From the agenda: The goals of this meeting are to explore the potential impacts North Aleutian Basin offshore development might have on Bristol Bay communities in the short and long term and to provide an opportunity for organizations to describe their positions on the issue.

Bristol Bay Native Association – Ralph Anderson
Opposed to offshore – fishing is just too important, was reaffirmed in their March board meeting.

Bristol Bay Economic Development Corporation – Robin Samuelson
6000 residents in the area, costs are too high in the Bay for fishermen to make a living. Rumors are flying that on the next barge’s worth of fuel we’ll be paying $7/gallon for gas and $5 for heating oil, everybody is having a hard time with fuel costs and fishermen are especially hard hit. The BBEDC Board weighed pros and cons, supported onshore with multi directional drilling out to 3 miles, BBEDC has asked the delegation and governor not to advance offshore. We have not received a report from the companies on how the region would benefit. We know that we need to lower energy costs but we are very nervous about offshore exploration. Also concerned about the mine, “There are smart people in this room but none of us are smart enough to prevent a catastrophe and a spill could be catastrophic.” The oil companies and the Governor need to go to the villages and explain, with a Yupik translator, to the people of Togiak and Iliamna and Port Heiden. None of the Governor’s cabinet have visited the Bristol Bay villages to ask our opinion. There is no transparency to the process, just politics.”

Bristol Bay Native Corporation – Tiel Smith
Very readily apparent that economic situation is dire. In response to the (September in Dillingham) economic summit, BBNC passed a resolution and developed outreach to spread the information to their members and the result was that members felt better about onshore than offshore but that the potential for oil or gas development was worth investigating. In 2003 Harvey Samuelson and Nels Anderson Jr. approached Governor Murkowski about exploring in BB, and created an MOU between State and BBNC to see what is really there. Because the interest was onshore that’s where the research happened. Positive findings between CI and BB, then State Lease Sale happened – not as positive as ’96. MMS says probably 750 million recoverable barrels of oil, 9.5 trillion cubic feet of gas “Not just talking about resolutions, talking about my home.”

Board actions summary – letter to MMS supported placing NAB on study schedule. In no way is this a guarantee that this will go to lease sale, but study and EIS will be accomplished. After permitting process and local support is in place maybe then they’ll take a stance. They want to take a reasonable, responsible and rational look at oil and gas in the NAB. BBNC has put most of their effort and energy into onshore.
Roland Maw asks about transparency and points out the words “uneasiness” and “quandry” from the previous speakers and wonders what’s causing the nervousness in BBEDC. “When we beat back OCS ’92 there was dialog on a state wide and regional and local level. The Governor formed a task force of 14 communities then and there should be one now. On issues of this magnitude you’ve got to go to the village level. Without that sort of dialog this region has been slighted.”

This offshore exploration is a major disruptor to subsistence way of life. Attachment and ownership of the land is important to the people who live there. As the years went by the industry was able to prove that they could develop onshore in a way that didn’t hurt the caribou, land, birds.

How will 250 megawatts of power for Pebble happen?
How are the villages going to benefit?
98% of villages support onshore because it will provide benefits to communities; not so for offshore.

Norm Anderson sent letters to 33 BB villages and received information back that indicated lack of knowledge on the moratorium. He asked to be invited to villages and found support for onshore exploration and the need to help to get infrastructure.

Liz Brown asks Robin who should be doing this community grassroots move towards transparency given how expensive to fly people around for meetings, print newsletters, hire Yupik speaking translators for meetings, and having meetings that will include all people throughout the region at the village level. Robin answers that Shell Oil should give a half million dollars for the region to set up such meetings. A BB Partnership could take care of the dialog that would include things like nurturing mom and pop industries in the villages, creating setbacks from certain streams, creating dialog with tribes, installing monitoring systems that would prove that the industry wants to be good stewards.

