

00141

GREATER * FAIRBANKS CHAMBER OF COMMERCE

250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665
phone: (907) 452-1105, fax: (907) 456-0968
e-mail: staff@fairbankschamber.org
website: www.fairbankschamber.org

August 13, 2002

Mr. Jerry Brossia, Authorized Officer
BLM - Joint Pipeline Office
411 West 4th Ave., Suite 2
Anchorage, AK 99501

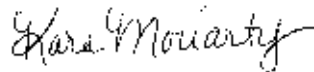
Subject: Resolution No.: 02-729 Supporting the Draft Environmental
Impact Statement for the Trans Alaska Pipeline Right-of-Way
Renewal

Dear Brossia,

Enclosed is a copy of the recent Resolution passed by the Greater Fairbanks
Chamber of Commerce Board of Directors on July 29, 2002.

If you have any questions regarding this resolution, please contact either
Buzz or myself.

Sincerely,



Kara Moriarty
President/CEO

cc: Representative John Davies
Representative Joe L. Hayes
Representative John B. Coghill, Jr.
Representative Bud Fate
Representative Jeannette James
Representative Jim Whitaker
Senator Pete Kelly
Senator Gene Therriault
Senator Gary Wilken
U.S. Senator Ted Stevens
U. S. Senator Frank Murkowski
Congressman Don Young
Governor Tony Knowles
Secretary Gale Norton, Dept. of the Interior
Resource Development Council

Benefactors

- Alaska Airlines
- Alaska Communications Systems
- Alaska Railroad
- Alyeska Pipeline Service Company
- AT&T Alascom
- BP Exploration (Alaska) Inc.
- CellularOne
- CTG Alaska
- Denali State Bank
- Design Alaska
- Fairbanks Building & Construction Trades Council The Unions
- Fairbanks Natural Gas, LLC
- Fairbanks Urgent Care Center
- First National Bank Alaska
- Flowline Alaska
- Fort Knox Mine
- Golden Heart Utilities
- Golden Valley Electric Association
- Key Bank of Alaska
- McKinley Bank
- North Star Computing
- Northrise Bank
- Phillips Alaska, Inc.
- Santina's Flowers & Gifts
- Tanana Valley Clinic
- Third Sector Technologies, Inc.
- Totem Ocean Trailer Express
- Usibelli Coal Mine
- WebWeavers
- Wells Fargo Bank Alaska
- Wendy's
- Westmark Fairbanks Hotel & Conference Center

PAID

Introduced By: Board of Directors
 Date Introduced: July 8, 2002
 Date Passed: July 29, 2002
 Date Transmitted: August 2, 2002

RESOLUTION 02-0729

A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF COMMERCE SUPPORTING THE DRAFT ENVIRONMENTAL IMPACT STATEMENT FOR THE TRANS ALASKA PIPELINE SYSTEM RIGHT-OF-WAY RENEWAL

WHEREAS the Trans Alaska Pipeline System (TAPS) was granted a 30-year right of way in 1977 by both federal and state agencies; and

WHEREAS since the current right-of-way leases expire in May 2004, the six companies that own TAPS filed state and federal applications to renew the pipeline's right-of-way for another 30 years; and

WHEREAS the right-of-way renewal process requires a full Environmental Impact Statement (EIS) examining impacts on the physical environment, biological resources, and social systems; and

WHEREAS the Trans Alaska Pipeline System has transported over 13 billion barrels of oil from the North Slope to tankers in the Port of Valdez since its beginning; and

WHEREAS the production forecasts for the next 30 years indicate North Slope production to be an estimate 8.9 billion barrels of crude oil, at a value of \$374 billion; and

WHEREAS approximately 1 million barrels of oil are transported through TAPS every day, representing approximately 17 percent of the United States' crude oil production; and

WHEREAS petroleum industry spending generates revenue of more than \$250 million dollars a year for the Fairbanks economy; and

WHEREAS the pipeline has been operated safely, efficiently, and reliably, with a reliability rating of over 90% for over 20 years; and

WHEREAS the current federal grant and state lease expire in 2004 and the applications, submitted to the Alaska Department of Natural Resources and the U.S. Bureau of Land Management, seek to extend the grant and lease for pipeline operations to 2034; and

Benefactors

- Alaska Airlines
- Alaska Communicatiors Systems
- Alaska Railroad
- Alyeska Pipeline Service Company
- AT&T Alascon
- BP Exploration (Alaska) Inc.
- CellularOne
- CTG Alaska
- Denali State Bank
- Design Alaska
- Fairbanks Building & Construction Trades Council "The Unions"
- Fairbanks Natural Gas, LLC
- Fairbanks Urgent Care Center
- First National Bank Alaska
- Flowline Alaska
- Fort Knox Mine
- Golden Heart Utilities
- Golden Valley Electric Association
- Key Bank of Alaska
- Mt. McKinley Bank
- North Star Computing
- Northway Bank
- Phillips Alaska, Inc.
- Santini's Flowers & Gifts
- Tanana Valley Clinic
- Third Sector Technologies, Inc.
- Totem Ocean Trailer Express
- Usibelli Coal Mine
- WebWeavers
- Wells Fargo Bank Alaska
- Wendy's
- Westmark Fairbanks Hotel & Conference Center
- Willbros Alaska

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WHEREAS negative economic consequences would occur if the lease was granted for a shorter period of time, such as increased financing and bonding costs, a decrease in future investment and exploration on the North Slope, and reducing the flow of funds into federal, state, and local governments; and

WHEREAS the current Joint Pipeline Office consisting of 13 state and federal agencies provide sufficient oversight of TAPS, thus negating the need for any additional oversight; and

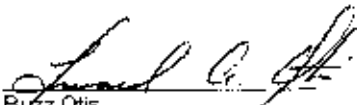
WHEREAS a shorter lease period and additional oversight would have a significant impact on the cost of doing business for TAPS, thus reducing productivity and profitability.

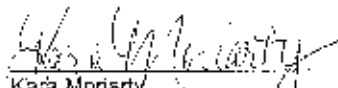
NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce fully supports the Draft Environmental Impact Statement for the Trans Alaska Pipeline System (TAPS) right-of-way renewal for another 30 years without additional requirements or oversight.

BE IT FURTHER RESOLVED that this resolution be distributed to:

- Alyeska Pipeline Service Company
- Amerada Hess
- BP Pipelines
- Exxon-Mobil
- Phillips Transportation
- Unocal Pipeline Company
- Williams Energy Services
- U.S. Bureau of Land Management
- Alaska Department of Natural Resources
- Governor Tony Knowles
- Secretary Gale Norton, Department of the Interior
- Senator Ted Stevens
- Resource Development Council
- Senator Frank Murkowski
- Congressman Don Young

PASSED in Fairbanks, Alaska this 29th day of July, 2002 by the Greater Fairbanks Chamber of Commerce Board of Directors


 Buzz Otis
 Board Chair


 Kara Moriarty
 President/CEO

Benefactors

- Alaska Airlines
- Alaska Communications Systems
- Alaska Railroad
- Alyeska Pipeline Service Company
- AT&T Alascorn
- BP Exploration (Alaska) Inc.
- CellularOne
- CTG Alaska
- Denali State Bank
- Design Alaska
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- Fairbanks Natural Gas, LLC
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- Golden Valley Electric Association
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- Santina's Flowers & Gifts
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- Third Sector Technologies, Inc.
- Tulem Ocean Trailer Express
- Usibelli Coal Mine
- WebWeavers
- Wells Fargo Bank Alaska
- Wendy's
- Westmark Fairbanks Hotel & Conference Center

141-1

Responses for Document 00141

00141-001: Thank you for your comment.

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

Office of the Commissioner

TONY KNOWLES, GOVERNOR

1255 W. 8th Street
Juneau, AK 99802-6526
PHONE: (907) 465-4100
FAX: (907) 466-2332

MEMORANDUM

TO: John Kerrigan, State Pipeline Coordinator
Joint Pipeline Office
Department of Natural Resources

FROM: *Frank Rue*
Frank Rue, Commissioner
Department of Fish and Game

DATE: August 19, 2002

SUBJECT: Renewal of the Trans-Alaska Pipeline Right-of-Way Lease and
Proposed Land Classification and Mineral Closing Order

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JOINT PIPELINE OFFICE

The Alaska Department of Fish and Game (ADF&G) has reviewed the "Commissioner's Statement of Reasons and Proposed Written Determination for Renewal of the Trans-Alaska Pipeline Right-of-Way (ROW) Lease" and the "Proposed Land Classification and Mineral Closing Order Site Specific Plan for Land North and South of Happy Valley and Coldfoot."

Renewal of the Trans-Alaska Pipeline ROW Lease

Renewal Requirements: Alaska Statute (AS) 38.35.110 provides that the Lease shall be renewable if the Lessee is: 1) in commercial operation; 2) in full compliance with all state laws; and 3) in compliance with all terms of the lease. For the purpose of this review, ADF&G focused on compliance with Title 16 permitting and lease sections and stipulations that are intrinsic to the requirements in AS 16.05.840, AS 16.05.870, and 5 AAC 95, which are administered by the department's Habitat and Restoration Division.

The ADF&G Liaison to the Joint Pipeline Office administers the Title 16 permitting process for TAPS construction and maintenance activities in fish streams, provides the Federal Authorized Officer and State Pipeline Coordinator technical guidance on biological issues associated with Lease and Grant stipulations, and coordinates ADF&G review and comment for oil spill contingency plans, ACMP consistency reviews, and other large scale projects. To verify compliance with Title 16 and 5 AAC 95, the ADF&G Liaison conducted field inspections, reviewed Alyeska's Internal Environmental Program, and evaluated Alyeska's compliance with

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in public use of the highway, land managers can also anticipate an increase in recreational activities or use in the area. Land adjacent to the northern portion of the planning area is state land, while the Gates of the Arctic National Park and Preserve and the Arctic National Wildlife Refuge adjoin the southern portion. Access to the adjoining areas outside of the five-mile Dalton Highway corridor is limited. It would be prudent, therefore, to protect fish and wildlife resources and habitats and ensure future access and recreational opportunities by protecting river and trail corridors. To this end, ADF&G recommends incorporating buffers, easements, and setbacks into the plan.

Specifically, ADF&G recommends that:

- all land within 200 feet of the ordinary high water (OHW) line of the Sagavattirktok and Koyukuk Rivers be retained in state ownership, and that reasonable access easements to these rivers are dedicated within the plan area.
- a publicly owned corridor with a minimum width of 100 feet (50 feet either side of centerline) be established for the winter trails in Sections 6 & 7, T. 1 N., R. 15 E., U.M., and Sections 1, 11-14, 17-19, 29, 30, 32 & 33, T. 1 N., R. 14 E., U.M.
- the plan include a standard minimum structural setback from all streams at 100 feet from OHW for all lands classified "Settlement" (T. 29&28 N., R. 12 W., F.M.).

ADF&G appreciates the opportunity to provide comment on the proposed land classification. If you have any questions or would like additional information, please contact Dennis Gnath at 257-1307. Please provide Dennis with plan changes or other related documents as they become available.

cc: J. Brossia, JPO/BLM AO
T. Braden, JPO/DNR ROW Chief
M. Thompson, JPO/DNR ROW Renewal Coord.
Chip Dennerlein, ADF&G
E. Fritts, ADF&G
A. Ott, ADF&G
L. Trasky, ADF&G

Responses for Document 00142

00142-001: Thank you for your comment.

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August 20, 2002

BLM TAPS Renewal EIS
 Argonne National Lab EAD/900
 9700 S. Cass Ave.
 Argonne, IL 60439
tapswebmaster@anl.gov

State of Alaska, DNR/JPO
 Attn: TAPS Renewal Team
 411 West 4th Ave., Suite 2C
 Anchorage, AK 99501
 ADNR_Administrative_Record@jpo.aloi.gov

**Re: Comments on Application of the Trans-Alaska Pipeline System Owners for
 Renewal of the Federal Grant and State Lease for the TAPS Right-of-Way**

My name is Debi Olzenak. I have lived in Alaska for the past 13 years and and recently moved permanently to Cordova. Since my move to Alaska 13 years ago, I have always used subsistence caught fish to feed my family through out the year. My three boys work with my husband and I to catch, clean and process the fish we eat. This have become a family tradition that has encouraged team work and pride in the family system, working together as well as supplementing our food bill.

