alaska about a year now. My  
20 background is in aeronautics social science and  
21 environmental studies.

22 I live in Anchorage. I'm a diver. I  
23 head the dive team for this region -- oh, thank you. My  
24 background is in aeronautics social science and  
25 environmental studies.

00006

1 (Applause)

2 I've taught college. I've worked as a  
3 maritime thesorian and marine archeologist. And I'm the  
4 EIS coordinator on this project. I'm responsible for  
5 pulling together the document from the various analysts  
6 and kind of gluing everything together.

7 When I'm not at work in Anchorage, I help  
8 coach an amateur boxing team, amateur youth boxing team.  
9 I like to swim, play volleyball, avid bicycle rider, and  
10 I'm learning to snowshoe now that I'm up here. So  
11 getting to know the area.

12 (Applause)

13 HEARING OFFICER GOLL: The other two  
14 people who are here, Robyn Casey, who was helping sign  
15 in. Maybe the introduction, if you want to know more  
16 about Robyn, go back and say hello during some of the  
17 parts. And then Albert Barros, who is our community  
18 liaison, he was the Federal employee of the year two  
19 years ago within the state of Alaska, which we were very  
20 proud of that. He received that honor for putting  
21 together the Department of the Interior Tribal  
22 Government-to-Government Policy and getting that  
23 energized within, not just MMS, but within all the  
24 Interior Departments and is really a well respected  
25 person within the Federal establishment. So Albert

00007

1 Barros.

2 (Applause)

3 One thing we always do, we try to do at  
4 MMS and maybe most of you are familiar with this, but if  
5 there's people that are not familiar with this building  
6 we just like to go through a real quick safety minute.  
7 If there's an earthquake or other emergency in the  
8 building, the prime exit is out, of course, the doors you  
9 came in but as I understand, there's also exits through  
10 the gymnasium, and out this way. Hopefully, again, we  
11 don't have to worry about that but then I guess I would  
12 also get away from the whales on the ceiling.

13 What I would first like to do is to go  
14 over a little bit of background, and maybe if we're able  
15 later to get into discussion and I'll talk about that in  
16 a minute, but just give you a brief background of the way  
17 we put this document together, some of the issues that we  
18 saw and why we're doing what we're doing, which I think  
19 probably is on a lot of your minds.

20 The purpose of this meeting, of course,  
21 is to collect comments on the Draft Environmental Impact  
22 Statement through testimony. Of course, you can also do  
23 that in writing and we would encourage, if you do not  
24 want to testify tonight or others, you know to supply  
25 that. And we have information on how to do that that

00008

1 Albert is holding up in back.

2                   What are we proposing? We're proposing  
3 to hold two sales within the Cook Inlet area. The area  
4 from roughly Kalgin Island down to the northern part of  
5 Kodiak, the Shuyak Island. One sale would be in 2004 and  
6 the second sale in 2006.

7                   Why are we doing this? And I know we've  
8 been asked that a lot. With Sale 149 a couple years ago,  
9 there was a lot of comment, of course, from this area,  
10 and the area was cut back. Essentially Congress tells us  
11 that within the Outer Continental Shelf Lands Act, that  
12 we have to go through a process to offer areas around the  
13 country. And the area of Cook Inlet was looked at again  
14 in this five year plan, which was signed this past  
15 summer. And we were seeing comments about Southcentral  
16 Alaska needing energy, primarily there was a concern with  
17 regard to natural gas in the area. The state of Alaska,  
18 of course, has been looking for natural gas onshore and  
19 in State waters and whether they're successful or not,  
20 there has been some found but not in the quantities that  
21 people were hoping that would be able to provide energy  
22 for this area and Southcentral Alaska in general. And so  
23 we see these sales, if they do occur, to be more for  
24 local sales and not the traditional exporting everything  
25 away for the industries that are in this borough and for

00009

1 the use in this area.

2                   The issues we heard when we came about a  
3 year ago with what we called scoping, and that we saw and  
4 evaluated ourselves, for example, were issues connected  
5 with water quality and discharges. The subsistence, the  
6 importance of subsistence to some of the Native  
7 communities around, disturbance of habitat, accidental  
8 oil spills, the issue of interference with commercial and  
9 recreational fishing, the social and economic effects  
10 including the visual impact that some people perceive  
11 that platforms would have. Likewise, the three boroughs  
12 in the area with Sale 149 and we received the same  
13 information as we began this sale, had the tri-borough  
14 agreement where they looked at possible sales in this  
15 areas and if they occurred they wanted to make sure that  
16 there would not be tankering, that fishing gear conflicts  
17 would be taken care of, that there be adequate spill  
18 planning and response, that we would identify critical  
19 habitat and that there would be a system of revenue  
20 sharing with some of the local communities.

21                   What did we do with these comments?

22 Well, of course, this EIS is several inches big, I'm not  
23 sure how many of you have been able to read it. Probably  
24 nobody has read the whole thing. But there might be  
25 parts, again, that you might want to concentrate on.

00010

1                   What we tried to do is to evaluate all of  
2 these issues and what, especially, we tried to do for  
3 example on the discharge issue, which we knew was a major  
4 thing from the past and the present and the health  
5 effects with regard to subsistence, is to summarize the  
6 research that has been done over the last decade and  
7 more. Now, that is our summary of it. If you have  
8 information, for example, on those topics, that you think  
9 we missed something or agree with it or disagree with it,  
10 we would like to know what that is and why and especially  
11 if you have other information that we should be  
12 evaluating.

13                   We also have a number of what we call  
14 stipulations attached to these proposals. These are,  
15 again, requirements that would be put on the lease that  
16 companies would have to follow. And that included  
17 stipulations to address the conflict with fisheries; one  
18 for protection of biological resources; to make sure that  
19 surveys would be done so that we know if there's areas  
20 that are new, that have not had a lot of research, that  
21 we would be able to find those, if needed; an orientation  
22 program for all workers to make sure that they're aware  
23 of what is important to the communities, to the  
24 subsistence, to the tribes, and others with regards to  
25 subsistence, fishing and the hydrocarbon transportation

00011

1 stipulation that would encourage strong use of pipelines  
2 rather than tankering.

3                   We also had a number of what we call  
4 information to lessees in this document, which pretty  
5 much are a reminder to companies and to others about all  
6 the regulations that companies would have to follow,  
7 again, if there were a sale. This includes the Marine  
8 Mammal Protection Act. The Endangered Species Act, which  
9 people would have work with the Fish and Wildlife  
10 Service, the National Marine Fisheries Service. Oil  
11 spill contingency plans, which we have a role in, the  
12 state of Alaska does, to identify key areas and  
13 requirements. The drilling discharge issue, which is the  
14 responsibility of the Environmental Protection Agency.  
15 They are beginning a review of the NPDS program for Cook  
16 Inlet and, of course, one of the things they will be  
17 looking at would be zero discharge.

18                   And of course we, at MMS, have a very  
19 extensive regulatory program which I'll say we're very  
20 proud of and I'll explain that, you know, to anybody that  
21 would, you know, have questions with regard to that, that  
22 there is extensive requirements with regard to any  
23 activity, be it oil, be it gas, pipelines, safety  
24 equipment and such.

25                   We also are looking at taking out certain

00012

1 areas that, again, we heard from the communities when we  
2 came around last year. The deferrals are on the maps.  
3 One is centered on, again, the southern part of the  
4 borough here in response to what we heard with regard to  
5 subsistence and coastal habitat and some of the visual  
6 issues, that there's an evaluation of whether we should  
7 be taking that out of a proposed sale. And then there's  
8 a second deferral to take out the area around the Barren  
9 Islands because of seabirds, marine mammals, some  
10 endangered species, whales. Of course we heard a lot  
11 about the entrances there, how difficult the seas are and  
12 things of that nature. Those were the two, again, areas  
13 that we heard specifically about. If you have comments  
14 on those, of course, we would like to hear that. We  
15 also, of course evaluate not having the sale. And the  
16 other alternative is to include the full area in and, of  
17 course, the Secretary could also decide to take those two  
18 areas out, you know, it's not just one or the other, it  
19 could be both. We also have included the Shelikof  
20 Strait, that was taken out within the five year program.

21                   What do we foresee happening if there is  
22 a sale and if there were leasing? Our view, again, based  
23 on what we see in the industry and the use and what's  
24 going on onshore in this area, that there would only be a  
25 small amount of activity down here. One would need a

00013

1 drill ship to do any exploration work and right now there  
2 is no exploration, there is no drill ship in Cook Inlet.  
3 And if one did bring up a drill ship it would only, of  
4 course, be in one location at a time and it takes several  
5 months to do a well, so at most you would see two or  
6 three wells in State/Federal waters at a vast maximum.  
7 And our estimate was as a result of these two sales,  
8 maybe one platform would go in. In the past, if you look  
9 at our past EIS's, we pretty much overestimated what was  
10 real to do, and this time we tried to look at it a little  
11 bit more realistically. Thus, the reason for less oil  
12 spills, less impact, things of that nature, but it's  
13 really more of what's happening, you know, the economics  
14 and such are expensive in the offshore so this probably  
15 would be industry's third choice. But there does seem to  
16 be some interest because, if, as I said earlier, things  
17 are not found onshore or in the upper part of the Inlet,  
18 there's the concern again for the energy outlook down  
19 here, especially for natural gas. I cannot say though  
20 that this sale would only be natural gas. The leases  
21 that we offer are both for oil and gas. It would be much  
22 simpler, perhaps if it was one or the other, but  
23 companies may still look for oil, again, because of the  
24 refinery in the northern part of the borough which might  
25 supplant some of the tankers that go by here that, you

00014

1 know, import oil from Valdez for that refinery. But what  
2 we're here is maybe there'll be more of an emphasis on  
3 natural gas and the search for that, for probably the 10  
4 to 20 year time frame. Well, that's quite a ways a way,  
5 why do we have to start now? The reason being it takes  
6 that long to go through the process that we have to go  
7 through for exploration to see if they find anything and  
8 to figure out how they would develop, you know, a natural  
9 gas field for example.

10                   If there is a discovery -- well, pardon  
11 me, if there's a sale, a company has to provide a full  
12 plan when they come to us for exploration, that includes  
13 an environmental review and a coastal consistency review.  
14 If a company explores and actually finds something that's  
15 economic and big enough to develop, then, again, they  
16 have to go through a full review, not just with us, but  
17 with the Environmental Protection Agency, Fish and  
18 Wildlife Service would be involved, National Marine  
19 Fisheries Service, the State of Alaska Coastal  
20 Consistency, likely there would be an Environmental  
21 Impact Statement.

22                   I wanted to say a side note with regard  
23 to alternative energy, there is another side to MMS that  
24 we've been getting into and maybe again might occur in  
25 the future and, that is, if there is alternative energy,

00015

1 we have started to receive some proposals on the Outer  
2 Continental Shelf and we also would be involved. And I  
3 just bring that up to show in one sense that we're not  
4 just oil and gas but in the future. Actually part of  
5 Renee's program also includes sand and gravel and other  
6 minerals, which is a big issue on the East Coast, but  
7 also there is alternatives that are being proposed on the  
8 East Coast with regard to wind farms and other things,  
9 not always popular also, but we would have to give a  
10 right-of-way and review of what's going on.

11                   What happens next? Who makes the  
12 decisions on this? We're, again, right now in the Draft  
13 Environmental Impact stage and want to hear comments  
14 which can be provided in person here or in writing or by  
15 e-mail. After we get all the comments, we'll have also a  
16 hearing on Saturday in Kenai and telephone comments next  
17 week. We will then evaluate the comments and by next, I  
18 think, it's next November would release the final  
19 Environmental Impact Statement. And also at that time  
20 the Secretary would release what's known as the Proposed  
21 Notice of Sale if the decision is to go forward. That,  
22 again, is the description of what she really thinks she  
23 wants to do. And we also have to supply a Coastal  
24 Consistency Determination to the State of Alaska. The  
25 proposed notice of sale goes to the Governor for a 60 day

00016

1 comment review, which I think you're familiar with the  
2 process that went through with Sale 149. Then in about a  
3 year from now the final notice of sale, the final  
4 decisions would be done. And potentially again if we go  
5 forward, the sale is proposed for May of 2004.

6                   That was the background I wanted to give.  
7 I know we have a lot of people here and we've got a lot  
8 of people signed up to comment. What we've done in other  
9 places is sort of open things up to a question and  
10 answer, what, I want to make sure though is we get  
11 comments from people that want to testify. If a lot of  
12 people want to testify we may not be able to do questions  
13 and answers but if there's a smaller number, you know, we  
14 are here to answer questions and more go into a  
15 discussion if you have things of that nature.

16                   Because of the size, we would ask that  
17 you try to limit your comments to about five minutes or  
18 so, again, in respect for everybody that's here. If you  
19 are not able to testify or decide you do not want to in  
20 person, definitely, again, we have several methods for  
21 commenting in writing, you know, by letter or by e-mail.  
22 We receive many e-mails on these projects and we do look  
23 at those comments and evaluate those things.

24                   Let me ask first if there is any general  
25 questions otherwise again I would like to go into, you

00017

1 know, starting the testimony.

2 (Question and answer session)

3 MS. ORR: I'm going to read off these  
4 names in the order that you signed up. And I think to  
5 try and get through, because we have over a 100 people  
6 here that have signed up, if you could try and limit your  
7 testimony to five minutes, I think that would help us get  
8 through. I'll go ahead and call the first three so  
9 you'll know who's up and who you're behind. I've got  
10 Keith Iverson, Joanne Collins and Rachel Livingston.

11 UNIDENTIFIED VOICE: Use a microphone.

12 MS. ORR: Unfortunately we only have one  
13 microphone that's hooked up to the PA system and that's  
14 it, so you'll be able to hear the testimony and we  
15 probably won't be talking anymore much anyway, we'll just  
16 be listening.

17 MR. IVERSON: Testing. Can you hear me?

18 (Applause)

19 MR. IVERSON: These new fangled things.  
20 They only let me out of Sadie Cove once a year here. As  
21 stated my name is Keith Iverson. I am a 29 year resident  
22 of Sadie Cove across the bay from Homer. Boat access  
23 only. Presently my wife Randi and I, own and operate  
24 Sadie Cove Wilderness Lodge at which guests from all over  
25 the world come to enjoy this beautiful area we live in.

00018

1 On this first level, as a long-time resident of the State  
2 park across the bay and a wilderness lodge operator, my  
3 wife and I are totally against any drilling in the Lower  
4 Inlet.

5 I'd like to speak also though on a second  
6 level. I think in looking at this drilling proposal for  
7 the Lower Inlet. I think we have to look at the past.  
8 And I think we can learn something about the future by  
9 looking at the past. 1989 was a good example. 1989 was  
10 the Exxon Valdez Oil Spill. I happen to be in Homer and  
11 I drove to Valdez so I got there the third day of the  
12 spill. In the beginning volunteers helped set up the  
13 bird center, the otter center. I, with others, helped  
14 clean the first otters, they died. Two weeks after that  
15 they sent me out as the foreman in charge of protecting  
16 180-million fry in Lake Bay at the Esther Island fish  
17 hatchery. Even though we set up six different booms to  
18 protect that bay, we didn't do anything. The wind  
19 changed and blew the oil out of Prince William Sound.  
20 From there I became a field supervisor on the Exxon  
21 Valdez Oil Spill, one of the very few that was from  
22 Alaska. They sent me out to the Gulf of Alaska which is  
23 the beaches just east of where these, the Lower Inlet  
24 sites are proposed. Windy Bay, Rocky Bay, Picnic Harbor,  
25 Port Dick, there, I was the boss on the beach, I had

00019

1 three task forces in which I oversaw 150 oil cleanup  
2 people and 70 boats. I also, because of that and my life  
3 in Sadie, wrote and published a book of which the last  
4 chapters were on the Exxon Valdez Oil Spill. What I was  
5 able to research and find out is for the spill only about  
6 five percent of the oil was cleaned up.

7                   A lot of people say that, and I'm looking  
8 at the economic situation with that that the Exxon  
9 Corporation paid a lot of money for the cleanup, and that  
10 they did but there's still other phases that aren't  
11 completed yet. As a lot of people here know and I know,  
12 personally, several people, I won't use their names, but  
13 they were fishermen that went bankrupt during the Exxon  
14 Valdez Oil Spill, those proceedings are still happening.  
15 They probably will not see this because it's wound up in  
16 the court, they'll probably die before any settlement is  
17 made.

18                   Therefore, as a field supervisor and the  
19 experience I had on the Exxon Valdez Oil Spill, I am  
20 totally against, again, drilling. For me, with the  
21 spill, trying to compare cleaning up any spill in the  
22 Lower Inlet compared to Prince William Sound is like  
23 comparing a duck pond to a tsunami, it can't be done.

24                   Thank you.

25                   (Applause)

00020

1 MS. IVERSON: I'm sneaking in here. I'm  
2 Keith's wife, Randi, we timed his speech at two minutes  
3 so I got 30 seconds of something for myself to say. As  
4 Keith had said, we see our future by looking at the past.  
5 I suggest that we all look up at the skeleton hanging on  
6 the ceiling to see our future of Kachemak Bay and Cook  
7 Inlet. If we keep exploiting oil this is the future of  
8 our marine system.

9 Please abandon oil and gas and look to  
10 alternative earth friendly energy. I'm not interested in  
11 profits which originate from the abuse of the land. If  
12 you drill, there will be a spill.

13 Thank you.

14 (Applause)

15 MS. COLLINS: I am Joanne Collins. I  
16 work for Anchor Point Chamber of Commerce. And as their  
17 employee, they asked me to speak on their behalf tonight.  
18 Anchor Point Chamber takes a little different view, we  
19 look at the economy. Our school in Anchor Point, 52  
20 percent of the kids live below the poverty level. This  
21 is unacceptable. We need jobs. We need good paying jobs  
22 in this area.

23 When Phillips did their exploratory  
24 platform at Stariski Creek, which is about 100 yards from  
25 my house, it was very heartening to see the young adults

00021

1 in Anchor Point that we know that have school children  
2 working on that job. Several young men that we normally  
3 see sitting around the coffee table in the morning were  
4 actually out working and bringing in income for their  
5 families.

6                               We are all users of petroleum products.  
7 Nobody wants it in their backyard but the honest  
8 evaluation is we have to drill somewhere. Unless we can,  
9 tomorrow, find an alternate energy source, and that is  
10 not possible, not tomorrow. Someday hopefully. But in  
11 the meantime, we use the petroleum products.

12                              Now, we are concerned with the  
13 environment. That is our front yard in the Cook Inlet.  
14 Reading the EIS, they have looked at the air quality and  
15 said that the effect would be short-term in very  
16 localized areas, I am assuming right around the rig. The  
17 water quality, they saw no measurable degradation.  
18 Commercial and sportsfishing, no measurable impact was  
19 expected. And as a side note, we also have a charter  
20 that goes out of Homer, so that does affect me.

21                              We think that with the regulations that  
22 are in place with the citizen organizations that keep  
23 their eye on what the industry is doing, that this can be  
24 done environmentally safe.

25                              Thank you.

00022

1 (Applause)

2 MS. ORR: The next three speakers after  
3 this will be Mitchell Hrachiar, Alana Greear, and R.W.  
4 Tyler.

5 MS. LIVINGSTON: Hi. My name is Rachel  
6 Livingston. I live in Anchor Point. I was here in 1995  
7 for Lease Sale 149, and I am grateful that that sale was  
8 reduced from 1.98 million acres to approximately 2,000  
9 acres although zero acres would have been nice.

10 I'm confused as to why I'm here again  
11 with Lease Sale 191 and 199. My position has not  
12 changed, and I'm happy to read that same position as I  
13 did seven years ago.

14 I want to thank you for coming this  
15 evening to hear us out. I hope you had a chance to see  
16 the beautiful sunset over the Inlet tonight. Lease Sale  
17 191 and 199 is a mistake we cannot afford to make. Lease  
18 Sale 191 and 199 borders on five National Wildlife  
19 Refuges and four National Parks and Preserves. We have  
20 one of the most valuable ecosystems in the world here on  
21 the Lower Kenai Peninsula. Before we stick oil platforms  
22 in the lower Cook Inlet we need to examine and focus on  
23 the 827 incidents of dumping sewage in the upper Cook  
24 Inlet. Let us learn from our mistakes, please.

25 Now, on Monday there is a tsunami

00023

1 ceremony at the Chamber of Commerce at 1:00 o'clock. I'd  
2 like to give you an invitation to attend. In this  
3 community, we live precariously. At any time we could  
4 have a major earthquake, tsunami or volcanic eruption,  
5 it's going to happen one of these days. Please keep this  
6 in mind.

7                                 And in closing, Brother Isaiah passed  
8 away awhile ago but I can guarantee you he is here with  
9 us this evening and I pulled out his public testimony  
10 from Lease Sale 149 and.....

11                                 (Applause)

12                                 .....I'm just going to read a small  
13 excerpt from it. And I quote, "Welcome you brothers and  
14 sisters to our cosmic hammock by the sea. I have been  
15 living here in Homer since 1959 and when the oil leases  
16 were sold out here into the bay, I believe it was by Egan,  
17 we campaigned for Brother Hammond to buy the oil leases  
18 back and he did and procedures were taken that the oil  
19 leases were bought back. So I believe that we have a  
20 cosmic obligation to Mother Nature, to ourselves and to  
21 the love of our fellow man here in this community, to  
22 brothers and sisters and I think we ought to evolve into  
23 a higher cosmic view of life and the care of Mother  
24 Nature and let this oil lease go by the wayside at this  
25 time. So we love you, brothers and sisters, for all the

00024

1 good work you've done, but I think the oil lease should  
2 go by the wayside at this time. So thank you very much  
3 and a lot of love to all the brothers and sisters that  
4 have come to give their testimony, and to give perfect,  
5 beautiful information relating to this ongoing process,  
6 so thank you very much." And that is Brother Isaiah.

7 (Applause)

8 MR. HRACHIAR: That one is going to be  
9 hard to follow. First of all, I'd like to thank you all  
10 for coming down. My name is Mitchell Hrachiar. I have a  
11 degree in geology and geography. And I was reviewing the  
12 geophysical hazards today and preparing for this talk.  
13 Three conceive of earthquakes and Alaska is very high, as  
14 you know, I was looking over the data, magnitude 9.2 in  
15 1964, 8.0 on the Aleutian Chain in '86; there's going to  
16 be a chance of a major earthquake in the next 30 years.  
17 Magnitude of 7.-8., on the richter scale every 13 years,  
18 so hopefully, if this goes through that technology is  
19 there to adequately address these stresses.

20 I recently read a book from some  
21 eyewitness' account of the '64 earthquake and it's still  
22 hard for me to imagine that treetops were close to the  
23 ground. So hopefully the Impact Statement adequately  
24 addresses the stresses that would be caused by an  
25 earthquake.

00025

1 Thank you.

2 (Applause)

3 MS. GREEAR: Good evening. My name is  
4 Alana Greear, Marina won't be with me tonight. I am a  
5 new mother, and a mother of a three year old, and I  
6 didn't have time to prepare something, as many of you  
7 know how that is. But I do have strong feelings and I  
8 just want to share them with you and I just want you to  
9 take them back with you in your heart.

10 I understand that there's a one in five  
11 chance that there could be a spill. And I think about  
12 that as a role of a mother, like okay, I know that when I  
13 let my kid out the door, people drive fast, there's a  
14 chance something could happen but I'm not going to keep  
15 them inside my house just to drive me nuts, you know, you  
16 got to let them out, you got to let things happen. So  
17 what are the risks that we take then with that one in  
18 five chance? Do we say, well, you know, what am I going  
19 to do if a disaster happens, where's my car keys, where's  
20 this, how far do I live from the hospital.

21 So what is our history in oil lease  
22 sales, a loyal industry in Alaska? We have the Exxon  
23 Valdez who had a spill. What happened there? Was Exxon  
24 a good partner with us, as a neighbor? Did they help us  
25 really? You know I was looking over data today and I was

00026

1 finding that really they weren't a very good corporate  
2 neighbor. It took a long time for them to respond the  
3 way we want, we had a huge devastation in the Sound, and  
4 I mean there's people here tonight that are knowledgeable  
5 and that's not me, I'm tired. I know a lot about  
6 mothering right now.

7                   But what I know about that is that they  
8 still haven't settled and that people are bankrupt. And  
9 that's our neighbors. And I have right here, Exxon, and  
10 maybe people don't realize this but in the year 2000,  
11 Exxon made the most corporate profit of any corporation  
12 in the history and they still will not settle with us.  
13 They have made more money on the interest that they have  
14 saved by not having to pay people back in the state of  
15 Alaska.

16                   Now, just to kind of wrap it up, you  
17 know, we have an economy, an oil-driven economy, it's not  
18 great, whatever, it is what it is. But we have to take  
19 these risks. And I'm not willing to let that kind of  
20 neighbor move into my neighborhood. I want my kids to  
21 look out at the ocean and see a horizon that has not been  
22 touched by man. I want them to see a horizon that still  
23 is pure as when, in my spiritual belief God put it there  
24 on this earth. And I really hope that you'll take that  
25 back with you.

00027

1                                   Thank you for having me tonight. Thank  
2 you for coming.

3                                   (Applause)

4                                   MS. ORR: The next three speakers will be  
5 Dave Lyon, Louise Seguela and Sandy Johns.

6                                   MR. TYLER: Well, I'm Richard or Toby  
7 Tyler and I've been here quite a number of years and I'm  
8 just going to read this through because things could get  
9 overlong otherwise.

10                                  Insofar as I can see it, there are three  
11 basic things wrong with the latest Cook Inlet planning  
12 area. First of all there's one major flaw which should  
13 be corrected before anything else takes place. According  
14 to my information this is the only offshore area in the  
15 whole nation where it is legal to inject drilling oils  
16 back into the earth. This is one of the richest fishing  
17 regions in the world and -- I keep losing my place -- in  
18 the nation and the most subject to serious damage from  
19 spillage or leakage. Therefore, prohibition of this is  
20 the first thing that should be done before any further  
21 planning is done along these lines.

22                                  Then secondly, the area being opened up  
23 for leasing all at one time is far, far too large. There  
24 is basically no infrastructure in place anywhere within  
25 this enormous area to begin with so that it is very

00028

1 unlikely that there will be any interest in the lower  
2 portion at this time. Why not open the upper section  
3 first, and see what can be developed in this smaller but  
4 more accessible area first. This could be an area  
5 roughly from Anchor Point diagonally down almost to the  
6 Augustine Island area perhaps. Any gas or oil  
7 development is going to have to come ashore somewhere  
8 north of Anchor Point anyway. Nothing else can be very  
9 practical.

10                   Finally, the two alternative areas off  
11 the mouth of Kachemak Bay and the Native holdings off  
12 Seldovia and on down to the Barren Islands should be  
13 pulled from any offering as far too risky. Indeed, the  
14 area off south of -- off the mouth of Kachemak Bay should  
15 continue on up to near Anchor Point. None of this area  
16 should be leased as it is far too valuable as habitat and  
17 for fishing.

18                   My advice is to go back to the drawing  
19 board, folks. That little oil may be out -- what little  
20 oil may be out in this vast region is in no great frantic  
21 need to be developed at this time. If anything, it grows  
22 more valuable left in place for the future when our means  
23 for extracting it become more proficient and possibly  
24 less polluting.

25                   Thank you.

00029

1 (Applause)

2 MR. LYON: My name's Dave Lyon. I see by  
3 my statement, reading what I said in '95 that I'd been  
4 here five years, so I guess I've been here 12 years now.

5 What I have to tell you is I've thought a  
6 lot about this and actually -- no, I thought a lot about  
7 it a while ago and my opinion hasn't changed. But I do  
8 have something you should think about why this is not  
9 just a bad idea for our area, but this is a bad idea for  
10 commercial fishing in the state of Alaska. We are losing  
11 our market share to farm salmon and it's one of the  
12 biggest things affecting our salmon industry. We're  
13 beginning to gain a little more respect and we're getting  
14 some share back through a lot of hard work by a lot of  
15 agencies, some State agencies, some fishermen doing it  
16 themselves. Alaska salmon branded as such, is now  
17 recognized as a green seafood. It's sustainable, it's  
18 well managed and it's clean.

19 We can count on the fact that if there is  
20 an oil spill here that affects our fishery and this says  
21 that, could result in a large spill -- could result in a  
22 loss to commercial fisheries of 22 to 37 percent per year  
23 for two years and it's possible that a fishery could be  
24 closed for a whole season. That's not just us. You know  
25 how accurate the outside media is when they portray

00030

1 Alaska. I'm sure that -- you should seen some holiday  
2 movies that just left you'd see our head spinning.  
3 They're going to say, hey, Alaska salmon is oiled and  
4 that's what's going to happen. People aren't going to  
5 look for more information. It's hard enough to convince  
6 them that Alaska salmon is healthy and explain that,  
7 yeah, well, maybe a stock is falling some place but this  
8 state's so huge that we have stocks that are flourishing  
9 and it goes back and forth. If we spill oil on our  
10 salmon they're going to think it's all our salmon. And  
11 we'll lose.

12                   I talked to a friend of mine tonight, he  
13 said after Exxon Valdez, we lost our entire pink salmon  
14 market to Japan. We never got it back. Now, I don't  
15 know that personally but he used to be a commercial  
16 fisherman, now he's a charter fisherman. It's just not a  
17 good idea. The effects are too broad. It's not just us.

18                   You know, five years ago I said that the  
19 only economic benefit this will bring to me or mine or my  
20 friends is the dubious benefit of getting paid a whole  
21 lot of money to go clean up the beaches, and when you say  
22 you're hoping this oil will be kept in this area, that  
23 kind of scares me because I know just where we're going  
24 to find it, eventually it will be real close and we'll be  
25 out there cleaning it up. And I'm perfectly willing to

00031

1 come back down here again in seven years if we can put  
2 this off now and do it again in seven years and again in  
3 seven years, eventually we're going to look back on this  
4 time and go, why were you even thinking about that, you  
5 know?

6                   Historically huge wars used to be fought  
7 over salt. You know, now we look back and say, salt, why  
8 that's goofy. If we can put this off long enough, we'll  
9 look back and say, drilling in the lower Cook Inlet, what  
10 were they thinking?

11                   Thanks.

12                   (Applause)

13                   MS. SEGUELA: Hello. I'm Louise Seguela.

14

15                   MS. ORR: Sorry.

16                   MS. SEGUELA: That's okay. I just want  
17 to say that I oppose this sale straight out. There's  
18 nothing in it that I find tempting at all. And money  
19 does not equate with quality of life. Quality of life  
20 has to do with the quality of the environment that you  
21 live in. And money is important, I do admit that, and  
22 I'm not saying that you can live without it. But most of  
23 the people that I know, myself included, have lived with  
24 very little money. I'm not bragging. But money, you  
25 know, money, you can go anywhere and get money, any place

00032

1 in the world, any place in this country, you cannot get  
2 what we have here any place else.

3                   We have, all this stuff on the ceiling  
4 here, these are all at risk. I'm a fish eater. The fish  
5 will not be worth eating if there are more pollutants put  
6 into the water. The coastline is really vulnerable,  
7 there's a lot of subsistence food that comes off the  
8 rocks. Comes out of the gravel. If you have even a  
9 little bit of oil get in there, those things aren't worth  
10 eating, you can't eat them. A lot of people around here  
11 depend on food from the sea, and that is the most  
12 important thing. You can't buy that. You can't buy  
13 that fish. You buy it in Seattle for \$20 a pound, and  
14 here we go out and catch it, people can go out and catch  
15 it here and eat it and that is worth more than money, in  
16 my book.

17                   Anyway, that's really about all I have to  
18 say.

19                   Thank you.

20                   (Applause)

21                   MS. JOHNS: My name is Sandy Johns. I'm  
22 a Homer resident and small business owner. I just want  
23 to say I'm adamantly opposed to any oil and gas  
24 exploration in the lower Cook Inlet or in Kachemak Bay.

25                   I hate having to come here and do this

00033

1 over and over again. But it is heartening to come here  
2 and see my friends and family and the people that I know  
3 stand for what I stand for here. I grew up in Southern  
4 California and watched all of the ugliness come there  
5 from development, unchecked, and as long as I have breath  
6 in my body I'm perfectly willing to come here over and  
7 over again to say no.

8 And that's pretty much all I have to say.

9 Thank you.

10 (Applause)

11 MS. ORR: The next three speakers, Steve  
12 Hughes, David Stutzer, and Mike O'Meara.

13 MR. HUGHES: Hi. My name is Steve Hughes  
14 and I'm a resident who loves living here.

15 Natural resources are public resources  
16 and belong to all people. Whether these resources be oil  
17 beneath the Continental Shelf, fish in our seas, the rich  
18 tidal life or birds in the air, no one group has an  
19 exclusive right to these resources. When the extraction  
20 of one resource jeopardizes the health and existence of  
21 associated resources, as oil exploration would do in the  
22 Cook Inlet, where some of the strongest and most erratic  
23 tides exist on the planet, then common sense tells us we  
24 must not do it, the risk is too great.

25 The scope of Lease Sales 191 and 199, and

00034

1 the fact that the possibility even exists that platforms  
2 could be erected in view of our communities and adjacent  
3 to National Wildlife Refuges and Parks shows a blatant  
4 disregard for wildlife and disrespect to our communities.  
5 Even by your own estimates in the EIS of the 20 percent  
6 likelihood of an oil spill, I don't understand why these  
7 waters continue to be under consideration. The sea  
8 teaches us that the web of life is interdependent and the  
9 loss of even the tiniest organism may have huge  
10 collateral effects. All of us have an obligation to  
11 respect each other and the world around us.

12                   Perhaps it's appropriate to quote John  
13 Dunn, an English poet, who once said in one of his  
14 sermons, no man is an island entire of itself, every man  
15 is a piece of the continent, a part of the main, if a  
16 clod be washed away by the sea, Europe is the less as  
17 well as if a promitory were -- as well as if a manner of  
18 thy friends or if thy own were. Any man's death  
19 diminishes me because I am involved in mankind and,  
20 therefore, never sin to know for whom the bell tolls, it  
21 tolls for thee.

22                   Withdraw the waters of lower Cook Inlet  
23 from all future lease sales. It's the right thing to do.

24                   (Applause)

25                   MR. STUTZER: Good evening. I'm David

00035

1 Stutzer. And as usual I don't have anything prepared,  
2 but I don't think I need to -- I didn't need to prepare  
3 anything, everybody before me and everybody after me is  
4 going to have a similar point of view.

5                               We all live here and we love this place,  
6 but it's a pretty treacherous place to drill for oil.  
7 It's got, as already pointed out, it's got some of the  
8 most strongest tides in the world, it's an earthquake  
9 zone, an active volcano, and, you know, to me it just  
10 seems like it boils down to money. The question was  
11 asked why? Well, we want to get natural gas. We don't  
12 have natural gas here so we don't really care. I mean a  
13 lot of us would like it but we don't have it and we get  
14 by without it. The people in Anchorage would like more  
15 natural gas because their supplies are diminishing. But  
16 you know it just boils down to money. Money and jobs.  
17 As the lady from Anchor Point said, yeah, we would like  
18 some but, you know, there are a lot of jobs here already  
19 that would be lost if we have an oil spill. Well pointed  
20 out, commercial fisheries would be severely impacted. We  
21 have a large charter fleet here that would be severely  
22 impacted, as well as the people that eat fish and  
23 shellfish out of the oceans.

24                               It's been commented or the number has  
25 been thrown out, 20 percent chance of an oil spill

00036

1 happening. You know, if it was one percent it would be  
2 too high. It just terrifies me that there's going to be  
3 a spill. Because if there is we're going to have this  
4 severe economic impact for what, for cheap fuel, cheap  
5 oil, cheap natural gas. Quite frankly, I'll do without.  
6 Because all my friends are -- or a large part of my  
7 friends are going to be out of a job, I'm going to be out  
8 of a job because the people that I work for as a building  
9 contractor aren't going to have any money to hire me. So  
10 I think it's a really poor idea. And to throw out that  
11 somebody needs fuel somewhere, I drive here, you know, I  
12 heat my house with oil, but it's not coming from Cook  
13 Inlet and I'm thankful for that because, you know, sooner  
14 or later there's going to be a spill and then the  
15 economy's going to crash. It's just not a good idea.  
16 And yes, somewhere down on the horizon we're going to  
17 have alternative energy sources and I'm waiting for that  
18 and I'm looking forward to that, but right now we have to  
19 deal with oil but not here.

20                                   And I will also come down in five years  
21 or seven years or whenever you guys come again and say  
22 no. You know, the oil companies have not demonstrated  
23 that they can operate their industry cleanly and throwing  
24 money at a problem doesn't make the environment turn  
25 clean, which has been illustrated very well in Prince

00037

1 William Sound. The oil is still there and the impact is  
2 still felt and it's been over 10 years and it's going to  
3 be a long time before it's back to normal, if ever.