Aleutians East Borough – Bob Juettner
In November, 2005 AEB made the decision to cautiously support offshore exploration. Wanted to make sure that safeguards are in place and that AEB has a seat at any decision-making table. Bob pointed at the 80s activities when Stanley Mack chaired AE RSA and brought over men from Scotland to talk about their experiences as fishermen in waters with oil development. Some problems then included the community having no voice so they started holding community meetings – although he admits AEB had an easier time than BB region would because AEB only needed to contact 6 communities. At that time they HAD a coastal development program that included OG and wanted their policies to be included in mitigation measures. At the end of 1984 they released “NO offshore OG” report in spite of declining prices, lack of opportunity for community members. But since 1993 schools have lost population. AEB has gone to industry, attended conferences, solicited feedback from fishermen in Galveston, asking “Can This Work?” and the results were 4 resolution options: 1. No, 2. Let’s study it. 3. Gas only, 4. Support for OG in NAB provided maximum protection given to fish resources, environmentally responsible manner, business opportunities given to locals. Bob pointed that jobs in this industry tend to be high-wage and AEB has asked the Governor to lift the moratorium. However, they reserve the right to ‘get off the train’ if things aren’t happening the right way. “Decision
is revocable.” It’s important to request a seat at the table for EIS process. Also, a “one-egg economic basis” is not going to make it work was the fisheries are less viable.

Gunnar – Go outside Alaska to look for relevant examples; Cook Inlet is not the only example. Look at other hostile environments like the North Sea. Get people to come talk about their experiences, send residents of this area to go to other places.

Robin – Aleutians East Borough will maximize jobs and small businesses, but who will benefit outside AEB? Ideas include using SAVEC as a regional training center, requiring local hire (Need a definition of local hire here.), start negotiating well in advance as a resident of Bristol Bay. There’s no reason why this region can’t cash in on the jobs. Also need to implement mitigation and restrictions on interfering with halibut nursery, crab seasons, salmon runs, etc.

Ralph Anderson - How does your Municipal planning and zoning fit in with OG exploration? Taking North Slope Title 19 and revamping it into something to work for AEB. Taxes will be important to AEB, we're expecting a $25 million budget while our current budget is about $5 million. We want to consolidate activities to avoid sprawl like in Prudoe Bay. (called “Enclave development.”) Nelson Lagoon wanted things to happen there at the village. Also, there are problems with operating money for SAVEC, in answer to the question above.

Bristol Bay Borough – Fred Pike
BBB is still open to the discussion of offshore exploration and cautiously optimistic. Very interested in this conversation between the various organizations. We want to see something for the people of BB come out of this, not just get stuck with the dangers of development. Would like to see some type of cheaper fuel brought in. Feels it’s still early in the game and we don’t know what’s ahead. So far BBB is in support of onshore exploration and in support of the presidential moratorium.

Whit Sheard– Governor Murkowski’s support of exploration in NAB is based on the ‘overwhelming local support’ but it’s really only the AEB resolution, and it sounds like you really aren’t 100% supportive.

Shell Oil Exploration and Production – Gregg Nady
The exploration process will follow four separate lines:
• 5 year leasing plan – where and how often lease sales happen 2007-2012 with two public comment periods so far. The draft EIS will be done this fall, early Sept, then a 90-day comment period. Then develop proposed plan and have a 60-day comment period for Congress. In spring, 2007 the plan will be aired.
• Planning for Specific sale - Then there will be a 3-year period with more details for each area, four more comment periods, then maybe 2010 lease sale for NAB.
• Exploration Plan Approval – EPA develops discharge rules – another public process. If somebody actually drills a well and finds enough oil and gas, then a development is proposed.
• Development and Production Plan approval will include detailed environmental assessments.  
2017 would be the earliest date for any production. Every phase will get lots of review.