My community is still reeling from the aftershocks of the Exxon Valdez oil spill 13 years ago. I moved to Cordova because it is a small, road less community that provides us with security and solitude we can not get in other communities especially in the lower 48. Cordova is a Commercial fishing community. Cordova is slowly disintegrating and becoming oppressed, and unable to survive without our primary industry, fishing. Even tourism, our secondary industry is suffering. We went from fishing permits selling for \$100000.00 or more to \$5000.00 or less today. We have gone from 10 charter businesses just a couple years ago to just 4 this year.

I am very concerned that the next major spill will be along the overland portion of TAPS. The risk is high for my community--20% of the 800-mile pipeline is within the Copper River watershed and the main pipeline crosses 76 tributaries of the Copper. While spill prevention and response measures have improved significantly since the 1989 spill--almost all due to citizen oversight and pressure, most of those changes are at the Valdez terminal and in Prince William Sound. On the pipeline, reliable spill prevention and response measures still do not exist. The problem is particularly acute at river crossings. TAPS crosses 800 streams and sections of pipeline over rivers have reached design capacity for sag--there is nothing left to give. This seems like an accident waiting to happen.

143-1

My comments are based on my experience living in a community that the oil company and government representatives visited in the early 1970s and promised there wouldn't be an oil spill in Prince William Sound. The oil companies made many other promises such as tankers would have double hulls and we would have a state-of-the-art traffic control system in the Sound. Had these promises been kept, we might not have had the *Exxon Valdez* oil spill.

143-2

Some, but not all, of the oil companies' promises were stated as a set of conditions and stipulations in the original agreements and right-of-way grants. The Interior Department and its designees were assigned the job of ensuring those promises to the American people were kept. Even a brief review of history shows that many of these promises were broken and that the companies were allowed to operate for literally years in noncompliance with their federal grant and state lease.

143-3

For example, the ballast water treatment (BWT) facility at the tanker terminal has not been reviewed at least once every 5 years to ensure state-of-the-art equipment and technology as promised the federal grant and state lease. Some improvements at the BWT facility occurred only recently and through citizen involvement and oversight. The vapor recovery system at the tanker terminal didn't work for decades—since startup until 1998 when vapor controls were built into two of the four berthing docks. When it didn't work it dumped literally tons of benzene into the air and jeopardized public and worker health and safety in violation of the federal grant, state lease, and operating permits. In 1993, concerned industry employees testified in Congress that the quality control program was nonexistent—since startup—and, as a result, the entire TAPS had been so poorly maintained that it posed an imminent threat to the public, workers, and the environment. Subsequent audits validated the whistleblowers' concerns. Operating without an independent quality control program is in direct violation of the federal grant and state lease.

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143-6

More recent examples occurred after the *Exxon Valdez* oil spill. Still now over 13 years later, most of the species studied by the Trustee Council have not recovered from the spill. Yet the federal grant and state lease promise that damages to public lands will be promptly repaired or replaced and that damages to public fish and wildlife resources, and their habitat, will be rehabilitated. This has not happened.

143-7

The oil companies also promised in stipulations attached to the federal grant and state lease to "take all measures necessary to protect the health and safety of all persons affected by their activities..." (Stipulation 1.20.1). I believe this promise includes taking care of residents and cleanup workers after a spill. Yet, after the *Exxon Valdez* spill, Tatitlek villagers observed that Exxon was willing to spend \$800,000 on each sea otter for rehabilitation, but nothing or very little on mental health care for people traumatized by the spill. Further, thousands of cleanup workers got sick during 1989, despite Exxon's worker safety program. I am just learning that hundreds of people may

143-8

still be sick from overexposure to oil vapors, fumes, and aerosols during the cleanup. All the oil companies promised to "immediately abate any health or safety hazards" (Stipulation 1.20.1); it seems all the companies, not just the spiller, are responsible to ensure that people don't get sick during the cleanup--and to take care of the ones who do as per the original promise.

143-8
(Cont.)

I think that the oil companies are now currently in noncompliance with the federal grant and state lease. For example, the fire-fighting ability at the tanker terminal is virtually nonexistent. Oily sludge (hazardous waste) has collected several feet deep in tanks at the BWT facility--and the sludge incinerator was never built as per the original facility design. There is still no independent quality assurance program. The contingency plans for river spills are grossly inadequate--drills show the plans won't work to contain and cleanup oil spilled into rivers. I'm sure this list is incomplete and pipeline regulators could add to it if they were to seriously look for problems and not just respond to ones brought to their attention by citizens or concerned employees.

143-9

In light of these past and still ongoing problems, I strongly disagree with statements made by both the state and federal regulators in the draft EIS documents. The Alaska Department of Natural Resources found the oil companies to be in compliance with the state lease. This determination is obviously a requirement for reauthorization as it has nothing to do with reality.

143-10

Federal and state regulatory agencies also stated that the aging 800-mile pipeline and its support systems that were originally built to last 30 years "can be sustained for an unlimited duration" with minimal costs and change in the operating and maintenance procedures. This statement demonstrates a lack of credibility--and no grasp of reality. The recent spate of accidents including the failed response to the Livengood bullet hole spill, and the 21-inch shift in a section of pipeline that went undetected for several months show that both industry and the regulators are ill-prepared for serious problems along the overland section of TAPS. The 3 spills at pump stations on pipeline startup after routine maintenance last fall clearly demonstrate this pipeline is aging and not aging well as frequent spills on startup are one sign of increasing problems that should be anticipated--not ignored--in an aging pipeline.

143-11

I was further shocked and offended by the following statement in the draft EIS. "While the Exxon Valdez oil spill was a significant event in the operation of TAPS, creating significant benefits to the state and local economy that more than offset the economic damage to the fishing and tourism industries in Prince William Sound, it is unlikely that a spill of such magnitude, even if it occurred again would create the same level of economic activity" (DEIS, page 4-7-116).

143-12

This offensive statement clearly shows that the government regulators have a completely different perspective of their job of pipeline oversight than we were all lead

to believe by the federal grant and state lease. The original right-of-way documents do not mention that economics of spill cleanup would be weighed against economic damages to the few communities at risk. Instead the oil companies promised to protect, repair, replace, rehabilitate, etc. fish and wildlife resources, and their habitat--and the regulators are supposed to hold the companies to this promise. Specifically, the companies also promised to protect subsistence resources, lands, and users, which have a zero dollar economy and can't be compared to economics of spill cleanups at all.

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(Cont.)

Oil spills are expensive to clean up--I'm sorry that I can't see this as good for the economy, but that's really irrelevant. Even if there was zero economy as measured by exchange of dollars, the oil companies are authorized to operate only if they take steps to minimize risk of oil spills and damage from spills. It's the government regulators' job to see the oil companies are held to this standard--the statement in the draft EIS seems to indicate that the regulators are not doing their job and are out of compliance themselves with the federal grant and state lease.

Finally, I must state that I feel this 45-day public comment period for a project of such national and state significance is counterproductive at best and a sham at worst. I did not have time to thoughtfully review the 1,700 page draft EIS because I have been busy trying to earn a living and put up winter food in Alaska's short summer. It appears from statements in the draft EIS that the government regulators did not have time to thoughtfully review nearly 30-years of TAPS history and compare performance with promises, conditions, and stipulations in the federal grant and state lease. Why the rush on a project of such significance? Over a year ago, the Joint Pipeline Office stated that the comment period would run from July to September, but in keeping with 25 years of broken promises by TAPS operators and government regulators, the regulators have broken that promise too.

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Despite all the obstacles for public testimony, I offer the following recommendations for improving TAPS operations for the next 30 years--and I believe all my comments are well within the scope of this National Environmental Policy Act hearing process. I can only support reauthorization for another 30 years if these recommendations are fully addressed and included in the next federal grant and state lease.

#1 Stiff meaningful penalties for failure to comply.

143-14

All the laws, regulations, stipulations, and oversight in the world are forever inadequate without meaningful penalties and enforcement. Monetary fines are dwarfed by enormous profits, and the regulators are certainly not going to shut down the oil flow as a penalty for noncompliance--the nation has become too dependent upon this energy source. The track record of the oil companies show that it has acted like a child

who knows it is never going to be disciplined. This was not what the American public was originally promised or led to believe would happen.

Some possibilities for meaningful penalties for noncompliance by the oil companies include requirements for: 1) reporting the circumstances of noncompliance to their shareholders in quarterly newsletters as the events unfold (not after the fact); 2) CEOs and other responsible officers of oil companies to conduct public service in the TAPS corridor communities most at risk from the consequences of the noncompliance; 3) accruing penalties with interest on a daily basis as long as the infraction occurs; and tying penalties in with the cost of the fixing the problem so that penalties are 10 times the money saved by failure to do the maintenance work in a timely manner. This latter would force owners to change perspective and view maintenance as a *cost savings* compared to prospective penalties.

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(Cont.)

#2 Establish a TAPS Citizens' Oversight Group.

Following the Exxon Valdez tragedy in 1989, the State of Alaska created the Alaska Oil Spill Commission to investigate the root causes of the spill and recommend changes to the oversight system. One of the Commission's central findings was that institutional complacency, both in industry and government, was a root cause of the spill. The Commission found that citizens were essential to an effective oversight system because they bring urgency to protecting the resources they care about and depend upon for their livelihoods. Distant bureaucrats, despite their best efforts, do not share this local perspective. To prevent future complacency, and thereby prevent future disasters, the Commission recommended creation of citizens' advisory councils for the marine and overland segments of Alaska's oil transportation system. We only have citizen oversight of the marine portion of TAPS--the tankers and tanker terminal--and it has proven the wisdom of the Commission's finding. It is time to apply the lessons learned to the overland pipeline.

As a requirement of renewal, the grant and lease should establish a TAPS COG that would operate completely independently of government regulators and industry: incorporating government and industry into "citizen oversight" creates an oxymoron. The TAPS COG should make recommendations directly to the Department of Interior (DOI) and to the Department of Natural Resources (ADNR) or their designees. The COG should be funded through the DOI by the permittees as part of the cost of TAPS operations, and all members of the TAPS COG and their staff should be paid for their services. The COG contract should be negotiable on the same timeframe as the right-of-way permit; i.e., 30 years.

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#3 Charge penalties if more than 10% of employees are afraid to speak out.

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Industry employees are the public's front line of defense in reducing oil spills. The workers know what is wrong and how to fix it. They need to be allowed to do their jobs free of harassment and intimidation. All personnel--and particularly the quality control inspectors--need to be independent of pressure from Alyeska and its owners to provide the reliable comprehensive quality assurance program promised to the public. Such a program is critical to TAPS integrity as the pipeline ages, because increased maintenance costs will compete with oil company profits: workers need to be able to report maintenance problems without fear of reprisal.

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(Cont.)

The nuclear regulatory industry closes facilities if more than 10% of plant employees are afraid to speak out because of reprisals, harassment and intimidation. A similar standard should be adopted for TAPS operations, with annual independent surveys of workers to determine work conditions. Instead of closing facilities, stiff penalties should be applied, and public service by company officials and reporting of noncompliance to shareholders required (see Rec. #1, above).

#4 *Require independent, long-term epidemiology studies, and short- and long-term treatment of physical and mental health effects, for workers and affected residents after major TAPS spills.*

Oil spills were--and still are--an anticipated side effect of TAPS construction, operation, maintenance, and termination. That's why there are oil spill contingency plans; that's why the oil companies promised, as a condition of operating, to protect public and worker health and safety. But a promise is worth nothing without follow through: after the *Exxon Valdez* spill this promise was ignored. There was inadequate financial support to meet increased needs of mental health facilities in affected communities and short- and long-term physical health care needs of cleanup workers were unmet. This is simply unacceptable--and in noncompliance with permits.

TAPS owners should be required to pay for increased mental health care in the years during and immediately after a spill in all affected communities. This care should include focused peer listening circles to mitigate community-level emotional trauma. Since oil spill cleanups are considered a hazardous waste cleanup, long-term health care studies should be required as the health symptoms associated with crude oil exposure (long-term respiratory damage; disorders of the central nervous system, liver, kidney, blood, and skin; endocrine disruption; and immune suppression) could take years to manifest as physical health problems. Oil companies should also be required to provide chemical decontamination treatments for individuals with acute health symptoms from high body levels of crude oil and other substances present during the cleanup. Individuals who become disabled from overexposure to chemicals present during the

143-17

cleanup should be compensated by the oil companies, as should the estate of individuals who die from overexposure to chemicals present during the cleanup.

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(Cont.)

#5 Require independent verification of spill volume as a condition of lease renewal.