4 No thank you.

5 (Applause)

6 MS. ORR: After Mike, we'll have Val  
7 McLay, Sallie Doddbutters and David Raskin.

8 MR. O'MEARA: Good evening. My name is  
9 Mike O'Meara. I live about 14 miles out of town on a  
10 homestead. I've been there full-time since 1976. I've  
11 been in Alaska longer than that, long enough to have seen  
12 the whole evolution of the Trans-Alaska Pipeline issue  
13 and the establishment of the tanker point at Valdez and  
14 everything that subsequently happened. I brought a cheat  
15 sheet here. I'm going to try to just cut short and not  
16 use most of it because I want all you folks out there to  
17 have a chance to say something and I've certainly had  
18 more than my chance already during the last week or so.

19 But, you know, I listened to John earlier  
20 when he was doing his intro and he was explaining his own  
21 feeling about the potential safety of this and it  
22 reminded me of another gentleman's statement some time  
23 ago and I guess rather than quote somebody who's famous,  
24 I'd like to quote this gentleman tonight, and his name  
25 was L.R. Bain (ph), he worked for British Petroleum

00038

1 Environmental Studies. This was something he said back  
2 in 1971 at the TAPS hearings up in Anchorage.

3 I am satisfied that tanker traffic to and  
4 from Port Valdez, and operation of an oil port there will  
5 not cause any significant damage to the marine  
6 environment or to fisheries interests. He reflected the  
7 sentiments of the oil and gas industries, State and  
8 Federal officials at the time.

9 I'd like to quote somebody else who's  
10 equally less known, some of you may know her however.  
11 This is from a Seward resident, Chris Sheehan, who was a  
12 civil air patrol pilot at the time of the spill, and this  
13 is from her 1998 recollections of that period of time  
14 when the Exxon Valdez ran aground. As we approached  
15 Prince William Sound, a sight met my eyes that I will  
16 never forget. Flowing from the mouth of the Sound was a  
17 river of oil nearly two miles wide that widened as it  
18 entered the sea and disappeared over the horizon 100  
19 miles distant. A year after the spill, as I flew along  
20 the coast I was struck by the paucity of living  
21 creatures. Where two years before flocks of birds  
22 numbering in the thousands had covered the oceans, I now  
23 have to look for even a few groups.

24 John, I know damn well you don't want an  
25 oil spill and I know my friends in the oil patch don't

00039

1 want one either, the fact is shit happens. And those of  
2 us that have been around here awhile have seen a lot of  
3 it. The Glacier Bay, all the leaky pipelines onshore and  
4 offshore, leaky storage tanks, cracked tank vessels,  
5 mystery spills; it goes on and on. Nobody wants to spill  
6 oil. We get a lot of promises, but reality has given us  
7 pollution and disaster. That's why we don't trust you.

8                   Now, I'm going to shut up. I have a lot  
9 of specific comments regarding the Draft Environmental  
10 Impact Statement and I'll address those to you before the  
11 11th in writing. I want my brothers and sisters here to  
12 have a chance.

13                   I want to thank you all for coming, and  
14 before I get up I just want to remind you all that right  
15 now we have a lot of brothers and sisters on the coast of  
16 Spain who are dealing with oil from the Prestige, the  
17 tanker that broke in half and sank off their coast. I've  
18 been in touch with a gentleman over there who's in the  
19 thick of it and they're looking at possibly dealing with  
20 that until 2006.

21                   Thank you.

22                   (Applause)

23                   MR. MCLAY: I'm Val McLay. I'm kind of a  
24 newcomer here, I've only been here since '46 but I'm  
25 going to stick around a few years and see if I like it.

00040

1 And I'm going to be one of the few tonight that's going  
2 to say that I'm not against oil in Cook Inlet. And to  
3 respond to, you know, one young lady said that seven  
4 years ago everybody said no to Lease Sale 149, well,  
5 that's not true, everybody didn't say no.

6 And it's disheartening to me, reading the  
7 article in the Homer News today about your meeting in  
8 Seldovia. That whole article was no from Seldovia, but  
9 there was only 20 or 25 people there, that's not all of  
10 Seldovia that said no. And this has been the problem,  
11 even seven years ago, the people that were in favor  
12 didn't speak up as much as the people that were opposed.

13 We've learned by mistakes that we've made  
14 in the past. There is a lot of new rules that are in  
15 effect today as a result of mistakes made in the past. I  
16 would like to say I'm a commercial fisherman. I guess I  
17 could be if I wanted to be, I still have the boats and  
18 the equipment, permits, and I started commercial fishing  
19 in 1956 but I haven't been able to afford to continue to  
20 do this anymore because the way the fishing has gone, and  
21 part of it is because of oil. But it took oil for me to  
22 go fishing too. And it will continue to take oil for all  
23 of us to continue to operate as we do today, the way we  
24 know how.

25 I am the president of two corporations,

00041

1 each running in a business here in Homer, and oil is a  
2 large part of keeping my businesses operating. And to  
3 say that we do not want oil here is different than saying  
4 we do not want oil. I don't think anybody here can say  
5 they do not want oil, everybody needs it, but they just  
6 want it in somebody else's backyard.....

7 UNIDENTIFIED VOICE: I want no oil.

8 MR. MCLAY: .....and I don't think that's  
9 fair.

10 UNIDENTIFIED VOICE: Sorry.

11 MR. MCLAY: Please, thank you. And this  
12 sheet that was passed out, there was a comment about the  
13 Chesapeake Trader that leaked oil and split a seam out  
14 here and I was working on the docks to help with that  
15 operation, trying to rescue that operation and that oil  
16 was not recovered because of the seas. The problem there  
17 was that vessel could have been boomed and moved into  
18 protected waters so that oil could have been contained  
19 and it would not have been lost into the ocean and gone  
20 away. But because of rules, it could not be moved into  
21 safer waters and that oil as a result broke up and  
22 dissipated and it's still in the water system today. And  
23 we do have to have rules, when we have to have more  
24 control and is -- we're getting more control all the time  
25 on oil industry and this is necessary. But until we do

00042

1 not need oil, we need to have more rules and we need to  
2 continue to produce oil in the safest manner as possible  
3 and keep our eyes on it and everybody needs to be  
4 involved.

5 Thank you.

6 (Applause)

7 MS. DODD: Well, I guess if all those  
8 people out there do want oil out there they better get  
9 their buns down here like we have year after year. I'm  
10 Sally Dodd and look at all these new faces. The ones  
11 behind me are kind of comforting but it's kind of scary  
12 coming here and seeing new faces to talk to every time.  
13 By the way that sign over there, over your right shoulder  
14 is older than a third of the people in this room, and it  
15 could be as old as 1978 done by Cook Inlet Vigil and Jim  
16 Roderick who was one of the guys that came up with the  
17 fact that 600,000 tons of toxic ooze was being redumped  
18 in here under an exemption, it's the only one in America.  
19 Anyway, let me get back to my notes.

20 Dear Mr. Goll, Minerals Management, et  
21 al., I've lived here for 30 years, I am not paranoid,  
22 selfish, or ignorant. Although there have been great  
23 many improvements recently and your words here were very  
24 soothing, the oil industry is still both greedy and  
25 polluting. A while back during Lease Sale 149 more than

00043

1 400 of us pleaded and fought to preserve the many fragile  
2 treasures of lower Cook Inlet and Kachemak Bay, which is  
3 now critical habitat as well as a National estuary,  
4 research reserve. And, yeah, there were people here that  
5 wanted oil, of course we all need oil, you know, we all  
6 need toilet paper too.

7                   But I suppose it was naive to think that  
8 we were listened to that night so maybe if we all speak a  
9 little slower and a little louder tonight, you will hear  
10 what we're trying to say. We will not trade our fish,  
11 our wildlife, our tourism, or our relatively clean water  
12 for any pay off. Neither a poor economy coupled with the  
13 pit-bull politics the present administration, nor even  
14 the horror of 911 justify this reckless onslaught for the  
15 health and safety of our entire local ecosystem.  
16 Dangerous tides and weather, coupled with earthquakes and  
17 a rumbling crackling old volcano that's aimed directly up  
18 the Inlet, plus old leaky unmaintained pipes on the ocean  
19 floor, they all add up to an unacceptable probability for  
20 an ecological tragedy.

21                   None of us are going away, we know that.  
22 But, please, couldn't you insist that the industry stay  
23 way up the Inlet where any unfortunate accidents wouldn't  
24 create quite such devastating death and destruction. And  
25 by the way, in leaving, where's our oil response boat,

00044

1 the spill response boat that was promised to be parked in  
2 Seldovia? And where are the tug boats that are supposed  
3 to guide the Inlet tankers through some of the most  
4 dangerous waters in Alaska? And, again, why is Cook  
5 Inlet the only place in America with an exception for the  
6 industry to dump over 600,000 tons of toxic ooze back  
7 into the water and ground?

8 Thank you for your time. Please listen  
9 to us.

10 (Applause)

11 MS. ORR: After Mr. Raskin it will be  
12 Dale Banks, Tom Evans and Roberta Highland.

13 MR. RASKIN: My name is David Raskin and  
14 I reside in Homer on land we purchased here in 1975. For  
15 32 years I served on the faculties of UCLA, Michigan  
16 State University, the University of Utah, and the  
17 University of British Columbia. And I established and  
18 organized the environmental studies curriculum at the  
19 University of Utah and taught courses in the energy  
20 crises and the water development issues as far back as  
21 1972.

22 I have served on many local and national  
23 organizations, including president of the Center for  
24 Alaska Coastal studies, a member of the Homer Advisory  
25 Committee, the Alaska Department of Fish and Game and a

00045

1 public member of the Environmental Monitoring Committee  
2 of the Cook Inlet Regional Citizens Advisory Council,  
3 CIRCAC, which was established under the Oil Pollution Act  
4 of 1990 to monitor and assess the impacts of oil industry  
5 activity in Cook Inlet. I've also traveled extensively  
6 on my own boat in all of the areas of the proposed  
7 leases.

8                   You propose to develop oil and gas in the  
9 Cook Inlet by bringing in huge drilling building massive  
10 offshore platforms and piping oil through many miles of  
11 ocean bottom pipelines to onshore facilities near  
12 important salmon streams. Based on decades of  
13 experience, we know that there are more oil spills in the  
14 upper Cook Inlet than anywhere else in the United States.  
15 For the last three years I've received an unending string  
16 of e-mail oil spill notifications from CIRCAC. These  
17 spills occur regularly in the waters of the Upper Inlet  
18 and on the land areas associated with oil operations and  
19 pipelines. The worst spills have caused serious problems  
20 in salmon streams yet industry has done little to  
21 ameliorate the problems or take responsibility for the  
22 aging and abandoned under sea and land based pipelines.  
23 We can expect even more of the same if offshore  
24 facilities are developed in the Lower Inlet, especially  
25 in light of the extreme tides, seas up to 32 feet and

00046

1 freezing spray and wind conditions characteristic of the  
2 Lower Inlet that make oil operations in the Upper Inlet  
3 seem like child's play. The impacts on fish, wildlife  
4 and marine sources of food will be severe and your  
5 proposed plan provides no mechanism that will guarantee  
6 that even graver oil spill problems will not occur if oil  
7 is developed in the Lower Inlet. The ugly offshore  
8 facilities will substantially degrade the pristine  
9 natural environment that annually draws throngs of  
10 tourists to the Lower Kenai Peninsula. This will  
11 severely damage the local economy. Even worse, we can  
12 count on massive pollution from the unrestricted dumping  
13 of the by-products and wastewater from oil drilling  
14 operations already ongoing in an essentially unrestricted  
15 manner in the upper Cook Inlet.

16                   The few small scale scientific studies  
17 to-date in the upper Cook Inlet have failed to indicate  
18 that the permitted oil industry discharges have produced  
19 serious contamination of the organisms in the food chain.  
20 However, they do not provide any manner of scientific  
21 proof that there are no effects or that oil and gas  
22 development in the Lower Inlet will yield a similar lack  
23 of demonstrable impacts. On the contrary, we can expect  
24 much greater impacts and effects on the food chain in the  
25 Lower Inlet. The geographic areas and organisms sampled

00047

1 have been extremely limited and mainly confined to the  
2 Upper Inlet and the currents and substrata in the Upper  
3 Inlet are dramatically different from the Lower Inlet.  
4 Furthermore, the populations and variety of organisms in  
5 the Upper Inlet are impoverished when compared to the  
6 profusion of species found in the areas of the proposed  
7 lease sale in the Lower Inlet. It's an unusual  
8 combination of geology, topography, ocean currents and  
9 nutrients provides a magnificent nursery for a vast array  
10 of marine plants and animals almost without parallel.  
11 These organisms are part of the vital food chain that  
12 makes Kachemak Bay and the lower Cook Inlet one of the  
13 most biologically productive and unique marine  
14 environments in the Northern Hemisphere.

15                   The lower Cook Inlet provides sustenance  
16 and support for the traditional lifestyles of the Native  
17 communities that have occupied and subsisted in this area  
18 for many millennia. EPA research has already shown that  
19 unacceptable concentrations of heavy metals and organic  
20 toxins from industrial activities threaten the health and  
21 lifestyle of those who depend on the local marine  
22 resources.

23                   If the proposed oil and gas activities  
24 are prevented in areas much closer to these resources, it  
25 is inevitable that serious contamination and reduced

00048

1 marine productivity will occur. Major damage and  
2 contamination from oil spills are highly likely even  
3 according to the estimates contained in your Draft-EIS.

4                   Just last week scientific studies  
5 revealed that the persistence presence of oil spilled by  
6 the Exxon Valdez is still causing serious impacts on fish  
7 and wildlife in our locality.

8                   Some claim that the proposed oil  
9 production will lower the risk of oil spills by reducing  
10 the amount of tanker transportation in the Cook Inlet.  
11 This argument is specious. The vast majority of oil  
12 spills in the Cook Inlet had been from pipelines and  
13 offshore and onshore operations in the Upper Inlet.  
14 These problems would be greatly exacerbated if  
15 development is allowed to occur in the Lower Inlet and  
16 the impacts may be disastrous. The only way to  
17 effectively prevent the horrendous and persistent damage  
18 from oil spills is never to allow the oil to get into the  
19 water. The best and most obvious way to accomplish that  
20 is not to develop new oil operations in the waters of  
21 Cook Inlet.

22                   After two highly visible failures you  
23 have invented a new cover story claiming that the  
24 development will mainly benefit the communities of the  
25 Kenai Peninsula by providing long sought after supplies

00049

1 of natural gas. We've heard that song before and it  
2 sounds just as flat now. Promise of natural gas in the  
3 lower Cook Inlet -- to the Lower Kenai Peninsula has been  
4 made repeatedly, yet all the gas developed on the Kenai  
5 Peninsula has been sent north and the same will happen  
6 with any new gas that may be produced here. Your claim  
7 is as good as the now bankrupt promise that all oil from  
8 the Alaska Pipeline would be used for domestic  
9 consumption and none would be sold to foreign countries.  
10 That is a bald-faced lie.

11                   Take a careful look around you today. In  
12 the words of Yogi Berra it's Dejavu all over again. We  
13 are committed to preserve the natural resources of beauty  
14 that are the life blood of our Native and non-Native  
15 communities alike. We are united in our opposition. And  
16 it should be clear that after 30 years that we must  
17 simply not tolerate the havoc that would be visited on  
18 our environment and lifestyles that your proposed oil and  
19 gas development would inevitably bring.

20                   Why don't you take your proposal out of  
21 here and move it to Florida where President Bush and  
22 Secretary Norton have exempted the west coast of Florida  
23 because the President's brother is the Governor of  
24 Florida. We also have a Bush Governor and we don't want  
25 our waters oiled here either.

00050

1 Thank you very much.

2 (Applause)

3 MR. BANKS: Hi. My name is Dale Banks.  
4 Thanks for coming down to hear us. Sitting here I think  
5 I realized why we're here again to speak on another lease  
6 sale and it's possibly because our Federal governmental  
7 agencies are adopting a policy put forward by President  
8 Bush in his 2000 campaign for President. He said and I  
9 quote, the past is over. Sad, but true.

10 (Applause)

11 First I'd like to comment on some  
12 economic impacts that I saw in this little book that I  
13 was reading last night. It states that the Borough would  
14 receive economic impacts of 2.7 million per year and the  
15 State would receive about 2 million. If you calculate  
16 that out by population here on the Borough that's \$4.53 a  
17 month per person per year. I'd pay it, okay. I just  
18 wanted to let you know that.

19 (Applause)

20 And I looked in there for profits to oil  
21 companies, oil corporations but I couldn't find that. It  
22 seemed to be conspicuously absent. Is that in there or  
23 did I miss it? You don't have to answer, I guess. But I  
24 couldn't find it.

25 And I looked at your spill rate

00051

1 calculations and they seem to be pretty straightforward  
2 except that I caught a math error, or at least I think I  
3 did. They were based on amounts of spills per billion  
4 gallons produced, is that right, Jim, and then I  
5 converted that to a percentage, if there was 140 million  
6 barrels and I came up with .19 and you had .18. Anyways,  
7 a small error there that you might want to check. So I  
8 thought I'd point that out.

9 I have a lot of other things but maybe I  
10 ought to skip some. Oh, I thought that the premise of  
11 only one single discovery was not realistic, you had said  
12 earlier that it was, I don't think it is. I think that  
13 if there is one discovery then there will probably be  
14 more companies that are interested and that, in turn,  
15 would increase the likelihood of a spill.

16 Lastly, I want you to indulge me in a  
17 little experiment in risk and probability analysis as it  
18 applies to the public.

19 The first question I had and I'd like  
20 people to participate if they're interested, is to  
21 consider an example, consider this pen, let's say  
22 everyone uses this pen, it's a good pen, everyone buys  
23 them all the time, locally here at a local vendor they're  
24 on sale right now for five cents each but there's a one  
25 in five chance that the pen might spill, would you go

00052

1 ahead and take a risk and buy one, you know, it might  
2 spill it may spill on your paper -- a show of hands, who  
3 would buy a pen that one in five chance that it might  
4 leak? Some people. I would. It's cheap. Let's say it  
5 normally costs \$5 and now it's on sale for five cents,  
6 there's only one in five chance that it might leak, would  
7 you buy one?

8 UNIDENTIFIED VOICE: Yeah, I'd buy five.

9 MR. BANKS: Okay, you'd buy five, good.  
10 How about apples. There's apples for sale really cheap,  
11 everybody eats them, everybody likes them, they're  
12 normally, I don't know \$2 a pound, they're on sale for  
13 five cents a pound but there's a one in five chance that  
14 these apples that you're buying spilled on the way to the  
15 grocery store. Would you pay that cheap price and buy  
16 the apples? Yeah, I would, even if they're bruised,  
17 right, you could probably use them for something.

18 Prophylactics.

19 (Applause)

20 Let's say that prophylactics are  
21 available extremely cheaply at a local vendor. A penny  
22 for a hundred. But there's a one in five chance that,  
23 well, something might spill. Can I see a show of hands  
24 of who would buy those?

25 I think that a one in five chance is a

00053

1 serious risk in oil development and oil spills are a  
2 serious thing and one in five is way too high. I support  
3 Alternative 4 -- I think it's 4 -- 2 -- 2 -- strike that  
4 -- 2.

5 Thanks.

6 (Applause)

7 MR. EVANS: My name is Tom Evans from  
8 Nanwalek. Which is located at the entrance of Cook  
9 Inlet.

10 I know MMS has been trying to make the  
11 effort to get ahold of my council and people. They've  
12 been trying to do this during the times that we hold as  
13 being sacred. Our holidays are as important as you see  
14 yours. So let it be known that next December 25th and  
15 January 1st we'll return those calls.

16 (Applause)

17 The EIS document to us is written in a  
18 fashion which is unfair to my people. We are not smart  
19 enough to clearly understand what is being said. This  
20 language, to us, is intimidating and how do we really  
21 know if you are being honest and fair with us.

22 In reference to your conclusion on  
23 subsistence harvest patterns, tainting concerns in  
24 communities nearest the spill could pivotal practices of  
25 traditional Native cultural practices only now recovering

00054

1 from the impacts and aftermath of the EVOS oil spill in  
2 1989. Harvesting, sharing and process of subsistence  
3 resources could continue but could be hampered to the  
4 degree these resources were contaminated. In the case of  
5 contamination harvest would cease until such time as the  
6 local subsistence hunters perceived resources as safe.

7                   That, to us, is unacceptable because  
8 today our resources have not recovered. (Pause) Excuse  
9 me. And we continue to take risks without knowing the  
10 final outcomes. How would you like it if your stores  
11 were to be completely destroyed and not to have access to  
12 food you need?

13                   The subsistence harvest data by Fish and  
14 Game as stated in the EIS is not accurate because it is  
15 too conservative. The villages know that the amounts are  
16 about three times higher than what is stated. I would  
17 also like to state that it was requested during the  
18 scoping process that this data not be used because of its  
19 inaccuracy of the information.

20                   I'm not really here to help change your  
21 behaviors. I guess we'll leave that to everybody else.  
22 What I want to do is to share with you some of our  
23 beliefs.

24                   When a decision is being made how it will  
25 effect or affect our next seven generations. Basically

00055

1 when we decide something we look to the future and we  
2 also look to the past of all those people before us. I  
3 would invite you to use this in your decision-making  
4 meetings, it might help to shape a better world. We have  
5 recently been working on reclaiming what has been lost or  
6 taken away, meaning our culture and language. Like I  
7 have stated before, all this scares the hell out of us.  
8 It hinders or can destroy our efforts of reclaiming what  
9 is rightfully ours.

10 Nanwalek Tribe is reluctant to hold a  
11 meaningful government-to-government meeting due to lack  
12 of trust with agencies such as MMS. How much of what we  
13 would like to see be done really carries any weight.  
14 Like it has been said before, how much of these good  
15 words are going to help my people? How much of these  
16 good words are really going to feed my people? All I  
17 ever hear is good words. Good words cannot -- good words  
18 cannot bring back my dead people.

19 Thank you.

20 (Applause)

21 MS. HIGHLAND: My name is Roberta  
22 Highland. And I just got reminded here, and I don't know  
23 why I needed to be but the area we're talking about  
24 between volcanos, earthquakes, tides and incredible  
25 weather, it's just -- I'd like that to be written down to

00056

1 remind us one more time. Let me get this straight, you  
2 represent the Federal government and you, in the Federal  
3 government has decided we need to have oil and gas  
4 development in lower Cook Inlet in waters that make upper  
5 Cook Inlet look like child's play. And even though this  
6 community has consistently opposed oil and gas  
7 development here, even though it is a known fact that  
8 toxic pollutants are a by-product of oil use, even though  
9 our government, auto-corporations and oil companies  
10 refuse to admit there is any problems with these  
11 pollutants, even though a 13-year old is aware these  
12 pollutants are doing damage to the earth of their future,  
13 even though you want us to accept your reams of facts and  
14 figures as the gospel truth, even though there is an oil  
15 spill disaster occurring off the coast of Spain and France  
16 right now, even though right now there are millions of  
17 people sitting in cars in a traffic jam spewing carbon  
18 by-products, even though our government refuses to take  
19 even the simplest action such as lowering the speed limit  
20 or mpgs, even though oil and gas development would  
21 completely change our town as we know, I am supposed to  
22 think this is a rationale and reasonable idea.

23                                   Some day we have to face up to the fact  
24 the old ways are not working and we need to change. This  
25 public hearing seems as good of time as any to talk about



00058

1 who's going to be doing the last decision, she has the  
2 last word -- well, I am going to send her this article.  
3 Because maybe she will listen to the head of BP who is  
4 positioning themselves as a producer of alternative and  
5 renewable energy, hydrogen, wind and solar. Let's get  
6 moving, all of our futures depends on it. And you are in  
7 a position to do something about it, let's work together.  
8 In my opinion, Alternative 2, no action is the only  
9 probable choice to make.

10 (Applause)

11 MS. ORR: The next three speakers, Devony  
12 Lehner, Marla McPherson, and Michael Hensfield.

13 MR. ARCHIBALD: My wife was supposed to  
14 sign me up right behind her.

15 MS. HIGHLAND: And I guess I forgot, so I  
16 guess if that's okay.

17 HEARING OFFICER GOLL: It's fine.

18 MR. ARCHIBALD: I'll make this fast. My  
19 name is Robert Archibald, and I first came up to work in  
20 Cook Inlet in 1965, the year after the earthquake. I've  
21 lived in Homer here over 20 years, and it seems like we  
22 sure have an attitude here and it hasn't changed, good,  
23 bad or indifferent.

24 I don't believe that oil production in  
25 the lower Cook Inlet would be beneficial to tourism,

00059

1 subsistence way of life or fishing. The history of  
2 drilling in lower Cook Inlet has been plagued with  
3 problems. I have witnessed this myself having worked  
4 down there. The last drill ship that I saw which was the  
5 Dimond-M-Dragon was blown off its position twice. The  
6 semi-submersible Ocean Bounty had to abandon several  
7 wells when they were drilling in the area. The weather  
8 down here is not conducive to drilling. The geology of  
9 this area, with active volcanos, active faults is hardly  
10 a good safe area.

11                   The mention of using lake production  
12 facilities or floating production facilities is fool-  
13 hearted, that should not even be in the plan. There's no  
14 mention of best available technology which is in  
15 everything that we see around Alaska. Maybe George  
16 Ferris, which you folks probably don't remember, was the  
17 best technology they had at one time but it's a lot  
18 better now and it should be put in words. And Prince  
19 William Sound there are six world class tug boats over  
20 10,000 horsepower and here, we can't get an oil company  
21 to even put one in Cook Inlet, and we're talking the same  
22 oil companies.

23                   The lease areas are surrounded by  
24 wildlife preserves, refuges and critical habitats. Many  
25 people use these areas for subsistence food harvest. I'd

00060

1 also like to know what is the status of the Alaska Wild  
2 and Traditional Food Safety Program as is stated in  
3 Section IV, Page 163 of your EIS, I'll probably have a  
4 chat about that when -- the economy of lower Cook Inlet  
5 have become more tourists dependent, refuges and parks  
6 are a vital commercial -- and commercial fishing is at a  
7 critical point. The fish and crab stocks cannot sustain  
8 another hit of toxic substance.

9                   The economic benefit seems to me is small  
10 from this sale. The projected amount of recoverable oil,  
11 which mentioned was 140 million barrels seems very  
12 insignificant. I feel that the best alternative is just  
13 to pull this off the sale list and let it be.

14                   Thank you.

15                   (Applause)

16                   MS. LEHNER: Hello. My name is Devony  
17 Lehner. I'd like to welcome you here. I don't know if  
18 you're going to get to spend any time sort of checking  
19 out the area, but I hope you do. And I know as each of  
20 us comes up here we're struggling to figure out what we  
21 can say that matters and I really appreciate the variety  
22 and depth of caring that's going on here. A lot of  
23 people are addressing environmental issues and I'm sort  
24 of deferring to them on those concerns so I'm going to  
25 focus a little bit more on some local economic issues.

00061

1                   But first I do want to say I'm here to  
2 speak up against these leases and I think that it's  
3 inappropriate at this time to have the leases at all.

4                   To just skim over environmental issues,  
5 to leave that to others, I have serious concerns about  
6 leasing areas that are so critical to marine resources,  
7 especially the regional fisheries, both commercial and  
8 charter. And as you know we have plenty of justification  
9 for distrusting oil industry reassurances about  
10 environmental safeguards. So when the proposed lease  
11 areas are regularly subject to rough seas, to various  
12 storms, some of the strongest tides in North America and  
13 circulation gyers that concentrate pollutants, your own  
14 estimate of a 20 percent chance of an oil -- of a large  
15 oil spill is anything but reassuring.

16                  As I said, you'll hear many comments  
17 about environmental impacts so let me just keep it to  
18 that any biological concerns raised during Lease Sale 149  
19 seven years ago are obviously still relevant. In  
20 particular areas omitted from the earlier sales should be  
21 removed from proposed sales. I know that you know any  
22 rationale human being knows that ecological conditions  
23 and biological processes don't change just because people  
24 in charge want them to. I want to -- as I said, I'll  
25 focus the rest of my comments on some of the key -- one

00062

1 of the key engines that's driving the Homer/Anchor Point  
2 economy. When I was in Tampa, Florida in 1990, I was  
3 pleasantly surprised to see a front page story in the  
4 Sunday travel section of the Tampa Tribune Times called  
5 Alaskan Escape at the End of the Road. The two page  
6 Universal Press Article touted Homer's beauty and  
7 recreational offerings. It was the first time that I  
8 realized how much national attention Homer's' unique  
9 qualities could attract. In May 1999, Outside Magazine  
10 included Homer as one of the 10 best of the best,  
11 extolling our recreational and lifestyle offerings  
12 alongside those of Boulder, Colorado, St. Martin in the  
13 Caribbean, Santa Cruz, California, Portland, Oregon, Hana  
14 on the Island of Maui among others. Wow. The April 2002  
15 issue of Outside Magazine listed the Kachemak Wilderness  
16 Lodge as one of the 10 perfect wilderness lodges in North  
17 America. Another wow. Outside Magazine is read by  
18 millions of people you can't buy this kind of  
19 independent-minded national recognition, you have to  
20 actually have to deserve it.

21                   Reasons to visit the Homer/Anchor Point  
22 area keep growing. New shops, galleries, restaurants  
23 have opened in recent years to join those already  
24 established. Charter fishing services keep diversifying.  
25 We've cold point now, flash freezing charter caught

00063

1 salmon and halibut for thousands of tourists every  
2 summer. There's the beach, the beach launch, charter  
3 fisheries developing in Anchor Point to Homer. The  
4 Federally -- Federally funded island and ocean marine  
5 center will open this fall. I don't really see how  
6 Federal money going into that is consistent with Federal  
7 money working towards these oil and gas lease sales. The  
8 two seem contradictory. Expansions of the library and  
9 the local branch of the University of Alaska are in the  
10 works. As reasons to visit Homer and this area increase  
11 so do reasons to move here. In October in 2002, Homer  
12 was among 120 small towns included in the book Making  
13 Your Move to One of America's Best Small Towns. It's  
14 aesthetic appeal and relatively healthy economy were  
15 cited among other factors. As the book's author pointed  
16 out, people are more likely to move to a small town now  
17 than in the past because with the increase in  
18 telecommuting opportunities, many professionals can  
19 choose to work from anywhere with a phone line and FedEx  
20 service. The Homer/Anchor Point population keeps  
21 growing. New homes, including upscale retirement and  
22 vacation houses are spreading up the bluffs and out along  
23 our roads. Homer's first co-housing group has been  
24 formed and is looking for families to share its vision.

25 In other words, the area has been

00064

1 discovered and people are coming. Although we may have  
2 mixed feelings about Homer growing, we know it will, and  
3 that people coming to Homer help drive our economy. They  
4 are not coming to see oil rigs and other trappings of the  
5 oil industry.

6                   Lease Sale 191 and 199 can do nothing but  
7 undermine the hard earned economic momentum this area has  
8 generated by recognizing and marketing itself as a unique  
9 and beautiful place to live and visit. Now is not the  
10 time to threaten this momentum. The oil and gas buried  
11 beneath the Inlet isn't going anywhere. It will be there  
12 in the future if we're too stupid and short-sighted to  
13 develop adequate sources of renewable energy to free  
14 ourselves from our self-destructive reliance on fossil  
15 fuels, especially foreign oil, but at this time it makes  
16 absolutely no sense whatsoever to threaten the beauty and  
17 recreation that's currently driving us economically here  
18 in the Homer/Anchor Point area.

19                   And I want to add to that, to these  
20 comments, a concept I've been wrestling with lately,  
21 fiduciaries, because we hear a lot about fiduciaries now  
22 as our elderly parents need someone to help take care of  
23 their resources for them, and a fiduciary has a position  
24 of profound trust. And I feel like everybody who lives  
25 in this area is a fiduciary of this area for the rest of

00065

1 the country. I've traveled all over the country and all  
2 over the world and there is no other Homer, and I know  
3 everybody can say that about their local area but some  
4 areas are nationally recognized as being special and the  
5 articles in Outside Magazine are just an example of that.  
6 This area deserves us to treat it with all fiduciary  
7 respect for the environmental -- the environmental  
8 conditions here and the beauty it offers and the  
9 recreational opportunities it offers and the lifestyle it  
10 offers and the combination of features that aren't --  
11 that don't exist anywhere else in the world.

12 Thanks very much.

13 (Applause)

14 MS. MCPHERSON. My name is Marla  
15 McPherson and I have a couple announcements before I  
16 share my comments with you. The first comment -- the  
17 first announcement is that I think we can all agree it's  
18 pretty difficult to have a meaningful conversation about  
19 the four-inch thick Environmental Impact Statement within  
20 five minutes this evening. So I am going to submit  
21 written comments and I invite everyone here to join me on  
22 Wednesday, February 5th, I believe it is, at Cook Inlet  
23 Keeper, there'll be a letter-writing gathering from 5:00  
24 to 8:00. We'll have the EIS's available and folks can  
25 come to the office and write meaningful comments with the

00066

1 EIS's available and with folks to help you pick through  
2 the EIS and understand it. So I invite folks to join for  
3 that.

4                   And this wasn't originally part of my  
5 presentation but I wanted to go ahead and give folks the  
6 opportunity to see this before the crowd begins to thin  
7 out. And this is an oil spill projectory [sic] model  
8 that was developed by CIRCAC that shows a really good  
9 example of what would happen in the even that an oil  
10 spill occurred from offshore oil and gas. And I'll go  
11 ahead and let Bob begin running that now.

12                   MR. SHAVELSON: Yeah, we just wanted to  
13 give an example of the general spill scenario that has  
14 been documented in the Environmental Impact Statement,  
15 this is the spill volume that has the one in five risk  
16 and this is one of the areas, and as you can see that the  
17 spill moves with the tides there's a number of  
18 assumptions that are built in here. There's a westerly  
19 wind about 15 knots. But when it hits the shore you'll  
20 be able to see red lines that start to move out and those  
21 red lines, every approximately one inch equals 5,000  
22 gallons of oiled that shoreline. So you can put this  
23 anywhere, but I thought it was a useful tool just to  
24 understand how the oil moves and where it would come  
25 ashore under these conditions.

00067

1                   The little white things, if you could  
2 see, I know it's difficult to see, but they're just to  
3 show the surface currents and you can see oil coming  
4 ashore approximately right at the Anchor River.

5                   This software is downloadable from the  
6 CIRCAC web page and if anybody would like more  
7 information about it I'd be glad to provide it.

8                   So that's really about it, but I just  
9 wanted to demonstrate that and I thank Marla for letting  
10 me horn in there.

11                   Thanks.

12                   MS. MCPHERSON: No problem. I think that  
13 that oil spill model is a really good example of why this  
14 community has traditionally, very vocally opposed oil and  
15 gas leasing in lower Cook Inlet, and that boils down to  
16 one basic simple fact and that's because we realize we  
17 have nothing to gain from oil and gas development in  
18 lower Cook Inlet and we have everything to lose. That  
19 oil spill example, you can see the oil going up the  
20 Anchor River, you can see it going up the other salmon  
21 streams and now turning down into Kachemak Bay which is  
22 our sustenance. It is our economy, it's our lifestyle,  
23 it's our livelihood.

24                   And I think our community has opposed  
25 this because we're a smart, well-educated and

00068

1 independent thinking community that sees beyond the myths  
2 that our government and that the industry tells us about  
3 oil and gas. And I'm just like to touch on a couple of  
4 those myths right now.

5                   Myth No. 1, is that oil and gas will  
6 provide us with jobs. The Draft Environmental Impact  
7 Statement for Lease Sale 191 and 199 says there will be  
8 no increase in Kenai Peninsula Borough employment, which  
9 means no new jobs. The jobs that will be created from  
10 this development will go to people who are already  
11 employed in the industry that live in the Kenai Borough  
12 or Anchorage or the North Slope, and will not go to local  
13 residents simply because many of us are not trained in  
14 this type of technical labor and also because there are  
15 people that already employed in this that are more  
16 competitive that would get these jobs. So in terms of  
17 local community, we would not get these jobs. Also the  
18 jobs that might be open would possibly be filled from  
19 folks down in the Gulf of Mexico which has very  
20 historically been the case in Alaska, that any jobs that  
21 come open are filled by people from Houston and people  
22 from Oklahoma and the fact is, is that oil and gas is  
23 labor poor and capital intensive. So we're not going to  
24 see a lot of employment from this.

25                   Myth No. 2, is that the State and the

00069

1 Borough need oil and gas for revenues. If we look at the  
2 Draft-EIS, we see that the Borough gets a six percent  
3 increase in revenues and the State gets a .01 percent  
4 increase in revenues. I feel like this is a pretty small  
5 amount. As Dale Banks pointed out, we could pay this  
6 through a very small increase in taxes. A lot of folks  
7 aren't in favor of taxes but I would even suggest that we  
8 replace those revenues by a more sustainable long-term  
9 industries that we can facilitate in the Kenai Peninsula  
10 Borough and in the state of Alaska. For example, the  
11 Kenai Borough could put a lot of energy into marketing  
12 Kenai Wild. Kenai Wild salmon need clean water, they  
13 need the public perception that there is not contaminants  
14 in Cook Inlet, and I feel that the lease sale is in  
15 direct opposition to that type of marketing. We could  
16 reduce the revenues through our commercial fish if we did  
17 that type of marketing and also by better marketing our  
18 tourism, and these are sustainable long-term revenue  
19 sources for our local governments and they would help us  
20 and our perpetuation, our dependence on non-renewable  
21 resource.