Ralph – what’s Shell doing during the developing-a-5-year-plan stage?  
Shell will submit confidential maps to MMS identifying most interesting places. We also made a corporate decision to be involved early on. Keep in mind that this is a relatively small geographic area as compared to Gulf of Mexico. We foresee bringing a pipeline to the south side of peninsula, in Lefthand Bay. If we find enough oil or gas we would likely provide local energy source; the closer you are to the development the easier to provide power. But until you find the resources you won’t know any answers and this very long process can be stopped anywhere along the way. Some opportunities for the region include a local source of fuel and energy, jobs, tax income, revenue sharing, enhanced search and rescue and spill response capabilities. A rough estimate is the creation of 650 long term stable jobs. Keep in mind there is only a small probability of success in finding sufficient quantities of oil or gas and plenty of risk. We are sensitive to subsistence activities. Look at St. George Basin off-shore wells for an example of the good neighbor policy and an example of fruitless exploration: 11 wells were drilled in the St. George Basin but no oil or gas was found.

Pacific Environment – Whit Sheard
The NAB is rated highest in sensitivity on the MMS list of potential exploration sites but it is not rated at the highest hydrocarbon production resource level. PE doesn’t oppose onshore development because of strong community support for it. There are some Alaska specific concerns--for example, the EPA has instituted more relaxed water quality standards for Cook Inlet than the rest of the U.S. There should be close attention paid to the danger to the habitat of the critically endangered eastern stock of the North Pacific right whale. We should be taking lessons from Shell’s development in Sakhalin, Russia, where they are the majority owner of the project. Shell has ignored environmental concerns such as salmon habitat protection and rejected technically feasible best practices, not helped the local communities and ignored any protection of traditional indigenous livelihoods. There are massive negative impacts to local communities and extinction risk for the grey whale population. There were also inequitable production sharing agreements and no natural gas was ever produced for Sakhalin.

Tiel – The Russian structure of government is different than the United States government with corruption from the top down. There would need to be a completely different dynamic if Shell or any other oil development is to come to Bristol Bay

Institute for Social and Economic Research UAA – Gunnar Knapp
ISER isn’t here to argue for or against OG development, interested in any study of the Alaska economy, especially impacts on the fishing industry. Good to have representation here from Cook Inlet, as their industry is “mature” and it might be valid to compare BB today with CI in the 50s and 60s. This whole process is in the very early stages and a good course of action would be to hear more before deciding to be for or against NAB OG exploration. Might also want to wait and see if the moratorium is lifted. Perhaps
those interested should move from thinking in vague terms to thinking in specifics – what kind of platform, what kind of facility, location of roads. The three phases will have different impacts on the region.

- Exploration – limited economic impacts – maybe the only phase
- Development & construction – employs largest number of people
- Production – 15-30 years, maybe, small number of people in specialized jobs

Here are some areas to consider:

- Risks - In the case of the Pebble mine it’s pretty obvious what you would get and you can measure value gained. Offshore oil is benign until some major spill happens so you must assess levels of risk.
- Employment – these are not jobs that BB residents are likely to tap into without special skills. Ask why BB residents don’t go to the North Slope? Many of the jobs in the OG industry are held by non-residents. Many locals don’t want those jobs because they are too far away and not the type of employment desired.
- Location - Where would drilling occur? Where would onshore support facilities be located?
- Economic Impacts - Direct economic impacts would probably be pretty small in employment, infrastructure and energy costs.
  o Local Energy Costs – Definitely a plus in the case of CI and for the large surrounding area including Anchorage. Difference is large population in small area versus small population in large area.
  o Tax Revenues – Theoretically very lucrative, but probably not here because AEB is only entity who would collect. Unless you can get federal offshore leasing mandates changed to pay money to potentially impacted local areas. Lesson from North Slope Borough, which was created after oil development was made available.
  o Uninformed Speculation. Kenai Borough is closest analogy. Coastal impact assistance addressed in energy act 2005, problem is that demand is growing exponentially, capped it at 250million annually in coastal impact assistance. Minimum payment of 1.5%, up to 35% is divided up between political subdivisions. Broken up by how much coastline and population. Biggest benefits 25% of 35% goes to closest community to lease location.

Gregg Beisher points out that Gunnar could have included creation of business opportunity, citing BBNC’s subsidiary companies as an example.