Spill penalties for damages to natural resources such as fish, wildlife, public lands held in the public trust are based on the volume of oil spilled--as reported by the spiller. One way to reduce the risk of spills and resulting damage to the environment and worker and public health and safety--one of the promises of the original agreement and right-of-way leases--is to penalize TAPS owners, or responsible parties in the case of a TAPS tanker spill, for the correct amount of oil spilled.

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For example, Exxon underreported how much oil it spilled. In an unpublished investigation on file at the Alaska Resources Library and Information Services, the State of Alaska found Exxon spilled about 35 million gallons. Exxon paid the American public one billion dollars for damage to public resources from a supposedly 11 million-gallon spill; by underreporting its spill by one-third, the company only paid for one-third of the damages and essentially saved itself two billion dollars.

Independent verification should be required as a new condition of lease renewal. Further, stipulation should specify that government regulators and citizen oversight councils, either separately or jointly, conduct the assessment and agree upon the volume spilled before spill penalties are assessed.

143-19

#6 Thoroughly review and update the original right-of-way grants and stipulations in light of past experience, current science, new technology, new laws, and public comments.

The federal grant and state lease are three decades old and no longer reflect current science, technological advances, and law changes. For example, global warming and melting permafrost threaten to make at least one-third of the 77,000 vertical support members of the TAPS unstable with potentially catastrophic effects on the pipeline. Studies from the *Exxon Valdez* spill show that oil is 1,000 times more toxic previously thought, and that it can cause long-term environmental damage. Federal laws are still based on outdated research from the 1970s and 1980s and are grossly under-protective of fish and wildlife. This makes the original promises to protect fish, wildlife, and habitat even more important as basically these promises mean the owners and TAPS regulators will take measures *beyond existing laws* in order to protect fish and wildlife, habitat, and other subsistence needs.

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Further, the original grant and lease agreements were signed by some companies that no longer exist because of mergers and buyouts. I assume, but would like proof, that the new companies are signatories to the current right-of-way grants and leases.

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#7 Grant and lease renewals should be made conditional on satisfactory completion--within 12 months of the renewal--of an independent field-based evaluation of the entire TAPS including hardware and management.

In 1993 a series of independent and industry audits found TAPS was in an imminent state of collapse with several major system wide problems including hardware problems, technical issues, and management issues. 1994 was proclaimed to be the "year of fixes" by the Alyeska president at the time, but fixes proved elusive. For example, the highly touted fiber optics cable, which was supposed to replace the old communication system, didn't work as planned and was quietly shelved.

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No one knows how many problems were actually fixed of those disclosed in 1993, or what new problems remain unfixed because there has not been any independent audits of the TAPS since 1993. This is not acceptable for a system that provides a significant portion of the nation's energy demands and the bulk of the state's operating revenues, and can wreak environmental, social, and economic havoc on Alaska's communities, residents, and federally recognized tribes.

#8 Grant and lease renewals should be made conditional on satisfactory completion of annual independent audits of TAPS operations and management and 5-year in-depth independent field-based evaluations of the entire TAPS, including hardware and management.

143-23

I am concerned that the recommended alternative--to renew the permits for another 30 years--is way to long for this particular pipeline: it is essentially double its design life. If reauthorization is granted, it should be made conditional upon satisfactory completion of independent audits every year with in-depth audits every 5 years as stated above. The Prince William Sound Regional Citizens' Advisory Council has to pass an annual audit and review of operations to be recertified. Nothing less should be expected for the entire TAPS, which has much more at stake than the advisory council!

#9 Immediately escrow TAPS DR&R funds and use interest to finance the TAPS COG and other measures to improve protections for environment, fish and wildlife, and worker and public health and safety.

143-24

Funds intended for future dismantling, restoration, and removal of the TAPS have been collected from TAPS oil companies and passed through to parent companies, resulting in enormous profits—and no pot of money for future DR&R. This is a breach of public trust—and yet another example of corporate irresponsibility and accounting fraud. Government regulators need to take immediate action to remedy this problem.

I want these funds to be escrowed now—before any grant and lease renewals—as a sign of good faith efforts and intention by oil companies and government regulators to the American public. The public was promised this once: we don't need to be promised it twice. Further, earnings from the funds can be pledged towards payment for fulfilling other stipulations under the original agreements—such as protecting the environment, public resources, and worker and public health and safety.

#10 *Transfer of TAPS operations to single source with no North Slope production.*

The oil company owners consistently cut costs on TAPS operations and maintenance to increase their profits. This dynamic has created an internal conflict of interest, essentially, between the owners and the public interest. While the oil company permittees promised in the right-of-way leases to take all 'reasonable' or 'appropriate and adequate' steps to protect the environment, fish and wildlife, and public and worker health and safety, these adjectives are relative when viewed from different perspectives. What seems reasonable to the oil companies, who measure the cost of prevention against their profits, may not seem reasonable to the public, especially those who measure the cost of spills against their livelihoods and health. The track record shows that the oil companies have profited handsomely at the public's expense.

By transferring the operation, maintenance, and termination of TAPS to a single source with no North Slope production, the internal conflict of interest is broken. This operator would take more 'reasonable' steps, from the public perspective, to reduce its liability from spills by attention to TAPS operations and maintenance. Performance bonds could be required for additional protection of the public interest.

143-25

Summary of Concerns

We are going to have to get very creative to prevent a pipeline spill. We can't keep doing the same thing we have done in terms of TAPS operations and maintenance for the past 25 years. To continue past practices is to virtually guarantee a major spill in the TAPS corridor.

143-26

I ask that you give serious consideration to my comments. And I restate my position: I can only support TAPS reauthorization for another 30 years if these recommendations are fully addressed and included in the next federal grant and state lease.

Sincerely,

Debi Olzenak
PO Box 634
Cordova, AK 99574

A handwritten signature in black ink, appearing to read 'Debi Olzenak', with a long horizontal flourish extending to the right.

Responses for Document 00143

00143-001: The oil spill planning and prevention effort in the JPO is a large-scale, multi-agency endeavor. Each participating agency (Alaska Department of Environmental Conservation, Environmental Protection Agency, BLM, and the Alaska Department of Natural Resources) has a particular focus, but these are all considered collectively in the JPO TAPS oil spill response and planning group. This inter-agency group generally meets monthly with APSC and maintains a continuous monitoring program on TAPS oil spill planning and related issues. The group also coordinates with the Office of Pipeline Safety, which reviews the Pipeline Oil Spill Contingency Plan.

The emphasis of all agencies is on the prevention of spills. This is accomplished through a combination of: 1) oversight of spill contingency planning (including 64 exercises on TAPS annually) and, 2) through JPO's comprehensive TAPS operations oversight, monitor issues which could contribute to a spill in the future. In the event of a spill, however, JPO has a number of highly-trained individuals who are fully prepared to respond quickly and effectively.

During 1990 and 1992 the JPO agencies worked with APSC to improve the pipeline contingency plan. Personnel response equipment and response training and exercise programs were added to the plan. Access to the pipeline was improved and the Incident Command System was adopted. All this was done without citizen oversight and pressure.

APSC's oil spill response capabilities and plans for TAPS are summarized in Section 4.1.4 of the EIS and explained in detail in the "TAPS Oil Discharge Prevention and Contingency Plan" (APSC 2001g) for the pipeline and in the "Valdez Marine Terminal Oil Discharge Prevention and Contingency Plan" (APSC 2001h) for the VMT. The Plans provide for significant resources, including equipment, trained personnel, and effective organization, to respond if oil does spill from the pipeline or at VMT. They are available to the public through various libraries in several major cities in Alaska when the plan is undergoing public review. Oil spill prevention and response capabilities and related activities specific to the Copper River Drainage area are discussed more fully in the text box in Section 4.4.4.3, "Oil Spill Planning for the Copper River Drainage."

00143-002: There is always a low probability that a very large tanker spill could occur during the ROW extension.

However, after the Exxon Valdez oil spill, numerous improvements have been made that will reduce the likelihood of a major marine transportation accident and/or the expected outflow in the event of an accident. They include improvements in spill prevention and response capability for the Prince William Sound (e.g., the creation of the Ship Escort Response Vessel System [SERVS]) and phase-in of double hull tankers (by 2015, all tankers calling at the VMT will have double hulls). The National Research Council (1998) has stated that double-hulls alone should reduce spills by more than 80%. These and other measures are intended to ensure that the future will not be like the past, in terms of marine transportation spills.

00143-003: The current Federal Grant and associated stipulations, along with the provisions of TAPAA, provide BLM with extensive and ongoing regulatory control of TAPS operations. These conditions would not change upon renewal.

The reader is referred to Section 4.1.1 (JPO oversight) and specifically to Sections 4.1.1.2 (Adaptive Nature of the Grant in Compliance Monitoring), 4.1.1.3 (Risk-based Compliance Monitoring), 4.1.1.4 (JPO Comprehensive Monitoring Program), and 4.1.1.8 (Coordinated Planning and Response to Abnormal Incidents) for more information on the role of adaptive management as a JPO business practice.

00143-004: BLM has conducted the necessary 5-year review of the Ballast Water Treatment Plant (TAPS Engineering Report JPO No. 00-E-018).

00143-005: Prior to installation of the vapor control system, the estimated annual emission of benzene from the VMT was about 500 tons/yr. Current benzene emissions are about 50 tons/yr (see Table 3.13-6). Although VOC emissions prior to installation of the vapor control system were 10 times higher, the health risks associated with those emissions were evaluated in Sections 3.17. 2 and 4.3.13 of the EIS, and were found to be within EPA guideline levels.

00143-006: APSC substantially revised its quality control procedures after the 1993 testimony. APSC's quality control program undergoes review by the JPO under its comprehensive monitoring Program. See Section 4.1.3.1 of the FEIS.

00143-007: The federal action addressed in this EIS is renewal of the right-of-way for the TAPS. While renewal would result in continued operation of oil tankers in Prince William Sound, that activity is beyond the limits of the right-of-way corridor and is not under the jurisdiction of the BLM. Moreover, the BLM has no authority over oil spill cleanup and damage assessment within Prince William Sound. Regulation of activities associated with the transport of oil by tankers in Prince William Sound is under the jurisdiction of the U.S. Coast Guard and the U.S. Department of Transportation. Analysis of impacts to fish and wildlife in Prince William Sound is included in the EIS to provide a perspective within which the direct and indirect impacts of the proposed action and its alternatives are addressed.

The BLM and member agencies of the JPO enforce a number of stipulations that are protective of fish and wildlife resources within the right-of-way corridor. The EIS analysis did not find any significant impact to fish or wildlife resources associated with TAPS operations and maintenance within the right-of-way corridor.

00143-008: It is acknowledged in Section 4.4.4.7 of the FEIS that some former EVOS cleanup workers claim that oil and solvent exposures resulted in adverse health impacts, and that "out of 15,000 workers involved in the cleanup, 25 have filed suit for damages." However, it is beyond the scope of the EIS to determine whether the EVOS cleanup activities caused adverse health impacts in individual cleanup workers.

00143-009: The BLM and member agencies within the JPO utilize an adaptive management approach in the oversight of TAPS operations and maintenance. Adaptive management uses ongoing surveillance, monitoring and testing that provides Alyeska Pipeline Service Company and JPO with the data and information necessary to evaluate and change, if conditions warrant, the operations and maintenance of TAPS. Examples include:

- On-going oil spill contingency planning (tri-annual) and response capability reviews (annual),
- Field surveys of stipulation requirements, such as fish passage inspections,
- Comprehensive Monitoring Reports (12 published since 1996),
- Issues raised by the public (e.g., the Thompson Pass slack line and the Valdez tugs) and by the APSC workforce (e.g., electrical),
- Inspections by the State Fire Marshal as part of the JPO, and
- Routine surveillance that is outside of formal audits.

In addition, the BLM and member agencies of JPO in close cooperation with Alyeska Pipeline Services Company have begun a systematic process to identify the critical functional components of TAPS. The process, called reliability centered maintenance (RCM), is an on-going system-by-system audit that determines function, failure modes, consequence and preventative maintenance of critical systems. The BLM is committed to RCM and believes that this process represents a pro-active approach to oversight and regulation of TAPS. In addition, RCM is the industry standard for reducing risk of failure to critical system components. Reducing risk in TAPS critical systems directly translates to reducing safety and environmental risks.

00143-010: The current Federal Grant and associated stipulations, along with the provisions of TAPAA, provide BLM with extensive and ongoing regulatory control of TAPS operations. These conditions would not change upon renewal.