22                   Myth No. 3, is that we need oil and gas  
23 for national energy consumption. I think we've already  
24 heard that the amount of oil that the EIS is talking  
25 about is approximately nine days of oil for our country's

00070

1 energy demands.

2                               So that leads us to Myth No. 4, that this  
3 oil and gas will be for local consumption and help meet  
4 our local energy needs, but we've already heard that more  
5 than half of the energy developed from this lease sale  
6 will go to industry. It will go to Agrium, it will go to  
7 the L&G Plant, it will not go to residents. If it does  
8 come to residents it won't be until 2022 when this is  
9 available and I've heard that 80 percent of our energy  
10 consumption on the Kenai Peninsula, residential  
11 electricity comes from oil and gas, and I feel this is  
12 unfair that the way we structured our energy system in  
13 the state has made us dependent on oil and gas when we  
14 have a renewable high powered energy source right out our  
15 back door in the form of Bradley Lake Dam which produces  
16 plenty of electricity and we're even exporting that  
17 electricity as far north as Fairbanks and it could be  
18 providing our local energy needs but instead we're  
19 reliant on non-renewable energy sources which I think  
20 should change. And also, I think the whole natural gas  
21 argument is just diluting the issue by trying to make  
22 people think that it will benefit the local people when  
23 the fact is that industry would come first for oil and  
24 only develop natural gas as a by-product, so all the oil  
25 risks are still there.

00071

1                               So here we can see that all of these  
2 myths are false, that we have nothing to gain in terms of  
3 our economy and we have everything to lose. We would  
4 lose our commercial fisheries, our sportfishing tourism,  
5 our subsistence cultures and lifestyles, our scenery, our  
6 wildlife and the sustainable economy that we've worked so  
7 hard to maintain. We have worked over the last 20 years  
8 to build one of the most successful economies in all of  
9 coastal Alaska and really one of the strongest economies  
10 in the Kenai Peninsula Borough, and to bring oil into the  
11 Lower Peninsula would create this whole new social,  
12 political and economic infrastructure that's dependent on  
13 a non-renewable resource that will be gone in 20, 30, 40  
14 years. And at that point when that resource is gone, we  
15 will be worse off than we are today.

16                               So I would like to stay on this track  
17 we're on, work towards a sustainable economy and for  
18 those reasons I see no reason for Lease Sale 191 and 199.

19                               Thank you.

20                               (Applause)

21                               MS. ORR: The next speakers would be Alan  
22 Parks, Paul McCollum and Kathy Toms.

23                               MR. HAULFIELD: Good evening. I'm  
24 Michael Haulfield and I live on the Old Sterling Highway  
25 near Anchor Point and I thank you for coming and

00072

1 listening to everyone and there's no way I can match the  
2 eloquence of people who have come before me, not least of  
3 which is Marla McPherson who summed up my desire that you  
4 withdraw this oil and gas lease sale.

5 I beg you to listen to the plea of the  
6 folks, the majority of the folks who are speaking here  
7 tonight to withdraw this oil and gas lease sale. It's  
8 not good for our community. There's nothing in the EIS  
9 that's compelling, so compelling as to cause us to chance  
10 the disasters that would happen to this community, its  
11 economy, its way of life.

12 I'm really here to put in a plug for this  
13 process. This is the heart of the way we are and what  
14 makes us -- this culture of ours apart, our American  
15 culture apart from the rest of the world. We can speak  
16 out. We can talk to government. We can tell them what  
17 we think. But it only makes a difference if you listen.  
18 It only makes a difference if you pay attention. I've  
19 been -- I wasn't here for the earlier hearings and I've  
20 been deeply impressed with how many people came out here  
21 tonight to talk to you. How many people will show up, I  
22 know, at the letter-writing campaigns to let government  
23 know in other ways than speaking here tonight, I'm deeply  
24 impressed with what I've read and hear about those who've  
25 come out before to speak about earlier lease sales and

00073

1 stood against this kind of development in our community,  
2 to stand, speak emotionally for their community. What  
3 you've heard here tonight are people, families,  
4 individuals who believe deeply, emotionally in the well-  
5 being of their community, they're defining their  
6 community for you tonight. It's their voice that you  
7 need to hear.

8                   It's common, all too common in government  
9 especially, and, I think especially in this  
10 Administration, I think someone in this Administration  
11 actually said this, that public opinion doesn't make  
12 policy, government needs to do the right thing. Well, I  
13 think the history of this nation, the history of the  
14 evolution of our Democratic way of life shows quite the  
15 opposite, that it's public policy that defines what the  
16 right thing is.

17                   So listen to these people. Listen to  
18 this community. Listen to all the communities that speak  
19 out, so eloquently, much more than I can do, to preserve  
20 them, and make decisions in benefit of community, not for  
21 the profit motive of individual corporations.

22                   Thank you.

23                   (Applause)

24                   MR. PARKS: Hello. My name is Alan Parks  
25 and I want to thank you for giving us the opportunity to

00074

1 talk to you this evening. And I also want to thank all  
2 the folks that showed up to speak here and voice their  
3 opinions and concerns.

4 I've been a resident of the area for  
5 close to 30 years and most of that time is -- well,  
6 actually all of that time has been spent making my living  
7 and my way of life on the ocean, and mainly in Cook  
8 Inlet. I've been -- I was fishing for crab in the early  
9 -- late '70s, early '80s in lower Cook Inlet off Cape  
10 Douglas, the Barren Islands and have experienced the  
11 extreme weather conditions in the Lower Inlet and ice  
12 movement, tides and winds and it's very extreme. When  
13 the Ocean Bounty, I think it was, was drilling off the  
14 Barren Islands, we traveled by there in December and  
15 January and February and experienced winds in excess of  
16 100 miles an hour on many occasion. And so it's really  
17 an extreme area to be on a boat trying to make a living,  
18 nevertheless trying to extract oil or look for oil, and  
19 so the area is fragile, too. It wasn't too many years  
20 after the Ocean Bounty left that we discontinued a real  
21 productive fishery there. So it's vulnerable and it's  
22 fragile and the crab fishery is trying to, hopefully  
23 going to rebuild to a point where we might be able to  
24 have a viable fishery there.

25 The area that's in the lease sale that's

00075

1 in Shelikof Straits is closed to any fishing of Pacific  
2 Cod, mackerel and polluck, because of the importance of  
3 those species for the endangered stellar sea lions, so  
4 there's no fishing there. And the fishing industry has  
5 taken a lot of measures to help the recovery of the  
6 stellar sea lion by closed areas, which include round-  
7 rookeries and haul-outs and that whole area of northern  
8 Shelikof, which is part of the lease sale. So you know,  
9 from a commercial fishermen's perspective, the amount of  
10 benefits that we've made by having the clean water and  
11 good habitat and opportunity to make a living, and make  
12 sacrifices to help species that need to recover for  
13 whatever reasons and then have this lease sale take  
14 place, is a little bit hard --hard to take. With the  
15 potential adverse effects that you spell out in the  
16 Environmental Impact Statement of production. And I  
17 haven't read the document thoroughly, but I will  
18 highlight Table B-5. It says the summary of petroleum  
19 production adverse impacts the essential fish habitat,  
20 and it really hits on all of them. I mean there are so  
21 many that in regards to oil development in lower Cook  
22 Inlet that is adverse, that will be detrimental to my way  
23 of life and the potential for our fisheries to recover,  
24 it's just -- it seems like, you know, it's going to put  
25 the nail in the coffin for any chance of any type of

00076

1 fishery in the future in lower Cook Inlet. And for a lot  
2 of the recovery of the crab fishery, you know, it's  
3 important that we work in a direction that the  
4 traditional fisheries maintain.

5 I also would like to point out that, you  
6 know, the morning of the Exxon Valdez spill, I was in the  
7 Homer harbor preparing a boat to get ready to go to  
8 Prince William Sound to herring fish. And we soon  
9 realized that, you know, it just wasn't going to happen  
10 and we haven't fished herring in Prince William Sound  
11 since. So I'm really, really concerned that this track  
12 that you're going down is just a real bad way to go.

13 And so I guess in summary, I definitely  
14 oppose these lease sales and hope that you would relay my  
15 concerns to Norton and President Bush. So thank you.

16 (Applause)

17 MR. MCCOLLUM: Hello. My name's Paul  
18 McCollum. I'm a fisheries biologist here in Homer. And  
19 I work with the tribes across the bay, Port Graham,  
20 Nanwalek, Seldovia, also in the Chugach Region. I really  
21 appreciate the comments I've been hearing here tonight.  
22 I'll try not to touch on some of the things that have  
23 been pretty well established.

24 I am opposed to this lease sale and I  
25 suppose that means I'm supporting Option 2. But just to

00077

1 make clear that it's the don't do it option.

2                   And I have to take exception, I guess, to  
3 what I heard as an inference that you had some kind of a  
4 congressional mandate to reopen this sore that I see  
5 that's continually revisiting on us and I assign total  
6 blame to your organization, MMS, to, you know, there was  
7 no need to throw this back in our face again. We've been  
8 there, done that, but here we have to keep struggling.

9                   I'm going to -- oh, I failed to mention  
10 also, I'm also the Homer representative for the Prince  
11 William Sound Regional Citizen Advisory Council and I  
12 deal a lot with oil and gas, particularly oil issues.

13                   I am going to be submitting a written,  
14 13-page written testimony that primarily species some of  
15 the problems that -- I'm most concerned about is that the  
16 existing oil and gas production in Cook Inlet is already  
17 causing not only measurable effects but massive effects  
18 that I consider quite damaging to this area. And it --  
19 it delineates some of the comparisons between previous  
20 OCS samples and more recent samples and other scientific  
21 sampling that, to me, shows quite clearly evidence of  
22 contamination from the existing Cook Inlet oil and gas  
23 industry. And I also list in there several sources of  
24 contaminants and fish tissue studies that have been done,  
25 both by EPA and DEC, that show particularly that there is

00078

1 contamination going on from -- very likely contamination  
2 going on from existing oil and gas industry activities.

3                   So I'm going to get into just reading  
4 some notes and it will help me from getting too irritated  
5 here, but you can write down -- you can take my word on  
6 this, I am irritated.

7                   Basically in regard to your -- and my  
8 comments here are from my business Sound Fisheries and  
9 there's a reason I picked the name, Sound Fisheries. In  
10 regards to the EIS, I will challenge some of the  
11 statements, in particular the statement that potential  
12 efforts from either both sales would not cause any  
13 overall measurable degradation of Cook Inlet water  
14 quality. For reasons I just said I think that's already  
15 happening and I think that's fairly outrageous to say  
16 that. Also it says effects to air quality, blah, blah,  
17 blah, would cause only small localized impacts and would  
18 not have measurable effects. There's a lot of the word  
19 measurable in there that's kind of interesting, and that  
20 no measurable effects on fisheries resources would be  
21 likely.

22                   Some of the comments that I did see that  
23 I saw some level of intelligence in here, and I quote,  
24 local effects could result to endangered species, sea  
25 lions, humpbacks, belugas, et cetera, that's obvious to



00080

1 there's enough time for other folks, I'd just like to  
2 read one of the statements in the written testimony just  
3 to wrap things up with. The Cook Inlet oil and gas  
4 industry and their partners in crime, the government  
5 regulators who are supposed to be protecting us, our  
6 children, our environment and associated fish and  
7 wildlife from harmful impacts seem to view Cook Inlet as  
8 a massive toxic waste dump site. MMS suggests that a  
9 leverage point for promoting proposed Lease Sales 191 and  
10 199, that there is no problems with existing oil and gas  
11 industry operations, and I beg to differ.

12 I believe that the information presented  
13 in my testimony, and my written testimony and much other  
14 available information together with the endangered status  
15 of sea lions, the threatened status of beluga whales,  
16 serious declines of harbor seals and the current minimal  
17 or depleted populations of local herring, crab, shrimp,  
18 sea ducks, et cetera, presents a rock solid case that  
19 absolutely no more oil and gas lease sales or production  
20 should be allowed. I propose, instead, a massive five  
21 year state of the Inlet project to be funded by MMS to be  
22 conducted by a coalition of local tribes, the Cook Inlet  
23 Keeper and mutually selected scientists to better  
24 understand, analyze and document detailed existing oil  
25 and gas, pollution and other potential impacts. The



00082

1 the president of the Anchor Point Chamber of Commerce and  
2 we've come here in support of the leases with the  
3 exception that we would like to see the two areas that  
4 have been excluded -- for possible exclusion excluded and  
5 we agree that those are sensitive areas and we'd like to  
6 see those taken out.

7                   We believe it can be developed with  
8 responsible development as nobody here believes it can be  
9 done responsibly. We also believe the myth of the new  
10 jobs, that there is plenty of jobs that would be  
11 provided. We know that just from what's happened in  
12 Anchor Point in the last year and a half with Unocal and  
13 Marathon and the Stariski area being developed. The  
14 amount of jobs for the local economy has been phenomenal.  
15 They've been very good-paying jobs.

16                   The jobs in the Homer area, on the other  
17 hand, seem to be mostly service-related jobs at minimum  
18 wage or close to that or in the non-profit industries.  
19 The support industries, we believe, will create even more  
20 local jobs for these people. They're going to be having  
21 engineers and just like with the Stariski and the Unocal,  
22 the engineers were coming and going and they were staying  
23 at the local businesses here, spending their money here,  
24 flying in and out in the planes, renting the local cars  
25 from everybody, eating in the restaurants. They did have

00083

1 a significant impact in Anchor Point while they were  
2 there. They're still having a significant impact.  
3 Starting next week they're going to start their rigs up  
4 again.

5 I'd like to say something about talking  
6 about the Exxon Valdez and how a lot of the fishermen  
7 were bankrupt. I personally know a lot of people that  
8 made a lot of money on that Exxon Valdez cleanup and a  
9 lot of them were fishermen and it saved several people,  
10 one in particular that I will not name, from going  
11 bankrupt. Which is a sad way to make a lot of money, but  
12 that's what happens.

13 I live on the bluff and I watch the  
14 lights going up and down the inlet all the time with all  
15 the boats and if I know that there's something going on  
16 out there that's creating jobs for the economy, helping  
17 the local area, around Anchor Point in particular, I  
18 wouldn't -- you know, it would make me proud to know that  
19 those lights out there are creating jobs, sustaining the  
20 economy, helping the people around here and possibly  
21 turning into a good spot for the bait fish to congregate  
22 so we can hang around there and know where to go get some  
23 big halibut.

24 I believe whole-heartedly in the  
25 alternative energy, but until we develop something, we're

00084

1 still depending on oil, we need to keep depending on oil  
2 and the natural gas. I'd love to see them get the  
3 natural gas and bring it down here. It's cheaper, it's  
4 cleaner. We won't have our 500-gallon diesel sitting  
5 next to our house so that when the next earthquake comes  
6 it falls over and then we've got contamination on our own  
7 property because of the diesel. If we get the natural  
8 gas down, that would be really cool, plus it's cheaper.

9                   Lastly, I'd like to say this beautiful  
10 state of Alaska that we all cherish is funded by oil  
11 royalty taxes. We all know that. The school that we're  
12 sitting in here now was all built with oil money. But if  
13 we keep making it impossible for these people to come  
14 down here and want to try to develop anything, they will  
15 quit coming down here, they will quit developing, they  
16 will leave.

17                   (Applause)

18                   MS. TOMS: Good. Then we can use our  
19 Permanent Fund money and give it back to the government  
20 to fund everything because we won't have that anymore.

21                   (Applause)

22                   MS. TOMS: Good. Then I would like to  
23 see you all propose that. Make it real. The school is  
24 built with oil money, yeah. Anyway, that's all I have to  
25 say.

00085

1                   MR. WHITTEBERRY: My name is Joe  
2 Whitteberry. I am an electrician in this area. I've  
3 been here around 10 years. I think everybody before me  
4 has pretty well explained why not. One of my questions  
5 is -- first of all, these are public lands that we are  
6 talking about, Cook Inlet lands, and we are the public.  
7 Are our interests being served? Are the interests of the  
8 future being served by this proposition?

9                   In the course of making a living, I have  
10 been installing solar and wind powered generators in the  
11 Homer and in the statewide area. I know this technology  
12 works. I would like to propose that the public interest  
13 would be served more greatly by investing time and energy  
14 and resources into developing alternative energy. For  
15 those of you who say that alternative energy is not in  
16 our future, I would agree with that because it's here  
17 now. Maybe not in the United States, but if you go to  
18 the Shetland Islands and United Kingdom, you go to  
19 Denmark, you go to the Netherlands, you go to Germany,  
20 you go to Japan. These are lands that have very little  
21 oil, so they have to produce energy and they're doing it.

22

23                   Energy is the crux of the matter and I  
24 would like to propose that our national interest,  
25 national security and the public interest are better

00086

1 served by not progressing with the lease sale and with  
2 the funding and progressive research and implementation,  
3 key word, implementation of existing technologies, the  
4 wind, tidal power, solar power, geothermal and biomass in  
5 the prohibition on alternative energies.

6 Thank you.

7 (Applause)

8 MR. PHILLIPS: My name is Craig Phillips  
9 and I had the good fortune to be born in Kenai 43 years  
10 ago. So I got to watch what the big oil boom during the  
11 late '70s and '80s did to the town of Kenai and in a lot  
12 of people and in my opinions it turned it into a dirty  
13 little white trash town. It grew up way too fast in a  
14 big boom economy.

15 I look at the size of the lease sale that  
16 you're offering up here and it just seems way too large.  
17 It's been shown again and again that booms are ultimately  
18 bad for towns and it's great that Anchor Point is having  
19 a little mini boom now in some small way with their oil  
20 development they've been doing there, but I watched how  
21 it turned the town of Kenai from more of a diverse  
22 community of Air Force people and loggers and oilfield  
23 people and fishermen and tourist people and miners into a  
24 big oilfield town and there was lots of money and lots of  
25 industrial jobs and it really changed the character of

00087

1 the community.

2 I would suggest that it would be much  
3 more reasonable to offer up much smaller sections of  
4 lease sales to limit the development to a reasonable,  
5 long-term gross strategy. You're from the Federal  
6 government. I mean our Federal government has been here  
7 now for 200 years. It's reasonable to expect we'll be  
8 here for another 200 years. When you're offering up such  
9 huge lease sales at this time, you know, what's going to  
10 be left for the people that are going to be here 200  
11 years from now.

12 A number of people have expressed their  
13 concerns about the environmental impacts and I agree that  
14 there are environmental concerns stated in your own  
15 impact study. You're asking us to accept the probability  
16 of a 20 percent spill greater than 1,000 barrels, and yet  
17 it states in your document that 1,000 barrels is  
18 considered normal operating procedures. A 1,000-barrel  
19 spill is considered part of the normal operating  
20 procedures for drilling for oil and it just seems  
21 unreasonable to me that they can regularly spill 1,000  
22 barrels of oil as part of their operating procedure for  
23 drilling for oil. So another quiet but insistent voice,  
24 please withdraw this oil sale. Thanks.

25 (Applause)

00088

1 MS. ORR: The next speaker would be Lela  
2 Ryterski, Craig Matkin and Sharon Whytal.

3 MS. WEISS: My name is Miranda Weiss and  
4 I wanted to read a short, prepared statement. Last May  
5 Homer was lucky to host Dr. Sandra Steinberger as part of  
6 her Alaska tour. Sandra is a toxicologist and a  
7 researcher at Cornell and has written several books about  
8 the impacts of environmental toxins on human health.  
9 Last spring she talked about her most recent book, which  
10 followed the nine months of her pregnancy and discussed  
11 how substances in the environment can affect the fetus  
12 during the various stages of its development.

13 At Bunnell Street Gallery on the other  
14 side of town, Sandra was speaking to us and said she got  
15 the idea for this book while she was in Homer a couple of  
16 years ago. She was at the hospital here getting a  
17 prenatal exam when she looked out the window and realized  
18 that this place, Homer, Kachemak Bay and Cook Inlet, was  
19 literally becoming part of her and her developing fetus.  
20 She repeated what I think is one of the simplest, yet  
21 most profound truths.

22 What is out there becomes part of us. We  
23 are made up of atoms and molecules that have been around  
24 for ages and will exist long after us. The calcium from  
25 the shell of a long-extinct clam, the carbon from a

00089

1 dinosaur's exhalation, iron from bits of rock washed out  
2 to sea. We are made up of stuff from the past and stuff  
3 from the present and, combined, this will be what makes  
4 up what comes after us.

5                   What Sandra reminded us when she came to  
6 visit is that we are also made up of what we put out  
7 there. Since moving to Alaska, I've regarded -- and  
8 since I've started dipnetting across the bay and on the  
9 Kenai River, I've regarded Cook Inlet salmon as the best  
10 food in the world. My parents told me over and over  
11 again when I was little fish is so good for you and now  
12 I've come to realize that I can't imagine a better food  
13 than wild Alaskan salmon. It encourages me to know that  
14 those amazing animals are literally becoming part of me  
15 when I eat them. And some day, if I have kids, which I'd  
16 like to do, I'd like to be able to feed them clean, wild  
17 Alaskan salmon.

18                   Lease Sales 191 and 199 threaten what I  
19 consider the best food in the world. The draft  
20 environmental impact statement finds a 19 percent chance  
21 of a large spill if oil and gas development occurs in  
22 these areas. I'm skeptical about this number because  
23 previous estimates for similar development in Cook Inlet  
24 found the risk of a large spill at 27 percent chance and  
25 for higher production at a 72 percent chance. But even

00090

1 with the current estimate of 19 percent, that's roughly  
2 -- as other people have mentioned, that's roughly a one  
3 in five chance of a large spill into Cook Inlet, into  
4 Kachemak Bay, into Shelikof Strait, into the Gulf of  
5 Alaska. That's an unacceptable risk to fish, to water  
6 quality and to human health.

7                   Lately I've been reading articles about  
8 how researchers are finding the chemical remains of  
9 Tylenol and coffee and toilet bowl cleaner and Prozac in  
10 wild streams and they've found Scotch Guard in mothers'  
11 milk and researchers have found plastic in people's  
12 bodies. We don't know what effect these chemicals will  
13 have on our environment and our own health and we're not  
14 100 percent sure what effect a large oil spill would have  
15 on fish populations and ecosystem processes and human  
16 health. Just what does spilling thousands of barrels of  
17 oil into Cook Inlet do to the best food in the world?

18                   What we do know with 100 percent  
19 certainty that we are made up of what we put out there.  
20 I eat this place, its clams, its mussels, its salmon,  
21 halibut and crab, its raspberries and blueberries and  
22 garden peas. Don't put these resources at risk. Sandra  
23 Steinberger's mantra, as it should be our own, is what  
24 gets released out there through leaks and spills, through  
25 muds and cuttings, will end up in us and will be around

00091

1 long after we are. I urge you to choose Alternative 2  
2 and cancel Lease Sales 191 and 199.

3 Thank you.

4 (Applause)

5 MR. MATKIN: Good evening. My name is  
6 Craig Matkin. I'm a marine mammal biologist and I had  
7 the unfortunate opportunity to work on the Exxon Valdez  
8 oil spill, several different studies. In looking at your  
9 environmental impact statement, there's a lot left out  
10 and there's a lot of not digging into areas that could be  
11 explored a little more thoroughly.

12 Just a few for instances. I'm not going  
13 to sit up here for long, but you'll get a written  
14 statement later. You talk a lot about pin whale and  
15 humpback whale distribution in the north Pacific, but you  
16 don't get into the specifics of the feeding areas that  
17 are right here within the lease sales and just sound the  
18 lease sales. Now you will say that's because there's not  
19 enough published material there and you're right. There  
20 hasn't been enough published research. But if you guys  
21 would dig a little deeper, talk to the people who are  
22 doing bird work, they have a lot of information that they  
23 can give you and there's substantial numbers of both pin  
24 whales and humpback whales that use that lower Cook Inlet  
25 area, but it really isn't made clear at all in the impact

00092

1 statement this occurs. Let's dig a little deeper.

2                   You also write out the effects of  
3 inhalation and citation(ph) in marine mammals. You  
4 mention the extreme toxicity of the oil vapors, but you  
5 sort of write out the fact that this appeared to be a  
6 major cause of mortality in killer whales in Prince  
7 William Sound. I get this feeling all the way through  
8 this that it's basically trying to look on the rosy side.  
9 Yeah, it's only one in five, but I think one in five is  
10 probably too many. I think all of you need to do a trip  
11 down here to the Barren Islands area when these animals  
12 are feeding and get a good idea for yourselves of what  
13 exactly we're talking about.

14                   Here's another example of how things are  
15 sort of glossed over. The humpback whale situation in  
16 Prince William Sound fall in this, well, you're right, we  
17 probably didn't lose any humpback whales. What you fail  
18 to mention is it was a time when there are no feeding  
19 humpback whales to speak of within the western Prince  
20 William Sound. I just kind of think that you have a  
21 misleading idea that there's not a danger to humpback  
22 whales. Well, there isn't one there in the winter, but  
23 there certainly is in the summer time. It's really put a  
24 slant on things. It looks better than what may be, but I  
25 think you need to be very, very careful to make a worse

00093

1 case scenario because for some mammals in Prince William  
2 Sound, that's exactly what we had and we want to see that  
3 in your impact statement.

4                   At any rate, I don't think a one in five  
5 chance makes it any more attractive than the one in two  
6 chance or whatever you put out last time. I think that  
7 we have to look at what the worst case scenario is  
8 because for many species that's exactly what the scenario  
9 was in Prince William Sound. Actually, a lot of things  
10 have happened we didn't expect that were worse than a  
11 worst case scenario, so I'd appreciate it if you'd go  
12 into some of those items in a little more detail. I'll  
13 send you some written comments.

14                   Thank you.

15                   (Applause)

16                   MS. ORR: Sharon Whytal.

17                   UNIDENTIFIED SPEAKER: She's gone.

18                   MS. ORR: Michael LeMay, Mako Haggerty  
19 and Dave Seaman.

20                   MR. LeMAY: I don't see Sharon, so I  
21 guess I'm next. My name is Michael LeMay and I live in  
22 Fritz Creek. I'm the owner/operator of the Good Karma  
23 Inn. I have invested a good deal of money here and  
24 consider myself very fortunate to participate in the  
25 ecotourism movement here in our community.

00094

1                   Our tourism is predicated on a pristine  
2 environment, including clean water and healthy fisheries.  
3 Now, when Lease Sale 149 was on the block, MMS predicted  
4 a 27 percent chance of a large oil spill with a worst  
5 case scenario of a 72 percent chance, our community  
6 deserves an explanation of why this lease sale pegs the  
7 risk of a spill at 19 percent.

8                   My recommendation is, of course, to  
9 cancel this lease sale, but if Washington insists on  
10 cramming this down our throats, I believe that we need to  
11 designate some no rig zones. This should include  
12 deleting tracks around Kachemak Bay, Kennedy Entrance,  
13 Stevenson Entrance, the Barren Islands, Kamishak Bay,  
14 Tuxedni Bay and the coast of Katmai and Lake Clark  
15 National Parks.

16                   In addition, these two lease sales should  
17 be subject to and contingent upon zero discharge. It is  
18 absolutely unconscionable that drilling muds introduced  
19 to waters are now being discharged in upper Cook Inlet on  
20 our state leases. We know that the oil industry claims  
21 that that pollution is not measurable, but this flies in  
22 the face of common sense. By the time it is measurable,  
23 our community will be rife with cancer and our fish will  
24 be inedible.

25                   In the current issue of Time magazine, it

00095

1 is noted that while omega 3 fatty acids are good for the  
2 heart, the level of mercury currently being found in fish  
3 can increase the risk of heart disease. Indeed, pregnant  
4 women and nursing moms are now advised by the Department  
5 of Agriculture to avoid swordfish and shark to protect  
6 their babies from mercury exposure.

7                   Now, I know that MMS says that zero  
8 discharge is the purview of the EPA, but I whole-  
9 heartedly agree with Bob Shavelson on this, that the EPA  
10 is not to be trusted and that time and time again the  
11 agency has bowed to the oil industry.

12                   I have more to say, but because of the  
13 late hour I will cut my comments short for now and intend  
14 to submit more written comments shortly. Thank you for  
15 coming to our community and listening.

16                   (Applause)

17                   MR. HAGGERTY: My name is Mako Haggerty.  
18 A couple years ago I wrote to the MMS regarding this  
19 lease sale in the capacity of chairman of the Kachemak  
20 Bay Citizen Advisory Board, Kachemak Bay State Park  
21 Citizen Advisory Board. The board voted against this  
22 lease sale and we've been on it for two years. I showed  
23 up at the scoping meeting last year and talked to you  
24 about it, but apparently you're back again. Anyway, we  
25 are opposed to Lease Sale 191 and 199. We are opposed

00096

1 for a number of reasons that I've already gone through  
2 and you have it in the record, so I won't go into it now.

3 I'd like to change hats and just say as a  
4 citizen who's been around for a while, and you've heard  
5 it again over and over tonight, that this is a  
6 meteorologically and seismically and tidally unstable  
7 area and it's just kind of foolish to be drilling for oil  
8 out there. You know, I kind of feel like you guys know  
9 that. Part of me wants to think this is just a scam you  
10 guys are pulling over on the oil companies. A way to get  
11 money out of them because you're selling something that  
12 you know they can't even access. I'm in favor of that  
13 because I don't -- you know, if you can get something out  
14 of those guys, that's -- you know, right on. But for  
15 anybody to actually think that there's going to be some  
16 drilling going on out there, I think it's foolish.

17 I've got a number of disjointed thoughts  
18 here, but one of them is how did Shelikof Strait get  
19 removed from these lease sales and what is the process of  
20 getting removed from these lease sales because I'd like  
21 to know how that chain of events works. Maybe you could  
22 let some of us know. It's not like we haven't been here  
23 before, you know. I forget what year it was when it was  
24 Lease Sale 49, I think it was. I'm losing track of all  
25 of the numbers. I came here in the capacity of the

00097

1 president North Pacific Fisherman's Association and we  
2 opposed it then and you guys are back. I mean, you know,  
3 that's okay. It's kind of like the price of a sound  
4 environment is constant vigilance.

5 I just got back from a trip Outside and I  
6 went down to visit my brother in San Diego and had to  
7 drive through Los Angeles and there's freeways everywhere  
8 and they're always jammed. There doesn't seem to be like  
9 a rush hour anymore. It's like 24 hours of rush hour.  
10 But there's this thing they call the car pool lane and to  
11 qualify -- these are like freeways that -- you know, 10-  
12 lane freeways, you know, five going one way and five  
13 going the other. In order to qualify for the car pool  
14 lane, two people in a car. So that illustrates how  
15 responsible we are with this resource. You know, it's  
16 time to cut off the candy to the kids. Nobody seems to  
17 be appreciating what this resource is all about.

18 Part of me thinks that one of these days  
19 we're going to discover that oil is really good for  
20 something and by then it's going to be gone. You know,  
21 it's going to cure cancer or something. I also don't  
22 have a problem with this NMBI thing and I don't think  
23 anybody should have problems. They're not in my back  
24 yard. We're kind of responsible for this area and it's  
25 our job to kind of keep, you know, at least one area

00098

1 untouched, so I don't have a problem with that and all  
2 politics is local and this is my back yard, so that whole  
3 thing is just hollow as far as I'm concerned.

4 I haven't heard -- all night tonight I  
5 haven't heard any good arguments in favor of drilling out  
6 there. The only one I've heard and it was a weak  
7 argument is about the jobs, but I've got to tell you I  
8 have a job and what's the matter with my job. Why would  
9 you displace me for another job. I don't understand  
10 that. My job would definitely be impacted by this lease  
11 sale, so you'd basically be putting a bunch of people  
12 like me out of work and then in favor of worse jobs for  
13 fewer people. I don't understand the jobs thing. And  
14 that's the only argument I've heard in favor of this.  
15 Anyway, I am opposed to the oil lease and sale 191, 199.

16 MR. SEAMAN: Hi, I'm Dave Seaman. First,  
17 thanks for the pizza. I'm against the leasing of the  
18 tracks for oil sale or exploration. I've fished in the  
19 Barren Island area, I've cleaned up oil down that way  
20 from the Exxon Valdez spill and I own a piece of property  
21 down on the tip of the peninsula at Chrome Bay, which is  
22 right at the mouth of Port Chatham. We actually got to  
23 clean up our own beaches after the last spill. I was  
24 lucky enough to see some of those whales down there that  
25 Craig was talking about south of the Barren Islands.

00099

1 Hundreds of humpback whales all around my boat. You  
2 could see them on the depth sounder, spotting. It was  
3 incredible. Probably one of the coolest things I've  
4 seen, I think. It's been said before about the tide,  
5 wind and wildlife situation down there. I whole-  
6 heartedly agree it's not a very safe place to drill for  
7 oil.

8                   The oil rig at Anchor Point, like the oil  
9 rigs on the North Slope have these -- once they're  
10 operating, they have this nice gravel berm around them.  
11 If something spills, it's all right there. That's not  
12 such a big problem.

13                   The second point I had was that I'm a  
14 little embarrassed by the United States energy policy,  
15 how we go about getting oil resources around the world.  
16 I'm a little embarrassed by the riches of the United  
17 States compared to some of the other countries that we  
18 deal with or we say we deal with, but a lot of times can  
19 be more like thievery. It bothers me that some of our  
20 most powerful politicians are oil people and I'd rather  
21 not have those kind of problems played out here.

22                   One more thing that bothered me was that  
23 our borough politicians were pressuring for more oil  
24 development for financial reasons. As you can see from  
25 what I've already said, I'm not into it for financial

00100

1 reasons. That's all I had.

2 Thank you.

3 (Applause)

4 MS. ORR: We had a request for three high  
5 schoolers to speak now because they need to get up for  
6 school in the morning and unless I hear some opposition  
7 to that, it would be Whitney Cushing, Nate Riedel  
8 and.....

9 UNIDENTIFIED SPEAKER: We can't hear at  
10 all. We can't hear anything.

11 MS. ORR: I had a request for three high  
12 schoolers that need to get to school in the morning to  
13 speak now and unless there's a strong objection to that,  
14 I'd like to go ahead and let them do that. So it's  
15 Whitney Cushing, Nate Riedel and Katie Gavenus.

16 MR. CUSHING: Thanks. My name is Whitney  
17 Cushing. I'm on the Homer High School's student council  
18 and I'm in Homer Alaska Youth for Environmental Action.  
19 There are many other youth who are or were in the room  
20 who are also from this group. I have come to voice my  
21 opposition to these lease sales from the perspective of a  
22 student who has grown up here. Homer is a thriving and  
23 vibrant community in its own character, industries and  
24 spirit. I believe that oil development in this area  
25 would be an unnecessary and irresponsible intrusion.



00102

1 risk that accommodates petrol exploration. Everyone else  
2 has done that. But what I can tell you is that oil  
3 development clashes with the character of this town.  
4 Please don't force it down our throats. Please don't put  
5 enormous risk to our environment, sustenance, economy and  
6 quality of life. Please don't.

7 I know that all of you guys who are going  
8 to make the recommendations to people in Washington are  
9 good and virtuous people, so I beg you, please, please  
10 don't let anyone redefine my home town from thousands of  
11 miles away.

12 Thank you.

13 (Applause)

14 MR. RIEDEL: Well, one way or another, I  
15 guess I'll follow up that. My name is Nathan Riedel and  
16 I'm also a member of Alaska Youth for Environmental  
17 Action. I'd like to thank the community for showing up.  
18 This is tremendous and it's great that everybody really  
19 values the future of this region. I had a lot to say,  
20 but I guess everyone else kind of covered most of it.

21 Real quick, I'd like to point out that  
22 these really are horrendous and devastating ideas that  
23 you want to force upon our community and, you know, my  
24 generation really doesn't want to deal with the brunt of  
25 these developments. Controversial reports, rushed ideas

00103

1 and careless design raises suspicion of subterfuge on  
2 account of MMS, an organization that really should be  
3 having an interest for my future. I'm extremely  
4 skeptical of these ideas and I hope that you will  
5 reconsider, but thank you at least for showing up and  
6 listening to the ideas of the people who your decisions  
7 will affect the most.

8 (Applause)

9 MS. GAVENUS: Hello, everyone. I'm Katie  
10 Gavenus and I am also a member of Homer Alaska Youth for  
11 Environmental Action, but that's not why I'm here. I'm  
12 here because I've lived in Homer for 16 years, my whole  
13 life, I was born here and I'm going to continue to live  
14 here until I graduate and Homer will always be a part of  
15 me. I'm not about to let what Homer means to me and  
16 everyone else who lives here change just for money.

17 Now, I know money is important to our way  
18 of life and how our country runs, but it's not as  
19 important as other things. It's not as important as our  
20 environment, it's not as important as how we live here in  
21 Homer, it's not as important as Homer in general.