Dan O’Hara points out that we don’t have places for young people to work when they get educations and want to come back; we need opportunity. And the distances in BB are not as prohibitive as they are in North Slope area.

Kenai Borough – Bill Popp
Kenai has been in continuous operation since 1969 without an accident or late sailing. Their borough is bigger than 8 U.S. states and has volcanoes, earthquakes, tsunamis, winter pan ice flow, dramatic tidal flow to contend with. Their population growth resulted from OG discoveries. Total revenues in 2005 was $83.5 million. “Most
important tool in our toolbox is CIRCAC.” We also have the advantages of an extensive spill prevention and response program. Answering jobs, we have 210 direct jobs during peak employment per platform, not including shore-side support. KPB, PB and Kodiak Island boroughs created a “tri-borough” resolution which included no offshore loading of tankers, specific plans to avoid conflicts between commercial fishing gear and OG development, adequate spill prevention and response capabilities, identification of critical habitat areas and provisions for local government revenue sharing. Having the boroughs work together brought deference from federal and state agencies.

Norm Anderson asks about seismic impacts in CI, pointing out that NMFS currently attributes the steep decline of beluga to subsistence hunting but is being pushed to study the issue further.

Friends of Bristol Bay – Norm Anderson
Burying pipes doesn’t make sense in Bristol Bay with volcano and earthquake activity. A sanctuary for the Northern right whale is needed. There are jobs available here already so why invite in an industry that threatens our salmon? I’ve been working two years to get anti-offshore resolutions. I have one from the consortium of Tribes that represents the 33 Bristol Bay tribes and I have a letter of support from Alaska Intertribal Council, which represents the majority of federally recognized tribes in Alaska, stating they support the resolution, along with 16 individual local resolutions from tribe. There are toxins in the water causing birth defects and cancer and things of that nature. Florida and California led the charge 217 to 203 to wait on lifting the moratorium. Subsistence foods have changed, killer whales chasing sea otters to eat all the clams on the AK peninsulas. Can fishing and oil co-exist? No place is there healing from the earth for an oil spill. Coastal assistance will only benefit AEB, but all of BB will lose.

Bering Sea Fishermen’s Association – Karen Gillis
BSFA is an alliance formed in 1980 to help bring western Alaska ideas to the world and inform fishermen of new developments. OCS information that hasn’t been fully absorbed yet is that one negative accident impact generations. That strikes a cord of fear. In “Oil in the Sea Volume 3,” it shows how entire populations might be impacted or destroyed. Would it be genocide to not allow Natives their subsistence foods? The Bering Sea is changing rapidly - is now the time to add the stress of additional human impacts on marine life? Markets might be lost due to perception or reality that Alaska seafood is tainted which could be a loss of $1 billion in seafood - and that doesn't address additional ecological damage. The federal government is responsible for the protection of our Nation's fisheries yet they are allowing the consideration of plans, previously reviewed and rejected, that will perhaps endanger our nation's richest fisheries. BSFA will continue to work to prevent the reckless indulgence of our renewable and nonrenewable resources.

United Cook Inlet Drift Association – Roland Maw
This is like inviting an elephant into your kitchen. What are you going to do with it once it’s there? Cook Inlet oil, both onshore and offshore, has drastically affected fishing. Local proposals were rejected by the Board of Fish, who moved fishermen south into open water. No cheap fuel in Kenai, but there are ongoing associated costs including the
various governments - borough, city, villages and corporations. Myriad paperwork will come your way. And that’s not even with the production and monitoring phases. How are you going to put up front money to get in the game? The little guy’s resources are stretched already. Look at the Canadian EIA, which has an “intervener funding” so the little guys don’t go broke. The discharge permits include misinformation about Susitna but nothing about the Kenai and that’s what all the decisions are being based on. Somebody has to be looking out. Our experience is that fishing boats are prohibited within 500 feet of tankers. You need to be involved early on and you need to know who you’re dealing with. You need to ask questions like whether the successful bidding company meet their promises and how local benefits will be shared. The locals need to let the companies know of the value of the place itself. An unexpected side effect in Kenai was the political influence of the newcomers to the area; doubling the voting population will sway any decision making in the democratic process. It’s hard to put a value on non-market commodities. When asked if given the choice as a fisherman he would support oil and gas development again in the region again, Roland answered yes.