The reader is referred to Section 4.1.1 (JPO oversight) and specifically to Sections 4.1.1.2 (Adaptive Nature of the Grant in Compliance Monitoring), 4.1.1.3 (Risk-based Compliance Monitoring), 4.1.1.4 (JPO Comprehensive Monitoring Program), and 4.1.1.8 (Coordinated Planning and Response to Abnormal Incidents) for more information on the role of adaptive management as a JPO business practice.

00143-011: The BLM and member agencies of the JPO use an adaptive management approach to evaluate the effectiveness of stipulations and regulatory oversight. Ongoing monitoring programs, as identified in the 12 Comprehensive Monitoring Reports published since 1996, provide BLM and JPO with the necessary information to evaluate the effectiveness of stipulations in the Grant and Lease.

The reader is referred to Section 4.1.1 (JPO oversight) and specifically to Sections 4.1.1.2 (Adaptive Nature of the Grant in Compliance Monitoring), 4.1.1.3 (Risk-based Compliance Monitoring), 4.1.1.4 (JPO Comprehensive Monitoring Program), and 4.1.1.8 (Coordinated Planning and Response to Abnormal Incidents) for more information on the role of adaptive management as a JPO business practice.

00143-012: Text has been added to Section 4.7.8.3 of the FEIS providing additional sources of information about the impact of the Exxon Valdez oil spill (EVOS) on communities, including intangible impacts, such as psychological stress, and in the fisheries, recreation, and tourism industries in the Prince William Sound area. In addition, compressed overviews of selected impacts of the EVOS have been added to Sections 4.7.8.1 and 4.7.8.2.

00143-013: Although 45 days is understandably a short time to review a document of this size, the time period is consistent with the Council on Environmental Quality regulations for implementing the National Environmental Policy Act regarding the review of draft environmental impact statements. Significant effort was made to advise people of the schedule and duration of the review well in advance (one year). The DEIS was published on schedule and many substantive comments on the content of the DEIS, including yours, were received during the 45-day period.

00143-014: The Bureau of Land Management (BLM) has no authority to require specific corporate reporting to the shareholders. The Securities and Exchange Commission has authority to compel the reporting of certain corporate activities to the public and shareholders. The BLM does not have the legal or regulatory authority to impose fines on the operator of TAPS.

00143-015: The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."

00143-016: The BLM and the agencies within JPO acknowledge both that there have been legitimate issues related to APSC's Employee Concerns Program (ECP) and that APSC has undertaken considerable efforts to improve and refine its ECP program.

The BLM and JPO expect to continue to evaluate the effectiveness of APSC's ECP through confidential surveys that will seek input from all TAPS employees (see Section 4.8.4 of the FEIS). Like the three prior surveys, these efforts can provide broad measures of the confidence that TAPS workers have in APSC's ECP and can suggest areas needing improvement.

The JPO also notes that a confidential hotline (1-800-764-5070) currently exists for employees or members of the public to report issues and concerns about TAPS. Recorded messages are checked daily by the BLM-Alaska Special Agent's office. The purpose of the hotline is to identify issues relating to pipeline integrity, public safety, environmental protections and regulatory compliance for incorporation into the JPO work program. The BLM also refers employees seeking personal relief (e.g., restoration of employment or lost compensation) to the U.S. Department of Labor or other appropriate authorities for further investigation.

00143-017: Section 4.4.4.7, "Human Health and Safety," provides a detailed analysis of the potential effects of oil spills on human health.

The BLM and member agencies of the JPO are committed to the protection of human health and the environment. The Federal Grant and authorizing legislation (TAPAA) provide unprecedented authority to BLM in assuring the protection of human health and the environment. Stipulations (the guiding conduct of operations for the operator of TAPS) within the Federal Grant contain numerous provisions that are protective of human health and the environment.

00143-018: The BLM and the member agencies of JPO investigate all significant spills to assess lessons learned and potential mitigation. There has been no evidence to date that past spill volumes have been reported inaccurately. If natural resource damage claims occur because of a spill, the U.S. Fish and Wildlife Agency or National Marine Fisheries Service conduct studies to evaluate damage to natural resources.

The BLM does not have the authority to fine the operator for oil spill damage, however, the DOI Secretary can impose fines up to \$1000/barrel under OPA 90.

00143-019: The BLM and the member agencies of JPO investigate all significant spills to assess lessons learned and potential mitigation. There has been no evidence to date that past spill volumes have been reported inaccurately. If natural resource damage claims occur because of a spill, the U.S. Fish and Wildlife Agency or National Marine Fisheries Service conduct studies to evaluate damage to natural resources.

The BLM does not have the authority to fine the operator for oil spill damage, however, the DOI Secretary can impose fines up to \$1000/barrel under OPA 90.

00143-020: The current Federal Grant and associated stipulations, along with the provisions of TAPAA, provide BLM with extensive and ongoing regulatory control of TAPS operations. These conditions would not change upon renewal.

The reader is referred to Section 4.1.1 (JPO oversight) and specifically to Sections 4.1.1.2 (Adaptive Nature of the Grant in Compliance Monitoring), 4.1.1.3 (Risk-based Compliance Monitoring), 4.1.1.4 (JPO Comprehensive Monitoring Program), and 4.1.1.8 (Coordinated Planning and Response to Abnormal Incidents) for more information on the role of adaptive management as a JPO business practice.

00143-021: The current Federal Grant and associated stipulations, along with the provisions of TAPAA, provide BLM with extensive and ongoing regulatory control of TAPS operations. These conditions would not change upon renewal.

The reader is referred to Section 4.1.1 (JPO oversight) and specifically to Sections 4.1.1.2 (Adaptive Nature of the Grant in Compliance Monitoring), 4.1.1.3 (Risk-based Compliance Monitoring), 4.1.1.4 (JPO Comprehensive Monitoring Program), and 4.1.1.8 (Coordinated Planning and Response to Abnormal Incidents) for more information on the role of adaptive management as a JPO business practice.

00143-022: See Section 2 for a discussion of alternatives. Section 2.5, Item 6 addresses audits. The BLM and member agencies of the JPO in close cooperation with APSC, have begun a systematic process to identify the critical functional components of TAPS. The process, called reliability centered maintenance (RCM), is an ongoing system-by-system audit that determines function, failure modes, consequences and preventative maintenance of critical systems. The BLM is committed to RCM and believes that this process represents a proactive approach to oversight and regulation of TAPS. In addition, RCM is widely used in the airline and other industries as the standard tool for reducing risk of failure to critical system components. Reducing risk in TAPS critical systems directly translates to increasing safety and reducing environmental risks. See Section 4.1.1.7 for additional discussions on RCM.

00143-023: The reader is referred to Section 2.5 of the FEIS, in which audits are addressed under “Alternatives and Issues Considered but Eliminated from Detailed Analysis.”

00143-024: The reader is directed to the discussion of escrow funds found in Section 2.5.

00143-025: The reader is directed to Section 2.5, “Alternatives and Issues Considered but Eliminated from Detailed Analysis.”

00143-026: See Sections 4.1.1.8 and 4.1.4 regarding contingency planning. See also the text boxes associated with the Livengood bullet hole incident and Copper River Drainage contingency planning in text boxes in Sections 4.1.1.8 and 4.4.4.3, respectively.

*Wanda S. Ballenme, 1195 Sylvanna Rd., Cleveland Heights, OH 44121-2523
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August 18, 2002

BLM TAPS Renewal EIS
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Argonne, IL 60439

1-866-542-5904

State of Alaska, DNR/JPO
Attn. TAPS Renewal Team
411 West 4th Ave., Suite 2C
Anchorage, AK 99501

(907) 646-5012

Re: The Trans-Alaska Pipeline System (TAPS)

I have learned that the 30-year right-of-way agreements between the federal and state government and the owner of the Trans-Alaska Pipeline System (TAPS) are up for renewal for another 30 years

A 30-year old pipeline transporting a million barrels of oil daily 800 miles from the North Slope oil fields to Valdez must be due for a major overhaul. As the pipeline crosses 80 rivers and streams, three mountain ranges and some of those most spectacular locations in Alaska, we certainly don't want any spills. Yet the federal DEIS and the state's Proposed Determination are relying on Joint Pipeline Office (JPO) documents that ignore these issues. They rely on TAPS owners saying they'll maintain the aging pipeline in good condition for the next 30 years. They didn't do very well with the spills on pipeline startup, the Livengood bullet hole spill, or the 21-inch shift in a pipeline section at Atigun Pass that was undetected for several months. A thorough, independent environmental review is needed, and periodic technology and environmental reviews should be mandatory as a condition of reauthorization.

144-1

144-2

Global warming is here, is already impacting Alaska, with greater impacts predicted, yet the proposal does not adequately address the threat to permafrost and TAPS structural supports

144-3

Thorough Citizen Advisory Councils have been viewed by both industry and government as essential in environmental protection, no recommendation for such has been included. I urge you to insist on thorough and proper pipeline maintenance and repair, to require a plan to deal with the effects of global warming, and the establishment of a Citizen Advisory Council to monitor the situation.

144-4

Thank you.

100% re-used paper - save a tree, save a river, save a planet!

Responses for Document 00144

- 00144-001:** See the text box on the MP 400 bullet hole incident in Section 4.1.1.8 of the FEIS.
- 00144-002:** The reader is referred to Section 2.5 of the FEIS, in which audits are addressed under Alternatives and Issues Considered but Eliminated from Detailed Analysis.
- 00144-003:** VSM stability is obviously critical to TAPS integrity. As such, it is the focus of extensive monitoring and surveillance. Please see Section 4.3.2 of the FEIS (Soils and Permafrost) for additional information.
- 00144-004:** The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."



PHILLIPS Alaska, Inc.
A MEMBER OF PHILLIPS PETROLEUM COMPANY

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ANCHORAGE, ALASKA 99510-0300

PHILLIPS PETROLEUM COMPANY
ANCHORAGE, ALASKA
AUG 20 2002 11:37

August 20, 2002

VIA HAND DELIVERY

Mr. Pat Pournot
Commissioner
Alaska Department of Natural Resources
400 Willoughby Avenue
Juneau, AK 99801

Mr. John Kerrigan
State Pipeline Coordinator
411 W. 4th Avenue, Suite 2
Anchorage, AK 99501

RE: Federal Grant of Right-of-Way and State Right-of-Way Lease for the Trans Alaska Pipeline System

Phillips Alaska, Inc. ("PAI") and Phillips Transportation Alaska, Inc. ("PTAI") (sometimes jointly referred to herein as "Phillips") submit these comments in support of the U.S. Department of the Interior's and the State of Alaska's recommendations to extend the federal grant of right-of-way and the state right-of-way lease ("ROWs") for the Trans Alaska Pipeline System ("TAPS") for an additional 30 years on substantially the same terms and conditions as presently exist.

These recommendations are warranted for several reasons:

First, TAPS has operated safely and reliably since it began operation in 1977 and Phillips, through PTAI, is committed to continued investment in TAPS and Alyeska Pipeline Service Company's ("Alyeska") pro-active maintenance programs to ensure continued safe operation of TAPS for another 30 years.

Second, a 30-year renewal on essentially the same terms and conditions affirms the current regulatory system that governs TAPS. Furthermore, with the exception of the many millions spent on this renewal effort, does so without adding unnecessary incremental costs to the transportation of Alaska North Slope ("ANS") crude through additional conditions and stipulations. PAI, as well as the other North Slope producers, has no other transportation alternatives for its ANS crude. A 30-year renewal ensures transportation is available for the long term and, at the same time, it assists in keeping costs competitive for all users of TAPS.

145-1

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**PHILLIPS' COMMENTS IN SUPPORT OF STATE AND FEDERAL
RIGHT-OF-WAY RENEWAL**

Why a 30-year Term of Renewal for the TAPS Rights-of-Ways is Appropriate

Phillips supports nothing less than a 30-year renewal of the state and federal ROW's for TAPS. We believe this approach enables the maximum commercial recovery of ANS hydrocarbon reserves to take place by establishing a favorable investment climate, leading to the realization of the optimum economic benefit of ANS production for all stakeholders. At the same time, we remain committed to our program for environmental stewardship and to utilizing sound operational practices to ensure the ongoing safety of the transportation network.

145-2

Today's energy industry is truly global in nature, with fierce competition between investment opportunities for capital funding. Being a competitive producer and maintaining a stable transportation system is critical to continued investment in Alaska. Since crude oil is a commodity whose price is determined by market forces, one of the most direct means we have of influencing our profitability is by continuously striving to achieve a low cost structure. At Phillips, we recognize this and work very hard to control our costs. However, the Alaskan North Slope is a long way from the markets on the West Coast and Hawaii, and transportation costs are one of our greatest challenges. Renewal of the TAPS ROW's for a term of 30 years, as recommended, helps to minimize costs and leads to more economically attractive investments that have the best chance of gaining approval for more capital investment in Alaska.