22 I really didn't prepare anything to say,  
23 so I'm just kind of going with the flow here, so excuse  
24 me if I repeat anything. There's not much else to say.  
25 Everyone has spoken before me and everyone has brought up

00104

1 good points and I just hope that you listen to them and  
2 consider what we have to say because this is our town and  
3 this is our lives. You may think you know what it's  
4 like, but no one can know what it's like to have how  
5 you've been living for 16 years just maybe be taken away.  
6

7 I know that it's not going to be the end  
8 of the world if oil is found in Cook Inlet, but it's  
9 going to change the world here in Homer a whole lot. I  
10 hope you take that into consideration and everyone else  
11 that has a say in this decision. Before you make this  
12 decision, please just consider what everyone has said  
13 tonight and the people who haven't spoken but are here  
14 voicing their support for those of us who have spoken.  
15 Please just consider what we are saying.

16 Thank you.

17 (Applause)

18 MS. ORR: Joel Cooper, Eric Clarke and  
19 Emily Ward.

20 MR. COOPER: Hi, my name is Joel Cooper.  
21 First, I want to say right up front that I support  
22 Alternative 2, the no sale alternative. I don't think we  
23 should have a sale on lower Cook Inlet. There's been  
24 many good things said tonight and I'm going to just try  
25 to touch on a couple things and maybe enhance upon them.

00105

1                   I truly do think this is an economic  
2 issue. As of late, with many things happening to our  
3 town with a potential for a large corporation store  
4 coming in and displacing other local businesses that way  
5 and now the potential for this oil sale. Quite frankly,  
6 what I'm getting fed up with is the economy itself and  
7 the way it's structured and the way we have to work with  
8 each based on this current economy.

9                   If I were to quote some words of one of  
10 my favorite writers, whose name is Wendall Berry, he's a  
11 poet and farmer from Kentucky, he begins one of his  
12 essays on economics like this. It goes: To those who  
13 still uphold the traditions of religious and political  
14 thought that influence the shaping of our society and the  
15 founding of our government, it is astonishing and, of  
16 course, discouraging to see economics elevated to the  
17 position of ultimate justifier and explainer of all the  
18 affairs of our daily life. In competition enshrined is  
19 the sovereign principle in the ideal of economics.

20                   I feel that's what's going on here with  
21 this lease sale and many other things in our life. It's  
22 that we've taken economics and put it above everything  
23 else. We've put it above our people, we've put it above  
24 our necessities, such as clean water, clear air and clean  
25 food. We compete against ourselves, which I think is

00106

1 ludicrous. Why are we competing against ourselves for  
2 livelihoods? Why do we have a system that has created  
3 the unemployment category? Why isn't there employment  
4 for everybody? Yet the oil industries, who can lay off  
5 people at a drop of a hat and you'll still have the  
6 hierarchy of the industry making millions and billions of  
7 dollars, literally. Nobody needs that much money to  
8 live. Nobody does. It's ridiculous.

9                   Our current economy system has destroyed  
10 or is destroying our basic necessities, our quality, our  
11 democracy and our local sovereignty and I think that's  
12 ridiculous. So I want all of you to consider, you know,  
13 if we're displacing one or another, why. Why do we have  
14 to do this? Why are we letting proprietary information  
15 slow down our advancement of technology. I know MMS is  
16 helping in this slow-down by this drawn-out process of  
17 lease sales when we could be advancing alternative  
18 energy. For an example of an advancement of a  
19 technology, let's look to the atomic bomb. They threw  
20 Oppenheimer and a group of scientists in the desert and  
21 they said make the bomb in a couple years and they did it  
22 and look what that got us.

23                   So why aren't we doing that with  
24 alternative energy? Why aren't we all doing that? Why  
25 isn't MMS looking at themselves as part of the community

00107

1 wherever they may be? That we need to advance things,  
2 that we are in a dilemma and we need to move on. Why are  
3 we even making economics an issue in the advancement of  
4 technology. I think MMS can help in this. They have to.  
5 You're going to become an employee when there's no more  
6 oil and gas. You're going to need a job at some point.  
7 Maybe it's your predecessors or maybe it will be you, but  
8 you're going to have to be involved in the advancement of  
9 some kind of technology to move us out of this, so we  
10 need to do that and I think we should do that now.

11                   They said -- Bill Potts, if I've got that  
12 name right, said we'd probably run out of some of these  
13 supplies for natural gas in 15 years and this lease sale  
14 could match up perfectly to bring you reserves on line.  
15 Well, I say in 15 years let's have alternative  
16 technology. Why don't you guys throw all the money  
17 you're throwing into this lease sale towards advancing  
18 the technology. Give it to us. We'll do it.

19                   (Applause)

20                   One of the other things I think is  
21 extremely unfortunate about our current economy is the  
22 absenteeism that is involved with it. The absenteeism of  
23 land ownership, the absenteeism of governments and the  
24 absenteeism of business operation and ownership. Why  
25 can't just people where they live operate businesses and

00108

1 maintain their lifestyles and extracting utilized  
2 resources accordingly and determine what can be utilized  
3 for the rest of the country, the state and the world. We  
4 don't need to be over-extrapolating things just for the  
5 sake of an economy just so we can make money. Our  
6 systems are not going to last that way. It's just not  
7 realistic.

8                               In closing, I just want to say that I  
9 think we all should be a part of this advancement of  
10 technology into a new source of energy and that we should  
11 quit withholding these barriers that the current economic  
12 system has put before us. We're all in this together.  
13 We can make it happen. So just pull the lease sale and  
14 let's start advancing technology and let's protect this  
15 incredible pristine area of lower Cook Inlet. Thanks.

16                               (Applause)

17                               MR. CLARKE: Hi, I'm Eric Clarke. I'd  
18 first like to say that I oppose the Lease Sale 191 and  
19 199. And just like Joel said, I'd like to reiterate that  
20 I think all the money and energy that's put into these  
21 lease sales could be put into alternative energy and I  
22 think that's where the MMS needs to go and that's what  
23 they need to tell the Secretary of the Interior. I think  
24 everybody should read, if you haven't read, Small is  
25 Beautiful, dealing with economics.

00109

1 Thank you.

2 (Applause)

3 MS. WARD: Hi. My name is Emily Ward.

4 First of all, I'd like to also thank whoever was

5 responsible for the pizza. That was really well-timed.

6 I have lived in the Homer area for eight years and I was

7 here when Lease Sale 149 threatened our waters. I was

8 here when hundreds of community members told you we

9 didn't want oil in lower Cook Inlet. What makes you

10 think anything has changed?

11 You're trying to make this oil spill

12 scenario sound better in this draft EIS. In Lease Sale

13 149, your base case had 27 percent chance of a large

14 spill, which I guess is 4,600 barrels or something, but

15 you also included a high-case scenario with a 72 percent

16 chance of a large spill. Where is your high-case

17 scenario in this EIS? You're only estimating the lower

18 case of production this time around, so you predict there

19 will be a 19 percent chance of a large spill. Where do

20 you come up with these numbers? Nineteen percent.

21 That's basically a one in five chance of a spill of 4,600

22 barrels of oil. That still sounds horrible to me. Is

23 that risk worth the 140 million barrels of oil you think

24 might be down there?

25 We have economies that are dependant on a

00110

1 healthy Cook Inlet. We have commercial fishing, sports  
2 fishing, tourism. We have members of the community who  
3 subsist off of lower Cook Inlet. We have belugas,  
4 stellar sea lions, seals, otters and a whole bunch of sea  
5 birds that depend on a healthy lower Cook Inlet. We have  
6 a number of sensitive habitat areas that border the 2.5  
7 million acres you want to lease to oil companies.

8                   A spill of 4,600 barrels doesn't stay in  
9 the water and get flushed out of the inlet like down a  
10 toilet to be dispersed in the septic system in the Gulf  
11 of Alaska. That oil spill is at the will of the extreme  
12 tides we have and the violent weather that blows through  
13 here. That oil could land anywhere. Marine mammals and  
14 birds are not made of Teflon where the oil just slides  
15 right off. Your EIS doesn't even mention cumulative  
16 effects this oil spill would have on an area which is  
17 still suffering the effects of the Exxon Valdez oil spill  
18 from almost 15 years ago. A one in five chance of a  
19 spill wreaking havoc on all we have here is not  
20 acceptable.

21                   I could go on and on as to why you need  
22 to drop this whole thing. The ugly drilling platforms  
23 being incompatible with the natural beauty most of us  
24 benefit from economically and emotionally. Or the fact  
25 that the government needs to stop catering to the oil

00111

1 industry and encourage the development of alternative  
2 energy sources, et cetera, that's already been talked  
3 about. It's time to drop lower Cook Inlet from your  
4 sights. Make those 2.5 million acres a no rig zone and  
5 leave us alone.

6 Thank you.

7 (Applause)

8 HEARING OFFICER GOLL: Elizabeth  
9 Brenvard, Dora Coen, Lee Martin.

10 MS. ORR: Is Elizabeth here?

11 MS. COEN: Hi. My name is Dora Coen.

12 I've been driving trucks for the last few years. The  
13 last three on the Slope in winter. I've been working for  
14 contractors for the oil industry I'm not proud to say.  
15 What I've seen up there is pretty disgusting. I've  
16 worked at North Star where they drill under -- where they  
17 have a well thing for oil. When I see spills go into  
18 oil, I don't see anybody cleaning them up. I see the  
19 excavators breaking up the water, to disperse it, to hide  
20 it basically. I don't know what you're talking about  
21 that you have safety plans in place because I think  
22 that's all propaganda for the public, who doesn't really  
23 see what's going on. I don't think offshore oil drilling  
24 is a good thing anywhere, in any waters, especially down  
25 here. Please cancel this whole thing and don't come

00112

1 back. We don't want you. Thanks.

2 (Applause)

3 HEARING OFFICER GOLL: Lee Martin? If  
4 there are any school kids, why don't we take care of them  
5 now with regard to school tomorrow so everybody can get  
6 there on time. If there was somebody who had signed up  
7 to testify, a high school student or grade school, why  
8 don't you come up and maybe sit here in the front and we  
9 can make sure we get you.

10 MS. BERAN-MARYOTT: Hello. I'm Gillian  
11 Beran-Maryott and I've lived in Homer all my life, so  
12 over 13 years of it. I've always loved Kachemak Bay  
13 because we have boats so we go out on the water, but it  
14 does use oil, so we pollute it, but we also get to enjoy  
15 it. So I don't have greed and corruption to have to make  
16 our bay turn into something that it isn't and that it  
17 doesn't want to be. A lot of people have said how -- a  
18 lot of people said -- like brought up percentages and  
19 stuff, but I haven't read anything because I'm going to  
20 school. So I just want my bay to stay the way it's  
21 always been, unharmed and untouched. So thank you.

22 (Applause)

23 MS. HIRSCH: My name is Aviva Hirsch and  
24 I'm nine years old. I think the bay is really beautiful  
25 right now just the way it is and I want it always to stay

00113

1 that way. I don't want it to be like L.A. and  
2 California. The Native people back then, they could live  
3 without it. I wonder if maybe we could do that, too. I  
4 don't know. I think it would be cool if we don't -- if  
5 we would be able to not use as much oil as we do today.

6 Thank you.

7 (Applause)

8 BERET: Hi. My name is Beret (ph). We  
9 want to fight the big oil monster.

10 (Applause)

11 HEARING OFFICER GOLL: Is there any other  
12 school children, young adults? Maybe we could go by age.  
13 Next we had Lee Martin, George Overpeck, then Phil  
14 Warren, Jeanne Parker.

15 MR. OVERPECK: I'm George Overpeck and  
16 first I'd like to say I appreciate all you guys' time for  
17 coming down here and catching flack from everybody in  
18 town. I just wish that we could get all your colleagues  
19 at MMS to sit in one place for five hours while we talk  
20 to them also. At any rate, I'm sure that you guys are  
21 going to go back and say that the people of Homer  
22 earnestly told you that they really didn't want these  
23 leases to be sold in the bay.

24 I've been working in the seafood industry  
25 and the fisheries here in town for about eight years and

00114

1 I'm lucky enough to be involved in this industry now,  
2 which is growing instead of declining, which is shellfish  
3 here in the bay. I work for Kachemak Shellfish Growers  
4 Cooperative and we're a pretty small group. It's 12  
5 family-run farms and myself. I'm the coordinator. I  
6 send out all the product, I talk to the markets, I send  
7 feedback from the markets to the farmers. We're small.  
8 We're not going to break a quarter million dollars this  
9 year. So you can see that there's a couple of farms  
10 where people are making a living at it. There's a couple  
11 of farms where people expect to make a living at it. And  
12 there's some farms that are just going to supplement  
13 income for people.

14                               We ship everywhere. We have a great  
15 oyster. We go all over the U.S. One place that we go is  
16 McCormick and Schmick Seafood Grill and Rest in Virginia.  
17 You might have had lunch there. It's right around the  
18 corner from you. So you can see kind of where we are in  
19 the market.

20                               We're one of the most expensive oysters  
21 that you could possibly get. We can't grow an oyster  
22 cheaply. We can't ship an oyster cheaply. Our price is  
23 based on the ecosystem here. It's unparalleled for  
24 producing an oyster that buyers want. It's so clean.  
25 Any buyer that we've ever brought up here to look at

00115

1 where we're growing this oyster continues to buy because  
2 no place else in the U.S. can grow an oyster like what's  
3 coming out of here. Some people say it's the best in the  
4 world. I've never disagreed with that.

5                   An oyster, of course, is a filter feeder.  
6 One oyster can filter 14 gallons of sea water per hour.  
7 The quality of an oyster -- what makes our oyster  
8 different from other oysters is the nutrient content of  
9 the water that it's being grown in. The diatoms, the  
10 flagellates, the planktons, which it's picking up, and  
11 that gives it the taste that it has. It also gives it  
12 the taste that it doesn't have. Oysters in other areas  
13 taste metallic or they taste like pulp and that's because  
14 they've picked up those tastes from the environment. When  
15 you eat an oyster from the bay here, you can actually  
16 taste piny tastes from the woods, you can taste kelp  
17 beds. It tastes like the bay smells. So it's a really  
18 nice product coming out of here.

19                   Effluents, even aside from oil, if there  
20 are effluents being pumped into the water, those  
21 effluents are going to be filtered by the oysters, of  
22 course, and they're going to change the taste, they're  
23 going to change the nature of the ecosystem that these  
24 nutrients and planktons are growing in and it's going to  
25 change the appearance.

00116

1                   Then, of course, a spill, if there's a  
2 spill, I mean it's pretty much shot. But if there's a  
3 small spill and you say, oh, we spilled 100 gallons and  
4 it dispersed, it's going to disperse into the water, it's  
5 going to disburse into the food chain of the oysters and  
6 it's going to go into this 14 gallons an hour that the  
7 oysters are filtering. What can I say? It's important  
8 to me that there not be anything going into the water.

9                   When I talk to buyers, I send them  
10 scientific analyses of the bacterial counts in the water,  
11 of the counts of different toxins in the water. It's  
12 very competitive based on the water quality and this is  
13 an industry that really has a chance to go a long way and  
14 make jobs in Homer.

15                   Because of the nature of what we're  
16 doing, because it's a cooperative farming effort, which  
17 is spread all the way from Bear Cove up there to Jakalof  
18 Bay, further up by Seldovia, if a farm in Jakalof Bay is  
19 affected, then the entire co-op is affected and it hurts  
20 our ability to market if we have one oyster which is  
21 going out and not tasting as good as the rest.

22                   You said at the beginning that there  
23 would be a chance for questions and answers. I don't  
24 really have any questions. I've already seen that if  
25 there's a problem, if the oil companies cause a problem,

00117

1 they do whatever they can to not pay back fisheries that  
2 are affected. That would have been my question. What  
3 would happen if there's a spill? How are you going to  
4 make this up? But I already know that the oil companies,  
5 whoever this lease would go to, is going to sit on the  
6 lawsuit and sit on the settlement for as long as they  
7 possibly can. So, if there is a spill, if there is a  
8 problem, I won't count on it any more than I count on the  
9 money that I'm owed from the Valdez spill. That's it.  
10 Again, thank you.

11 (Applause)

12 MR. WARREN: Hello. My name is Phil  
13 Warren and I'm afraid of the oil monster, too. I came up  
14 here in the early '80s on vacation, went on a couple  
15 fishing trips, saw the sights, went back home for another  
16 year at a well-paying job down in California, quit that  
17 and came back here because it's so cool. Got a job  
18 sliming fish for minimum wage, enough money to live in a  
19 little one-room cabin, no water, no electricity, no  
20 sewer, because it was just so cool to be in this area  
21 because of the view, the fish, the whole thing.

22 Since then I lost my job in the oil spill  
23 and moved on to other things in tourism. Since then I've  
24 created my own business, which last year generated over  
25 \$50,000. This money all goes right back into Homer and I

00118

1 spend most of my time during the summer months when the  
2 business is operating, right in the center of that map.

3                   One of the big things that people do when  
4 they go out and I just pitch anchor out there and sit all  
5 day waiting for a fish to bite is these people just sigh  
6 and say it doesn't matter if we caught a fish, it's just  
7 so beautiful that I've made their entire vacation, if not  
8 the vacation of their lifetime. You could look 50 miles  
9 in any direction and not see a man-made thing besides an  
10 occasional airplane or boat. It's just beautiful out  
11 there, so I wanted to say the aesthetics of the whole  
12 area on your map there are a big part of my business and  
13 the tourism business of Homer, which Homer is very  
14 dependant upon.

15                   For anybody who is going to make a  
16 decision, I would really like them to go out into the  
17 middle of that map and look around and then go up to  
18 Kenai and Nikiski and look around and you will see the  
19 oil monsters. I've seen them. I've been up there in the  
20 inlet and it's not a pretty sight. To me it's not. It's  
21 like the giant power grid going through the middle of a  
22 beautiful valley. It just hurts me to see things like  
23 that. I know they're necessary to have them there and I  
24 think you've done a good job of controlling the situation  
25 with them, but I know it would definitely hurt my

00119

1 business to have oil platforms in the middle of your map  
2 there where I'm trying to conduct my business. I know  
3 that I couldn't catch enough fish or take enough pictures  
4 to disrupt the oil well in Kenai, but I know that an oil  
5 well here could greatly disrupt my business. So thank you  
6 for your time.

7 (Applause)

8 HEARING OFFICER GOLL: Jeanne Parker,  
9 Lindsay Winkler, then Lilly Lane.

10 MS. PARKER: Hi. My name is Jeanne  
11 Parker and I teach children kindergarten through third  
12 grade, so I'm more used to talking to kids than adults.  
13 I feel like I speak for kids a lot and lately I am very  
14 concerned for our future for kids, deeply concerned, not  
15 just in Homer. It's kind of ironic to spend time  
16 teaching kids honesty, to teach them to clean up their  
17 messes, to teach them to listen to people and to treat  
18 other people well, and then have industry and government  
19 not follow these same rules, these same moral guidelines  
20 I really believe it.

21 I've also raised a family here. I have  
22 two kids off in college who really appreciated Homer  
23 while they were here and now they really, really  
24 appreciate Homer when they come home. They take  
25 pictures, they just say it's the greatest place on earth.

00120

1 They also realize they may not be able to live here  
2 because the work they've chosen to do is not here, but  
3 they definitely wouldn't come back to work a job in the  
4 oil industry that's going to be destructive to what they  
5 have always enjoyed.

6                   Many people have spoken about the dangers  
7 of Cook Inlet. I just want to repeat those. Many people  
8 have spoken about all the environmental reasons not to  
9 drill for oil and I just want to speak more to my  
10 convictions as far as -- someone out there said something  
11 close to this. If we don't turn from the path where  
12 we're headed, we will get there. What this means to me  
13 is our addiction to oil and the economy, the economics  
14 guidelines that Joel Cooper touched on, which I think are  
15 totally based wrong, that growth is good instead of  
16 sustainability, that we produce and produce and produce  
17 and consume and consume and consume.

18                   If I had a cocaine addiction and I could  
19 work more hours and I had done it for a long time, would  
20 you tell me that I should still go get cocaine or would  
21 you tell me that I need to quit using it? I feel like  
22 that's where we are with oil and people are not going to  
23 listen until it hurts their pocketbook. So I want to see  
24 oil cost what it costs to the environment, to the people  
25 and I don't want to just give it away. I wouldn't mind --

00121

1 I mean the best way to change, to really make change is  
2 to make it cost. So people are going to carpool with  
3 more than two people in a freeway lane.

4 As far as our local energy source, again  
5 I just want to reiterate why not pursue alternative  
6 energy. Again, you know, yes, we use oil right now  
7 because it's cheap. It doesn't cost what it's supposed  
8 to cost. So I just think the economy needs to change.

9 I really appreciate that man that came  
10 and spoke for Nanwalek. I think it's pretty overwhelming  
11 to speak to people that you don't think are going to  
12 listen, so I really hope you listened. They've been here  
13 a lot longer than us and they really do live here with  
14 subsistence or did until we messed that up.

15 Again, just speaking -- well, I want to  
16 speak to already the way -- just reiterate the lousy way  
17 we are drilling for oil in the upper Cook Inlet and that  
18 there should absolutely be zero discharge. You know, the  
19 oil lines are old and that has to be taken care of. You  
20 can't go on to something new until that's been taken care  
21 of. So, I hope -- I've learned a lot tonight being here  
22 and I know it's been a long night. I hope you guys have  
23 learned a lot and I hope you can take what you've learned  
24 back and really make it count for the people here in  
25 Homer.

00122

1 (Applause)

2 MS. WINKLER: Hi. My name is Lindsay  
3 Winkler and this is my first oil and gas lease hearing  
4 and hopefully it will be my last. Obviously opposed.  
5 I've been called two things tonight -- actually today  
6 while I've been here. I've been called a fireball and a  
7 math geek. What I've been doing here this whole time is  
8 calculating how many people have been against this and  
9 for this and it hasn't been too tough. I'm the 47th  
10 person to stand up here and 44 have been against and  
11 three have been for.

12 I work for an organization in Anchor  
13 Point that uses the consensus process to make decisions  
14 and one of the first things that took me aback about this  
15 process was that one voice could block the entire group  
16 from going through the decision. I originally thought  
17 that this ability to block the entire group was quite a  
18 nuisance to things being accomplished in the long run.  
19 As I have grown with this organization over the past year  
20 and a half, my beliefs have changed as well.

21 Tonight we stand here 44 against and  
22 three for, against this lease sale. Along with the  
23 people that are for this sale tonight, it seems as though  
24 our Federal, State and local borough government are here  
25 for this sale as well. I guess that the people tonight

00123

1 are your block. One voice collectively we stand up here  
2 blocking this sale, saying no to Lease Sales 191 and 199.  
3 I've got to say I am truly proud to be a part of this  
4 community and standing up here with all of my beautiful  
5 friends, standing against this and I get to leave here  
6 tonight in celebration of my friend's birthday and a  
7 celebration of this wonderful community and the hope that  
8 we don't ever have to come back here to stand up here and  
9 say this again. So, thank you.

10 (Applause)

11 HEARING OFFICER GOLL: Lilly Lane. Mossy  
12 Kilcher.

13 UNIDENTIFIED VOICE: She left.

14 HEARING OFFICER GOLL: Donna Beran.

15 UNIDENTIFIED VOICE: She's here. She  
16 just went to the restroom.

17 HEARING OFFICER GOLL: We can come back  
18 to her. Mary Clare.

19 MS. FOECKE: Good evening and thanks for  
20 being here. My name is Mary Clare Foecke. I've been  
21 here for 10 years. I stand or sit rather in staunch  
22 opposition to the oil lease sales. I find it ironic that  
23 we sit here poised as we all are, still on the edge of  
24 our seats, basically staring at -- or hoping in vain hope  
25 that we will be listened to, that our testimony will be

00124

1 heard against this monster, as Beret put it, of big oil  
2 and our addiction and dependance.

3                   The irony, the reason it's replete with  
4 irony, for me, is in a sancronistic way. We are also all  
5 poised on the edge of our seats as we wait for our  
6 government and our president to make a decision about  
7 risking the alienation of our country and the alienation  
8 of the livelihoods and the families and the lands of  
9 people across the nation in the name of oil as well.

10                   I'm surprised that this hasn't been  
11 mentioned yet tonight, but I think it's heavy on our  
12 hearts, every single one of us. I'm not going to appeal  
13 to the research and statistics and all the heavy stuff.  
14 It's been done well and better than I could. I'm going  
15 to appeal to the heart, to your hearts, to the hearts of  
16 all of us here, to the heart represented by our people in  
17 this land of Kachemak Bay.

18                   There are a number of different social  
19 theories about social change. There's the hundredth  
20 monkey where you just need gobs and gobs of people and  
21 finally the tide turns. There's also a very different  
22 social theory that just depends on a shift of  
23 consciousness and that shift of consciousness can happen  
24 behind closed doors in a small place and the ripple  
25 effect changes -- can change the lives of an entire

00125

1 planet. I appeal to that hope of that shift in  
2 consciousness.

3                               Tom Hartman, in a book called The Last  
4 Hours of Ancient Sunlight, talks about this in chilling  
5 detail. With the introduction of our dependance on  
6 fossil fuels, our consciousness as a nation, our  
7 consciousness as a globe began to change in such a  
8 devastating and destructive way. That's not to say that  
9 we didn't, most of us, drive here, but as has been said  
10 before, we've driven here and we are so dependant because  
11 it is so cheap. I think it's time that we do look to  
12 shift back, that we don't go where we're going. If we go  
13 where we're going here and in Iraq and the oil rigs,  
14 there's not going to be much left of us or anything that  
15 we cherish.

16                               Thank you for your time.

17                               (Applause)

18                               MS. BERAN: Hi. My name is Donna Beran  
19 and I've lived in this beautiful place since 1984. In  
20 1989, I was pregnant with my daughter when this oil spill  
21 took place in Prince William Sound and there were crews  
22 of people out on the end of the spit where I worked  
23 building boom and every day when I drove out there I  
24 cried and we would bring them food. I'd like to invite  
25 you all to visit our local museum and downstairs in that

00126

1 facility there's an installation of an oil spill exhibit  
2 that you really should see. It should be a requirement,  
3 just as getting on a boat and heading out into these  
4 waters should be a requirement of Dale and George and all  
5 you folks who think drilling for oil out here is a good  
6 idea because it's not a good idea. All you have to do is  
7 turn on the radio and listen to the weather report. It  
8 will scare you to death. So I suggest you do that.

9 I also just want you -- well, certainly,  
10 you know I'm against this sale. I was here in '95 with  
11 the last one with my -- I guess she was six years old at  
12 the time. We need to get behind this alternate energy.  
13 We've been talking about it. Everybody keeps saying one  
14 day. Well, it's today. It's now. This oil thing has  
15 got to stop and I think we all need to say a prayer  
16 because we're heading down the wrong road if you guys  
17 think this is okay.

18 So I hope it's the last time you have to  
19 make the trip, although I think you should come and enjoy  
20 the whole area in a different vein, different venue, and  
21 you'll know that we don't choose to live down in the  
22 Lower 48. We all could live down there, but we want to  
23 live here and all you've got to do is look outside to  
24 know why.

25 Thank you for your time.

00127

1 (Applause)

2 HEARING OFFICER GOLL: Valerie Conner.

3 UNIDENTIFIED VOICE: Gone.

4 HEARING OFFICER GOLL: Dennis Gann.

5 UNIDENTIFIED VOICE: Gone.

6 HEARING OFFICER GOLL: I think I've

7 already mentioned Brien Hirsch and Ann Hirsch.

8 MR. HIRSCH: Brien is here.

9 HEARING OFFICER GOLL: Brien Hirsch, Ann

10 Hirsch and Dan Winn.

11 MR. HIRSCH: Good evening. My name is

12 Brien Hirsch and I spent a lot of time in school in the

13 old days and I participated in writing environmental

14 impact statements and have participated in writing

15 Federal legislation for various things and commenting and

16 engaging in the whole process. My knee-jerk reaction is

17 to get into the details and start refuting this and

18 challenging that, 1.9, 1.8, .27, whatever it is, and the

19 reality is that's not how things change. What we're

20 really appealing to you here on is from an emotional,

21 heartfelt, spiritual level.

22 The irony, of course, is that even if

23 this overwhelming majority of people who came to speak to

24 you in their most open and honest and just strikingly

25 eloquent ways really did convince you? Even then it

00128

1 doesn't matter because, as you told us right from the  
2 beginning, you're not the ones that make the decision.  
3 At best, at very best, we're dependant on that pen in  
4 your hand and how that's conveyed to the people above  
5 you. But really, in very subtle ways, from the very  
6 instant we began this whole process this evening, we were  
7 told essentially that no matter what we do, even if we  
8 convince you, it kind of doesn't really matter because  
9 you're not the ones we need to convince. We appreciate  
10 you're here. We welcome you. Please enjoy some fish  
11 while you're here, go out on the water, what have you.

12                   I'm the proud parent of two of those  
13 young ladies who came up here and spoke and what am I  
14 supposed to tell them about our government and the  
15 leaders who say, oh, we need -- no child left behind and  
16 we need participation from the youth. They saw what  
17 happened tonight. It was 59 to 3 or whatever you want to  
18 call it and the government isn't going to listen to us.  
19 At least we sure hope they do, obviously, but if and when  
20 they don't, what do I tell my nine year old? Just keep  
21 voting. Keep being a good citizen. Do you want to know  
22 why there's kind of socially deviant behavior? Because  
23 the people at the top don't listen to what's going on  
24 from the people at the bottom. So that's kind of a  
25 source of frustration, obviously. Personally, I do appeal

00129

1 to you to withdraw the lease.

2                               Last week some of you folks were on the  
3 local radio station talking. There was a coffee table  
4 and it was part of the public process and I called up and  
5 I asked a question and I never got an answer to the  
6 question. The question was, what is it going to take for  
7 you to withdraw the lease sale? What if it is 59 to 3?  
8 And I never got an answer and we haven't gotten an answer  
9 here tonight and I don't think we're going to necessarily  
10 get an answer, but that's a question I really hope that  
11 you can think about and convey to the leaders at the top.  
12 What do we have to do to demonstrate? Is it a simple  
13 vote? I know that you go to Kenai and there's going to  
14 be a whole bunch of people saying rah, rah, we want oil.  
15 And there's going to be people in other places.

16                               The gentleman earlier this evening who  
17 spoke in favor of oil development essentially said, oh,  
18 it's not fair, you know, we're not being -- we're being  
19 ignored. The local paper here today, the headline was  
20 that in Seldovia everybody was against oil. There was  
21 only 20 people. He was essentially expressing  
22 frustration for being ignored, his voice. Well, you know  
23 what I have to say to him is welcome to the club. That's  
24 how we've been feeling for a long time. I think that's  
25 the sense of frustration you've heard people speak of

00130

1 this evening.

2                   There's been a lot of focus on the one in  
3 five chance of an oil spill and that's certainly odds I  
4 wouldn't want to play with. One thing I haven't heard  
5 much of in terms of potential impacts is not just the  
6 spill, but look around at the winter weather we're having  
7 or conspicuous lack thereof. There's something very deep  
8 and profound going on out there called climate change  
9 that our government and some people have been trying to  
10 turn a blind eye to that's increasingly difficult to  
11 ignore. Even if you don't have an oil spill, essentially  
12 what you're doing is literally fueling an already raging  
13 fire. Alaska and polar regions, circumpolar regions,  
14 both north and south, are on the front lines of global  
15 climate change. We had two 100-year flood events in a  
16 month earlier this winter and the reason they were floods  
17 is because it wasn't cold enough to snow. And you know  
18 all about that and climatologists and meteorologists and  
19 all of that. You can tell us more than we can tell you  
20 except that we have the experience and are living with  
21 it. What we're talking about here is exacerbating an  
22 already very, very degrading situation.

23                   Finally -- well, I don't know finally,  
24 but another comment is in terms of jobs versus the  
25 environment. It's really a false dichotomy and that's



00132

1 use it in Afghanistan, they use it everywhere. Fuel  
2 cells and solar cells were both developed by the United  
3 States military and they're used right now, today, in  
4 military applications in the most stressful, difficult  
5 conditions on the planet. They work. They work in all  
6 kinds of conditions. The primary issues are who's going  
7 to benefit from it, who's going to lose from it, which  
8 are the oil companies potentially, but not really because  
9 they own all the patents and they're just waiting to  
10 squeeze all the oil out and then they'll shift us to  
11 everything else.

12                   We know all that stuff and you know all  
13 that, too. So the point is that really we don't need  
14 this oil, but, on the other hand, if you don't start now,  
15 then in 10 or 15 years we're not going to need it at all,  
16 so that's part of the reason for the push right now and  
17 that's something that if we could just wait a few more  
18 years, there's not going to be any issue or any need for  
19 it.

20                   Another thing that's been mentioned a  
21 little bit but not fully and this is one thing that I  
22 want to make very clear is that the state of Alaska and  
23 the United States government have both been absolutely  
24 horrible stewards of our natural resources, our public  
25 resources. The amount of profit that is generated simply

00133

1 from the Trans-Alaska oil pipeline, not even from the oil  
2 up there, but just from shipping it across the pipeline  
3 itself. If those profits were aggregated into a single  
4 corporation, it would be the second most profitable  
5 company in the world. Just the pipeline, not even the  
6 oil. The point being that every resident of the state of  
7 Alaska should be essentially millionaires and instead  
8 we're fighting for tax dollars for our school because,  
9 God forbid, we could put our Permanent Fund dividend into  
10 any of that. The point being, and I'm not even  
11 advocating that. I don't want to get into that issue,  
12 but the point is that if our current resources were  
13 managed properly, there would be no fiscal crisis, there  
14 would be no need for any of the resource development that  
15 we are now put over a barrel and saying, oh, we need this  
16 to sustain our tax base. And it's very short term poor  
17 thinking. So there's probably other things that I will  
18 just put in writing and submit to you.

19                   This will be my conclusion here. In my  
20 work really all over the world with indigenous peoples,  
21 one place that I would just draw your attention to right  
22 now is in the Great Lakes region of North America and  
23 that was at one time an unbelievably fertile place that  
24 currently provides drinking water for other 20 million  
25 people. It's the largest open freshwater reservoir in

00134

1 the world and the indigenous people in that area cannot  
2 eat the fish. Nobody can eat the fish, but the people  
3 who lived there initially were absolutely dependant on  
4 the fish and ate as much as they possibly could. That  
5 was their primary dietary source. You can't eat the fish  
6 there anymore. Not just pregnant mothers, not just four  
7 times a week. You can't eat them. People have boils all  
8 over their body. I've seen it. They literally almost  
9 can't touch the water, both in the Great Lakes and in all  
10 of the surface waters feeding the Great Lakes, primarily  
11 because of mercury that's from coal burning.

12                   You're offering us this lure of natural  
13 gas, the primary purpose of natural gas is, A, for  
14 profit-making for fertilizer that's shipped overseas from  
15 Agrium, and the other purpose is for electricity  
16 generation. Electricity in particular is now  
17 commercially easily and cheaply done with renewable  
18 energy. Chugach Electric, the primary utility in the  
19 Anchorage area, is now looking at putting in large scale  
20 wind turbines. If you do the trajectory and connect the  
21 dotted lines to 15 or 20 years when the natural gas will  
22 be available for generating electricity in the Cook Inlet  
23 basin, Chugach will already have all the wind it needs  
24 and there won't even be a need for the natural gas for  
25 local electricity generation. So, in many ways, it's

00135

1 very easily shot down from logic perspectives and, again,  
2 I encourage you and stand with many of the people who  
3 spoke this evening to withdraw the leasing.

4 Thank you very much.

5 (Applause)

6 HEARING OFFICER GOLL: Peggy Ellen  
7 Kleinleder, Gregory Seckaniec, Charlie Gibson.

8 MS. KLEINLEDER: Hi. I'm Peggy Ellen  
9 Kleinleder. I oppose Lease Sale 191 and 199. The risk  
10 of an oil spill is unacceptably high. The lower Cook  
11 Inlet area is rich in wildlife, critical habitats and  
12 varied local industries. Oil spills and pollution have a  
13 much smaller impact on multinational oil companies than  
14 they do on the individuals who live in the regions where  
15 they occur. The EIS does not place adequate weight on  
16 the human suffering which occurs when subsistence foods  
17 are contaminated, when industries such as tourism and  
18 fishing are damaged or when habitats of threatened  
19 species are lost. The report minimizes the impact of the  
20 profound tragic and permanent losses to lower Cook Inlet,  
21 human and animal communities that oil development  
22 promises. Please correct this error in your revised  
23 environmental impact statement. It will become obvious  
24 that the only legal choice is Alternative 2.

25 Thank you.

00136

1 (Applause)

2 MR. SECKANIEC: Good evening. I'm Greg  
3 Seckaniec, refuse manager of Alaska Maritime National  
4 Wildlife Refuge and resident of Homer, Alaska. John,  
5 first, I'd like to say thank you for bringing your  
6 contingent down here to Homer and listening to us as part  
7 of the public input process for this draft environmental  
8 impact statement.