Cook Inlet Regional Citizens Advisory Council – Steve Howell
I’m afraid I missed most of Steve’s presentation while I was trying to hustle up transportation to the airport. I did get the feeling that Shell – or some other oil giant – would be eager to fund a BBRCAC and that Steve would be willing to help us set it up. One quote I did hear that stuck was, “Complacency is the most sinister player that might enter your community.” I asked Steve to submit the essence of his presentation:

The basis for much of what the Council does, what it accomplishes, can be traced back to the mandates or directives in OPA 90. The US Congress created OPA 90 after the Exxon Valdez spill. It is a broad law that includes provisions for creating the two RCAC’s in Alaska, one in Prince William Sound and one in Cook Inlet. OPA 90 stated that in forming the RCACs, it hoped to eliminate the complacency which allowed the Exxon Valdez Oil Spill disaster to occur.

CIRCAC doesn’t typically take a stance on development one way or another. If citizens decide they want development to occur, CIRCA helps ensure that the development occurs responsibly. The obvious challenge for the RCAC is to encourage improvements while developing the trust that can only occur in an atmosphere of cooperation, rather than confrontation. To that end, CIRCAC communicates on a number of issues with many agencies and organizations interested in crude oil production and transport.

Representation on the Council is split into two groups, the municipal member class and the interest groups including: Anchorage, Kenai (city and borough), Kodiak (city and borough), Seldovia, Homer, as well as Aquaculture, Commercial Fishing, Alaska Native, Recreational, and Environmental groups. One of the challenges is with this much diversity, consensus is sometimes difficult to achieve. This structure better guarantees a fair representation of the all citizens in the region.

CIRCAC negotiates a contract, typically a 3-year funding agreement, with the operators in Cook Inlet. The USCG oversees the contract negotiations to ensure that a fair and
workable agreement is made between the Cook Inlet RCAC and our industry funders. We have been successful in obtaining additional funds through competitive grant proposals to various funding agencies and we also partner with organizations to share resources and work through in-kind exchanges with them. In this way, we’ve been able to leverage pockets of funding into larger projects with a common objective and accomplish much more than we would have otherwise.

Many of our projects are devoted to collecting baseline data for the Inlet, how things look right now, and this gives us a tool for understanding change over time. We also focus on gaining a better understanding of the complex water movement in the Inlet, how that movement carries and deposits both naturally occurring and industry pollutants and on oil spill prevention and response activities. Some of those projects include: Coastal Habitat Mapping, Geographic Response Strategies, Geographic Resource Information Network, Marine Firefighting, Hydrographic Surveys, Background Metals Studies, Pipeline Integrity, Contingency Plan Review, Satellite Drifter Buoy Study, Non-Indigenous Species and Ballast Water Sampling and Analysis.

Through sensible coordination and partnering with other organizations, we have been able to get a tremendous amount of research accomplished. The structure of the organization has been beneficial in initiating and completing projects. CIRCAC functions as a focal point to address concerns, easier for industry, easier for government, easier for citizens to receive information and address citizens concerns. The logical, cost effective vehicle for citizens to be heard by governmental agencies. Agencies have an avenue to deal with Citizens concerns early in the process before concerns turn into major issues. RCACs in Prince William Sound and Cook Inlet are funded by the oil companies operating in the region and this seems to be a well-established model.

Gregg Nady pointed out in follow-up conversations that organizations that support offshore exploration include the Aleutians East Borough, Aleut Corporations Aleutian Pribilof Island Association, Shumagin Corporation, the cities of of Sand Point, Nelson Lagoon, False Pass, King Cove, Akutan, Lake & Pen Borough, Bristol Bay Borough, BBNC and others.