According to the Alaska Department of Revenue, the average cost per barrel for shipping ANS crude on a tanker is approximately \$1.69. In addition, the Federal Energy Regulatory Commission reports the TAPS tariff cost for sending a barrel of crude through the 800-mile pipeline to Valdez is \$3.50. At a present rate of \$5.19 per barrel, total transportation costs, combining marine and pipeline transit fees, represent our single biggest operational expense. While the magnitude of the per barrel costs incurred to transport crude oil from the North Slope to market are not unique to the world energy industry, it does mean that the impact of transportation expenses on a project's financial viability are proportionately higher than most areas. These costs must be offset by either relatively low capital costs or large volumes of recoverable reserves. It also means that North Slope operating margins will have greater exposure to oil price volatility. Thus, there is considerable incentive to strive for the lowest possible transportation costs, while not compromising our safety or environmental performance.

The cost to renew the state and federal ROW's for TAPS is estimated to be in the tens of millions of dollars, expenses that will be passed on to the shippers on TAPS

over time in the form of tariffs. For North Slope producers, a very critical relationship exists between the level of TAPS costs, production and continued capital expenditures for exploration and development.

1. Per barrel tariffs for TAPS are generally determined by allocating recoverable costs over the volume shipped through the line.
2. Production shipped through TAPS will depend on the amount of new field exploration and development work done, as well as ongoing investment in exploitation and recovery of reserves at currently producing fields.
3. Continued North Slope investment will depend on the economic feasibility of each project, which is heavily influenced by transportation costs.

To ensure that an effective cost structure exists that provides for the lowest possible TAPS tariffs, each component of the equation, the TAPS cost structure, production volumes, and oil field investments, must be working in the same direction. While similar costs would not necessarily be expected with more frequent ROW renewals, a 30-year term nevertheless minimizes expected expenditures and contributes to a stabilized environment needed to encourage ongoing North Slope investments.

Much of Alaska's oil production occurs on land leased by the State for exploration and development of hydrocarbon resources. As the landowner, the State earns revenue from leasing such land through up-front bonus payments, annual rental charges, and a retained royalty interest in oil and gas production. For example, the State of Alaska holds a 12.5 percent royalty interest in oil and gas produced from the North Slope's two largest producing fields, Prudhoe Bay and Kuparuk. It also holds similar royalty interests in other producing North Slope fields. The basis for royalty payments, as well as for Alaska production severance taxes, is the wellhead value of crude. In general terms, wellhead value is equal to the price received for a barrel of crude less the cost to transport it to the delivery point. Production from federal land will follow nearly the same structure. Thus, from a revenue perspective, the State of Alaska and the Department of the Interior, as royalty owners, have a vested interest in maintaining a low tariff structure for TAPS. Renewing the ROW's for 30 years on substantially the same terms and conditions complements the ongoing efforts to control costs associated with TAPS operations and that directly affect the level of tariffs paid to ship crude, which in turn leads to greater budget contributions from ANS production.

In addition to minimizing costs, a 30-year renewal of the TAPS ROW's also contributes to a favorable investment climate by reducing the level of uncertainty associated with the availability of the transportation infrastructure. Take for example the Alpine oil field, which began production in late 2000 and represents capital expenditures of more than one billion dollars. In our industry, you can't make billion-dollar investments based just on what you know today, you have to believe that the future has enough certainty to justify that size of an investment.

Expectations for new oil field development typically include a 10 to 12 year exploration and development cycle, from lease sale decision through seismic work, exploration and appraisal drilling, project approval and permitting, and, finally, the start up of development. Before beginning this process, producers must have a high level of confidence that once a field is in production, the transportation network will not cut short the 15 to 20 year production life necessary to obtain the returns upon which the project was justified. Taking into account these long lead times, the capital-intensive nature of the projects, and the operating and transportation costs associated with North Slope production, a TAPS ROW renewal period shorter than the recommended 30 years creates additional risk that can adversely affect investment decisions.

Companies like Phillips need to have confidence in a reliable transportation system and assurance of a stable fiscal and regulatory regime. Uncertainty in these areas decreases the attractiveness of the investment. As a result, anything other than extending the pipeline ROW for 30 years would add uncertainty and will make Alaska a less attractive place to explore. The result would be to slow industry investment in exploration for new North Slope fields and limit expansion investment for those fields currently in production.

It is not just the upstream exploration and development activity that is affected by the anticipated life of TAPS; but the investment in the tanker fleet that carries ANS crude to markets on the West Coast and Hawaii. Polar is the shipping unit that transports Phillips' ANS crude to market. Polar has added two new, double hulled, Endeavour Class tankers to its Polar fleet, with an additional three scheduled for delivery by 2005. Polar also has options on a sixth and seventh ship, if necessary. Built specifically for the Alaskan trade, these vessels are designed to provide excellent structural performance for at least 30 years. Again, long lead times can come into play when decisions are made to proceed with the construction of tankers at more than \$200 million each.

These Endeavour class ships demonstrate Phillips' commitment to protecting the environment and to the safe production and transportation of North Slope crude. A commitment that is possible only with a high degree of confidence in the continued delivery of crude to the Port of Valdez over the requisite number of years needed to warrant their construction.

Finally, renewal of the TAPS ROW for 30 years reduces uncertainty and contributes to a pro-investment climate and continued commitment to further investment in TAPS itself. A 30-year renewal sends a clear and powerful signal not only to the six owners of TAPS itself but to all of the companies investing in further oil and gas development in Alaska regarding the permitting conditions that can be expected for both ongoing and new ventures. With a favorable investment climate that helps to control transportation costs and reduces uncertainty about the availability of the pipeline network, North Slope energy projects remain competitive and provide the

145-3

maximum benefit to all stakeholders. These benefits are seen by our nation, in state and local communities, and by corporate shareholders.

TAPS is an economic engine that provides tax revenues for the state and the communities along the pipeline corridor. In 2001, the six pipeline communities and the State of Alaska earned more than \$60 million from pipeline property taxes. The State and communities also earned an additional \$2.3 billion from corporate income taxes, production taxes, royalties, and other property taxes paid by the industry. This revenue provides over 75% of the states general funding.

145-3
(Cont.)

The socioeconomic impact of less state revenue on the general population could be enormous. Without TAPS and the oil revenue it facilitates there would be much fewer social services, less employment, and, the final nail in Alaska's economy, a loss of our major export product, petroleum. Without TAPS, Alaska would be a net importer instead of an exporter of petroleum and petroleum products.

145-4

Not only would the state realize the loss, so would the federal government. All the tax revenue paid by companies operating on the North Slope would be gone, not to mention the added reliance on foreign crude to provide our nation's energy. Currently, the Alaskan North Slope produces over 1 million barrels per day; one out of every six barrels of crude oil produced in the U.S. Most of this crude oil is shipped to the U.S. West Coast and accounts for over 30 percent of the crude oil used there.

ANS crude oil production also has a significant impact on U.S. domestic supply, energy security, the balance of trade, and federal tax revenues. The United States had 22 billion barrels of proved oil reserves as of January 1, 2002, with 24% of those oil reserves located in Alaska. In the last 25 years, exploration on the North Slope has led to the discovery and development of five of the United States' 10 largest producing fields: Prudhoe Bay, Kuparuk, Point McIntyre, Endicott, and Alpine. Geologists first estimated the Prudhoe Bay field contained 9.6 billion barrels of recoverable crude oil. By using new, enhanced recovery techniques and advances in technology, that figure since has been revised upward to more than 13 billion barrels of recoverable oil.

While ANS production can be expected to gradually decline over time, it will continue to have a significant impact on the rate at which U.S. dependence on foreign oil supplies grows. According to estimates by the U.S. Energy Information Administration, crude oil imports for the first half of this year averaged 8.9 million barrels per day, versus total domestic production of 5.9 million barrels a day. This compares to oil import rates of approximately 7.5 million barrels daily just five years ago, and 6.0 million barrels per day a decade ago. Total gross imports of oil and petroleum products were 11.6 million barrels a day during 2001, representing around 59% of total U.S. demand. Clearly, the level of dependence on foreign oil has implications for the United States' national security interests. In particular, the less reliance our nation places on oil imported from countries that are either politically or

economically unstable, the greater our energy security and the lower the risk of a significant disruption in supply.

Similarly, it is evident that American dependence on foreign oil plays a role in balance of trade deficits. In 2001, the United States ran a merchandise balance of trade deficit estimated at \$41.3 billion, with another deficit forecast for this year of \$43.7 billion.

There will also be direct substantial economic benefit to the U.S. Treasury from bonus bids, rentals, royalties and tax revenues derived from the continued North Slope production that can be expected with a full 30-year renewal of the TAPS ROW.

145-5

Keeping Costs Down By Not Adding Unnecessary Stipulations

As outlined above, the total cost of transporting a barrel of oil from the North Slope to market is nearly equivalent to developing and producing that same barrel of oil. Adding additional incremental costs through burdensome and unnecessary stipulations is neither warranted nor needed.

Both the state and federal analyses documents include a discussion of the many alternatives and issues that were raised and either discussed in detail or eliminated from further analysis. Specifically, the DEIS briefly discusses a number of issues in Section 2.5 and indicates that, for various reasons, they were considered but eliminated from detailed analysis. Many of these same issues were raised during the recent public hearings and it is likely that public comment will also be submitted in opposition to the recommendations for ROW renewal. Among those issues is the concept of adding an Advisory Committee or citizen oversight function for TAPS the cost of which would be borne by the TAPS Owners. We concur with the DEIS decision not to evaluate such a proposal in detail and encourage the BLM to maintain this approach in the Final EIS.

145-6

To begin with, many of the commentors in favor of this topic allege that such an oversight group is necessary for safety and protection of the environment. What the commentors fail to recognize is that TAPS has operated safely for 25 years with over 99% system reliability. This level of sustainable reliability could not have been achieved without Alyeska's proactive maintenance programs, which are based on continual monitoring and replacement of parts before failure. With the proper maintenance, the physical life of the pipeline could be virtually unlimited. Phillips supports Alyeska's maintenance activities and is committed to continued investment in TAPS. This continued investment will insure that TAPS will operate safely for another 30 years.

145-7

The economic life of TAPS closely relates to the North Slope economic life, as well as Phillips Alaska, Inc.'s viability on the North Slope, as it is the only means

145-8

available to currently transport crude oil from the North Slope to an ice free port. As long as both the long term production cost and the cost of transporting product to market are less than the selling price of the oil, TAPS will remain commercially viable. Phillips estimates North Slope oil production, above what is needed for minimal physical throughput, will last beyond the 30-year TAPS ROW renewal.

145-8
(Cont.)

Others will no doubt paint a much bleaker picture in arguing for an advisory committee. In opposition to such anticipated comments, we would refer you to the comments submitted by the TAPS ROW Renewal Project Manager, both today on the DEIS and the prior scoping comments. These comments speak for themselves but a few of the points warrant emphasis. First, as correctly pointed out in the DEIS, Federal law does not favor the creation of formal advisory functions. Public oversight is the province of the government and, in the case of TAPS, a special purpose agency (the Joint pipeline Office or JPO) was established to carry out just that function. A combined total of no less than 20 agencies, including the thirteen agencies that comprise the JPO, exercise jurisdictional authority over some aspect of TAPS operations. Such oversight is, in Phillips' experience, unprecedented anywhere else in it's world-wide operations. Under these circumstances, it is difficult to discern a compelling reason to provide for a second special purpose oversight organization particularly in light of the Federal preference against creation of advisory organizations.

145-9

Furthermore, the very nature of the regulatory system itself is that the government represents the public and is charged with seeing to the best interests of the public at large. Advisory or so-called citizen oversight groups are necessarily comprised of individuals who represent much narrower and/or special interests. This compromises the objectivity and effectiveness of such groups and is another reason they are not favored under the law. Additionally, advisory functions generally do not possess the expertise needed to exercise effective oversight of technically complex operations like TAPS – one of the very reasons special purpose agencies like JPO (DOT, EPA, ADEC, etc.) were created.

Finally, as pointed out in the DEIS, the authority does not exist within the context of the right of way renewal decision to establish such a new advisory/oversight function nor to compel funding of it from the TAPS owners and is therefore outside the scope of this EIS process.