9 Really, what I wanted to say is I felt  
10 you shouldn't be the lone bureaucrat here tonight, so I  
11 thought I'd join you. Actually, what I want to talk to  
12 you about tonight is a couple of areas that are actually  
13 adjacent to the proposed Lease Sale 191 and 199.

14 The Barren and Chisik Islands are  
15 administered by the U.S. Fish and Wildlife Service.  
16 That's part of the Alaska Maritime National Wildlife  
17 Refuge. The Barren Island group provides important  
18 habitat for marine wildlife, including many species of  
19 sea birds and endangered stellar sea lion. The islands  
20 provide security habitat for breeding, nesting, feeding  
21 and raising young. The near shore surrounding Palagik  
22 waters of the Barren Islands and the lower Cook Inlet are  
23 rich in nutrients and support productive biological  
24 communities. Forage fish use these waters and form the  
25 basis of a complex final assemblage which sea birds of

00137

1 the Barren Islands and other wildlife depend. Perhaps a  
2 simple biological example, yet it is a very complex  
3 system deserving utmost respect when considering  
4 potential effects of the proposed actions. Public use  
5 for the purpose of wildlife viewing is increasing due to  
6 this incredible richness.

7                   Chisik Island, Tuxedni Bay, we've heard  
8 it mentioned earlier. Tuxedni National Wildlife Refuge  
9 established in 1909 by then President Theodore Roosevelt,  
10 recognized in the early part of this country that these  
11 were already important wildlife conservation areas. It  
12 is also a congressionally-designated wilderness and one  
13 of a handful of sites that is mandated to maintain class  
14 I air quality per the Clean Air Act. A designation meant  
15 to ensure a high quality air standards lending to  
16 wilderness character. Therefore, Chisik Island, I  
17 believe, should be provided with an adequate buffer that  
18 maintains the standards prescribed in the Clean Air Act  
19 and preempted the need for remediation or restoration due  
20 to degraded air quality.

21                   John, not knowing what alternative will  
22 be recommended and/or finally selected, if it is not  
23 Alternative 2, I feel strongly that the record of  
24 decision for the oil and gas Lease Sale 191 and 199 be  
25 appended to include the Barren Island deferral and

00138

1 request further consideration be given to an area  
2 proximate Chisik Island in the northwest vicinity of the  
3 proposed lease sale. Whereas the executive summary you  
4 wrote notes that deferral would reduce potential impacts  
5 to endangered and threatened species, including beluga  
6 whales, stellar sea lions, sea otters, humpback whales  
7 and other whales and the deferral would reduce visual  
8 resource effects. You readily acknowledge this can be  
9 obtained by a simple one percent reduction in the  
10 opportunity index by adopting the Barren Island deferral  
11 alone. I do not feel it is too much to ask for  
12 additional consideration.

13                               Now, for a wrap up, I would like to step  
14 away and simply perhaps take a little bit from the  
15 perspective of being a resident of Homer. I think I  
16 would be remiss if I did not remind you that in probably  
17 1978 or '79 during the natural resource hearing, natural  
18 resource committee hearings on the Alaska Natural  
19 Interest Lands Conservation Act, one of the great women  
20 environmentalists of Alaska, Margaret Meary, was speaking  
21 to the resource committee when she reminded them all and  
22 said, ladies and gentleman, Alaska's greatest economy is  
23 her beauty and nowhere is it more evident than the lower  
24 Cook Inlet from my perspective and in this room tonight  
25 it is being demonstrated. I would request that you help

00139

1 us ensure that her beauty is always just that, our  
2 greatest economy.

3 Thank you.

4 (Applause)

5 HEARING OFFICER GOLL: Charlie Gibson,  
6 Eric Knudtson, Sally Oberstein.

7 UNIDENTIFIED SPEAKER: They left.

8 HEARING OFFICER GOLL: Daisy Lee Bitter.

9 MR. GIBSON: Hi. My name is Charlie  
10 Gibson. I've been a resident of Homer for 25, 26 years.  
11 Contrary to most of the people here tonight, my  
12 livelihood is a longshoreman and I would directly benefit  
13 from oil and gas exploration just as being a support  
14 facility here in Homer. There are so many things to talk  
15 about, especially with the late hour, I'll just say even  
16 though it would be sweet to double my income, I would  
17 just say ditto to everything else everybody said tonight.  
18 The whole concept of jeopardizing what we have here for  
19 dollars or for expediency is just beyond my  
20 comprehension.

21 I think that, you know, we appreciate you  
22 guys coming up here and I hope you don't feel that we're  
23 too rowdy or hostile. It's an unusual crowd in the sense  
24 that a great percentage of us have seen oil on the  
25 beaches and picked up dead birds, sea otters. That, in

00140

1 itself, is part of the price of doing business and it's a  
2 part that, obviously, we're not willing to go for. I  
3 think the part that really hurts and that comes out as  
4 anger is that we were so clearly lied to in so many  
5 different way over such a long period of time and we  
6 would read the little news releases that Exxon would put  
7 out and we would know the truth. It's real hard to  
8 reconcile that. So I hope you can understand a little  
9 bit why it's really hard to deal with any measure of  
10 trust at all. Just everything everybody said, ditto.  
11 Thanks for coming.

12 (Applause)

13 MS. BITTER: My name is Daisy Lee Bitter  
14 and you've proved your patience because you've been  
15 sitting here over four hours just like we have. And I  
16 would like to say I hope you listened carefully to a wide  
17 variety of comments and those comments are from friends  
18 of mine and, believe me, they spoke from their heart, so  
19 you got their real feelings.

20 For 49 years -- I've lived in Alaska for  
21 49 years and all of those 49 years I spent part of that  
22 time in Homer and all of the past 20 years, so in that  
23 perspective, I've seen many of our successes, but I've  
24 also seen some of our mistakes. I think I can predict  
25 with a great deal of certainty if those leases go

00141

1 through, this will rank among the big mistakes.

2 I think what we would like to ask you to  
3 do is to think positive. Alternative energy is being  
4 developed and being improvised and improved and it's  
5 coming. In fact, it made me feel so good the other day  
6 when I heard there was a fellow in one of the other  
7 states that instead of using diesel he made his whole  
8 trip on Canola oil and that's very encouraging.

9 The beaches of lower Cook Inlet, I've  
10 lived on them for those 49 years. I have lived, hiked on  
11 those beaches and taught many classes and taken hundreds  
12 or thousands of students along those beaches. When you  
13 talk about oil spills and you talk about 19 percent, even  
14 one percent, one spill is too much. We were out  
15 gathering the coal and were probably some of the first  
16 that saw those pancakes of oil out here when they first  
17 came in and it's very shuttering to think what could  
18 happen if that spill was right here.

19 I know it's a political game and I have  
20 faith that you would pass on our comments as we intended  
21 it and know how sincerely we delivered them to you and,  
22 hopefully, there's some way that you can convince those  
23 that make those political decisions above you to listen  
24 to you.

25 Thank you.

00142

1 HEARING OFFICER GOLL: Jim Levine, Sue  
2 Post, Eva Saulitis.

3 MR. STRYDOM: My name is Mel Strydom and  
4 I have an accounting service business here in town. I  
5 represent the -- I see a wide variety of businesses that  
6 I work for and all of the businesses that are -- that I  
7 work for in this town I think would be adversely affected  
8 by the potential of an oil spill that would be brought to  
9 our community by these two lease sales and the  
10 development they would bring along with it.

11 Many people before me tonight have spoken  
12 quite eloquently and with great passion and with a great  
13 deal of insight as to the various problems that this  
14 lease sale would present for our community. I am here to  
15 support them and to whole-heartedly agree with what they  
16 say and I'm also here to ask you what we, as a community,  
17 need to do to assure that these two lease sales that are  
18 in question tonight don't happen. From being here all  
19 night and listening, it is my understanding that you will  
20 be passing on your findings to Secretary Norton and other  
21 people who will be making this decision.

22 After hearing what you pass on to them  
23 they still feel that the right thing to do for our  
24 community and for our nation is to develop these two  
25 lease sales out here, I would hope you also pass on to

00143

1 them that at the very least, as a courtesy to this  
2 community, they come down here themselves rather than  
3 sending you and explain to us why this lease sale is a  
4 good idea because everybody in this room tonight, or at  
5 least a vast majority of people in this room tonight,  
6 feel very strongly that this is a very poor idea, it's a  
7 very poor time for this type of development of our  
8 natural resources and I just hope that it doesn't come to  
9 the point where they still feel, Secretary Norton and the  
10 people making this decision, that they want to go ahead  
11 with the lease sale. I hope they agree with us and  
12 listen to what we have to say. If they don't, I hope  
13 they can come down here and explain to us and listen to  
14 us firsthand, so maybe we can have one more chance to  
15 convince them that this is the wrong thing to do for our  
16 community.

17 I also want to thank you for your time.  
18 It's been a long evening. It's been a long evening for  
19 me and we appreciate you listening to us and we certainly  
20 -- we do want to know what else we can do besides being  
21 here voicing our opinions that can sway the powers that  
22 be that we love our community the way it is and we don't  
23 want oil to become a part of it.

24 Thank you.

25 (Applause)

00144

1                                   MR. LEVINE: Hi. I'm Jim Levine. I  
2 guess, first, I wanted to mention that I was opposed to  
3 this sale, so you can check off that box or whatever. I  
4 guess everybody that's talked up till now has been really  
5 great. I want to thank everybody for coming out and  
6 doing that. Anyway, I wanted to kind of discuss a few of  
7 the items that had come up, one of them being jobs,  
8 because I don't know really anybody that's unemployed in  
9 this area. I must be lucky in that respect. In fact,  
10 some of the people I work with were here tonight  
11 speaking. I never asked them, but I don't think any of  
12 them would want to change their particular job to work  
13 for the -- an oil job. I did have the unfortunate  
14 experience of getting to work on the oil spill. I know  
15 for a fact that none of them want to trade their jobs to  
16 do that particular job. That was a really horrible one.

17                                   I guess one of the other items that often  
18 comes up is I drove here in order to get here, so  
19 obviously I'm in favor of oil. Yeah, I did drive here to  
20 get here and I needed some oil. I also went to the  
21 bathroom today, but I didn't do it in the living room.  
22 In the case of the fellow from Nanwalek, I didn't do it  
23 in his kitchen either. So I guess there's proper places  
24 to do everything. It just doesn't seem like this  
25 particular part of Cook Inlet is a proper place to put in

00145

1 oil platforms and whatnot.

2 I guess from a technical standpoint, I  
3 don't really get that involved with oil stuff anymore.  
4 After the oil spill I did -- I volunteered with RCAC as  
5 well. One of the things I learned there as a for  
6 instance, having nothing to do with the oil spill, in the  
7 Alyeska plant they have a ballast water treatment plant,  
8 which is all perfectly legal. It probably -- what I  
9 remember of the numbers anyways, they had as much  
10 hydrocarbons that go into Port Valdez from this ballast  
11 water treatment plant legally as what was spilled during  
12 the oil spill. So even if you have a benign facility,  
13 there's always things that are going to be polluting the  
14 water anyway. You had mentioned at the beginning about  
15 regulations and how you had strong regulations and I'm  
16 sure there are a lot of items that were put up for the  
17 regulatory process.

18 Again, in Valdez, the most amazing part,  
19 I thought, they had a mixing zone allowed for their  
20 ballast water treatment plant discharge. They couldn't  
21 quite meet the requirements of the mixing zone, so,  
22 naturally, what else would you do but enlarge the mixing  
23 zone so that you can meet the requirements. That worked  
24 pretty well. I'm not sure if the fish in the area  
25 actually know they're supposed to stay out of either one

00146

1 of the mixing zones, so I don't know quite how that  
2 works.

3                               Clearly, all they had to do was convince  
4 the regulators that the regulation was too tough and they  
5 needed to have some relief. So I'd hate to see that  
6 happening here as well. Actually, it was really fun to  
7 be here and listen to all these people with all these  
8 great comments. I was sort of dreading coming here,  
9 spending the evening doing this, but, in reality, I was  
10 like, wow, this is really interesting. So thanks for  
11 coming. I guess one thing everybody seems to want to  
12 know, what can we do to convince you to stop it and I  
13 guess my suggestion would be to explain to whoever it is  
14 that the folks at home are really rabid and opposed to  
15 this kind of thing and are just crazy and nuts. It would  
16 be so ridiculously difficult, that they could go so many  
17 places and it would be so simple, that why would they  
18 want to have to mess with this hardship of trying to deal  
19 with us.

20                               (Applause)

21                               HEARING OFFICER GOLL: We have Sue Post,  
22 Eva Saulitis, Gale Parsons, Patrick Houlihan. We're  
23 getting close to the end of the list.

24                               MS. POST: Hi. My name is Sue Post. I'd  
25 like to thank you all for coming tonight. I've been here

00147

1 at some of these other lease sale hearings. I've been in  
2 Alaska my whole life, born and raised here. I was in  
3 Homer the day the oil hit the beaches from Exxon Valdez,  
4 I've worked with birds that have been oiled, I've seen it  
5 firsthand. I'm opposed to Lease Sale 191 and 199 and  
6 would like to see it withdrawn.

7 I guess my dream is some day we won't be  
8 so dependant on this oil and we won't be going to war  
9 over this black stuff, we won't be leaking it all over  
10 the ground and into the water, nor will I have to live in  
11 fear that my drinking water is being polluted because my  
12 neighbor's diesel tank might be leaking or that the  
13 salmon I've eaten here for years might be becoming too  
14 polluted. I remember as a child learning that you are  
15 what you eat and if this is true, I truly worry about  
16 what I am becoming by eating the wild Alaska salmon. Am  
17 I just becoming a toxic wasteland because these salmon  
18 grow in the waters that are already being polluted  
19 because Cook Inlet does not have the discharge permit  
20 that other place do? I question why are we exempt from  
21 all these other rules that other places have and that  
22 worries me.

23 I'm strongly in favor of seeing renewable  
24 resources. I know they're out there. People are so  
25 worried about jobs and think that there are jobs from the

00148

1 oil. I bet those same jobs would be there for renewable  
2 resources. I don't think we need oil jobs here. As a  
3 local business owner, I am quite worried that our  
4 business and all of the businesses in Homer right now  
5 will be impacted severely in the event oil does come to  
6 Cook Inlet and in the event of an oil spill. I just see  
7 so many neighbors and friends of mine being without work.  
8 Anyway, you've heard it all already tonight. I'm not  
9 going to go on. But thank you again for coming down and,  
10 again, I'm in favor of seeing these leases withdrawn.

11 Thank you.

12 (Applause)

13 HEARING OFFICER GOLL: Gale Parsons,  
14 Patrick Houlihan, Bob Shavelson, Frank Griswold and  
15 Michael McGuire. That was the list that we have.

16 MS. PARSONS: I very much appreciate the  
17 chance to do this tonight and thank you for offering  
18 that. Gale Parsons is my name. I'd like to thank Donna  
19 Beran for her plug for the Pratt Museum. That's where I  
20 work and I would like to invite you to come by. We are  
21 closed presently, but I would certainly answer the  
22 doorbell and let you folks in and give you a tour, so I  
23 hope you can spare some time in the morning.

24 As I spoke with my fellow workers this  
25 morning and talked about coming tonight, I said that my

00149

1 comment was going to be eek, no, and I still feel that  
2 way, so I just wanted to make sure you knew that. I am  
3 very much opposed to these Lease Sales 191 and 199. I  
4 just spent two days across the bay and I can assure you  
5 that everyone I spoke to felt the same way that Tom Evans  
6 does. It's a very, very deep feeling and those folks are  
7 extremely frightened that there could be rigs close by.

8 I would like to also say that Joel Cooper  
9 had said a lot of what I totally agree with and would  
10 reiterate, but I'm not going to put you through that.  
11 Why would my government want to risk thousands of jobs  
12 that sustain us? Why would my government want to risk a  
13 growing tourism industry? Why would my government want  
14 to risk fisheries that sustain us and many people around  
15 the world for a few weeks of oil? That's my question to  
16 you. I just don't understand it. It doesn't make any  
17 sense to me.

18 As Jay Hammond, ex-governor of Alaska  
19 said, and I don't quote him directly, I wish I had his  
20 quote but I'm paraphrasing, some places are just too  
21 valuable to risk them to big oil and Kachemak Bay is one  
22 of those places and so is lower Cook Inlet.

23 Thank you very much.

24 (Applause)

25 MR. HOULIHAN: My name is Patrick

00150

1 Houlihan. Thank you also for coming down tonight. I  
2 find the one in five risk unacceptably high. I believe  
3 there should be a zero discharge policy for the current  
4 rigs in the inlet. I believe that there should be tug  
5 boat tanker escorts on all the tankers in the inlet at  
6 this time. I feel there is a big risk for the  
7 development that we already have now and I would oppose  
8 the lease sales. At the very least, I think we should  
9 withdraw all the critical habitat areas. There's been a  
10 lot of talk about why would the government do this. I  
11 find it particularly upsetting that Mr. Bush campaigned  
12 in complete denial of global, climate change and how he  
13 has turned tail and admitted that it exists but that  
14 there's little we can do. Well, we can certainly  
15 recommend that we don't exacerbate the problem in such a  
16 pristine, beautiful place by drilling for additional oil  
17 here.

18 I am also most disappointed that Dick  
19 Cheney will not comply with the general accounting office  
20 request to release the names of who were present at  
21 national energy policy meetings and I hope there is some  
22 integrity in Gale Norton that would explain to us why  
23 this is a good decision because it sounds to me and to  
24 many of the people in this area like a very bad decision.  
25 I found it most upsetting recently in the news that we

00151

1 don't even know who was at our national energy policy  
2 meetings. I find that unconscionable in a democratic  
3 society. If he's proud of who was there, he should tell  
4 us. If he's ashamed of who was there, I'd like to know  
5 that too. But the fact that we will not know is most  
6 upsetting to me. That's enough.

7 Thank you.

8 (Applause)

9 MR. SHAVELSON: Thank you for coming here  
10 tonight. My name is Bob Shavelson. I'm the executive  
11 director of Cook Inlet Keeper. The Keeper is a non-  
12 profit organization with members throughout this  
13 watershed and in various parts of the United States and  
14 our purpose is protecting this area and the life it  
15 sustains.

16 I guess I'd first like to touch on  
17 something that really hasn't come up tonight but it's  
18 been in my mind and I think a lot of people's mind and  
19 that's our imminent war with Iraq. This is a war that's  
20 not supported by a majority of Americans even though many  
21 Americans will die. It is a war that's being waged by a  
22 president who was not elected by a majority of Americans  
23 but instead seated by a special, one-time only ruling  
24 from our U.S. Supreme Court. The word is we have to go  
25 in quickly because it's going to get too hot in the Iraq



00153

1 away from them because I was in the bathroom talking to  
2 one of our volunteers and I was so impressed with the  
3 testimony of the high school kids and I said to him, gee,  
4 when I was in high school, I'd be happy if I could cram a  
5 couple sentences into a paragraph and I heard someone say  
6 you still can, I read your comments from the last lease  
7 sale. And I looked over and it was the representative  
8 from the Minerals Management Service.

9                   You know, I like a good joke, but at the  
10 same time it got me thinking. As I came out here, I  
11 thought, gee, I spent four years on a biology degree and  
12 I spent three years on a law degree and I may not be the  
13 sharpest tool in the shed, but I put some time into this  
14 stuff and probably more time than most people had the  
15 luxury of having in this area, so I probably know it  
16 better than most people. When I read the EIS, I find it  
17 dense and confusing and convoluted and vague and biased  
18 and if I had a problem with that, I wonder what the  
19 general public had. Then I remember the words of Tom  
20 Evans from Nanwalek and he said that his people were not  
21 smart enough to understand the EIS.

22                   I know Tom very well and I know the  
23 people from Nanwalek and I know they're very intelligent  
24 people, but they cannot digest the technical prose that  
25 you find in this EIS and I think a number of people,

00154

1 including Mr. Mackin, pointed out scientific deficiencies  
2 there. I think unless there are marked improvements to  
3 the EIS it is legally a fraud and I think there will be a  
4 challenge to it.

5 I do want to touch real quick on -- you  
6 know, we've heard so much about industry practices in  
7 Cook Inlet and why, but when we're talking about the  
8 industry dumping toxins in Cook Inlet, we know they  
9 have the technology not to, but they make a choice, an  
10 economic choice not to because it's cheaper to spread  
11 that cost across the public throughout our resources,  
12 including our fisheries.

13 The same has to do with tug escorts.  
14 We've heard about the tractor tugs in Prince William  
15 Sound and state of the art navigational systems, but we  
16 don't see those in Cook Inlet because it would add a cost  
17 to corporations and that cost would cut into CEO  
18 compensation and shareholder returns.

19 Probably the most dramatic example I've  
20 seen recently was Unocal, who, for several years, has had  
21 one foot out the door in Cook Inlet and continues to  
22 exact concessions from the state government, essentially  
23 economic bribery. Several months ago Unocal laid off or  
24 relocated over 70 employees. And it wasn't so much that  
25 they did that because we see corporations do that all the

00155

1 time, but the fact was in a press release they came out  
2 and flatly declared the reason they were doing it and  
3 that was to increase their profits. That is such an  
4 immense outrage, yet not one local politician stood up  
5 and said, hey, what is your commitment to our local  
6 community. The answer there is not because the corporate  
7 duty, the private interest, is only to the corporation.  
8 There is no interest in the local community and that is  
9 why we look to you as our trustees and steward of our  
10 publicly-owned resources to make the best decisions that  
11 are going to benefit all of us in the long run.

12                   I could go on, but I won't, but I do have  
13 one final quote I'd like to read and it's one of my  
14 favorite quotes. I have to put it into context because  
15 it occurred in the later years of the Civil War when the  
16 Union had issued millions of dollars in bonds for  
17 ammunitions and food and clothing. As a result of all  
18 this confusion, we started to see some of the earliest  
19 accumulations of wealth in this country. Possibly our  
20 greatest president, Abraham Lincoln, went and he looked  
21 at the battlefield and he didn't see the rebel army, he  
22 didn't see soldiers, but what he saw I'll describe here.

23                   He writes: I see in the near future a  
24 crisis approaching that unnerves me and causes me to  
25 tremble for the safety of my country. Corporations have

00156

1 been enthroned and an era of corruption in high places  
2 will follow. The money power of the country will  
3 endeavor to prolong its reign by working upon prejudices  
4 of the people until all wealth is aggregated in a few  
5 hands and the republic is destroyed.

6 Thank you again for coming.

7 (Applause)

8 MR. GRISWOLD: My name is Frank Griswold.  
9 I'm a 26-year resident of Homer. I'm a commercial  
10 fisherman and mechanic. I, too, participated in the 1990  
11 or 1989 oil spill cleanup. I was stationed in Chrome  
12 Bay. I hope I don't have to go back there. I'm really  
13 glad to see all the youngsters participating tonight. It  
14 gives me great hope for the future.

15 I think this is a very cleverly crafted  
16 proposal. It repackages a formerly rejected oil lease  
17 sale and presents it as a gas lease sale designed to meet  
18 some fictional local demand for energy. But, in  
19 addition to gas, it remains an oil lease sale. Now, this  
20 may be a small community, but we're not stupid. We can  
21 tell that the EIS is biased for oil. The EIS anticipates  
22 a best case scenario and not a worst case scenario. This  
23 is not only invalid, but it's irresponsible.

24 In response to the not-in-my-back-yard  
25 argument, I feel we all have a duty to take care of our

00157

1 back yards. Some back yards may be suitable for oil and  
2 gas exploration and some are not. Our spectacular back  
3 yard is not. I am willing to suffer and enjoy the  
4 consequences of losing oil and gas business.

5                                   Many years ago country singer Eddie  
6 Rabbit had a hit song. In this song he questioned how  
7 other things of worldly value compared to love. He  
8 asked, what about money, can't hold it, gold, it's cold  
9 and don't keep you warm at night, what about power, it's  
10 lonely, mink, it only shines in the spotlight. Okay,  
11 I've dated myself here, but Eddie Rabbit's conclusion  
12 became the title of his song There's Nothing Like Love.  
13 This proposed lease sale is all about money and power.  
14 Most of the testimony you've heard tonight represents the  
15 love that many of us feel for Cook Inlet and the  
16 lifestyles that its robust ecosystem has allowed us all  
17 to enjoy. If Eddie Rabbit were here tonight, I think he  
18 too would oppose Lease Sales 191 and 199. Thanks.

19                                   (Applause)

20                                   MR. MCGUIRE: My name is Mike McGuire and  
21 I'm sure everybody is glad that we're on the last name on  
22 the list, but the work is not done, I'm sure. Thank you  
23 all for coming and I'm really glad that he sang because I  
24 wanted a true representation of Homer and without the  
25 arts, I was thinking I had to come up with some rap song

00158

1 or something like that. I'm glad I don't have to do  
2 that.

3 I've listened from the beginning when you  
4 started talking about riding your bike to work. I ride  
5 my bike to work. I open a coffee shop at 5:00 in the  
6 morning, so I'm one of the first people on the road and I  
7 ride down East End Road, so thank you for riding your  
8 bike. Let's hope that we provide more of a framework for  
9 future generations to ride their bikes or use some  
10 alternative way of transportation.

11 I know we're alternative energy and dah,  
12 dah, dah. I don't know if you guys -- MMS, Minerals  
13 Management. I'm not sure -- like I know in  
14 pharmaceuticals they can't control some natural  
15 substances, so they don't make them legal or available.  
16 So I wonder if we haven't learned how to -- what's the  
17 word, exploit, no, control, oh, geez. Sun, wind, water.  
18 Hard to really get a handle on. But we want to think of  
19 some solutions here, right? That's your job, to manage  
20 our mineral resources.

21 Keep them intact. That's the best  
22 management of them currently. Why don't we put -- what's  
23 your budget. I don't know. Well, California energy  
24 crisis. Let's see. They made it available for people to  
25 install alternative energy in their homes. And, let's

00159

1 see, if your electric bill was \$70, they gave you a loan  
2 that you had to pay back. You guys could make interest.  
3 This is in your best interest and you are our  
4 representatives. You're our human element. Thank you so  
5 much for coming. This is our chance. You are our human  
6 element. You're going to go back, just like we get to  
7 talk to you face to face, not e-mail. We get to talk to  
8 you and you can bring this passion, this love, this life,  
9 seven genera -- seven generations. That's three previous  
10 -- live with respect to the three previous, the current  
11 and the three future generations. That's a duty as  
12 humans on this planet. That's your duty and you need to  
13 convey that to those that are going to make decisions  
14 about our resources. That's your job.

15                   Okay, back to your job. Do you want to  
16 keep your job? Do you want to make money? Well, give us  
17 loans, charge us interest. All the money that you spend  
18 on oil/gas exploration, make the framework happen. It's  
19 easy. It's profitable. You want to create jobs? All  
20 right. So oil industry creates -- let's see, how many  
21 people in this room paid the oil industry in the last  
22 week? How many got a check from them? And the few who  
23 do get checks from the oil company, they make almost as  
24 much as professional athletes. It's ridiculous. So they  
25 make a lot of money. No, let's have a million people

00160

1 installing alternative energy frames. How many jobs does  
2 that -- let's say they only make 150,000 a year instead  
3 of 1.5 million or whatever they want to be able to live  
4 simply and sustainably so that their children have the  
5 opportunity to do the same and their children have the  
6 opportunity to do the same.

7                   You are our connection. You're it.  
8 You're going to go back to Washington. Yeah, none of  
9 this all matters. But, you know what, it does matter  
10 because this is why this all happened. This is why this  
11 came to be, so that you guys could come here, experience  
12 this. You all love your experience out there. This has  
13 been hard for us all. You know, I was up at 5:00 and I  
14 have to get up at 5:00 and ride my bike again to work  
15 tomorrow morning. But you guys had a good experience.  
16 Every one of you said it in your opening statement. You  
17 enjoyed the view here. Think short term, long term.  
18 Like I run a business. You have to take those into  
19 account.

20                   You have to take logic into account, but  
21 you have to do what's right. You have to listen.  
22 Please, you are our connection to the people that are  
23 making the decision. If you can convey the passion, love  
24 and intensity that we have conveyed here to the people  
25 that are making the decisions, something positive might

00161

1 happen and then you, your children's children, their  
2 children, everyone on this planet will be rewarded.  
3 Thank you for being here. Come back any time. I'm sorry  
4 I couldn't get you all fresh salmon. I've been working  
5 since 5:00. I love you all.

6 Thank you.

7 (Applause)

8 HEARING OFFICER GOLL: That was the end  
9 of the list. We'll ask if we missed anybody or if  
10 anybody had any final comments.

11 MS. ESPENSHADE: Do we have to be on the  
12 list.

13 HEARING OFFICER GOLL: No, but you have  
14 to give us your name and spelling.

15 MS. ESPENSHADE: My name is Ginny  
16 Espenshade. I first came to Homer in 1982. There's just  
17 two things I wanted to say. I haven't been here all  
18 night. I had two other meetings. What struck me first is  
19 any issue in Homer that you have 96 percent agreement is  
20 amazing. In the middle of January, it's damn near  
21 impossible. So when you take that back, you may not know  
22 that about this town, but any of us who live here know  
23 and sometimes we like it, but sometimes it gets old.

24 The other point I wanted to tell you  
25 about, that table of young people over there, those kids

00162

1 walk their talk. They started recycling papers in this  
2 school, they physically collect the paper, they got the  
3 borough to bring plastic recycling to the school, they  
4 walk their talk. They give their own time. They meet on  
5 Sunday afternoons and they schedule it around all their  
6 other commitments. They're the hope for all of our  
7 dreams for alternative energy. If you don't listen to  
8 anybody in this room, please listen to what they said and  
9 understand that they are the stewards of these resources.  
10 It's not my back yard, it's theirs.

11 Thank you.

12 (Applause)

13 HEARING OFFICER GOLL: It's just about  
14 midnight. We told the school that we would probably try  
15 to close by this time, but any others in five minutes?

16 MR. TENHOFF: Hi. My name is Zeke  
17 Tenhoff and I'm a high school student here in Homer and I  
18 think that me, along with most of the people in Homer and  
19 my peers, I'm against corporate oil development, but I  
20 also think that in moving our oil development up to  
21 places like northern Alaska and ANWR and the North Slope  
22 and northern Saudi Arabia, we're just pushing it away and  
23 hiding it and in doing that we're not instigating any  
24 kind of change because it's not in our faces.

25 For instance, after Exxon Valdez, there

00163

1 was just a rush of people against oil development and  
2 against oil, but I kind of see that slowing down, even  
3 though I haven't really -- it just isn't that passionate  
4 anymore. I think that I am actually at this point in  
5 favor of putting oil rigs in the bay because I think if  
6 we put it in front of our faces, then it's going to give  
7 us motivation, initiative to change it. I don't think  
8 that there can be any change, any instigation of any  
9 change if it's just hidden away in the back corner. Even  
10 though Homer is a really beautiful place and it would be  
11 nice to preserve it for future generations, I think if we  
12 move oil development right in here and crash tankers and  
13 anialated it that it would alert the world that this  
14 actually really is a problem because, obviously, there's  
15 so much corporate influence on government and the media  
16 that they're telling people that things like global  
17 warming and emissions are not significant even when  
18 there's farmers -- you know, herd animals down in South  
19 America are getting tumors and cancers on their backs  
20 because of the radiation coming through the ozone.

21 I think that, yeah, we just -- even  
22 though it really is degrading to the environment, maybe  
23 it would be a good idea to take one for the team and just  
24 show the world that it really is bad, another disaster.  
25 Maybe catastrophe and strife is really necessary to see

00164

1 any change at all. Thanks.

2 (Applause)

3 MR. FORBES: I'll try and be quick. My  
4 name is Cameron Forbes. I've lived in Homer for about  
5 nine years now. I had an interesting experience this  
6 summer. This is apropos of the statement and belief that  
7 our resources could be developed safely here in the  
8 inlet.

9 I was a deckhand on a vessel during a  
10 CISPRI -- that's Cook Inlet Spill Response -- drill out  
11 here in the bay and we had a really good time. We got to  
12 meet some folks who came down from Kenai whose salaries  
13 were paid by the oil industry. They were dedicated,  
14 interested, very friendly people, enthusiastic and really  
15 fun to work with. They brought down most of the  
16 equipment that they'd been provided by the industry to  
17 combat an oil spill as it approaches beaches here and we  
18 got to practice working with it and applying it. It was  
19 an interesting experience. We got to exercise  
20 creativity, ingenuity, trying to figure out how to  
21 account for missing parts, how to make mismatched  
22 components match each other and work despite the fact  
23 that they had been designed in ways that wouldn't work  
24 and we ended up being able to deploy the equipment  
25 finally and make it functional the way it was supposed

00165

1 to. This was on a summer day with no wind, glass-smooth  
2 waters and moderate tides.

3                               So, if it was the equipment and the  
4 infrastructure that I worked with this summer that  
5 informs your belief that development and response to  
6 potential spills can be conducted safely in the bay, then  
7 I'd like to offer this experience as a little anecdote to  
8 show that maybe some of the provisions that have been  
9 made to protect Cook Inlet and Kachemak Bay from the  
10 effects of the spill are not sufficient. If the industry  
11 that wants to come in here to Cook Inlet and Kachemak Bay  
12 can do no better than to provide some of the equipment  
13 that they provided us, which was fun stuff to work with,  
14 but if that's the best they can do, then I think they  
15 better go back to the drawing board.

16                               I wanted to say that, additionally, you  
17 also said one of the mandates of the Minerals Management  
18 Service is to investigate and potentially develop  
19 alternative energy sources. Some of the qualities of  
20 Kachemak Bay and Cook Inlet that make it particularly  
21 unsuited for oil and gas development, that is it's  
22 weather, wind, wave action, tidal range, make it ideally  
23 suited to exploring some of these alternative energy  
24 sources. We do have fantastic tides, currents, wind. If  
25 Minerals Management would like to come back in its

00166

1 capacity as developer and explorer of alternative  
2 energies and hold a comment period in Homer and see if  
3 there's any support for that kind of activity under your  
4 mandate, I think you might find quite a few willing  
5 participants and the same kind of turnout in support of  
6 your mission. So that's all I'd like to say. I'd like  
7 to see both of your faces, not only your oil industry  
8 hat. And I do not support the proposed oil and gas Lease  
9 Sales for 191 and 199 in lower Cook Inlet. Thanks.

10 HEARING OFFICER GOLL: I think since it  
11 is midnight and everybody has -- the final survivors. We  
12 very much appreciate you all being here. We did enjoy  
13 it. I don't know if you believe that, but, yes, we did.  
14 We were over in Seldovia earlier this week and had toured  
15 around a bit and, yes, we'll be heading up the peninsula  
16 later in the week, but our job is to relay this  
17 information and what we heard and the sense we got to our  
18 managers, the people above us. Again, Renee is from  
19 Washington, so she will be seeing people face to face. I  
20 still have to deal by e-mail and the phone. Thank you  
21 again for all coming and your hospitality. We did enjoy  
22 it and appreciate it.

23 Thank you.

24 (Off record)

25 (END OF PROCEEDINGS)

00167

1 C E R T I F I C A T E

2 UNITED STATES OF AMERICA)  
3 )ss.  
4 STATE OF ALASKA )

5 I, Joseph P. Kolasinski, Notary Public in and for  
6 the state of Alaska, and reporter for Computer Matrix  
7 Court Reporters, LLC, do hereby certify:

8 THAT the foregoing Mineral Management Service  
9 Hearing was electronically recorded by Salena Hile on the  
10 23rd day of January 2003, at Homer, Alaska;

11 That this hearing was recorded electronically and  
12 thereafter transcribed under my direction and reduced to  
13 print;

14 That the foregoing is a full, complete, and true  
15 record of said testimony.

16 I further certify that I am not a relative, nor  
17 employee, nor attorney, nor of counsel of any of the  
18 parties to the foregoing matter, nor in any way  
19 interested in the outcome of the matter therein named.

20 IN WITNESS WHEREOF, I have hereunto set my hand and  
21 affixed my seal this 17th day of February 2003.

22 \_\_\_\_\_  
23 Joseph P. Kolasinski  
24 Notary Public in and for Alaska  
25 My Commission Expires: 4/17/04 \_

00001

1 OFFICIAL TRANSCRIPT - PUBLIC HEARING KENAI

2

3 MINERALS MANAGEMENT OFFICE

4

5 January 25, 2003

6

7 DRAFT ENVIRONMENTAL IMPACT STATEMENT

8 FOR COOK INLET PLANNING AREA

9 OIL AND GAS LEASE SALES 191 AND 199

00002

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

2 (Kenai, Alaska - 1/25/2003)

3 HEARING OFFICER GOLL: Good morning. My  
4 name is John Goll and I'm the Regional Director with the  
5 Minerals Management Service, and I think probably at this  
6 hearing today we'll have people coming and going and so  
7 we thought we would definitely start on time. Some  
8 places like to wait until everybody comes.