The Economic Impact of TAPS on the Alaska Economy

TAPS and the North Slope fields provide an important source of budget revenues and employment. Local governments, social services, individuals, and all branches of government benefit both directly and indirectly from the Alaska oil and gas industry because it is a continued, reliable source of revenue.

The petroleum industry is Alaska's largest non-governmental industry. Alaska Department of Revenue multipliers indicate each oil industry job creates two additional indirect jobs. Phillips Alaska has approximately 950 employees in the state.

A study commissioned by the Alaska Oil and Gas Association and the Alaska Support Industry Alliance, based on 1999 purchasing and payroll records, found that the oil and gas industry generates about 33,500 jobs and \$1.4 billion in payroll in Alaska. This represents approximately 12% of private sector jobs and 20% of private sector payroll in the state. The employment and payroll cited by the study includes:

- Direct impact: 4,532 jobs and \$422 million in payroll for the oil and gas companies active in production, transportation and refining;
- Induced impact: The impacts resulting when 4,532 employees spent the money they received in their payroll checks were an estimated 4,703 jobs and \$133 million in payroll;
- Indirect impact: \$1.7 billion in spending in Alaska by the oil industry generates 24,338 jobs and \$880 million in payroll through the rest of the Alaska economy. Of this, 13,295 jobs, and \$527 million in payroll, is generated in Alaska among the oil company support industry businesses.

145-10

Combining the \$1.7 billion used to purchase goods and services in the state with the \$422 million direct payroll of the primary producers represents an amount that is roughly equal to the state's general fund budget spending.

In addition, together with the State of Alaska and our industry partners, we are training Alaskans for construction and operating jobs through our commitment to the Alaska Process Industries Career Consortium Operator Internship Program at the University of Alaska campuses in Kenai, Fairbanks and Anchorage.

One of the roles of Phillips is to be a good partner in the Alaska business community and a good neighbor in communities throughout the state. In 2001, these community relations and support resulted in contributions of more than \$6.4 million. These funds were used to support educational institutions, youth groups, and nonprofit organizations providing critical human services and that promote Alaska's rich cultural history and diversity, just to name a few. The Charter for Development of Alaska's North Slope, signed by Phillips in 1999, established a formula under which Phillips' annual contributions budget is determined based on the company's annual liquids production in Alaska and the annualized price of crude oil.

Phillips strongly recommends that the renewal of the Trans Alaska Pipeline System Right-of-Way be extended for a term of 30 years, not only for the economic future of our company, but for future of the Alaskan and United States economies.

Third, the outcome provides us confidence that the state and federal governments are acting in furtherance of the long-term development of Alaska's resources by continuing to provide an atmosphere that fosters investment in exploration and development of North Slope oil and gas fields. As a producer, PAI must have a high level of confidence that once a field is in production, the transportation network will not cut short the 15 to 20 year production life of the average ANS producing field.

Finally, numerous communities, individuals, social services, and the local, state, and federal governments benefit both directly and indirectly from the Alaska oil and gas industry because it is a long-term, reliable source of both jobs and direct revenue. Renewing the ROW's without adding unnecessary stipulations provides assurances that this will continue far into the future.

Phillips' Presence in Alaska

Phillips is the largest producer of oil and gas in Alaska at over 390,000 barrels per day of oil equivalent. The company is a top producer, and shipper of Alaskan oil and gas, and owns substantial ownership interests in four North Slope common carrier pipelines including its nearly 27 percent interest in TAPS. Phillips has approximately 950 employees in the state located from the North Slope to the Kenai Peninsula.

PAI operates about one-half of the North Slope fields and over 30% of the production. PAI has varying ownership interests in almost every field on the North Slope and our production from the fields makes up over 35% of all the oil shipped down TAPS. In 2001 alone, Phillips invested over \$600 million dollars in development and exploration in Alaska. PAI is the most active explorer on the North Slope. In 2001, PAI drilled 13 exploration wells and shot over 1000 square miles of 3D seismic. The next most active North Slope explorer drilled only two wells in 2001. PAI is not only the most active explorer, but also holds over 1.3 million acres of undeveloped exploration leases on state and federal lands. PAI pays lease bonuses and rents on these lands and the option to explore for and develop new oilfields is a significant asset for the company.

PAI is not only a nearly 27 percent interest owner of TAPS, but for 2001, shipped over 35% of all production on TAPS on its space. Phillips is also one of the original six companies that joined together in 1969 to take on one of the most challenging engineering feats ever undertaken - the design and construction of TAPS. PAI is dependent on the ability of TAPS to move our production to market.

Phillips' Future Plans

Phillips has explored for oil and gas on Alaska's North Slope for over 50 years, and has had numerous commercial successes. In the last 10 years, Phillips and its

predecessor, ARCO Alaska, Inc., has participated in the exploration and development of new North Slope fields; for example, the Alpine, Tarn and Meltwater fields have all started commercial production since 1998. This is in addition to the discovery of more than a dozen satellite fields in or near existing developments.

As the largest owner of state and federal leases, 1.3 million acres, Phillips is the leading explorer in Alaska. The company currently holds more than 500,000 acres of leases in the NPR-A. In 2001, Phillips and its partners announced the first discoveries in the NPR-A since the area was reopened to exploration in 1999.

As exploration on Alaska's North Slope moves farther west and decentralizes from the Prudhoe Bay area, it is important to note that drilling becomes increasingly challenging. This is due to the lack of infrastructure in NPR-A, and its distance from current production areas such as Prudhoe Bay and Kuparuk. The economic hurdles, posed by distance from infrastructure and a very short drilling season, add to our challenges. As longtime Alaskan petroleum explorers, Phillips will work aggressively to meet those challenges and find economic methods to bring new production into place.

In coming years, our strategy will be to continue developing satellite fields at the Greater Kuparuk Area. This will be critical to replacing declining oil production in the nation's second largest oil field - Kuparuk. Meltwater, the fourth Kuparuk satellite field to come online, continues to ramp up since its start-up in November 2001. By year-end 2002, the Meltwater field is expected to be producing at a rate of about 12,000 BOPD. A fifth Kuparuk satellite field, Palm, kicked off construction activity in January 2002. Palm, also known as Drill Site 3S, will be developed as a single new drill site and extension of the Kuparuk field. Oil produced from the new drill site will be processed at Central Processing Facility 3. At peak production in 2003-2004, the incremental field production from Drill Site 3S is expected to be approximately 16,000 barrels of oil per day. Phillips will invest approximately \$115 million in developing this project using Alaska-based contractors and companies.

Phillips' Commitment

Phillips is committed to the safe production and transportation of ANS crude. Over the past five years alone, PTAI invested \$60 million capital in TAPS and anticipates spending an additional \$80 to \$90 million capital in the next five years. Furthermore, through its subsidiary, Polar Tankers, Inc., Phillips is investing in new tankers to carry Alaska oil to market. The Endeavour Class tankers are being built to meet and/or exceed existing and proposed environmental regulations. These tankers cost more than \$200 million dollars each to build and Polar currently has two in operation with an additional three to be constructed by 2005. The tankers are built just for the

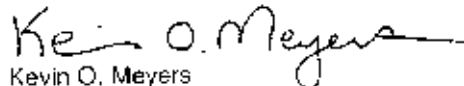
Alaska trade and each has a lifespan that exceeds the recommended 30-year renewal timeframe.

Phillips sees tremendous potential for the Alaskan North Slope, but without ready means to transport our product to market all of this exploration and development would not be possible. The oil and gas industry in Alaska depends on TAPS and, without this renewal, both the industry and the revenues it generates for the state would dwindle. It is critical that the ROW's are renewed. In our opinion, it is also critical to renew them for 30 years and, as proposed, without adding unforeseen costs to the system through unnecessary new stipulations.

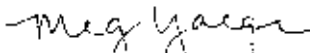
145-11

Phillips supports and endorses the comments submitted this same date by Mr. W. Steven Jones, TAPS ROW Renewal Project Manager, on behalf of the TAPS Owners including an adoption by reference of the scoping comments that were previously submitted. We also wish to emphasize certain critical points through the attached analysis and comments to provide further support for the state and federal recommendations for renewal.

Very truly yours,



Kevin O. Meyers
President, Phillips Alaska, Inc.



Meg A. Yaege
President, Phillips Transportation Alaska, Inc.

:keh
attachment:

Responses for Document 00145

- 00145-001:** Thank you for your comment.
- 00145-002:** Thank you for your comment.
- 00145-003:** Thank you for your comment.
- 00145-004:** Thank you for your comment.
- 00145-005:** The impact of TAPS renewal on federal tax revenues is covered in Section 4.3.19.2.3 of the EIS.
- 00145-006:** The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."
- 00145-007:** The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."
- 00145-008:** Thank you for your comment.
- 00145-009:** The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."
- 00145-010:** Thank you for your comment.
- 00145-011:** Thank you for your comment.

TAPS ROW Renewal

1836 South Bragaw Street, MS-600, Anchorage, Alaska 99517
Telephone (907) 787-8887 FAX (907) 787-8322

August 20, 2002

APSC Letter No. 02-18968

Mr. John Kerrigan
State Pipeline Coordinator's Office
411 West 4th Avenue, Suite 2C
Anchorage, AK 99501-2343

Re: Comments on "The State Pipeline Coordinator's Report
For Renewal of the Trans-Alaska Pipeline Right-of-Way Lease" (July 2002)

Dear Mr. Kerrigan:

Enclosed for your consideration are the comments of the Trans Alaska Pipeline System owner companies on the referenced report. The comments are provided in a matrix format. We hope you will find this approach useful and the comments helpful.

If you have any questions or concerns, please do not hesitate to contact me at 787-8091.

Sincerely,



W. Steven Jones
TAPS ROW Renewal Project Manager

Enclosure

- xc: P. Pourchot, w/ enclosure
- M. Thompson, w/ enclosure
- S. Martin, APSC, w/ enclosure
- TAPS Owner Companies, w/enclosure

02 AUG 20 11 35 AM
 STATE PIPELINE COORDINATOR'S OFFICE
 ANCHORAGE, ALASKA
 [Handwritten initials: RJA]

TAPS Owners' Comments on State Pipeline Coordinator's Report -- July 2002

Page No.	Section Title	Section No.	Para Num	Line No.	Comments
			Page		
ii	Content of State Pipeline Coordinator's Report	2			I would be helpful if the report within which the State Pipeline Coordinator's Report is included was prepared and released in the context of the overall process, which was set out in the State Pipeline Coordinator's Report. Specifically, the report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was. The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was. The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was.
iii	Damages Remediation	10			The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was. The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was. The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was.
iv	Architectural Facilities	100			The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was. The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was. The State Pipeline Coordinator's report would state what the Coordinator's report was and what the State Pipeline Coordinator's report was.
101	State Lease Renewal Process (45 18 25)	1a	02	Paragraph 1	Section 45-18-25, which requires that the State Pipeline Coordinator's report be made available to the public, should be amended to require that the State Pipeline Coordinator's report be made available to the public. The State Pipeline Coordinator's report should be made available to the public. The State Pipeline Coordinator's report should be made available to the public.
101	State Lease Renewal Process (45 18 25)	1a	02	Paragraph 1	The State Pipeline Coordinator's report should be made available to the public. The State Pipeline Coordinator's report should be made available to the public. The State Pipeline Coordinator's report should be made available to the public.
101	State Lease Renewal Process (45 18 25)	1a	02	Paragraph 1	The State Pipeline Coordinator's report should be made available to the public. The State Pipeline Coordinator's report should be made available to the public. The State Pipeline Coordinator's report should be made available to the public.

TAPS Owners' Comments on State Pipeline Coordinator's Report -- July 2002

Page No.	Section Title	Section No.	Para No. on Page	Line No. w/in Para	Comments
012	ENR/NO Drawing Oversight and Adherence to the TAPS Lease Covenants: Marine 10 - Basin 10	III C	11	05	Deny. which require compliance with all requirements of a
014	ENR/NO Drawing Oversight and Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	IV	11	03	Type. Alerts used under requirements of "with use"
014	ENR/NO Drawing Oversight and Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	III D	01	12	Type. Comments on notes after the work completion. Please refer to the paper on the subject: Appendix E, Section 11.
014	ENR/NO Drawing Oversight and Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	III D	01	08	Under the provisions of the Appendix E, Section 11. The on-site measurement of the distance to the "no zone"
015	Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	IV 3	02	05	Replies "ROW" with "Federal Gov. and State Law"
015	Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	IV 4	04	09	Replies "Trust" with "The 'trust' is not a 'trust' but a 'lease'."
015	Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	IV 5	01	07	Type. Reply is "with use" requirements
015	Adherence to the TAPS Lease Covenants: Basin 10 - Basin 10	V	10	05	Type. Deny the "with use" requirement
011	State Right of Way Lease and Application for Submittal and Application for Submittal	V 6	16	00	Deny for application of section 4.1. With a state-issued pipeline construction permit.
016	State Right of Way Lease and Application for Submittal and Application for Submittal	V 6	01	01	Deny "V" and replace with "no paved public or utility easement" or "with use"
016	State Right of Way Lease and Application for Submittal and Application for Submittal	V 3	11	01	Type. Change have "with use" overage
011	State Right of Way Lease and Application for Submittal and Application for Submittal	V 1	03	01	Item at the beginning of this section. Same as the other sections numbered in TAPS through an attached "flow"
020	State Compliance Review	V 2	07	01	This section of the report should mention, among other things, the fact that over 11 million barrels of oil have been transported through the TAPS pipeline in state waters in the past 10 years. The number of barrels of oil transported through the pipeline over the past 10 years is approximately 11 billion barrels.

Responses for Document 00146

00146-001: This document is appropriately directed to the State of Alaska as part of the state lease renewal process.



00147

415 E. Railroad Avenue * Wasilla, AK 99654
Email: info@wasillachamber.org

Telephone (907) 376-1299 * Fax (907) 373-2560
Home Page: www.wasillachamber.org

Voted "Alaska's Outstanding Local Chamber of Commerce - 1998"

RESOLUTION 02-02

A RESOLUTION OF THE GREATER WASILLA CHAMBER OF COMMERCE IN SUPPORT OF THE TRANS ALASKA PIPELINE SYSTEM RIGHT OF WAY RENEWAL

Whereas, the mission of the Greater Wasilla Chamber of Commerce is to create a positive economic and civic climate in the Greater Wasilla area, thereby making it possible for members and the community to grow and prosper; and

Whereas, the Trans Alaska Pipeline System (TAPS) was granted a 30-year right-of-way in 1977 by both federal and state agencies; and

Whereas, the pipeline has been operated safely, efficiently and reliably, with a reliability rating of over 90%, for over 20 years; and

Whereas, the TAPS has transported over 13 billion barrels of oil from the North Slope to tankers in the Port of Valdez since it began operating; and

Whereas, approximately 1 million barrels of oil are transported through TAPS every day, representing approximately 17 percent of the United States' crude oil production; and

Whereas, there has been little or no documented physical, environmental or ecological disruption to the people or wildlife associated with the pipeline since its inception; and

Whereas, the petroleum industry generates significant revenues and employment for the Mat-Su economy; and

Whereas, oil industry forecasts for the next thirty years indicate North Slope production to be an estimated 8.9 billion barrels of crude oil, with a value estimated at approximately \$374 billion; and

Whereas, since the current right-of-way lease expires in May 2004, the six companies that own TAPS filed state and federal applications to renew the pipeline right-of-way for another thirty years; and

Whereas, the right-of-way renewal process requires an Environmental Impact Study (EIS) examining impacts on the physical environment, biological resources and social systems; and

Whereas, the federal and state right-of-way documents permit the 800-mile pipeline to cross federal, state and private lands, and prior to beginning pipeline construction in 1974 the TAPS owners signed the state Lease and Federal Grant, detailing the terms for pipeline construction and operation; and

Whereas, these agreements have defined many of the state and federal requirements for TAPS operation since oil first started flowing through the pipeline in 1977; and

Whereas, the pipeline meets all conditions necessary for renewal of the Grant and Lease; and

Whereas, negative economic consequences, such as increased financing and bonding costs, decreased investment and exploration on the North Slope, and reduced revenues to federal, state and local governments would occur throughout Alaska; and

Whereas, the current Joint Pipeline Office, consisting of thirteen state and federal agencies, provide sufficient oversight of TAPS.

Now Therefore, Be It Resolved, the Greater Wasilla Chamber of Commerce does hereby support the TAPS right-of-way renewal for another thirty years.

147-1

Be It Further Resolved, that the Greater Wasilla Chamber of Commerce opposes the inefficiency and expense that would result from the creation of any additional form of oversight..

147-2

Hereby, adopted by the Board of Directors of the Greater Wasilla Chamber of Commerce on this 14th day of August, 2002.

Annette DeLong
Annette DeLong, President
Susan Price
Susan Price, Vice-President
Paddy Coan
Paddy Coan, Secretary

John Klapperich
John Klapperich, President-Elect
Ted Petez
Ted Petez, Treasurer
Paddy Coan
ATTESTED: Paddy Coan, Secretary

Responses for Document 00147

00147-001: Thank you for your comment.

00147-002: The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."

ALASKA FEDERATION OF NATIVES, INC.

1577 C Street, Suite 300, Anchorage, Alaska 99501
907-274-3611 Fax 907-276-7989

August 20, 2002

State of Alaska, DNR/JPO
Attn: John Kerrigan, State Pipeline Coordinator
411 West 4th Ave., Suite 2C
Anchorage, Alaska 99501

02 AUG 21 PM 1:49
Kerrigan
Kerrigan

Dear Mr. Kerrigan:

The Alaska Federation of Natives (AFN) has reviewed the Department of Natural Resources Commissioner's Statement of Reasons and Proposed Written Determination for renewal of the state Right-of-Way lease for the Trans-Alaska Pipeline System (TAPS). We offer the following brief comments.

We find that the state's analysis and determination are deficient in terms of discussion of Alaska Natives, the role subsistence plays in the life of village people, or the impacts to subsistence of the changes that have occurred over the past 30 years. We expected some acknowledgement by the authors of the importance of this subject. In fact, we found very few references to subsistence in the state documents regarding the proposed state lease renewal.

There is no question there have been impacts on subsistence resources as a result of the development of oil and the North Slope and the operation of the pipeline. From the macro issue of the increase in Alaska population due to the wealth that North Slope oil has brought to Alaska to the micro issues of the effect on individual species important to subsistence and individual villages, there have been many negative changes. The growth of the state's population has brought in more hunters. The construction of the haul road and airstrips along the right-of-way has increased the accessibility for hunters from urban areas and from outside of Alaska.

The result has been predictable. The moose population around our villages is disappearing. Caribou migration patterns along the upper Koyukuk River and in other areas have been changed. Stevens Village has seen an important pike fishery virtually wiped out. Subsistence resources in Prince William Sound were severely impacted by the Exxon Valdez Oil Spill.

It is important to note here that it is not the TAPS management practices of Alyeska that have created this problem. AFN believes that the fault lies with a fish and game management regime which has not sought local peoples' knowledge of the habits and population of game and fish and which has not been willing to adjust season and harvest regulations to accommodate the needs and the wisdom of the people who live closest to the resources. The state must take the lion's share of the blame for this situation, as it has been unwilling to change its constitutional structure to accommodate the needs of the people who most rely on these resources for their cultural and dietary sustenance. In addition, decisions by the state, such as the opening of the Dalton Highway to the public, have exacerbated an already difficult situation.

We recognize that the state statutory test for renewal of the TAPS lease is fairly limited. However, because of the broad authority vested with the Commissioner to evaluate a suite of topics when determining the state's best interest, we find that a discussion of Alaska Natives and the changes to subsistence over the period of the initial lease, is appropriate in the state documents framing the renewal decision. Further, we note the unique operational structure of the JPO with regard to multiple TAPS oversight agencies working jointly with the DNR State Pipeline Coordinator. It is our belief that a strong lead by DNR to present the subsistence issue through the eyes of the village people who are most affected by the changes which have taken place, would facilitate efforts by the agencies involved in managing subsistence to make the future better for our people.

AFN has also recently completed our review of the Draft Environmental Impact Statement (DEIS) for renewal of the grant for federal lands to TAPS. The DEIS identifies that subsistence data to analyze impacts associated with renewal of the TAPS authorizations is non-existent. The DEIS authors have stated they were handicapped by the inability of the state and Federal governments to provide the data that is necessary to analyze the impacts that TAPS has had on subsistence. It is more than ironic that the very organization given the responsibility for protecting subsistence, the Alaska Department of Fish and Game, was apparently unable to provide meaningful data that might have allowed the authors to make a more realistic assessment of the impacts of the last 30 years. While we do not believe that the DEIS authors thoroughly reviewed all sources that would have provided information on impacts to subsistence, we do agree that a comprehensive data set for subsistence use patterns and potential impacts related to TAPS does not exist. In our discussions with Alyeska, and federal and state agencies, all parties agree that analysis of subsistence is limited by a lack of data and that there is no systematic approach to collecting subsistence data.

Therefore, we make the following recommendation regarding the state lease:

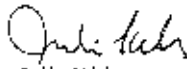
That the right-of-way lease contain a new stipulation requiring the collection of data which can clearly show the trends in subsistence taking of fish and game and the impact of non-subsistence hunting and fishing on those subsistence trends. Tribal governments and other Native organizations should be directly involved in the gathering of this data.

DNR JPO R/W Lease
Page 3 of 3

AFN's recommendations regarding such a program are included as an attachment to this letter. Absent inclusion of a new stipulation in the renewed lease, we request a commitment from the state to assume the responsibility for implementation of such a program and the immediate pursuit of funding for this effort.

We appreciate the opportunity to comment on the Commissioner's Statement of Reasons and Proposed Determination.

Sincerely yours,



Julie Kitka
President

Attachment: AFN Proposed Subsistence Data Collection Program

cc.

AFN Right-of-Way Renewal Committee
Steve Jones, Alyeska Pipeline, TAPS Right-of-Way Renewal Team
John Shively, Jade North, LLC

Attachment

AFN RECOMMENDATIONS: SUBSISTENCE DATA COLLECTION AND ANALYSIS PROGRAM

AFN recommended the following regarding the renewed state lease for the right-of-way for TAPS:

That the right-of-way lease contain a new stipulation requiring the collection of data which can clearly show the trends in subsistence taking of fish and game and the impact of non-subsistence hunting and fishing on those subsistence trends. Tribal governments and other Native organizations should be directly involved in the gathering of this data.

Our goal is to collect data so that information will be available to assess what, if any, impacts to subsistence uses are associated with continued operation of the TAPS. Since the effects of TAPS or other influences on subsistence resources and users cannot be measured without establishing a baseline for comparative purposes, it is essential to develop a project that first collects baseline data and then continues data collection into future years to provide the foundation for comparison to the baseline information. In addition, such information would be essential if a claim were ever made under the provisions of Section 30 of the grant.

Study Area: The scope of the study area should include at a minimum those communities along the TAPS corridor or that have already experienced impacts associated with TAPS, or are identified as likely to experience impacts associated with TAPS operations over the period of renewal.

In addition to the identified study communities, we also envision interviewing key respondents who might be able to provide information on pre-TAPS uses of what are now the TAPS corridor and marine transportation corridor areas.

Native Involvement: A key objective of our recommendation is to have these communities and their associated Native organizations actively involved in the specific subsistence research and data collection activities. We propose support of the program by the Alaska Department of Fish and Game, Subsistence Division, through study design assistance, survey questionnaire development, training of participating community positions, data entry/analysis, preparation of summary reports, and database maintenance. In addition to conducting the actual subsistence data surveys, Native organizations would work with ADFG on subsistence data analysis including the relationship of non-subsistence seasons, bag limits and harvest data. Because of the dual management of subsistence in Alaska, involvement of the Department of Interior and the Department of Agriculture is also essential.

Some portion of the funding required for this work would be channeled to communities and Native organizations that would be involved in the work in order to fund positions to

conduct surveys and participate with the state and the federal agencies in data analysis and comparisons as well as to fund training of these positions.

Study Term and Activities by Year: A multi-year (10- year) study is proposed that would involve doing baseline household surveys during the first year, and subsequent years of harvest monitoring of selected species. The first year work would include developing a study design including a survey plan, training the community and/or Native organization participants, conducting the surveys, summarizing the information, and doing initial comparisons to sport and commercial data. First year baseline information would be used to focus monitoring efforts of the future years. In years 2-10, annual monitoring surveys would be completed as would database maintenance, analyses, and report preparation.