9 But our purpose, again, here today is to  
10 get comments on our Draft Environmental Impact Statement  
11 for two sales in the Cook Inlet. Before we start one  
12 familiar thing I've seen done by other groups is just to  
13 have a real quick safety minute of where the exits are in  
14 case we need to, I guess out this door and out this door,  
15 you all are more familiar with this place than we are so  
16 we'll follow you out if there's an earthquake or whatever  
17 happens, we'll follow your lead. As I mentioned, again,  
18 we are asking for comment on a Draft Environmental Impact  
19 Statement that we've prepared and copies are available on  
20 paper, on CD disk, on our web site and information,  
21 again, is at the table with regard to that.

22 We're proposing two sales in the Federal  
23 portion of Cook Inlet which is the waters three miles and  
24 beyond from shore. The first one is proposed for May of  
25 2004 and the second would be two years later in 2006.

00003

1                   Why are we doing this sale? Well, every  
2 five years the Department of Interior has to put  
3 together, under the law that we operate, the Outer  
4 Continental Shelf Lands Act, a plan for oil and gas in  
5 the nations offshore areas. And what we were seeing up  
6 here, a lot of the meetings that I have been attending  
7 and others, was there seemed to be, again, a concern in  
8 this area with regard to natural gas supplies, oil  
9 supplies, things of that nature. And so we know there  
10 are searches for oil and gas onshore, also in State  
11 waters, but if those areas are not of -- supplies are not  
12 sufficient in those areas, we also foresee that there  
13 could be good quantities of oil and gas in the Federal  
14 portion of Cook Inlet, so we wanted that option to be  
15 available if people wanted to take advantage of it. So  
16 we really see this as more of what we call a local sale,  
17 that is, the product would probably be used more locally  
18 here in Southcentral Alaska, some of the industries here  
19 for heating homes, electricity, things of that nature  
20 versus the traditional sales that we have, for example,  
21 in the Gulf of Mexico where it really ends up all across  
22 the country.

23                   Some of the issues that we heard, about a  
24 year or so ago we started the process of going around and  
25 talking throughout communities with some of the Native

00004

1 tribal councils, comments in writing and in talking to  
2 people, and some of the issues that we heard and that we  
3 tried to evaluate within the document centered on water  
4 quality and discharges, subsistence, habitat disturbance,  
5 accidental spills, commercial and recreational fishing,  
6 some of the social and economic effects including visual  
7 effects. Economic effects included jobs and other things  
8 that people were concerned about.

9                   There was also, with regard to the sale  
10 that we held five years ago, the Kenai Borough and the  
11 two neighboring boroughs came up with what is called the  
12 tri-borough agreement and we also started with that as  
13 some of the issues that we knew we would need to address.  
14 And that included not having any production sent out by  
15 tankers, making sure that any conflicts fishing gear  
16 conflicts would be taken care of, spill prevention and  
17 planning was thoroughly available to identify critical  
18 habitat and revenue sharing. And I think, again, we  
19 tried to address all of those. The first four we have  
20 some control about, the fifth one, revenue sharing really  
21 takes an Act of Congress. There was an effort a couple  
22 of years ago, if you were familiar with it, the CARA  
23 Legislation, that got through in a minor way and whether,  
24 again, I know the State of Louisiana and some of the ones  
25 in the Gulf and other places around the country are still

00005

1 interested in trying to pursue that in the future.

2                   What we tried to do with regard to these  
3 issues is, of course, to look at the recent research that  
4 has been going on over the last 10 years or more, and for  
5 example on some of the water quality issues, the zero  
6 discharge, the health effects with regard to the fish and  
7 such we tried to summarize within these documents what  
8 that research was saying and what it means. And of  
9 course, we're looking for comment on that, whether we  
10 think we got it right or not, to get people's views.  
11 Essentially we did not see too many effects from the  
12 activity that has been there and from the research. It's  
13 showing fairly minimal. Part of that is because of the  
14 dynamics of Cook Inlet.

15                   We are also evaluating several, what we  
16 call stipulations, within the -- that we might attach to  
17 the sales. That, again, goes to prevent conflict with  
18 the fisheries, such that companies would have to  
19 coordinate with the fishing community. Protection of  
20 biological resources. An orientation program for  
21 workers, so that all workers on any offshore platform or  
22 exploration vessel would be familiar with what was  
23 important to the communities with regard to subsistence,  
24 fishing, the culture, the do's and don't's, again, of  
25 working in this community. And also to encourage the use

00006

1 of pipelines rather than tankering, again, to address the  
2 tri-borough agreement. We also list, within these  
3 documents what we refer to as information to lessees.  
4 And they are more of a summary of all the other  
5 requirements that we, and other agencies, put on the  
6 industry. For example, with regard to marine mammals,  
7 companies have to follow the Marine Mammal Protection  
8 Act. We have to consult with Fish and Wildlife Service,  
9 National Marine Fisheries Service with regard to  
10 endangered species. We require, and the state of Alaska  
11 requires very specific oil spill contingency plans based  
12 on where the activity actually would occur, to make sure  
13 that there's sufficient equipment and that they know  
14 where the key areas to protect if a spill were to occur.  
15 EPA is responsible for drilling discharges. And we put  
16 people on notice that they're going through, again, a new  
17 process to look at the permits here in Cook Inlet. And,  
18 of course, one of those and one of the issues that we're  
19 hearing from people is the request for zero discharge and  
20 I believe, again, they will be evaluating that issue.

21                   And, of course, MMS, we have an extensive  
22 rule system be it for oil, gas, pipelines that goes into  
23 very detailed requirements with regard to engineering  
24 using national standards that are set, oil spill  
25 contingency plans and such.

00007

1                   We are also reviewing two possible, what  
2 we call deferrals from this sale, that is, areas that  
3 we're considering we might take out. That decision has  
4 not been made but we're looking at the two areas. One is  
5 off the southern area of the Peninsula. There's a map  
6 back here on the wall, off of Port Graham, Nanwalek,  
7 Seldovia, that area. When we went around and visited  
8 those communities and others, there was some concern  
9 about subsistence and so that deferral area is what we're  
10 looking at connected again with those issues.

11                   A second area is an area around the  
12 Barren Islands and the southern entrances into Cook  
13 Inlet, which are trying to address a lot of the marine  
14 mammals in that area, seals, whales, endangered species  
15 and what, again, we've been told about the currents and  
16 the weather, the ocean down in that area.

17                   We also did include from the sale,  
18 through our five year planning process, Shelikof Strait.  
19 So this sale goes as south to the entrance of Shelikof  
20 but it does not go into Shelikof Strait itself.

21                   What do we foresee happening if this sale  
22 goes forward? In the past, we, I guess, overestimated  
23 the results of many of our sales here in Alaska. We  
24 tried to really take a much more realistic look and we  
25 foresee as a result of these two sales, it, again, would

00008

1 be sort of the pioneers getting back into the ocean here.  
2 And resulting in probably a limited amount of exploration  
3 and development initially to see, again, are there the  
4 resources out there that, you know, the geologist think  
5 that there might be. As a result of these two sales we  
6 see, you know, maybe one platform going in at some time.  
7 It's really, you know, what would need to happen first is  
8 to get a drill ship and then it's the logistics of how  
9 many areas such a ship could drill, and that would only  
10 be perhaps a couple wells a year, and to be able to  
11 delineate here, again, we see that probably being a  
12 longer term kind of project. But what this would do,  
13 again, it would be back to test. Are there resources  
14 that are economically developable here in Cook Inlet,  
15 both from an oil and gas standpoint.

16                   We were hearing more, though, with regard  
17 to the natural gas issue. And the last wells that were  
18 drilled here were I think in about 1984 and at that time  
19 people were looking for oil. But these days, again, what  
20 we're hearing more is the need for natural gas, again,  
21 for some of the industries in this area and the need for  
22 Southcentral Alaska, primarily natural gas is one of the  
23 fuels, of course, that we use. So it could be oil, it  
24 could be natural gas that people, again, might be  
25 searching for.

00009

1                               What would happen, again, if a company --  
2 let's say if we do go ahead with the sale in May of 2004,  
3 we go through what we call a fair market value  
4 determination to make sure that companies bid  
5 sufficiently such that the government is getting its fair  
6 share. If there are multiple bids on a tract, three or  
7 more, then we let the competition take care of itself.  
8 But if there's not, then we also do an independent  
9 review. If companies are successful in getting leases  
10 then, of course, they go into the exploration phase. And  
11 at that time we also go through a full review of what  
12 they're planning. That includes an environmental review,  
13 most likely an environmental assessment. And the company  
14 also has to submit that for Coastal Zone Consistency. If  
15 they go out and find something, then at that time they  
16 would also have to present to us and to other agencies a  
17 development plan. And probably for the first one up  
18 here, that might more likely be an Environmental Impact  
19 Statement, even though that's not a requirement by law,  
20 you really look at what the issues are. We, again, would  
21 have to reevaluate the engineering, the technical side,  
22 is the platform that they're proposing, is it sufficient  
23 for the waters that they're developing. You know, we  
24 know there are earthquakes, volcanos, rough seas here, we  
25 would want to make sure that the design is well done.

00010

1 And it has to also, again, go through Coastal Zone  
2 Consistency with the State. Other agencies are involved,  
3 the Coast Guard, the Environmental Protection Agency, the  
4 State of Alaska, you know, with regard to different parts  
5 of the plan.

6                               This is our last public hearing. We've  
7 been this week, Tuesday we were in Seldovia, let's see  
8 Thursday night we were in Homer, today we're here. We  
9 had a hearing in Anchorage last week. Tuesday, I believe  
10 it is, we have a phone-in period for communities,  
11 especially that were not able to come to hearings. The  
12 public comment period, there's information on the table,  
13 closes on February 11th. We invite you to comment today  
14 in person, but if you would rather not and send in  
15 comments there's several ways to do that, one, of course,  
16 by letter; second e-mail, we have an e-mail address; and  
17 like I mentioned there is the phone-in next week.

18                               So maybe I'll first ask if there's any  
19 questions that we can answer?

20                               (Question and answer session)

21                               I introduced myself, I'm John Goll, the  
22 Regional Director. My office is in Anchorage, with our  
23 staff. And we also have Renee Orr with us who is from  
24 our Headquarter's Office. She's head of the leasing  
25 division, so we're glad that Renee came up because we

00011

1 have to prepare all the paper here, do all the  
2 evaluation, come to conclusions that we then forward to  
3 Renee's office and she gets to work with the people that  
4 are actually making the decisions back there. So, you  
5 know, some of the summaries of things -- all of this, of  
6 course, the Secretary and others can't read so that all  
7 gets -- we try to limit it down to what the real key  
8 issues are. And some of the issues will be with regard  
9 to the stipulations that I mentioned. The deferral  
10 areas, whether to take those out or to leave them in.  
11 Issues such as that.

12                   Albert Barros, who is our community  
13 liaison. He, actually, I want to just mention, was the  
14 Federal employee of the year for Alaska two years ago.  
15 He helped to put together some of the government-to-  
16 government policies for the Department of the Interior  
17 with regarding the meetings with tribes, and we all are  
18 working with that, you know, as we can.

19                   Jim Lima there has maybe the hardest job  
20 of all, he was the coordinator of putting together this  
21 Environmental Impact Statement. Both Jim and Albert are  
22 from Anchorage, our office there.

23                   And then, Salena Hile, in a sense the  
24 most important person, she does not work for MMS, but  
25 she's the key person at this because she's responsible

00012

1 for making sure she gets all the words that we hear from  
2 you today. So if she tells you to do something, please  
3 do it.

4 Is there any other questions before we  
5 begin?

6 (Question and answer session)

7 HEARING OFFICER GOLL: Again, what we  
8 would like to do, again, because of the number of people,  
9 if you could try to limit your testimony to about five  
10 minutes or so. If there's time later on, you know,  
11 again, depending on how people come and go we may also go  
12 off the record periodically to, you know, have discussion  
13 if that's helpful to people.

14 (Question and answer session)

15 HEARING OFFICER GOLL: I think we'll go  
16 ahead and get started now if there are no other  
17 questions.

18 MS. ORR: I'll just read down the list.  
19 The first is Bruce Passe. And then after Bruce it will  
20 be Dan Ungrue and Gloria Ungrue.

21 MS. UNGRUE: Oh, no, I'm not speaking.

22 MS. ORR: Oh, okay.

23 HEARING OFFICER GOLL: All right.

24 MS. ORR: All right, you don't have to.

25 HEARING OFFICER GOLL: If we have your

00013

1 name down that's fine.

2 MR. PASSE: Hi. My name is Bruce Passe.  
3 And I'm in favor of the lease sale. Most of the reasons  
4 Mr. Goll already mentioned, our community needs the  
5 resources, they need the jobs. We're in a big decline  
6 right now, no oil and gas industry locally. And our  
7 community is going to feel it, whether you're related to  
8 the oil and gas industry or not, there's a trickle down  
9 effect, it's going to affect everybody that lives on the  
10 Kenai Peninsula.

11 I'm not opposed to Alternatives 3 and 4, I  
12 think they're a good compromise. There's a lot of people  
13 on the Kenai Peninsula that are against drilling in those  
14 areas. They are very sensitive, and I think it's the  
15 least potential area to find oil and gas in these sales.

16 I think there's a lot of people here that  
17 I know personally that right now their jobs are affected  
18 due to the lack of gas. We need it for our community.  
19 Most of those jobs are well paid jobs and if they go  
20 away, once again the trickle down effect, it's going to  
21 affect everybody in the community.

22 Thank you.

23 MS. ORR: And after Dan will be Roland  
24 Maw and then Dale Bagely -- oh, no, John Williams.

25 MR. UNGRUE: My name is Dan Ungrue from

00014

1 Kenai. Glad to see you guys made it back alive from the  
2 Homer meeting. I'm in favor of the lease sales.

3                         Several things, I'd like to thank our  
4 Mayor, John Williams, he predicted we'd be in this  
5 situation 10 years ago. And we are in that situation.  
6 Like Bruce said, the Kenai is a resource industry town.  
7 The Peninsula is resource industry and the state of  
8 Alaska is resource industry. Unfortunately down here,  
9 resources haven't been developed to the effect that is  
10 now affecting us. I think the plan -- our plants are  
11 running at 60 percent capacity, 30 percent of the oil  
12 industry jobs are going away. We used to employ  
13 fishermen in their off season. This year here very few  
14 fishermen are employed. I think the fishermen will speak  
15 about how the oil industry does its job, we have very  
16 good neighbors. Forest Oil came in and did a dynamite  
17 job on the platform they put in with no environmental  
18 impact. They're the first ones to have zero water  
19 discharge. Our other neighbors, Unocal, has been a good  
20 neighbor throughout the years. Cross Timbers, they all  
21 care about the environment.

22                         And any hand that works in the oil  
23 industry, the reason they're living up here in Alaska is  
24 because it's a beautiful place to live and the oil people  
25 do care about the environment.

00015

1                   That's one thing that kind of offset me  
2 at the Homer meeting, is the fact that there was a lot of  
3 people who spoke out against the oil industry that really  
4 don't know the oil industry. They really don't know the  
5 good jobs that they do and the technology that's involved  
6 in producing oil without any spills or mishaps or any  
7 harm to the environment whatsoever. I think that's our  
8 job, as a community, you know, here we are, we're  
9 involved with the oil industry and yet 80 miles down the  
10 road there's a community that gets a lot of  
11 misinformation. I sat there and listened to how 600,000  
12 tons of oil pollutants go into the Inlet every year,  
13 totally untrue. You know, at the hearing they kept  
14 hounding about the spillage and leaks and all that, yet,  
15 there's been no study that proves that the Cook Inlet  
16 industry has had any affect on the Cook Inlet at all,  
17 rather they've been complimented by many of the industry  
18 leaders.

19                   I pulled up a study off the internet. It  
20 was done by the Natural Research Council, an affiliate of  
21 the Natural Academy of Sciences. It was pretty  
22 interesting. And one of the things that I've learned  
23 since getting involved is a lot of the sources of  
24 petroleum in the waters off of North America is nearly  
25 180 million -- trillion liters seep from natural cracks

00016

1 in the sea floor every year. And this holds true for the  
2 Cook Inlet as well. When it comes to human sources, the  
3 study says, 85 percent of the 100 million liters comes  
4 from land-based run-off and recreational boating. Those  
5 two categories include everything from rivers polluted  
6 with oil from leaky cars that run into oceans, to  
7 airplanes that dump excess oil and gas offshore and jet-  
8 skis to small boats using old engines that were designed  
9 to dump oil and gas.

10 I did a project out at Swanson River last  
11 year. We had two mishaps. One mishap was we spilled a  
12 cup of oil out of a hose and we got reprimanded pretty  
13 good for that. The next one was we were emptying out --  
14 they wash you coveralls and clothes in special washing  
15 machines so it don't get mixed in with any waters and  
16 that's supposed to go in with the other oily water to be  
17 reclaimed and then sent back in -- be injected into the  
18 ground, and we spilled three gallons of this water on the  
19 ground and we damned near lost the contract because of  
20 it. So the industry down here is very well aware of the  
21 environment. At the meeting in Homer a lot of things  
22 came up about polluting the Inlet and a lot of things  
23 came up about the Exxon Valdez. The Exxon Valdez was a  
24 disaster and it happened 12 years ago. And one thing I  
25 would ask you people to look into because this has

00017

1 definitely affected the industry as far as, you know,  
2 people being for development of Alaska, is we've got to  
3 get that thing settled. There's people down here 12  
4 years that have, you know, are due monetary -- money from  
5 Exxon and yet Exxon has held it up. This has really hurt  
6 the industry here is that aftertaste in their mouth. It  
7 will take many years for the Exxon Valdez to -- you know  
8 for the waters down there to be fully recovered but yet  
9 if we can go ahead and get them people taken care of that  
10 would be a great help.

11                   The next thing we need to do, and this  
12 can be done locally, unfortunately the communities down  
13 south don't share in some of the natural resources that  
14 we have, such as the gas, we've enjoyed benefits of clean  
15 natural gas at a very low price ever since I've been here  
16 for 20 years, yet our own communities down south don't  
17 have that luxury. I would urge the Borough and the Mayor  
18 and us community people to get involved and see if we can  
19 get natural gas down to Homer so they can enjoy the  
20 resources. One of the main gripes I heard from many of  
21 the people in Homer is you guys get benefit from the  
22 industry, we get no benefit down here, we have to take  
23 the risk but we get very little benefit by it, so I would  
24 urge the Borough and the Mayor to get together and see if  
25 we can't get them people some gas down there. Now, there

00018

1 are some wells down there that could be developed in a  
2 hurry and probably have gas to Homer by the end of this  
3 year if we were lucky.

4 That's about all I got to say, thanks for  
5 your time, guys.

6 MS. ORR: Roland Maw.

7 MR. MAW: For the record my name is  
8 Roland Maw. I live at Kasilof, Alaska. I am currently  
9 employed by the United Cook Inlet Drift Association which  
10 is an association that represents some 585 commercial  
11 fishermen that use the upper portion of the Cook Inlet  
12 for salmon harvest. I'd like to have my testimony in two  
13 parts. One would be a reading of the prepared statement  
14 that you have in front of you and then a discussion about  
15 some issues that may lead to some questions.

16 Thank you for this opportunity to put  
17 into the public record the opinion and position of the  
18 United Cook Inlet Drift Association, UCIDA, regarding the  
19 proposed Lease Sales No. 191 and 199.

20 On behalf of the UCIDA Board of  
21 Directors, we support Lease Sales 191 and 199. This  
22 support is in recognition that for over 30 years we, as  
23 fishermen, have successfully commercially fished while  
24 many oil and gas developments have occurred both on land  
25 and in the waters of upper Cook Inlet. This support for

00019

1 the oil and gas industry is relatively new and will  
2 continue providing we have no loss of fishing area or  
3 fishing time as a result of Lease Sales 191 and 199.

4                   As you may know the commercial fishing  
5 industry in Cook Inlet directly affects the income of  
6 over a thousand families. We need to point out that  
7 there are important social, family and heritage values  
8 involved in commercial fishing. We should like and  
9 expect the Minerals Management Service and the successful  
10 lessees to create a joint management council to hear and  
11 consider our concerns as the exploration and production  
12 phases of these projects go forward. These joint  
13 management councils are to provide representatives of the  
14 commercial fishing industry a forum to participate in the  
15 decisions concerning exploration and production practices  
16 and procedures as these relate to commercial fishing.  
17 Our goal is to ensure that there is no lost fishing time  
18 or areas.

19                   UCIDA needs to draw to everyone's  
20 attention that we want to constructively participate  
21 while at the same time to ensure no net loss of habitat  
22 or environmental degradation. Unfortunately we, in the  
23 commercial fishing industry have had to deal with to  
24 rather serious and troublesome events concerning major  
25 impacts on our industry, i.e., Glacier Bay and the Exxon

00020

1 Valdez.

2                   We look forward to working with the oil  
3 and gas industry as these leases move forward. There are  
4 many commercial fishermen that are active in SERVS,  
5 CIRCAC and oil spill response programs. These oil spill  
6 response programs are necessary and provide valuable  
7 training and cleanup capacity.

8                   It is impossible for us to suggest now  
9 what we may ask to occur in either the exploration or  
10 production phases because those plans are yet to be  
11 developed. However, we do ask that a formal structure be  
12 put in place so that when plans are being made we can  
13 provide our input to the industry. That's why we expect  
14 some form of a joint management council be created. We  
15 look forward to being significantly involved in the  
16 exploration and eventual production phases of Lease Sale  
17 191 and 199.

18                   UCIDA formally supports the five issues  
19 identified in the tri-borough resolution. Sincerely,  
20 Roland Maw, Executive Director.

21                   Some of the comments I'd like to point  
22 out. As a result of 911 and the changes that occurred in  
23 our nations life as well as the life of our communities,  
24 there was some unintended consequences that affected us  
25 as the commercial fishing industry. Two I'd like to draw

00021

1 your attention to and tell you why.

2                   First the L&G tankers that go up and down  
3 the Inlet, there was a ruling made at the Federal level  
4 that no commercial fishing boats could be within one mile  
5 of those vessels as they entered and left the Inlet.  
6 Well, by the time -- and I commercial fish as some in the  
7 audience do. If we're out there fishing and we've got  
8 our nets deployed and we have a few salmon in the net, by  
9 the time the tanker arrives and you can see it on the  
10 horizon, if you start picking your gear it's virtually  
11 impossible to get out of that ships way to give them that  
12 one mile corridor because of the time it takes to get our  
13 gear out of the water and the speed of the vessel. And  
14 so what we did then was meet with the Coast Guard, we met  
15 with representatives of the industry and we worked out  
16 some alternate routes, and then we did some work  
17 internally with our own fishermen and we tried to work  
18 out an accommodation on those days and we had the  
19 schedules as to when those tankers would be coming and  
20 going out of the Inlet relative to fishing days. And  
21 that worked really well.

22                   And the other thing that happened as a  
23 result of 911 was that there was an exclusion zone put  
24 around the tank farm up on the North Kenai, well, in some  
25 years, depending upon how the salmon enter the Inlet, for

00022

1 example, this year, the salmon came to the east shore and  
2 were along the east side of the Inlet, but in some years  
3 those salmon will go up the middle rip and end up on the  
4 north beach. And sometimes those salmon pool underneath  
5 the tank farm, literally, the docks, and there's been  
6 occasions on the past where I've literally gone right up  
7 to the tankers and deployed my nets within a few feet of  
8 them. Well, now this one mile zone has really caused us  
9 a problem. We were fortunate this year but who knows  
10 what's going to happen in the future.

11                               So I'm just using those as examples. We  
12 don't know how -- where the gas and the oil's going to be  
13 found. We don't know what the production plans may or  
14 may not be in the lower Inlet. But what we're asking for  
15 is some kind of a system to be put in place so we can  
16 have some input and some participation there to try to  
17 work out the problems that are going to be there. And  
18 that's the request you see in the formal declaration  
19 about some kind of a joint management council. Now,  
20 we've worked with the Coast Guard and we've worked with  
21 the industry and it seems to be working and I think we  
22 have the genesis of that already and it seems to be  
23 working well.

24                               Okay, that's it. We're looking forward  
25 to the lease sales.

00023

1 MS. ORR: John Williams. And then Jack  
2 Dean.

3 MR. WILLIAMS: Thank you. My name is  
4 John Williams. I have the honor of being the Mayor of  
5 the city of Kenai. First of all, let me thank you all  
6 for coming down and having the public hearing here. I  
7 think you'll find that in having public hearings of this  
8 nature here in Kenai that they'll be more positive and  
9 you'll find that the oil industry has been a very  
10 accepted neighbor in our community for many years.

11 Let me back up just a little bit and go  
12 into the historical aspects of my discussion with you for  
13 a moment. By the end of my term here in Kenai, I will  
14 have lived in Kenai for 36 years and of that 36 years I  
15 will have been Mayor half of that time. I've been  
16 associated with the industry most of my life, the oil  
17 industry, in one form or another. Either as a  
18 construction worker in the industry or as a teacher in  
19 complimenting the industry. The industry itself has  
20 been, not only friendly to this community but giving to  
21 this community for its entire history that it's been  
22 here. Its leaders, the people that work in the industry  
23 and the people that lead the industry have taken an  
24 active part in this community, they've been members of  
25 our government, members of our Chamber of Commerce,

00024

1 members of virtually every board of directors of every  
2 non-profit organization that has been derived here in the  
3 area. So the industry itself has leant a tremendous  
4 amount of support to the growth and development of our  
5 area.

6 I'll talk about the growth and  
7 development of the area for just a moment. When I first  
8 moved to the Kenai area, the entire Peninsula had a  
9 population of about 12,000 people, but today as we know  
10 we have a population of about 50,000 people. At that  
11 time we had one high school here, Kenai Central High  
12 School was located just down the road from us. Since  
13 that time we have built three other high schools just to  
14 accommodate the children of many of the workers that work  
15 in the industry and children of those who have come to  
16 live here on the Kenai Peninsula because of its beauty,  
17 because of its pristine wilderness, if you will, and  
18 because of the things that the community has to offer.  
19 Those schools are operated in big part, evolved in big  
20 part and continue to function in big part due to the  
21 industry.

22 I won't address the industry as a tax-  
23 base to the Borough because the Borough Mayor will  
24 probably be here to do that a little later.

25 But I will address the industry as a tax-



00026

1 living here, it enjoys working here and in no small part,  
2 it enjoys a tremendous relationship with the industry.  
3 I'm sure that's going to continue.

4                               To the aspects of safety within the  
5 industry. As I've said I've a lot of experience in the  
6 industry, worked in the industry for many years, taught  
7 with the University of Alaska as an instructor in  
8 petroleum technology for many years, for some 17 years  
9 and so I had the opportunity to not only work in the  
10 plants but visit virtually every facility on this entire  
11 Peninsula and, of course, facilities in Prudhoe Bay and  
12 other parts of the country as well. And I've had the  
13 opportunity to compare safety practices and good working  
14 practices not only here in the Cook Inlet but from the  
15 facilities here I've been able to compare them with  
16 facilities in other areas. And I really have to say that  
17 our practices, our safety practices here, our work habits  
18 and the way in which we maintain our industry is second  
19 to none. We have a good organization here. No doubt  
20 about it. I've been on virtually every platform and in  
21 every facility and I know how they function and how they  
22 work.

23                               With regards to other issues in the area  
24 of safety and operation. I don't think that you're going  
25 to find the industry at any time working in a manner that

00027

1 would jeopardize itself when it comes to good practices  
2 and production and good operations.

3                   The City Council has always supported the  
4 industry and I think I speak on behalf of our entire city  
5 council when I say that we support this lease sale. We  
6 support the lease sale for many reasons, least of which  
7 is that we need the natural resource to continue the  
8 industry.

9                   As Mayor of the city I have the  
10 responsibility with concurrence of council to make  
11 appointments to certain organizations in our community  
12 and one of those organizations is CIRCAC, which is our  
13 kind of guardian keeper and they look after the health of  
14 the Inlet when and if an unfortunate occurrence occurs.  
15 I have made that appointment on behalf of the City  
16 Council numerous times. We're pleased to be part of that  
17 group. We're pleased to be offering our services to them  
18 and we're pleased that they're here with us.

19                   So on behalf of the City Council and our  
20 administration and on behalf of all of my years of  
21 experience with the oil industry I want to speak very  
22 favorably for them. I wish them the greatest amount of  
23 success in the future and urge the Minerals Management  
24 Service to come out with a very positive statement in  
25 developing this lease sale and go forward with the least

00028

1 sale.

2 Thank you very much.

3 MS. ORR: Jack Dean.

4 MR. DEAN: I'll pass.

5 MS. ORR: Rick DeMello, and then Luke  
6 Wells and Jim Butler.

7 MR. DEMELLO: Thank you. There's a lot  
8 of information in here folks. It shows a lot of work.  
9 The main reason I'm here.....

10 HEARING OFFICER GOLL: If you could state  
11 your name, please.

12 MR. DEMELLO: Sorry. My name is Richard  
13 DeMello and I've been here 24 years. I like it here.  
14 It's beautiful, it's nice and you can live here and you  
15 can live here because you can have a job. And I'm here  
16 mainly because I've been reading in the paper and see  
17 what's going on in other communities and it seems like  
18 everybody's against the idea. I'm for the idea, by the  
19 way.

20 And I don't think there needs to be any  
21 fight between the environmental groups and those who want  
22 to see resource development happen. I think we have got  
23 some fine examples as was said earlier where the  
24 fishermen having his nets close to some ships and rigs.  
25 Where I work there's some setnetters who work right

00029

1 within the dock areas where the ships are loaded and  
2 unloaded, in fact, they tie their nets to one of the  
3 docks, you know. It's a very compatible situation. It  
4 can be made more compatible if everybody works together,  
5 if we don't have one group who wants to stop all resource  
6 development here and the other group, if they win, they  
7 got to leave, they to go home.

8 I'm used to seeing at work, maybe 20 to  
9 30 guys, contractors, come to work every morning and  
10 going home from each plant down at Tesoro and Agrium.  
11 Now, there's about two or three coming to work. That's  
12 how many guys are out of work. You know, I mean I'm not  
13 against the environmentalists, they've accomplished a  
14 lot. If it wasn't for them, we wouldn't have the  
15 oversight that forces the oil industry to watch what  
16 they're doing and I think that should continue. But I  
17 don't think they should stop the industry or any industry  
18 from building over here so that we can support ourselves.

19 Everybody drove in a car, right, less  
20 gas, and I don't believe in the idea of trickle down, to  
21 me it's direct. My children are able to work in the  
22 field, go to school because I was able to support them.  
23 All of you. I mean where are your kids today and who do  
24 you give credit to, you know?

25 I would like to see the environmentalists

00030

1 or all those who are opposed to this work so that those  
2 who are for it, they work together as a community. I  
3 hate to see a community divided, and basically that's all  
4 I'm saying.

5 Find a way to make it work and look at  
6 all the innovation we've had, okay, because  
7 environmentalists have insisted on them working safely,  
8 working securely, protecting -- you go up to Prudhoe Bay  
9 you see a lot of caribou, don't you, and they're there  
10 right in the oil field. You can see the same thing down  
11 here. The bears, the animals, in fact you go across  
12 Trading Bay there are a lot of bears right there in the  
13 camps, you know, and they're not dying off, the place is  
14 not being polluted. So it takes two sides, those for and  
15 those against. And I think it can happen.

16 I want to keep my job. I want to see all  
17 my friends still working, you know, it's really sad.  
18 There's about 60 people I've seen within the past three  
19 months not working. They're taking unemployment. I was  
20 here when ARCO did a big layoff, do you remember that,  
21 people with brand new houses just walked out, left the  
22 state, had one right across from me, just left, couldn't  
23 do anything. We got to think of other people, too, not  
24 only about the animals.

25 Thank you.

00031

1 MS. ORR: Luke Welles.

2 MR. WELLES: My name is Luke Welles. For  
3 the last 11 years up until this past August I lived in  
4 Homer. Spent four years on the City of Homer Economic  
5 Development Commission, spent three years on the Kenai  
6 Borough Economic Development District and spent three  
7 years as a City of Homer Council member. Sat through  
8 quite a few meetings on resources in Homer over the  
9 years. And one of the biggest issues down there is no  
10 natural gas. It's a huge issue down there.

11 This has the potential to bring natural  
12 gas into the area which has extremely strong grassroots  
13 support in the lower Peninsula. There's no doubt about  
14 it.

15 Almost 10 years now, back in '93, '93/94,  
16 when I was with the commission and we were looking at a  
17 feasibility study, to start a feasibility study to bring  
18 natural gas to Homer. At that time we had a problem, the  
19 certificate of need was tied up by a company that was in  
20 essence defunct and there was no chance of anything  
21 happening. There was a study that was done and the  
22 University of Alaska was involved, EDD was involved and  
23 in that study the conclusion was, yes, it was  
24 economically feasible to bring gas to Homer provided the  
25 capital cost was at an interest rate that made it

00032

1 feasible.

2                               In terms of your Environmental Impact  
3 Statement in this regards, it has a positive  
4 environmental impact on the lower Peninsula in two areas.  
5 The first has already been discussed quite a bit here is,  
6 in terms of economic development. Where you've got more  
7 money you've got the ability to take care of the  
8 environment. You've got the ability, you've got the  
9 funds necessary to take care of CIRCAC, of which the city  
10 of Homer is also a member, Jack Cushing, the Mayor, has,  
11 over the years appointed folks to that. You've got the  
12 capability of seeing that organizations like CISPRI out  
13 here are funded and that they have the resources  
14 necessary.

15                               But the other thing, and this is for  
16 those that live up here and may not be completely aware,  
17 over the last decade down in Homer things have gotten a  
18 lot better in terms of the coal that's taken off of the  
19 beaches and burned. For those that used to go down to  
20 Homer, that's where Kachemak Bay gets its name, Smokey  
21 Bay from the coal that was always burning, right there  
22 inside the city limits of Homer, it would stink every  
23 winter. We still have property in downtown city limits  
24 and across from some folks that insist on burning coal  
25 every winter just because they can go down to Bishop's

00033

1 Beach and gather it or it is, obviously, illegal, but it  
2 still has occurred, where folks are taking dynamite out  
3 to the beaches and blasting under Baycrest Hill, which is  
4 well known for erosion problems and Cook Inlet Keeper  
5 brought it up when they expanded the road from two lanes  
6 to four lane on Baycrest Hill. You know, that's one of  
7 the largest coal seams that's very accessible to folks  
8 right there. Folks are just going and digging it out,  
9 same thing along Kachemak Drive. Again, right there on  
10 Kachemak Bay. You know, folks are going after cheaper  
11 alternative energy and right now the only thing that's  
12 available down there is coal. Folks are just taking the  
13 seams right out and you've got an erosion problem. And  
14 so once natural gas is available in the area, that will  
15 eliminate that problem.

16                   So in terms of your Environmental Impact  
17 Statement, that really needs to be part of it.

18                   That's all I've got.

19                   MS. ORR: Jim Butler and then Roy Wells.

20                   MR. BUTLER: Good morning. For the  
21 record my name's Jim Butler. I'm about a 27-plus year  
22 resident of the Kenai area. I'd like to say that I  
23 concur with the majority of the testimony that I've heard  
24 this morning, in particular, the importance of the  
25 industry in our community. By the term, community, I

00034

1 want to say borough-wide. I think there's other parts of  
2 the borough such as Seward and Moose Pass and Cooper  
3 Landing that are often forgotten, but I think that they,  
4 too, have realized some of the benefits indirectly from a  
5 successful industry here.

6 I'd like to, I guess, open up my comments  
7 and let you know that I've got two general areas that I'd  
8 like to address. One is related to the process that  
9 you're required to follow, and the second is to the  
10 portion of the EIS that deals with the scenario planning.

11 With respect to the process, I'd like to  
12 say as a supporter of Lease Sale 191 and 199, that I feel  
13 like I'm at a competitive disadvantage in trying to  
14 communicate my interests and concerns to your agency. By  
15 that, I mean, that the process seems to be skewed and  
16 somewhat favorable to certain individuals or  
17 organizations who have an obstructionist perspective as  
18 opposed to a support perspective. I guess to distill it  
19 down in simplest terms, I cannot sue you to make this  
20 happen, I can only sue you to keep this from happening.  
21 And I believe that, unfortunately, the process which I  
22 would like to certainly thank MMS for their effort at  
23 multiple community meetings and hearings and certain  
24 technologies to get information out, notwithstanding your  
25 efforts, if I, as an individual, want to stop this train

00035

1 I can do it with a couple of pieces of paper in court and  
2 I think that that's an unfortunate reality and I hope  
3 that your sort of senior policymakers who are making  
4 decisions recognize that notwithstanding those few  
5 obstructionists, that should not overshadow the degree of  
6 support that you might have.

7                   With respect to scenarios, I know that  
8 your EIS has a couple of different areas where you  
9 address what would happen if, and, you, as under the law,  
10 certainly, and underneath the EIS have to look at what  
11 are the potential scenarios that could result if these  
12 leases move forward.

13                   I guess I'd like to encourage you to  
14 temper the fears that are a part of these scenarios with  
15 the historical record. In hearing testimony from some of  
16 the different communities, as well as our own, it's clear  
17 that there is a lot of anecdotal evidence and there's a  
18 lot of information about how much oil's been spilled here  
19 or what's happened there and I'd hope that you'd temper  
20 what you hear with true factual historical record with  
21 respect to actual impacts, actual historical releases and  
22 actual benefits.

23                   I submit that the oil industry has been a  
24 good neighbor. In my 20-plus years of fishing in Cook  
25 Inlet there certainly have been some incidents, but I

00036

1 would say that in general the impact of those incidents  
2 has been -- I don't want to say nominal, but they've been  
3 relatively short-lived. Quite frankly, there's other  
4 industries that have grown in the last 10 or 15 years on  
5 the Peninsula that have had a much more negative impact  
6 to the commercial fishing than I think the oil industry  
7 could ever have.

8                               Finally, I just want to thank you for the  
9 work that you're doing to develop the record.

10 Regrettably, I have no doubt that you will find that one  
11 obstructionist who tries to knock this train off the  
12 track and I'd encourage you to sort of stay with your  
13 mission of trying to put these leases on the market and  
14 help people understand that this lease is Phase I of this  
15 process and there'll be many more steps should these  
16 leases move forward to address concerns, legitimate  
17 concerns of how, perhaps, exploration and production can  
18 move forward.

19                               Thank you for your time.

20                               MR. WELLS: I guess it's afternoon now,  
21 so good afternoon. I'm Roy Wells. I've been in this  
22 area since 1977 but I also speak with some authority on  
23 the subject of the oil industry because I've worked in  
24 the industry for 30 years, not only here but in the Lower  
25 48, and most recently for the last 23 years, before

00037

1 retiring, at Prudhoe Bay, working for Atlantic-Richfield,  
2 and after the sale with BP.

3                   In that period of time I had to deal with  
4 a lot of regulatory issues in regard to new facilities  
5 and those type of things that come up, and I know that  
6 some of the hurdles that will come up in this lease sale  
7 before any production can begin is going to be paramount  
8 to the ultimate development of natural resources. You  
9 can't have natural resources until the actual lease is  
10 completed. So any delay there or any further rollback  
11 beyond the two alternate lease sources that we have will  
12 push back development much farther. So it is imperative,  
13 and hopefully with some of the initiatives with Governor  
14 Murkowski with trying to streamline the process of  
15 permitting, I think that's going to be essential. So I  
16 guess one of the things I have to say is that we need to  
17 stay on track with the timeline for the lease sales. I  
18 know we anticipate, we all anticipate a high activity  
19 level in the environmental arena. Unfortunately, in  
20 speaking with some of the other folks here there is  
21 actually a free rein on the opposition that can actually  
22 put some major snags and hurdles in the process. So it  
23 is imperative that the voices in support be as loud or  
24 louder than the voices of opposition. And so that's one  
25 thing that all of us in this room can do, is to make sure

00038

1 that we do stay abreast of the issues out there and do  
2 some things that will help counter some of the negative  
3 things that are out there.

4                   Having worked in the industry and having  
5 to go through the permits and regulations there, I am  
6 very proud of the record that the industry has had. I  
7 know that everything hasn't been just squeaky clean but  
8 at the same token, over the years, the 23 years that I  
9 worked at Prudhoe Bay, including an offshore facility at  
10 Prudhoe, is that, the regulations got tighter and as they  
11 got tighter the industry got better in meeting those  
12 regulations. I also think that we can counter some of  
13 the opposition with having a real strong emphasis on  
14 letting the opposition know about the technologies that  
15 are out there, you know, the use of anti-corrosive  
16 materials, those things that are preventative for spills  
17 and those type of things that are out there. The advent  
18 of various organizations that will help in spill response  
19 and spill prevention, those things have come to play  
20 going on almost 14 years since Exxon Valdez. A lot of  
21 positive things have happened. So it is imperative that  
22 we do emphasize those things because they will be blown  
23 out of proportion from a negative bent and it is up to us  
24 that need and depend on the industry as a nucleus for tax  
25 base for jobs, for economic support and development in

00039

1 our areas, to make sure that we, as a community, and as a  
2 borough, have a much heightened sense of participation  
3 and voice in the area.

4 Thank you.

5 HEARING OFFICER GOLL: One thing I want  
6 to mention, this is John Goll, Mr. Wells mentioned, of  
7 course, it's afternoon, we will go as long as we need to  
8 be here to take testimony. We will not cut off at 1:00  
9 o'clock if people are still going. For example, we were  
10 five hours in Homer. Thank you.

11 MS. ORR: Dale Bagely -- no, he's not  
12 here yet?

13 MR. BARROS: No.

14 MS. ORR: Well, they put him on at noon  
15 so I'll just keep going then.

16 MR. OBERTS: Hi. I'm Ed Oberts, I work  
17 for the Borough Mayor, Dale Bagely, he asked me to speak.  
18 There's a chance he might be able to still make it later,  
19 especially if this goes late. But basically the Mayor is  
20 very, very supportive of this lease sale. I think, if  
21 anything, he'd like to make sure it happens on the  
22 timeline that -- it's real important that we continue to  
23 have leases available to support our industry here in the  
24 area. You know, I grew up here, I was born in Soldotna,  
25 this community has historically been oil and gas.

00040

1 Currently the borough taxable -- has \$1.1 billion taxable  
2 real estate that's oil and gas out of a total of 4  
3 billion. So over a quarter percent of all of the tax  
4 revenues, property tax revenues to the borough come from  
5 oil and gas activities.

6 We have a tremendous investment in our  
7 infrastructure, in our service companies, in our people  
8 that live here, in the work force. If we let these older  
9 facilities go without opportunities for more new  
10 development, that will phase out over time. And  
11 realistically, we live in an oil and gas basin. We need  
12 to develop the resource, the borough needs to continue to  
13 grow and this is just a great opportunity to see this  
14 happening and the timing is very, very important to make  
15 sure these lease sales occur timely.

16 MR. GRAVES: My name is Cary Graves. I  
17 live in Kenai. I've lived here about 14 years. I've  
18 been in the state of Alaska about 22 years. I'm very  
19 much in favor of these lease sales for three primary  
20 reasons. The first reason is, as Mr. Wells indicated, I  
21 believe the technology available today will mean that the  
22 fields can be developed safely and in an environmentally  
23 sound capacity and protect the fishing industry in the  
24 inlet.

25 Secondly, on the first point, as Mr.

00041

1 Ungrue indicated, the culture of the oil industry is very  
2 much geared to protect the environment today. I don't  
3 work for an oil company but I know a number of people who  
4 do, a lot of my friends do and they're very  
5 environmentally conscious, they don't want to hurt the  
6 environment anymore than anyone else in the industry or  
7 the area.

8                   The second reason I'm in favor of it is  
9 this state -- the economic basis of this state is on oil  
10 and gas. We have been for about 20 years or more since  
11 the North Slope was developed and even longer in the Cook  
12 Inlet region. My daughter's with me today and the  
13 reality is is that she goes to a public school and that  
14 school was largely paid for by money derived from the oil  
15 and gas industry, either in terms of royalty payments  
16 from the North Slope or property taxes as Mr. Oberts  
17 indicated, a quarter of our property tax base in this  
18 borough is oil and gas or sales tax derived from people  
19 that work in the oil and gas industry. And without oil  
20 and gas our public school system would not be as good as  
21 it is today. And not only were the schools built by oil  
22 and gas money but her teachers are paid for by oil and  
23 gas money, both in terms of State aide and sales tax.

24                   Third. Jobs. We need jobs. I'm lucky  
25 enough to have a job. I've got a good job but I know a

00042

1 lot of people who are either unemployed or underemployed  
2 working part-time or for low wages. Using my daughter's  
3 school as an example, there's a girl in her class whose  
4 father was laid off from the oil service company, the mom  
5 went to work at Kmart to make things last for awhile,  
6 that job's going to go away pretty soon. Extended  
7 unemployment benefits are great and I support them, but  
8 what that family needs more than anything else is a good  
9 job and I feel like this lease will provide those.

10                               So I'm very much in favor of it.

11                               Thank you.

12                               MR. ANDERSON: My name is Marty Anderson.  
13 I'm president of US Alaska Quality Services, oilfield  
14 support business. I'm also a board member of North  
15 Peninsula Chamber of Commerce and KDLL (ph) Radio. I've  
16 been in Alaska for 22 years and I'm going to speak mostly  
17 about what I know and that is inspection testing today.

18                               The oil companies I've worked for,  
19 literally every single oil company and gas company in  
20 Alaska at one time or another in some capacity. My  
21 experience has been that in -- let me back up a little  
22 bit. The last four years I was on the North Slope with  
23 ARCO and British Petroleum, I was the quality assurance  
24 supervisor and my directive from management was safety  
25 first of personnel, the environment second and then

00043

1 quality. And that's how this industry has gotten where  
2 it is today, and I don't see it changing.

3 I think we have representatives of the  
4 Federal government, State government and our local  
5 government that assure the protection of our environment.  
6 I don't think the issue today is that whether there  
7 should be, you know, oil development in the southern part  
8 of the Cook Inlet or whether it should stay fishing, I  
9 don't believe that one community or one community's need  
10 for a resource should take precedence over others.

11 I enjoyed the comments from the gentleman  
12 that represented the commercial fishing. I share his  
13 views that there's no reasons why the different resource  
14 development and the needs of the communities on those  
15 resources can grow together and operate together.

16 I lost my train of thought, excuse me.

17 Again, and currently my company provides  
18 quality assurance and quality control personnel and the  
19 project that's going on right now, the 12-inch gas line  
20 that's running from Kenai to Ninilchik, we have four  
21 full-time personnel on that project that ensures the  
22 protection of the environment, the 60-foot right-of-way.  
23 One individuals sole job is to drive up and down that  
24 right-of-way six days a week, 10 hours a day and assure  
25 that there's no damage to the right-of-way, that they do

00044

1 not conduct any operations outside that 60-foot strip of  
2 land and he has ultimate authority to stop anyone at any  
3 time if they are doing anything that may damage the  
4 environment.

5                   So two other projects that I worked on  
6 recently was the Alpine project and the North Star  
7 Pipeline project. We had 10 to 12 inspectors on a six  
8 mile -- two six mile pipelines offshore. The reason I'm  
9 saying these things is I just want to give examples that  
10 my experience in 22 years of working in the petro  
11 chemical industry is that their philosophy is not to do  
12 anything to damage the environment, the protect it. We  
13 all have to live in this area and this environment, and I  
14 don't think that timber should be ahead of mining or  
15 mining should be ahead of fishing or fishing should be  
16 ahead of the petroleum. I think that each one of these  
17 resources are valuable and that the economic welfare of  
18 our state is dependent on all of them.

19                   My last comment and several other people  
20 have echoed this, I've been recently working with our  
21 school superintendent Donna Peterson and our ex-Senator  
22 John Torgerson in vocational education in trying to  
23 develop a better program there and meet the needs. And,  
24 you know, we're looking at possibly three schools  
25 closing. We're at 2,500 plus short on students and, you

00045

1 know, people have mentioned trickle down effects and that  
2 type of thing, you know, when we talk to some of the  
3 people on these task forces, the number 1 reason for our  
4 declining enrollment and our declining funding is that  
5 they don't have jobs. So I heard an individual on the  
6 radio the other day talk from Seldovia and saying that  
7 her family had been dependent on the resource of fishing  
8 for three or four generations and that needs to be  
9 considered. Everything we do needs to be considered and  
10 how it affects communities and people. But I also am a  
11 second generation in the oil and I know people that are  
12 third and fourth generation in the oil industry. So my  
13 closing comments again is I think that all resources can  
14 be developed responsibly, safely and that all the  
15 communities can profit from that development.

16 That's all I have to say. Thank you.

17 MS. ORR: Steve Wendt. Blaine Gilman.

18 MR. WENDT: Hi. My name is Steve Wendt.  
19 I'm from Kenai. I've lived here 11 years. I've worked  
20 for Agrium and prior to that, Unocal for 16 years. I  
21 strongly support the sale.

22 My reasons why, I guess, have already  
23 been more clearly and eloquently stated by speakers  
24 previously so I'll be very brief and just say, I think  
25 the State and Federal government have done a good job of

00046

1 balancing the environmental concerns with the economic  
2 benefits. And I think that both of these lease sales are  
3 critical to our maintaining and sustaining our way of  
4 life.

5 So I would just hope that you'd keep that  
6 in mind as you go forward.

7 Thank you.

8 MR. GILMAN: My name is Blaine Gilman. I  
9 reside at 216 Susieanna, Kenai, Alaska. I've resided on  
10 the  
11 Kenai Peninsula for 36 years, since I've been six years  
12 old. I've resided in Seldovia, Homer, Kenai and Nikiski.  
13 I'm a graduate of Kenai Central High School at a time  
14 when the Central Peninsula only had one high school.

15 I'm here today to speak in favor of oil  
16 and gas Lease Sales 191 and 199. The Kenai Peninsula,  
17 particularly Kenai has been built on oil revenues. Right  
18 now we face a future of a declining field on the Cook  
19 Inlet Basin with current discoveries.

20 The Cook Inlet Basin has over 40-plus  
21 years, I believe, have developed responsible and  
22 environmentally sound basis. The source of this  
23 information would be EPA studies on wildlife quality as  
24 well as CIRCAC. But what our community is facing right  
25 now is contraction. In the past six months, if my

00047

1 calculation is right, we have lost 250 jobs in this area.  
2 We've lost approximately 40 jobs because of two platforms  
3 that were shut down by UNOCAL. We have lost probably 50  
4 to 70 jobs because of cutting down in labor in oil  
5 service companies. Agrium presently is running at two-  
6 third capacity, its plant, because of a natural gas  
7 shortage. Conoco-Phillips, in 1999 [sic] is scheduled to  
8 shut down their plant unless they can find large  
9 significant supplies of natural gas.

10                   If this community can't find other  
11 natural gas supplies, the type of community that we are  
12 will change.

13                   Recently, in the Kenai Peninsula School  
14 District, we are talking about shutting down schools. We  
15 are talking about potentially closing down one of the  
16 high schools in Soldotna, shutting down a high school in  
17 Nikiski, shutting down elementary schools in Nikiski and  
18 consolidation. We are faced at a situation because of  
19 under-enrollment because the amount of money is  
20 decreasing drastically, where we are facing a lay-off of  
21 additional, maybe 51 teachers this year.

22                   I plan on living on the Kenai Peninsula  
23 for the rest of my life. I have four children and I  
24 would like them to have jobs in which they can support  
25 their families and reside the Peninsula as well.



00049

1 a very bad thing, and I urge you not to do it.

2 MS. ORR: The last name I have on this  
3 list is Robert Peterkin. That's it. That's everybody  
4 that signed up to testify.

5 HEARING OFFICER GOLL: If anybody has not  
6 testified that would still like to, please, do so but we  
7 would like you also to sign up please.

8 MS. ORR: Yes, please.

9 HEARING OFFICER GOLL: Did somebody have  
10 a question?

11 (Question and answer session)

12

13 MR. SUPERMAN: Gary Superman. Nikiski.  
14 I'm a 30 year resident. I guess to start I wasn't going  
15 to speak until Blaine said we were shutting down Nikiski  
16 High School and that kind of prompted me to jump up out  
17 of there because it's not happening Blaine. And  
18 hopefully if this goes through we can mitigate some of  
19 those damages that we're going to see to our schools.

20 I've spent a long time here this week  
21 trying to pull together our legislative priority books  
22 for the Kenai Peninsula Borough. I sit on the Assembly  
23 as the Nikiski representative. And a large portion of  
24 what we're going down to Juneau and Washington, D.C.,  
25 wish list come from the cities throughout the Borough.

00050

1 There's a substantial portion of that book that comes  
2 directly out of the south end, out of Homer. And I guess  
3 after I got a little bit of a report of what happened  
4 down in Homer yesterday I was kind of taken back. This  
5 is really an opportunity, I think, for the south end to  
6 come into the borough community economically. We're  
7 seeing some downsizing in what's happening out in the  
8 Nikiski area, the north Cook Inlet and we have the  
9 opportunity to move down south here and do what we can  
10 for ourselves in the borough. We all know that we're up  
11 against some financial constraints from what we're going  
12 to get from the State and from Washington, and this is a  
13 direct opportunity for us to help ourselves. And I would  
14 hope that some of that component from the community down  
15 there would take a real rationale look at the needs of  
16 this borough if we're going to remain a viable quality  
17 area to live in.

18                               Went to the School Board meeting the  
19 other night and they spoke of the financial problems that  
20 they're having. Well, it just so happens that the  
21 schools are facing a 2.8 -- \$2.9 million budget shortfall  
22 for the upcoming '04 fiscal year. I'd like to compliment  
23 Bill Popp for the work he's done in some of the critical  
24 points here of why we need to be supportive of the lease  
25 sale and it just so happens that with some of this

00051

1 development we would see a net increase of 2.9 million.

2                               So I think that we have to be proactive

3 as far as development in this borough to keep sustained

4 growth. This would go a long way to keeping our

5 viability and it's absolutely necessary otherwise we're

6 going to see further migration of folks out of here.

7 Folks used to come in for a number of reasons. Number 1

8 was the school system. The good jobs. Where are they?

9 I own a business out north and I can tell you that it's

10 really a barometer reading of what's going on in the oil

11 patch. I own a motel, I own a bar, I own a liquor store

12 and I know what's going on. It's a direct result of what

13 our gross is yearly. And people are hurting. There's no

14 reason why we shouldn't pursue this in this borough, we

15 have the infrastructure. I think that the industry's

16 environmental awareness has certainly come up a long way

17 from where it used to be and they are absolutely

18 sensitive to environmental needs and they do whatever

19 they can, 110 percent to comply with the regulations that

20 are on the books today.

21                               So I guess just in conclusion, I am in

22 absolutely support of the lease sale and I hope that we

23 can see it move forward in a timely manner and that we

24 are not, I guess, too -- we're not going to base too much

25 of our decisions on some of the components that have the

00052

1 ability to be very, very vocal. There's plenty of vocal  
2 people from out north here who have lived with the  
3 industry for a long, long time and know that it's  
4 absolutely compatible.

5 Thank you.

6 MR. BARROS: The next witness is Harry  
7 Eaton.

8 MR. EATON: Hello. For you that don't  
9 know me, I'm Harry Eaton. Only 10 year resident of the  
10 Borough. I'd like to be here another 10 years with my  
11 wife and daughter. I have the unusual honor of being an  
12 unemployed oil company worker who supports both the  
13 Federal Lease Sale 191 and supports Lease Sale 199. The  
14 proven positive impacts that we receive from oil and gas  
15 jobs have been well discussed in this room today by  
16 leaders and workers in our community, you know, and the  
17 impact also affects the state of Alaska positively.

18 The majority of Alaskans have mandated  
19 that the government of Alaska develop the resources of  
20 Alaska in order to keep the economy going. The only way  
21 the oil and gas resource will continue to be developed is  
22 if you first sell the property or the leases. If you  
23 don't sell the leases there will be no development in the  
24 long-run.

25 The Lease Sales 191 and 199 are supported

00053

1 in order to continue the development of oil and gas  
2 resources that benefit the Peninsula and the state of  
3 Alaska.

4                   The associated jobs will also be  
5 continued if we continue to have lease sales, without  
6 them they'll continue to dwindle and go away as they are  
7 now, as I can personally attest.

8                   In summary, I agree with the majority of  
9 Alaskans, the 200,000 of us, roughly, who vote and also  
10 pay taxes in Alaska, we're the residents -- I agree with  
11 them in supporting the Federal offshore Lease Sales 191  
12 and 199. I also encourage you all to keep in perspective  
13 the fact that some of our local friends who are very  
14 vocal, especially non-profits who are very good at  
15 advertising their cause, you know, don't represent the  
16 majority of Alaskans on the Peninsula or in the state.  
17 And their philosophy is very well depicted in on their  
18 web sites and we can all go and take a look and see that  
19 for years and years they've been against the sale of  
20 leases in Alaska and not just in the recent past as  
21 you've seen within the last 48 hours. As a result, you  
22 know, I would like to be sure that you recognize the  
23 majority of Alaskans as the Federal government has a  
24 mandate to do since we also support your incomes from the  
25 state as well as our personal income taxes.

00054

1 Thank you.

2 MR. BARROS: The next presenter is Ricky  
3 Geese.

4 MR. GEESE: I brought a few things here.  
5 My name is Ricky Geese. I'm speaking here as a private  
6 resident, not as the -- in my job I'm the executive  
7 director of the Kenai Convention and Visitor's Bureau. I  
8 sit on the board of directors of the Kenai Peninsula  
9 Marketing Council. So I'm directly affected by the  
10 tourism industry which we promote. But I'm here as a  
11 proud Kenai White Trash resident. And I heard that down  
12 in Homer, Kenai was referred to as White Trash and I'm  
13 going to channel a little bit of that White Trash energy  
14 for you. You know, being White Trash I broke my hand  
15 sheetrocking my garage, so when I come in -- we were  
16 putting a shower in so when I come in off of fishing on  
17 the Kenai River I have a place to wash off and not get  
18 all that White Trash fish slime in the house that my  
19 White Trash wife would kill me for.

20 So I come not as doing facts and figures  
21 but trying to reach you more on an emotional level. This  
22 hand is broken so I'm not going to play too long about  
23 it.

24 This is called, I Got the White Trash  
25 Blues.

00055

1 (Performs Song)

2 That's about all I can play, this hand  
3 really is broke.

4 (Applause)

5 I grew up in Wisconsin in a White Trash  
6 town, Racine, Wisconsin, it was a blue collar town. I  
7 saw in that town what happens when industry pulls out.  
8 Most of my friends, my cohorts who I went to high school  
9 with no longer can live in that town because the blue  
10 collar places in JI Case and Al'sTraumers, American  
11 Motors who made the great car, the Gremlin, all those  
12 industries passed away and our town is no longer there so  
13 I'm kind of a White Trash swimmer and I found myself in  
14 Alaska.

15 I picked Kenai to live in because it has  
16 year-round stores, it has year-round restaurants, it has  
17 year-round residents and it has year-round employment.  
18 Natural gas and oil are the underpinnings of not only the  
19 Kenai Peninsula but the state of Alaska. And I know we  
20 have concerns about spills and chronic pollution and  
21 aesthetic intrusions, but I think we have to recognize  
22 what is our base and why everybody in this room and our  
23 good friends down on the southern Peninsula also, what's  
24 the basis of the whole economy here, and it is oil and  
25 gas.



00057

1 National Park for six years. During that time period the  
2 city of Seward, due to some infrastructure problems over  
3 there was dumping raw sewage into Resurrection Bay. They  
4 could not find traces of E.coli or contamination in the  
5 bay because these bays along this southern Kenai  
6 Peninsula and Southcentral Alaska flush out, we have the  
7 greatest tidal changes of almost anyplace in the world.  
8 So the chronic pollution and the oil spill problems, yes,  
9 we've had oil spills, and, yes, the chronic pollution is  
10 a concern, but from the testing that's been done, if you  
11 look at it realistically as a scientist, I can, you know,  
12 pretty much say that these waters here are pristine and  
13 even with oil development where it's going to be, a  
14 natural gas development, I have faith that they'll  
15 continue to be pristine.

16                   And I can say that with confidence as  
17 being a White Trash person.

18                   Now, I'm going to go to the bible of  
19 White Trash, Mr. Shakespeare, who is a dead White Trash  
20 person and go to the holy bible of Shakespeare, Act III,  
21 Scene II in Julius Caesar: Friends, Romans, Countrymen,  
22 lend me your ears. I come to bury Caesar not to praise  
23 him. The evil that men do lives after them. The good is  
24 often interned with their bones so let it be with Caesar.

25                   I'll let you figure out the symbolism

00058

1 here. As White Trash I can't probably can't explain it  
2 as well as just listening to it.

3                   The noble Brutus hath told you Caesar was  
4 ambitious and if it was, it was a grievous fault and  
5 grievously hath Caesar answered it, here, under the leave  
6 of Brutus and the rest for Brutus is an honorable man, so  
7 are they all, all honorable men, I come to speak at  
8 Caesar's funeral.

9                   I hope we never have to get to the point  
10 where we have to speak at a funeral for the oil and gas  
11 industry in Alaska because if we do, I have a feeling  
12 quite a few of the honorable people who live here will be  
13 leaving Alaska.

14                   And that is the White Trash report.

15                   (Applause)

16                   And in any case anybody wants a photo  
17 with the White Trash report, I did bring the White Trash  
18 bag, I almost forgot to put on, and I will be wearing  
19 this for the rest of the day just to show my support for  
20 the White Trash industry that we have up here.

21                   Thank you.

22                   MR. BARROS: Next, is Mr. Jack Brown.

23                   MR. BROWN: My name is Jack Brown and I  
24 live in Nikiski. No one wants to follow Ricky and I'm  
25 not going to attempt to say what he had to say. I guess

00059

1 just my personal experience in terms of oil and gas  
2 industry, I was elected to office in the Nikiski area,  
3 which is the industrial area on the Kenai Peninsula,  
4 encompasses not only the lands on this side of the Inlet  
5 but also the other side of the Inlet and all of the  
6 platforms. When I was elected in '87, I would -- and I  
7 see Assembly member Superman's here so he can attest to  
8 this. I would say I was certainly to the left of center  
9 in terms of oil and gas development. And it's kind of  
10 ironic that Gary and I both were elected around the same  
11 time from the industrial base and we were pretty hard on  
12 the oil and gas industry. In fact, I don't know if he  
13 was, I certainly received a few phone calls from lawyers  
14 from oil and gas industry thinking that I was a little  
15 too aggressive in my opinion of them.

16                   After the Exxon Valdez President Bush  
17 appointed a number of us from the Prince William Sound  
18 and this area to oversee the oil and gas industry and the  
19 regulatory industry within the Kenai Peninsula Borough.  
20 After serving on it, being one of the incorporators,  
21 along with Mr. Butler I see out there in the audience, I  
22 see Assembly member Merkes who's on it now, but after the  
23 incorporation I think I was on it for a year or two and  
24 then I became president for two years. The first time I  
25 was president the vote was a tremendous landslide 8-7 and

00060

1 the second year it was unanimous, so I don't know what  
2 happened between that time. But in looking in-depth, and  
3 most of us volunteer, there was a probably a core of five  
4 or six of us that put 30 to 40 hours a week volunteer,  
5 this was on top of my 40 hour a week job, it was on top  
6 of my Assembly duty, so we didn't get any rest or sleep  
7 in that four year period, but we had an in-depth analysis  
8 of the oil and gas industry in terms of looking at  
9 contingency plans. We participated with scientific  
10 studies and looking at pollutions and the effects of  
11 hydrocarbons in the area. And I can say after that four  
12 year period of my time which was all volunteer, that my  
13 opinion changed of the oil and gas industry. We were  
14 given direct access to any information that we requested.  
15 In fact, with most companies I was given way too much  
16 information. I was surprised at the level of commitment  
17 that they had and sincerity.

18                   The oil and gas industry, as most of us  
19 know has tremendously changed since the Exxon Valdez.  
20 Some feel that it's changed too far and the over  
21 regulation is hurting industry now. But be that as it  
22 may, it's a completely different industry here. And as  
23 Ricky mentioned, I think all of us can you look you in  
24 the eye and say that we know we have a great place to  
25 live here. We know that we're being protected by the oil

00061

1 and gas industry. I have two brothers that now, just in  
2 the last year or two, have started to work with the oil  
3 and gas industry. One of my brothers has told me that  
4 they are fired on the spot if they don't report a spill,  
5 right on the spot, they're fired. I mean our standards  
6 of environmental excellence is second to none in the  
7 world. We have nothing to be ashamed of. And I'm from  
8 Nikiski, so I won't say I'm Kenai White Trash, but we're  
9 actually very proud of the oil and gas industry here now.

10                               And the jobs that they provide -- I guess  
11 the last comments I'd make, as a grandfather, I have  
12 three children, only one of which lives in the Kenai  
13 Peninsula now because of the lack of jobs. I'd love to  
14 see both of my other children come back and live on the  
15 Peninsula. They're not able to at this point because of  
16 the lack of jobs. I would love for my children, all my  
17 grandchildren to grow up here. But in order to do that  
18 we have to have a vibrant economy, and the oil and gas  
19 industry has been, in the past, and it will hopefully  
20 continue to be, the major engine behind our local  
21 economy.

22                               Thank you.

23                               MS. ORR: That's it.

24                               HEARING OFFICER GOLL: Is there anybody  
25 else that would like to make a statement?

00062

1                   MR. LENTSCH: Good afternoon. My name is  
2 Doug Lentsch. I'm a newcomer to Alaska and have only  
3 lived here in Nikiski for seven and a half years. Before  
4 I came up here I spent most of my career in the Coast  
5 Guard working on oil spills and have been directly  
6 involved in spill response since 1972.

7                   When I was offered a job to come up here,  
8 it was a real easy job to accept because the industry and  
9 the people up here all were aiming at the same goal, that  
10 of having no spills and if there were spills we were  
11 going to minimize damage to the environment.

12                  When the Exxon Valdez happened I was in  
13 Coast Guard headquarters and I had an opportunity to work  
14 a lot with the Alaska legislators and many others in  
15 developing the Oil Pollution Act of 1990 and it has  
16 brought a lot of changes to the oil industry. I heard  
17 numerous times up on congressional hill that the whole  
18 focus of OPA-90 was to force the oil industry to put  
19 their money where it should have been invested a long  
20 time ago and that was in prevention. And since the  
21 passage of OPA-90, the number of oil spills in the United  
22 States cratered. I don't know exactly what it is anymore  
23 but the statistics are that they are way down and not  
24 only is the number of spills way down, the size of spills  
25 is way down.

00063

1                   I am the general manager of Cook Inlet  
2 Spill Prevention and Response Incorporated, and our  
3 company's biggest and only job is to provide spill  
4 response for the oil     industry here in the Inlet. I  
5 can say in the time I've been there that they have been  
6 in full support of everything that we need to do. They  
7 have never turned us down on a request for something that  
8 would improve our capabilities to respond in the Inlet.  
9 And at a time when they are very much struggling to say a  
10 viable industry, they increased our budget this year so  
11 that we would be there in case we were needed.

12                   In the timeframe I've been here, there  
13 have been several spills, none of any significance and  
14 none that I've known that had any impact on the  
15 environment. We work very closely with the oil industry,  
16 with the Cook Inlet Regional Citizens Advisory Council  
17 and anyone else who's interested in developing  
18 contingency plans to make sure that spill response here  
19 is as good as it can be.

20                   I know that MMS and the Regional Citizens  
21 Advisory Council have spent a lot of money looking for  
22 the pollution that the oil industry has caused to the  
23 Inlet and to my knowledge they have found none.

24                   Therefore, we're strongly in support of  
25 the lease sales. We feel that -- well, we're very sure

00064

1 that if there is exploration and then continued  
2 production in the lower part of the Inlet, that the  
3 industry will take the steps that are necessary to ensure  
4 that spills are minimized and then the ones that are  
5 there will be ample equipment and personnel down there to  
6 respond. There is a good basis already in the lower  
7 Inlet. We have contracts for over 120 vessels of all  
8 types to assist us in responding to spills and the  
9 majority of them come from Homer and Seldovia. So the  
10 training that we do with them already provides a sound  
11 basis for spill response in the lower Inlet. The assets  
12 are here. We may have to shuffle them around the Inlet a  
13 little bit to make sure that they're capable. But I  
14 would like to make sure that everybody is aware that the  
15 assets in the Inlet are here. We have a huge support  
16 from the oil industry and that, as an organization that  
17 has over a million dollars just a year in salaries, that  
18 stays here in the Inlet. And that the people who work  
19 for us, they're very concerned that the schools remain,  
20 that the transportation systems remain as good as they  
21 are and that the public services, as far as fire  
22 departments and police departments and those sort of  
23 things are all maintained. And with the industry  
24 providing the good chunk of tax base that provides all of  
25 that, as you've heard numerous times, we want to see that

00065

1 continue.

2                   One point that the folks who complain  
3 consistently about the oil spills fail to take into  
4 consideration is that the people who work the platforms,  
5 that provide for the refinery and all the other support  
6 industry here, they live here, they're not faceless  
7 people from the Lower 48 and they hate to face their  
8 neighbors and say that we screwed up and caused an oil  
9 spill. That's an embarrassment to them. And they do  
10 everything they can to make sure that that doesn't  
11 happen.

12                   So again, we're in complete support of  
13 the lease sales and urge that you go forward. And in the  
14 development of spill contingency planning, we will be in  
15 that as much as necessary.

16                   I'd like to point out that there's been a  
17 lot of press lately on the geographic response strategies  
18 that have been developed in Cook Inlet, both central and  
19 southern Cook Inlet and also along the outer Kenai  
20 Peninsula, that's something that needed to be done but  
21 that's something that's been very heavily supported by  
22 the oil industry. You don't see a lot of their faces at  
23 the table when the plans are being developed, but we are  
24 the representatives there and we will continue to be a  
25 part of that. Those site specific strategies for

00066

1 environmentally sensitive areas are important to all of  
2 us and they're the right thing to do and the industry has  
3 been in support of that all along.

4 I think that pretty much wraps it up.

5 Thank you.

6 MR. BARROS: Next on the list is Mr. Bill  
7 Popp.

8 MR. POPP: Good afternoon. My name is  
9 Bill Popp. I'm here in my capacity as oil and gas  
10 liaison for the Kenai Peninsula Borough. I'm speaking on  
11 behalf of the Borough Administration today.

12 First of all I want to thank the members  
13 of the Minerals Management Service who have been  
14 diligently traveling about the Kenai Peninsula Borough  
15 taking public comment from the various communities. We  
16 appreciate the time that you've given us in the various  
17 communities to speak to this issue. I also want to thank  
18 the 70-plus or so folks who have made it today to either  
19 speak or observe here in the room. We know it's a very  
20 busy day with a lot of sporting events going on and, you  
21 know, it's unfortunate that scheduling just didn't allow  
22 us to do it at a more convenient time for folks to turn  
23 out, but I think we're going to be seeing a lot of  
24 written comment submitted after today's hearings based on  
25 the recent discussions that have been ongoing in the

00067

1 community.

2 I wanted to wait towards the end to give  
3 my verbal comments. Obviously the Borough will be  
4 submitting written comments from the administration in  
5 regards to this lease sale but I wanted to just give  
6 thought to the observations that I made in the hearings  
7 at Homer and the hearings today and just maybe recap just  
8 a few of the things that I have perceived to be some of  
9 the key issues that I think the Minerals Management  
10 Service has addressed adequately within the scope of your  
11 authority to do so in this lease sale and why the Borough  
12 administration supports Lease Sale 191 and 199, in  
13 conjunction with Alternates 3 and 4. We believe that  
14 those two alternates should be supported, those 300,000-  
15 plus acres should be withdrawn.

16 We have looked at this issue for a number  
17 of years, obviously -- just a little personal note, my  
18 very first -- in my previous role as an Assembly member,  
19 my very first public hearing was attending the public  
20 hearing in Homer for Lease Sale 149 in 1997, so I have a  
21 little bit of background in terms of the history of this  
22 particular sale and this process with the Outer  
23 Continental Shelf. The Borough has made a diligent  
24 effort to try to bring together the various issues that  
25 have arisen in previous sales and have put that together

00068

1 in the document known as the tri-borough's resolution  
2 which has been referenced by the Minerals Management  
3 Service previously. It covers key components of this  
4 issue that are of import to the Kenai Peninsula Borough,  
5 the Kodiak Island Borough and the Laken Peninsula  
6 Borough. I speak only for the Kenai Peninsula Borough  
7 when I address the fact that we believe that the tri-  
8 borough's resolution at this stage of the process of  
9 development has been met to the greatest degree possible.  
10 We believe that the commitment to no offshore loading of  
11 tankers is one of our key issues which has been addressed  
12 by the Minerals Management Service through its  
13 stipulations regarding pipelines for the transportation  
14 of any products produced. We believe that the  
15 information to leaseholders regarding the various hurdles  
16 that they're going to have to leap over regarding spill  
17 plan, spill plans, response plans and prevention plans  
18 once they reach the actual exploration phase and  
19 development and production phase, when those permits can  
20 be specifically addressed by the EPA, the Coast Guard and  
21 other relevant Federal agencies who have the authority to  
22 address those plans, has been addressed to the degree  
23 possible by the Minerals Management Service.

24                                   The issues regarding critical habitat, I  
25 believe have been addressed just through, quite frankly,

00069

1 the two alternates that have been proposed. The  
2 identification of all the critical habitat is important  
3 to those areas and to be sensitive to those areas by  
4 pulling out those acreages to push potential development  
5 further away and to mitigate any potential inference with  
6 those critical habitats.

7                   The way that the Minerals Management  
8 Service has addressed the issues regarding minimizing  
9 conflicts with commercial fishing, sportfishing and  
10 subsistence activities, very component to the tri-  
11 borough's resolution. We believe that those have been  
12 more than adequately addressed through the stipulations,  
13 not information to leaseholders but the stipulations that  
14 are contained within the plan that pretty much demand  
15 that every effort be made to avoid any forms of conflict  
16 with the commercial fishing industries, sportfishing  
17 industries and the subsistence industries.

18                   The issue of revenue sharing, we readily  
19 recognize the Minerals Management Service does not have  
20 the authority granted to it by Congress to decide how to  
21 divvy up money amongst various entities, that's codified  
22 in Federal statute and we recognize that we're probably  
23 going to have to go back and address that with Congress,  
24 however, I want to take a step back and just look once  
25 again one more time, it's been referenced before in this

00070

1 room but I want to look at it one more time for the  
2 record as to the potential benefits of this lease sale to  
3 the Borough and why we feel that it's going to be making  
4 progress for the Borough as opposed to having impacts  
5 that are unfair to our Borough economy.

6                   Oil and gas is a key component to our  
7 economy. \$7.7 million in property taxes will be  
8 collected from State 4356 oil and gas properties for the  
9 Borough this year. \$4.4 million will be collected from  
10 value added industries that rely on the raw feed stocks  
11 that are produced from those industries. So  
12 approximately \$13 million in property taxes. Put that in  
13 perspective, \$43 million are going to be collected in  
14 property taxes in total from the Kenai Peninsula Borough  
15 this year. It's a huge component of our property tax  
16 picture. We can't even begin to calculate the property  
17 taxes that will be collected from the employees who work  
18 for those value added industries and the exploration and  
19 development industries but we would guess that it would  
20 be at least in the seven figures. Sales tax revenues  
21 generated by the economic activities generated by those  
22 industries, once again another component of our economic  
23 picture, how we pay for our schools, our roads, our  
24 emergency services, our waste management services and the  
25 other government services that are important to the

00071

1 continued health and growth of the Kenai Peninsula  
2 Borough and its communities. This is a very important  
3 issue. Our property tax valuations and the oil and gas  
4 industry are expected to peak in the next tax year. We  
5 do not believe that they will continue to grow as they  
6 have been growing in recent years. We believe that they  
7 will peak, level and potentially start to decline. That  
8 means that there's going to be a decline in that  
9 component of the property tax picture unless we do things  
10 to address the issues of access to resources and to  
11 supporting the value added industries that rely on those  
12 resources that will be developed.

13                   We are very sensitive to the  
14 environmental issues that come up with the exploration of  
15 oil and gas. And we believe that the tri-borough's  
16 resolution is going to be a key component towards the  
17 Borough administration's position on future permitting in  
18 the exploration, development and production phases. It  
19 already is with the existing industries that have been  
20 here for 40 years. We continue to look at these issues.  
21 We continue to look at them with a very skeptical eye to  
22 make sure that the plans that are in place are adequate,  
23 we provide support to CIRCAC, we provide support to the  
24 State of Alaska, in terms of their efforts, through our  
25 ACMP review plans, we have a vested interest in making

00072

1 sure that our environment is protected to the greatest  
2 degree that is reasonable.

3                               So we look at that in conjunction with  
4 the tri-borough's resolution. We will continue to apply  
5 the principles of the tri-borough's resolution as we  
6 proceed through this process.

7                               We appreciate the Minerals Management  
8 Service for your efforts. We will be submitting written  
9 comments prior to the February 11th date and we  
10 appreciate this opportunity to provide this testimony.

11                              MR. BARROS: Next, is Mr. Paul Zimmerman.

12                              MR. ZIMMERMAN: Hi. My name's Paul  
13 Zimmerman. I live in Kasilof, so I'm kind of halfway in  
14 between. I've been here about 25 years and I've heard  
15 people testifying today and I've read about what people  
16 testified in Homer.

17                              I remember the last time these leases  
18 were put up. We've heard a lot of talk from people,  
19 individuals in the Borough and the Borough government,  
20 both, that talk about the economic benefits. All these  
21 benefits are based on production. And these leases don't  
22 guarantee any production. As I understand it, the way  
23 the law is written now, we don't benefit from these lease  
24 sales, other than the fact that we might be giving  
25 somebody an opportunity to explore and then possibly

00073

1 produce something.

2                                 Without revenue sharing from the  
3 government, the effects of the exploration are not  
4 mitigated. That puts a tax burden on the public. And I  
5 think that ought to be tied into issuing these leases.  
6 Maybe we don't need to rush ahead, we're talking about a  
7 35 year window that everybody's quoting for the economic  
8 recovery here. Congress could act very quickly, often  
9 time it doesn't. But I think that ought to be tied in  
10 before we issue these leases.

11                                 Another thing is the environmental  
12 controls, and everybody wants environmental control,  
13 everybody wants to have a good record, you know, nobody's  
14 going to argue that they don't want that. But there's an  
15 attitude or an outlook that is demonstrated to streamline  
16 leases, the Federal government, present Administration is  
17 lifting environmental controls by executive order. The  
18 atmosphere that could be in place by the time these  
19 leases are acted on may be entirely different than  
20 anything we're talking about today.

21                                 So maybe that kind of thing needs to be  
22 tied into these leases. I think the process, those  
23 protections that everybody says can be addressed later,  
24 should be addressed now, and made a part of the lease.  
25 The idea that they can be addressed later, yeah, they

00074

1 could or they could not.

2                               So until those safeguards and those  
3 revenue sharing things are added to these leases, I would  
4 be opposed to it.

5                               Thank you.

6                               HEARING OFFICER GOLL: Anybody else? If  
7 not, then I thank you all for those of you who testified  
8 and those who came, and we'll be around for a little bit  
9 longer if there are any questions and answers. Thank  
10 you, again. Enjoy the day.

11                               (Off record)

12                               (END OF PROCEEDINGS)

00075

1 C E R T I F I C A T E

2 UNITED STATES OF AMERICA)  
3 )ss.  
4 STATE OF ALASKA )

5 I, Joseph P. Kolasinski, Notary Public in and for  
6 the state of Alaska, and reporter for Computer Matrix  
7 Court Reporters, LLC, do hereby certify:

8 THAT the foregoing Mineral Management Service  
9 Hearing was electronically recorded by Salena Hile on the  
10 25th day of January 2003, at Kenai, Alaska;

11 That this hearing was recorded electronically and  
12 thereafter transcribed under my direction and reduced to  
13 print;

14 That the foregoing is a full, complete, and true  
15 record of said testimony.

16 I further certify that I am not a relative, nor  
17 employee, nor attorney, nor of counsel of any of the  
18 parties to the foregoing matter, nor in any way  
19 interested in the outcome of the matter therein named.

20 IN WITNESS WHEREOF, I have hereunto set my hand and  
21 affixed my seal this 17th day of February 2003.

22 \_\_\_\_\_  
23 Joseph P. Kolasinski  
24 Notary Public in and for Alaska  
25 My Commission Expires: 4/17/04 \_

00001

1 OFFICIAL TRANSCRIPT - PUBLIC HEARING

2 (TELEPHONIC ANCHORAGE)

3

4 MINERALS MANAGEMENT OFFICE

5

6 January 28, 2003

7

8 DRAFT ENVIRONMENTAL IMPACT STATEMENT

9 FOR COOK INLET PLANNING AREA

10 OIL AND GAS LEASE SALES 191 AND 199

00002

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

2 (Anchorage, Alaska - 1/28/2003)

3 MR. LIMA: Good afternoon. Minerals  
4 Management Service. Jim Lima speaking.

5 MR. PRIKE: Yes, I'd like to testify in  
6 this oil lease sale.

7 MR. LIMA: Yes, sir. If I could get you  
8 to state your name, please, because we are recording this  
9 for the record.

10 MR. PRIKE: Rocky Prike (ph). I've been  
11 a resident of the territory and state of Alaska for 50  
12 years. I've lived on the Kenai Peninsula now for 22  
13 years and I'd like it to develop with a conservative  
14 outlook on our resources. It's there to be used. It  
15 helps support the schools. It helps support our economy.  
16 People will be paying more taxes and it's a win-win  
17 situation.

18 There's so many people that think it's  
19 all oil spill and everything else, but I've worked up on  
20 the Slope for years and years and we were very careful  
21 around oil and everything else. I've seen caribou come  
22 through a drill camp. One of the noisiest places in the  
23 world, unless a pack of wolves on the other side that was  
24 going to have them for dinner that night. I've seen  
25 caribou bed down underneath the pipeline. So many

00003

1 arrogant factors. I think it's a plus factor to develop  
2 our resources. I say let's start developing these  
3 various things. I'd like to see them develop the gas  
4 fields up here on the North Fork. They have gas wells  
5 and they have been capped. I know that there's gas some  
6 place up around Knob Hill there. So, I'd just like to  
7 see it up. It would make it a lot easier living here.  
8 We could utilize the gas to heat our homes and develop  
9 for transportation and resources for plastic industry,  
10 medical and everything else. There's so many different  
11 things that we could utilize things here. That's about  
12 all I have to say about it.

13 MR. LIMA: Thank you very much for  
14 calling, sir.

15 MR. PRIKE: You're welcome.

16 MR. LIMA: Have a good evening.

17 MR. PRIKE: I think most people realize  
18 what's happening there. I've been -- for years I've  
19 wanted them to cut some of this here woods around here.  
20 Of course, it doesn't look too good right now, but it's  
21 better than having a raging fire come through here. I'm  
22 glad that there's some benefits being made by individuals  
23 and companies invest money in getting this timber to  
24 market and it will all grow back. I like to seed  
25 different -- I'm trying -- I clear cut a lot around my

00004

1 property and I still have a lot left, but I'm trying  
2 spruce trees -- or not spruce trees, but sugar pines and  
3 Siberian larch and I think that will all be a benefit to  
4 put these different forests out. Try something new.  
5 Okey-doke. Thank you very much for listening to me.

6 MR. LIMA: Thank you for calling.

7 MR. PRIKE: You're welcome. Bye.

8 (Off record)

9 (On record)

10 MR. LIMA: Good evening. Minerals  
11 Management Service. Jim Lima speaking.

12 MR. ADAMS: Hey, I'd like to make a  
13 comment about the sale you guys are doing, leases in Cook  
14 Inlet.

15 MR. LIMA: Yes, sir. If I could get you  
16 to state your name, please. We are on the record. This  
17 is being recorded.

18 MR. ADAMS: Okay. My name is Scott  
19 Adams. I live in Homer. My address is P.O. Box 2292,  
20 Homer, 99603. I am in favor of the sale of the leases.

21 MR. LIMA: Thank you very much.

22 MR. ADAMS: Okay. You have a nice day.

23 MR. LIMA: Thank you.

24 (Off record)

25 (On record)

00005

1 MR. LIMA: Good evening. Minerals  
2 Management Service. Jim Lima speaking.

3 MR. DUNNE: Hi. Are you still taking  
4 comments?

5 MR. LIMA: Yes, sir. Could I get you to  
6 state your name for the record, please. This is being  
7 recorded.

8 MR. DUNNE: Sure. My name is William  
9 Dunne, D-U-N-N-E.

10 MR. LIMA: Okay. Thank you.

11 MR. DUNNE: I was unable to comment when  
12 you had the public hearing in Homer, but I have numerous  
13 concerns about the impacts of a lease sale on the  
14 environment. I'm concerned about the scallop beds over  
15 by Augustine Island and was wondering if you had worked  
16 with Department of Fish and Game, which has mapped out  
17 the scallop beds, which they have an annual fishery over  
18 there that supports a number of people, boat owners and  
19 deckhands. I've got concerns about potential --  
20 actually, that wouldn't necessarily be spills, but just  
21 the infrastructure might interfere with the scallop beds.

22

23 I also have concerns about the impacts of  
24 a potential spill. I understand there's -- the EIS says  
25 there's a one in five chance of a major oil spill and

00006

1 I've got concerns about even smaller oil spills. Just  
2 the way the currents are, the gyres off the mouth of  
3 Kachemak Bay, it seems like any spills or any dumping of  
4 drilling waste into the inlet could get trapped in those  
5 gyres and have adverse impact on larvae that are carried  
6 in those gyres. There's been studies done off and on  
7 over the past 30 years showing the importance of those  
8 gyres for holding and transporting larvae, shellfish and  
9 other larvae. I think even if there weren't a spill,  
10 just the impact of discharged wastewaters and drilling  
11 muds would have adverse impacts upon larval forms of life  
12 there.

13                   So I'd really strongly recommend that  
14 there be zero discharge. I understand that the other  
15 platforms in Cook Inlet are allowed to discharge drilling  
16 muds and other produced waters and wastes and I really  
17 strongly recommend that any drilling that be permitted in  
18 this lease sale have a requirement for zero discharge.

19                   Also, I've got pretty strong concerns  
20 about the impacts to the charter fishing industry and the  
21 other commercial fishing industries. There's a growing  
22 fishing industry for Pacific cod with pots that occurs in  
23 the Federal waters out there and it seems like there's  
24 potential for conflicts just from the infrastructure and  
25 any rigs that might be put out there would interfere with

00007

1 the Pacific cod pot fishery. I guess that's about if for  
2 right now.

3 MR. LIMA: That was the Pacific cod pot  
4 fishery?

5 MR. DUNNE: Correct. It's a Federal  
6 fishery. Actually, it's going on right now. It starts  
7 January 1st and usually goes through until early March.

8 MR. LIMA: Okay. Thank you. I'll pass  
9 that along and make sure they take a look at it. Thank  
10 you very much, sir.

11 MR. DUNNE: Okay. Thank you.

12 (END OF PROCEEDINGS)

00008

1 C E R T I F I C A T E

2 UNITED STATES OF AMERICA)  
3 )ss.  
4 STATE OF ALASKA )

5 I, Joseph P. Kolasinski, Notary Public in and for  
6 the state of Alaska, and reporter for Computer Matrix  
7 Court Reporters, LLC, do hereby certify:

8 THAT the foregoing Telephonic Mineral Management  
9 Service Hearing was electronically recorded by Salena  
10 Hile on the 28th day of January 2003, at Anchorage,  
11 Alaska;

12 That this hearing was recorded electronically and  
13 thereafter transcribed under my direction and reduced to  
14 print;

15 That the foregoing is a full, complete, and true  
16 record of said testimony.

17 I further certify that I am not a relative, nor  
18 employee, nor attorney, nor of counsel of any of the  
19 parties to the foregoing matter, nor in any way  
20 interested in the outcome of the matter therein named.

21 IN WITNESS WHEREOF, I have hereunto set my hand and  
22 affixed my seal this 17th day of February 2003.

23  
24 \_\_\_\_\_  
25 Joseph P. Kolasinski  
26 Notary Public in and for Alaska  
My Commission Expires: 4/17/04 \_



00002

1

P R O C E E D I N G S

2

(Seldovia, Alaska - 1/21/2003)

3

HEARING OFFICER GOLL: Good evening. My  
4 name is John Goll. I'm the regional director with the  
5 Minerals Management Services, Alaska Region. I reside in  
6 Anchorage. To my right here is Renee Orr, who is the  
7 head of the leasing division from our headquarters office  
8 in Washington, D.C. Jim Lima, who just spoke to you for  
9 a minute there, is from our Anchorage office and he is  
10 responsible for putting this environmental impact  
11 statement together. And Albert Barros (ph) is also with  
12 us. He's still over at the high school trying to bid on  
13 some of the things at the auction, so we'll see if he's  
14 successful when he gets back and what it is. He's our  
15 community liaison and maybe he's met some of you.

16

What we're here this evening for is to  
17 receive public comment on the draft environmental impact  
18 statement for two lease sales -- well, for the EIS, which  
19 is covering two lease sales that we're proposing in Cook  
20 Inlet for the years 2004 and 2006. Comments that we  
21 receive will be used by the Secretary of the Interior  
22 when she makes her decisions regarding the lease sales.

23

The proposal that we are looking at is  
24 the area from south of Kalgin Island down to near Shuyak  
25 Island and we're also looking at two deferrals, that is

00003

1 two areas that we would take out of the sale. One around  
2 the Barren Islands and one off of the area, down in this  
3 area, off of Port Graham, Nanwalek and from Seldovia.

4                   Essentially, there's four alternatives  
5 that we're looking at. One, the entire area down towards  
6 the northern part of Shelikof Strait. Number two is not  
7 having a sale. The third one would be to take out this  
8 area off of the coast here and the fourth is to take off  
9 the area near the Barren Islands. Likewise, there's a  
10 fifth alternative that the secretary could take also and  
11 that would be to take off both of these areas so they're  
12 not mutually exclusive.

13                   Our expectation for the sales based on  
14 what we hear from the state, the Kenai Borough and from  
15 the industry is our expectation is that people may be  
16 looking more for gas these days than oil. However, the  
17 sale does cover both oil and gas. There would be  
18 requirements if the sale happened for them to follow  
19 procedures for both.

20                   The five-year plan was approved by  
21 Secretary Norton last June and it did propose to hold two  
22 sales and that, again, is what we are trying to do here.  
23 We will have three other hearings. One in Homer on  
24 Thursday night, one in Kenai at the Merritt Inn on  
25 Saturday afternoon and we will also have telephone

00004

1 hearing, especially for those in communities that are not  
2 able to make any of our hearings. We already had a  
3 hearing in Anchorage last Thursday. The public comment  
4 period closes on Tuesday, February 11th.

5 I want to try to keep this somewhat  
6 informal. When we have people testify, we would ask you  
7 to speak into the microphone for the court recorder and  
8 state your name and organization if you represent one for  
9 the record. At periods, we can go off the record if  
10 there's questions and answers. In fact, maybe I might --  
11 unless somebody who had to testify has to leave early, we  
12 could take care of you now. Otherwise, maybe we could  
13 open it if you would like for a few minutes if people  
14 have any general questions that, you know, perhaps we can  
15 answer.

16 (Question and answer session)

17 HEARING OFFICER GOLL: What we could do  
18 is perhaps start to take testimony and then, again, we  
19 can continue answering questions when people are done.  
20 What I've got is the list. One thing I neglected that we  
21 always try to do at meetings, especially that we've got  
22 more people in the room now, is to point out the exits in  
23 case of an emergency. I'm not from here, but there's a  
24 stairway down here and, of course, the door we all came  
25 in. So, for safety purposes. The first person that,

00005

1 again, we've got marked here with asterisks was Honeybee  
2 Nordenson. Then, again, if you could state your name.

3 MS. NORDENSON: My name is Honeybee  
4 Nordenson and I'm a resident of Seldovia and I grew up in  
5 Kodiak, so I've lived around the coastal communities all  
6 my life. I don't know if this lease is going to go or  
7 not, but if it does, I would like to see as part of that  
8 lease agreement that then you would help support local  
9 community response groups because, as we saw with the '89  
10 spill, it took several days to really get something going  
11 and who has ownership but the local people. So we all  
12 want to protect our waters and our coast and the water,  
13 of course, has a lot of our resources. And we see the  
14 damage of '89 and we certainly don't want a repeat of  
15 that. If you support the local response groups as the  
16 time of the signing of the lease, then when we do start  
17 exploring and start drilling and if, by chance, and hope  
18 to God there is never a time, but there is any bit of  
19 spill anywhere, then we would be prepared to be right  
20 there, so I would like to see that as a stipulation if it  
21 goes. I'm still undecided, myself, as to whether I agree  
22 with it or not. My family has always been a fishing  
23 family, so everything in the water means everything to  
24 us. That's important.

25 HEARING OFFICER GOLL: Thank you. Next,

00006

1 John -- and I can't read the handwriting.

2 MR. KVARFORD: Kvarford.

3 HEARING OFFICER GOLL: Thank you.

4 MR. KVARFORD: Common spelling. K-V-A-R-

5 F-O-R-D. I'm John Kvarford. I'm the president of

6 S.O.S., Seldovia Oil Spill, and that's who Honeybee was

7 just talking about. She's on our board of directors. I

8 worked on the oil spill, the Glacier Bay spill, two years

9 before the Exxon spill and then worked on the Exxon

10 spill. Both of those spills, it took a long time to get

11 started. It was several days before they even got to

12 work on it. It took time to get boat contracts, get

13 people certified in Hazwopper training, all the things

14 necessary. So about a year after the Exxon spill Tim

15 Robertson is responsible for starting the S.O.S.

16 organization and I was the first boat that signed up

17 because I thought it was a good idea.

18 What our plan was to be was like a

19 volunteer fire department, ready for an oil spill

20 cleanup. We've kept it going all this time and just

21 recently we lost our funding. We were funded pretty well

22 by Alyeska Pipeline for quite a while, so we are looking

23 for funding. If they go here in the lower Cook Inlet,

24 we'd definitely want it to be mandated that they would

25 help us and any other communities that wanted to start up

00007

1 the same thing. Originally we thought that we would be  
2 the pilot and maybe all these other little villages up  
3 and down the inlet would do the same thing and we could  
4 all help each other.

5                   They tell me that if this goes, the  
6 people that will be in charge of oil protection down  
7 there will be CISPRI. CISPRI's budget, they do the best  
8 they can with what they have, but their budget has never  
9 been nearly as generous as it is over in Prince William  
10 Sound where they have escort vessels and millions of  
11 dollars worth of preparation over there. So, there  
12 again, if they open this lease in the lower Inlet, we'd  
13 like to see more money go to CISPRI. And we work pretty  
14 well with CISPRI, too. And we would like to see escort  
15 vessels and more protection throughout the whole lower  
16 Inlet.

17                   The thing that we were discussing, the  
18 drilling muds and other chemicals that they do dump.  
19 Twenty years ago Kachemak Bay was just a fabulous  
20 paradise for all types of shellfish. You could just pick  
21 what you wanted for supper. There was all kinds of  
22 shrimp. There was three varieties of commercial shrimp,  
23 three varieties of commercial crab. Now we don't have a  
24 commercial season for anything in Kachemak Bay. And  
25 hardly -- for subsistence on crab, they gave us about one

00008

1 week on tanner crab last year.

2                   And I've always suspected that maybe  
3 things are coming down from the upper Inlet, from the  
4 drilling platforms. We've also heard stories in the past  
5 that up there where they're processing they dump an awful  
6 lot of chemicals that haven't been certified as being  
7 hazardous, so then they're legal to dump even though they  
8 haven't been certified to be safe either.  
9 So we'd like to see some changes in that. We'd like to  
10 be better protected. I think that's all I have.

11                   HEARING OFFICER GOLL: Thank you. Walt  
12 Sonen.

13                   MR. SONEN: My name is Walt Sonen. I'm a  
14 resident of Seldovia and I guess I would start out by  
15 saying I'm a proponent of Proposition No. 2, which is the  
16 non-sale of this area. The reasons for that are the many  
17 doubts that I have about this lease sale and its effects.  
18 According to what I understand of the environmental  
19 impact statement, that there is a 19 percent risk of a  
20 major spill. That's a one in five risk over the life of  
21 the lease sale. The lease sale was based on the estimate  
22 that there would be one platform in the area.

23                   I guess what we're talking about today is  
24 the lease sale proposed for the year 2004, but also in  
25 here you mention the lease sale for the year 2006. The

00009

1 lease sale for the year 2006 was also projected to have  
2 another platform. It's unclear to me whether this would  
3 then increase the risk of a spill another 19 percent or  
4 not, but if we have a 40 percent, 38 percent chance of a  
5 spill over the life of these two platforms, supposing  
6 that's the only two platforms, I would suggest to you  
7 that -- or all of us in this room that we might look at  
8 that area and assess the value of that area just like it  
9 is today in millions or billions of dollars and if one  
10 were going to run an insurance company for profit, one  
11 would maybe suggest that 50 percent of that value that we  
12 would lose to an oil spill might be a viable premium for  
13 insurance. I mean if we're looking very clear-eyed into  
14 the future, expecting a spill, a major chance of a spill  
15 in this area, or a chance of a major spill, I think that  
16 the way this is being approached is unacceptable, that  
17 there's other values for this area.

18 I'm speaking after Red Kvarford and I  
19 agree with him on the suspicions for the local fishermen.  
20 I fished crab here in the late '70s and early '80s and  
21 there's no more crab. There are many reasons for that,  
22 but one of the suspicions that's always been amongst the  
23 fishermen was that it was the toxic waste that's been  
24 dumped in the drilling muds in the upper Inlet. It's my  
25 understanding that the standards required for this area

00010

1 would be the same as the upper Inlet. The Cook Inlet  
2 area is the only area in the United States where toxic  
3 waste can be dumped directly into the water column. This  
4 has been going on since the mid '60s. The overall effect  
5 of that in the lower Inlet with all the turbulence and  
6 water movement that we have is really unknown. There  
7 were no studies done in 1965 to see what the inlet  
8 actually looked like then before this type of dumping was  
9 put into place. Only sporadically since then, to my  
10 knowledge, has there been any sort of analysis of the  
11 soils on the bottom of the inlet.

12                   Should this sale take place, I think a  
13 thorough study of what exists now should be taken and  
14 then compared to what occurs later. I would be opposed  
15 to the sale unless there was a total ban of dumping of  
16 drilling muds and hazardous waste off the platforms.

17                   Another thing that I might point out just  
18 for the record because we live here and we fish here is  
19 that this area is one of the most treacherous areas for  
20 weather that can possibly be imagined. The currents at  
21 the mouth of Cook Inlet are like none other in the world  
22 perhaps and we have a lot of wind associated with that  
23 and the wind comes from different directions. There are  
24 areas in the lower Cook Inlet off the Barren Islands that  
25 the waves meet and they just go straight up in the air.

00011

1 It's terrible weather and I'm sure that the oil companies  
2 would probably be aware of that, but it's something that  
3 maybe needs to be taken into account perhaps.

4                   We have a large body of water here. It's  
5 one of a few areas in the whole United States where there  
6 is as much oil traffic as there is with unescorted  
7 tankers. I don't think that your impact statement or the  
8 mandates to the sale require any different requirements  
9 than the existing requirements and I think it's time that  
10 we put some of these things into place and assess the  
11 real cost of drilling and oil exploration in Cook Inlet.

12                   I'm also a member of the local Seldovia  
13 oil spill response team and I would -- should this sale  
14 go through, I would like to see a rider placed on the  
15 lease sale, half the time of the lease to assess a  
16 certain amount of money to go into local oil spill  
17 response. Thank you.

18                   HEARING OFFICER GOLL: I think as of  
19 right now that's who we had signed up to testify unless  
20 anybody else would like to now. Yes.

21                   MR. KVARFORD: Could I jump back in?

22                   HEARING OFFICER GOLL: For the record?  
23 Do you want to be informal or on the record?

24                   MR. KVARFORD: Either way. It doesn't  
25 matter. Down through here, Walt pointed it out, this is

00012

1 really a bad waterway. When we go out to clean up oil,  
2 you can clean up oil pretty good up to a three-foot sea.  
3 The seas down here, around the Barren Island, seldom ever  
4 see anything as calm as a three-foot sea. So if we get a  
5 major spill out here, we can do shoreline protection and  
6 that's about it.

7 HEARING OFFICER GOLL: Anybody else for  
8 comments? Otherwise, what I'll do is maybe go off the  
9 record, if that's okay, for questions and answers,  
10 comments. Yes.

11 MS. NORDEENSON: I have one comment that I  
12 should have said earlier. Honeybee Nordenson again. One  
13 more comment and I should have said it while I was up  
14 here. One thing is the oil companies make all these  
15 promises about how they're not going to do this and they  
16 will do that to protect our environment and that they'll  
17 stand behind all the things they say. But as we saw with  
18 the '89 spill that happened, we've yet to see them back  
19 up all their promises from that. I do believe, whether  
20 we need this exploration or not, I do believe though that  
21 the state and everybody else should halt any leases until  
22 things are settled from the past. So that was a comment.

23 MS. MUMMA: I guess it's now or never.

24 HEARING OFFICER GOLL: If you could state  
25 your name, please.

00013

1 MS. MUMMA: I'm Susan Mumma. I live here  
2 in Seldovia and have for the past 30 years. I'm not a  
3 fisherman. I'm a resident of this area and I find the  
4 reason that I moved here is because it's beautiful and  
5 pristine and I like it that way. I am also in the  
6 tourist industry and people are coming to Seldovia and  
7 this area for tourism and the last thing they want to see  
8 is an oil spill on the beach or in the water or anywhere  
9 that way and it would pretty well ruin my business also  
10 as someone in the tourism industry. I would not want to  
11 see any more drilling in the Cook Inlet because I do not  
12 believe we have the technology to clean it up and protect  
13 it. I also feel that the state has made absolutely no  
14 effort in working with alternative energy sources for  
15 this area and there is plenty of potential around here we  
16 need to be working on.

17 If you want to drive down the -- or come  
18 down to the peninsula from Anchorage, there's basically  
19 only three ways to do it right now. One is the airplane,  
20 which uses a lot of oil and gas. Another is the  
21 automobile, which uses a lot of oil and gas. And another  
22 is a bus, which goes twice a week, or a boat, that goes  
23 up the inlet. I guess there's four ways. But it's  
24 virtually impossible to do it -- there's no public  
25 transportation, virtually, unless you want to pay a lot

00014

1 of money.

2 I think this is a philosophical point of  
3 view, but I believe in sacred places and there have been  
4 some areas designated in Alaska as sacred places forever  
5 and all times. We would not drill there. And now we are  
6 considering this once again. I just want to know how  
7 many times we have to say no. We've said no once, twice,  
8 three times now. Every time an economic burden comes, we  
9 have to suddenly open up our sacred places. That's  
10 philosophical, I know, but I just wanted to state that.

11 Part of our human spirit is that we are  
12 able to keep sacred places and as soon as we're not, I  
13 mean who can we trust. We make each other a trust. We  
14 make a promise to the people of the United States when we  
15 set up these kinds of things. This doesn't totally apply  
16 to this, but it seems to me that the Kachemak Bay is an  
17 awfully beautiful place to waste. Thank you.

18 MR. SHAVELSON: My name is Bob Shavelson.  
19 I'm the executive director of Cook Inlet Keeper, but for  
20 tonight's testimony I will testify as an individual  
21 resident of the Kachemak Bay watershed. I guess I'd like  
22 to start out first and say the notion of supporting a  
23 local community-based strike team such as the S.O.S. team  
24 is imperative if the Minerals Management Service is going  
25 to go forward with these leases. I think one of the most

00015

1 valuable lessons came from the Exxon Valdez Oil Spill was  
2 that local people with local knowledge were much more  
3 capable of addressing local spill scenarios, so it's been  
4 very disheartening for me to watch Alyeska pull the  
5 funding from S.O.S. because this is the model that should  
6 be built on. We shouldn't be relying on response teams  
7 coming out of Nikiski with a small base in Homer to  
8 address a spill in the lower Inlet or in the Seldovia  
9 area.

10 I'd expand on that a little bit, too,  
11 because Kachemak Bay was one of the early areas where oil  
12 and other values kind of clashed and it resulted in the  
13 '70s and one of the first major environmental lawsuits in  
14 the state. The state issued some illegal leases that it  
15 was forced to buy back for roughly \$25 million. As a  
16 result of that buy-back, there was created the Kachemak  
17 Bay critical habitat area and at this time surface entry,  
18 which means the placement of rigs directly in Kachemak  
19 Bay, is prohibited.

20 I tell that story because Kachemak Bay is  
21 also the de facto port of refuge for any stricken vessel.  
22 Anybody around here knows that if you have a large boat  
23 and it gets in trouble in some nasty weather, it's going  
24 to look for a safe haven in Kachemak Bay. So you've got  
25 this inherent conflict. On one hand, you've got this

00016

1 very rich and productive resource in a critical habitat  
2 area and the other you've got a place where an endangered  
3 vessel is going to come in, oftentimes leaking or  
4 disabled.

5                   With that, you put together the presence  
6 of local citizens with local knowledge about local  
7 conditions and you start to put together a package that  
8 can support some economic development here and I think an  
9 important component of that would be having a permanent  
10 tug assist or tug escort down here in Kachemak Bay,  
11 either in Seldovia or Homer. You know, those pieces all  
12 fit together into a package that builds up the marine  
13 trades industry down here, provides jobs and safeguards  
14 the resources that are important to so many people down  
15 here.

16                   I have to touch on some of the science  
17 questions because some folks have noted that the  
18 platforms in the upper Inlet operate under a special  
19 Clean Motor Act permit that makes Cook Inlet the only  
20 coastal area in the nation where toxic drilling muds and  
21 cuttings and produced waters are discharged at between  
22 two and a half and three billion gallons a year into our  
23 fisheries. I have to say it's rather ironic that the  
24 Kenai Peninsula Borough is moving forward with an effort  
25 to brand and market its salmon to combat the glut of

00017

1 farm-raised fish on the market and we're doing this at a  
2 time when we're dumping toxics into the very habitat  
3 these fish need. I've likened it in the past to a crop  
4 duster flying over an organic farm and marketing is all  
5 about perception and branding is too and it's going to be  
6 very difficult to elevate and create niche markets for  
7 Cook Inlet/Kenai wild salmon if, in fact, we have an  
8 industry that continues to insist on dumping.

9                   Getting to that, the presumption in the  
10 environmental impact statement is that there will not be  
11 during development and production waste discharges,  
12 drilling muds and cuttings or produced water. And I  
13 would urge in the strongest possible terms for MMS to  
14 recommend to the Secretary of the Interior that the  
15 prohibition on that dumping be included as a stipulation  
16 in the lease and not simply defer to the sister agency,  
17 the Environmental Protection Agency, because time and  
18 time again the Environmental Protection Agency has bowed  
19 to the pressure of the oil industry and has allowed these  
20 discharges to continue. So there's no guarantee --  
21 despite the fact that it is a presumption in the EIS  
22 analysis, there's no guarantee that we won't see  
23 continued dumping on the outer continental shelf.

24                   I guess I'd like to take a step back  
25 because a lot of times we get so focused on the minutia

00018

1 here and there's so many complex issues, but, you know,  
2 there's so many things going on in the world right now,  
3 you know. I see us on the verge of a unilateral war with  
4 Iraq. I see some very serious trouble with North Korea.  
5 Oil is everywhere in our foreign policy and in our global  
6 politics.

7                   There was just a story that came out in  
8 the newspaper today that former head of the Federal  
9 Energy Regulatory Committee has publicly accused Ken Lay  
10 at Enron of basically threatening him with being fired if  
11 he didn't follow Ken Lay's decisions and our president  
12 did fire this gentleman because he did not accede to Ken  
13 Lay's wishes.

14                   If we go back and we look at our  
15 president's ties to Harken Energy and we go back and look  
16 at the vice president's ties to Halliburton Energy, we  
17 see a pattern here and we see the vice president refusing  
18 to tell the press and to tell Congress who he met with to  
19 develop his national energy strategy. Yet, when we see  
20 that energy strategy, it's all about drilling more to  
21 satisfy this insatiable thirst we have for energy, but  
22 there's little or no conservation in there.

23                   I mean anybody that's looking down the  
24 road 20 years or 50 years or 100 years recognizes that  
25 we're dealing with a finite resource and we should have

00019

1 alternative plans. This would be much more palatable to  
2 a lot of people if the Minerals Management Service came  
3 out and said we recognize we're addicted to fossil fuels  
4 right now, but we're going to be fighting to get off that  
5 addiction and to help us. We're going to start seriously  
6 developing these alternatives. And in Cook Inlet I think  
7 you're talking about significant tidal energy reserves,  
8 as well as solar and wind.

9                               So I just wanted to make those points  
10 because sometimes we do get so focused on the minutia  
11 here, but there's so many bigger issues going on in the  
12 world and I think it's important to put them all in  
13 perspective and I thank you for the opportunity to  
14 testify.

15                               HEARING OFFICER GOLL: Any other comments  
16 now? Otherwise, let's go off the record and if there's  
17 more questioning and comments. Thank you all for your  
18 views.

19                               (Off record)

20                               (END OF PROCEEDINGS)

00020

1 C E R T I F I C A T E

2 UNITED STATES OF AMERICA)  
3 )ss.  
4 STATE OF ALASKA )

5 I, Joseph P. Kolasinski, Notary Public in and for  
6 the state of Alaska, and reporter for Computer Matrix  
7 Court Reporters, LLC, do hereby certify:

8 THAT the foregoing Mineral Management Service  
9 Hearing was electronically recorded by Salena Hile on the  
10 21st day of January 2003, at Seldovia, Alaska;

11 That this hearing was recorded electronically and  
12 thereafter transcribed under my direction and reduced to  
13 print;

14 That the foregoing is a full, complete, and true  
15 record of said testimony.

16 I further certify that I am not a relative, nor  
17 employee, nor attorney, nor of counsel of any of the  
18 parties to the foregoing matter, nor in any way  
19 interested in the outcome of the matter therein named.

20 IN WITNESS WHEREOF, I have hereunto set my hand and  
21 affixed my seal this 17th day of February 2003.

22 \_\_\_\_\_  
23 Joseph P. Kolasinski  
24 Notary Public in and for Alaska  
25 My Commission Expires: 4/17/04 \_