Study Design: We envision a major component of this project occurring in year one during development of a detailed study design acceptable to the Native community, Alyeska, and the state and federal subsistence managers. The study would be planned and designed toward the goal of eliminating the subsistence data gaps that limited the TAPS Right-of-Way renewal process EIS and ANILCA §10 analysis. That is, the study would be designed keeping in mind the statistical analyses that would ultimately be run on the database to measure change as it is measured in the traditional western model. The survey would be designed to ensure all necessary information to complete such eventual analyses were solicited and obtained in each year of data collection. The design would also include a protocol for incorporating both the information in the formal surveys as well as information from traditional knowledge. Finally, a critical element of the study design would provide the ability to evaluate the subsistence harvest data relative to sport and commercial harvests. This element would assess the allocation among user groups and harvest limits applicable to each (including seasons and bag limits) as well as overall harvest success by user group. This element is necessary in order to evaluate trends in wildlife populations, the level of local subsistence harvest and the impact of competition from sport and commercial users on subsistence harvest. It will also enable managers to properly assess the impacts of development on wildlife and subsistence users including any impacts resulting from TAPS renewal.

Because the range of study species may be narrowed after year 1, study design would also detail a mechanism for concurrence by the above parties with any proposed narrowing of monitoring efforts for years 2-10 based on the results of year 1. This element is important to ensure the continued participation of the Native community and to avoid compromising statistical analyses required to allow meaningful analyses of the results including analyses of the impact of non-subsistence take on subsistence.

Although we have suggested a to new stipulation be added to the grant of right-of-way and the state lease to accomplish the goal of collecting reliable data relating to impacts on subsistence, we recognize that this type of data collection is usually the responsibility of those government agencies which are managing subsistence. If the state and federal agencies involved would undertake their responsibilities for collecting and analyzing this data, such a stipulation would be unnecessary.

Responses for Document 00148

00148-001: This document is appropriately directed to the State of Alaska as part of the state lease renewal process.



BLM's Trans-Alaska Pipeline System
Right-of-Way Renewal
Draft Environmental Impact Statement
Public Hearing Comment Form

Use this self-addressed form to submit your TAPS Renewal Draft EIS comments. Please give this completed form to one of the meeting hosts or take it with you and mail it. Make your comments, fold the form, tape it shut, place a stamp on the outside and drop it in the mail. Comments must be postmarked no later than August 20, 2002.

Please provide this information:

Name Brian Parsons FOLD HERE
 Title/Organization Chief Engineer / Norquest Seafoods
 Mailing address PO Box 260
 City London
 State AK Zip+four 99574

E-mail (I wish to receive TAPS Renewal EIS information by e-mail at this address) _____

What would the economic impact to Alaskans be if pipeline operations were stopped and the pipeline shutdown? Alaska's budget reality is 6 billion dollars per year for state government and services provided by the state. Assuming 50% matching funds, 3 billion dollars a year would have to be paid by 600,000 residents. This amounts to a cost, per household of 4, of 20,000 per year. The average gillnet fisherman, this year will probably not make 20,000 this season. Where will the revenue come from? Taxes on oil amount to a \$20,000/year benefit to all Alaskans. I support renewal of the Right of Way Renewal.

WITHHOLDING OF PERSONAL INFORMATION

This BLM's purpose is to make comments, including names and addresses of commenters, available for public review during regular business hours. Individuals may request that their home address be withheld from the public record, and BLM will honor such requests to the extent allowed by law. Circumstances may also arise in which BLM would withhold from

the public record a commenter's identity, as allowed by law. If you wish BLM to withhold your name and/or address, you must state this prominently at the beginning of your comment. However, BLM will not consider anonymous comments. BLM will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

Responses for Document 00149

00149-001: The economic impact of TAPS termination (the No Action alternative) is covered in Section 4.6.2.19 of the FEIS.

Do We Need Citizen Oversight of TAPS?

Renewal of the Trans Alaska Pipeline System (TAPS) right of way has generated a great deal of discussion in Cordova over the past weeks and months, with editorials appearing in the paper, an investigative exposé on the current state of the pipeline system sponsored by an environmental watchdog group, and appearances on radio and at local meetings of a well known, albeit somewhat controversial, local environmental scientist – all calling for action and calling for it now. Since 1989 the potential of another catastrophic spill and the risks to the economy and well being of Cordova from another tanker spill have been widely recognized and debated while concerns over a pipeline spill have seldom been more than a blip on the radar screen of public concern. Now that it is time for the pipeline reauthorization, is this all just sound and fury from opportunistic environmentalists with an anti-oil agenda or do the everyday citizens of Cordova actually have vital interests at stake.

TAPS runs the 800 miles from Prudhoe Bay to the marine terminal in Valdez, starting and then ending at sea-level while crossing three major mountain ranges, averaging one stream, river or tributary crossing every mile, and climbing as high as 4700 feet as it transports approximately one million barrels a day of oil in a forty-eight inch steel pipe. TAPS represents an incredible technological achievement of remarkable complexity. It has also been an integral part of a cash-cow industry whose contributions to the state's coffers have made state sales and income taxes an unpleasant memory and provided a dividend payment to every Alaskan, more than five thousand dollars apiece, in cash, for the 1999 to 2002 period alone. With those kinds of dollar signs, what's not to like?

150-1

The 1989 Exxon Valdez oil spill (EVOS) caused incredible damage, both in the regional coastal communities such as Cordova and to the enormously productive ecosystem that drives those communities economies, debates over the extent of these damages and the ensuing lawsuits rage even today more than thirteen years later. It is widely recognized that the spill wasn't solely the result of one irresponsible captain too drunk to find the channel, but rather EVOS was a systematic failure of a regulated and permitted operation that was viewed by some, much as TAPS is today, as a technological achievement, part of the same economic engine that powers the state's economy. The marine transportation leg of TAPS was an operation whose political momentum in the pre-EVOS era could not be denied, but it was also an operation with feet of clay. The corporate owners and operators were openly dismissive of the idea that something like the EVOS incident could ever happen, pointing to studies showing such a scenario as a one in 250 year probability. Some said even those long odds ridiculously overstated the possibility. The perceived unlikelihood of the event bred complacency, complacency bred sloppiness, and sloppiness set the stage for March 24, 1989.

150-2

Today we are faced with repermitting TAPS, a process that may represent the last meaningful opportunity to provide input into how our community and economy are protected from a pipeline spill for the next thirty years. For Cordova, this has far ranging implications. Twenty percent of the length of the pipeline is in the Copper River watershed, with some 76 crossings of the Copper River and its tributaries. What impact would even a small spill at one of these crossings have on the market prices for Copper River Kings and Reds? The impacts on the local fishing economy of a major spill in the

150-3

6

Copper are almost unimaginable. For some perspective of scale consider this; the smallest leak that the automated TAPS leak detection system can detect is 2,000 barrels per day, or some 84,000 gallons, and that under optimal conditions. What would be the impact to the Copper River Delta and fishing grounds of even one day's undetected discharge?

150-3
(Cont.)

The stakes are high for our community. everyone who lives and works here has a vested interest in the safe operation of the pipeline. Fisherman, clerk, bar owner, or environmentalist we all stand to lose if complacency is once more allowed to set the stage. It is therefore time for us to call on our communities leaders, the Mayor, our city council, our elected representatives in Juneau, as well as the candidates for office come November, to step forward and be counted. The time for citizen oversight is now. Make the establishment of a TAPS Regional Citizens Advisory Council a condition for the renewal of TAPS permits. The property comprising the right of way belongs to us one and all, both as citizens of the United States where the right of way crosses federal land and as Alaskans where the pipeline travels through state land. As citizens of the region we also bear considerable inherent risks to our livelihoods and subsistence traditions with the operation of TAPS; certainly, given all that we have at risk, we deserve such a voice.

150-4

Responses for Document 00150

- 00150-001:** Thank you for your comment.
- 00150-002:** Thank you for your comment.
- 00150-003:** A discussion on the impacts to two tributaries of the Copper River (Gulkana and Tazlina Rivers) is given in Section 4.4.4.3. Additional details on the Copper River Drainage can be found in the text box "Oil Spill Planning for the Copper River Drainage" in Section .4.4.4.3.
- 00150-004:** The reader is referred to Section 2.5 of the FEIS, "Alternatives and Issues Considered but Eliminated from Detailed Analysis."

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TAPS RENEWAL DEIS
PUBLIC HEARING

Valdez, Alaska

July 30, 2002

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1 subsistence or the Commissioner's Determination or the
2 Trans-Alaska Pipeline system.

3 In addition to myself, State and Federal
4 representatives from the Joint Pipeline Office are here
5 to listen to your comments. I'll let them introduce
6 themselves at this table.

7 MR. BROSSIA: I'm Jerry Brossia with the
8 Bureau of Land Management and I'd like to welcome you
9 here tonight. With me is John Kerrigan, State Pipeline
10 director. John.

11 MR. KERRIGAN: And also here is Kaye
12 Laughlin, Department of Governmental Coordination.

13 MS. LAUGHLIN: Glad to be here, thank
14 you.

15 HEARING OFFICER GEARY: Notice of
16 availability of the Draft Environmental Impact Statement
17 on the TAPS Right of Way Renewal appeared in the Federal
18 Register on July 5th, 2002 in Volume 67, Number 129 at
19 Page 44832. The State of Alaska also provided notice of
20 the availability of the Commissioner's Proposed
21 Determination on July 3rd, 2002. Notification about the
22 date, time and location for this hearing as well as the
23 six other hearings scheduled to receive comments on the
24 Draft Environmental Impact Statement, subsistence and the
25 Commissioner's Proposed Determination was announced in

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1 the media, including newspaper, radio and the internet.

2 In addition, notices about the hearing
3 were sent to individuals and organizations that have
4 requested to be kept informed about this project. If you
5 would like to be on that list, to receive information
6 about this project, you can sign up at the registration
7 table.

8 Both oral and written comments will be
9 taken tonight. In addition, comments can be submitted to
10 BLM by mail, fax, telephone, the internet or hand-
11 delivered to the Joint Pipeline Office in Anchorage. The
12 State will accept additional written comments sent by
13 fax, mail or e-mail. We will accept additional comments
14 received or postmarked by August 20th, 2002, which is the
15 closing date of the public comment period for the Draft
16 Environmental Impact Statement and the Commissioner's
17 Proposed Determination. Information for providing
18 additional comments is on the registration table outside.
19 All oral and written comments received by the end of the
20 public comment period will be treated equally and will be
21 analyzed and considered in the preparation of the Final
22 Environmental Impact Statement and the Commissioner's
23 Final Determination. In addition, both the Final
24 Environmental Impact Statement and the Commissioner's
25 Final Determination will contain written responses to the

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1 comments received on the respective draft documents.

2 In order to ensure a complete and
3 accurate record of the hearing, it's necessary that only
4 one person speak at a time. It's also requested that
5 everyone remain as quiet as possible while the hearing is
6 in process.

7 If you wish to speak, please sign in at
8 the registration table outside first. Speakers will be
9 called in the order in which they're registered. In the
10 event that a speaker is not present when their name is
11 called, we'll proceed and that person's name will be
12 called again later. In order to give everyone who wishes
13 to speak an opportunity to do so we have limited the time
14 for each speaker to 10 minutes. This box light will help
15 you know when your time is nearly up. The light will
16 turn green as you begin your comments and will turn
17 yellow when you have one minute remaining and will turn
18 red when your time is up.

19 A court reporter will record the oral
20 comments and prepare a verbatim transcript. If you have
21 an extra written copy of your comments, please provide
22 that to the hearing officer for any clarification that
23 may be necessary in typing that transcript. In any
24 event, your remarks will be recorded as you state them.
25 If you wish to supplement your oral comments with

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1 additional written material, please provide me with a
2 copy of that material and it will be marked as an exhibit
3 and made a part of this record.

4 All right, are there any questions
5 regarding the hearing process?

6 Hearing none, we'll proceed with the
7 hearing. The first speaker registered tonight is Stan
8 Stephens. 00151

9 MR. STEPHENS: Thank you. You can put
10 this for all three items, I think it fits all three.

11 Having testified in Cordova and now here
12 in Valdez, I will attempt not to repeat myself. I would
13 like to make it clear that we need more time to review 151-1
14 and answer the DEIS. I think I agree with Ken Adams from
15 Cordova, that a 180 day extension would be better. We
16 need a citizen's oversight group for the pipeline and I 151-2
17 stated that reason in Cordova. I also stated that we
18 need a major audit of the North Slope, the pipeline and 151-3
19 the terminal and the reasons why. Also we need a five
20 year review of the whole delivery system grading how 151-4
21 Alyeska is doing.

22 One of our Alaska governors stated that our
23 natural resources were here on earth to make man's life
24 better, that God had intended for man to make use of
25 them. What he didn't say is that God also gave us

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1 intelligence, heart and soul to use the resources in a
2 safe and sound matter and to do it right.

3 There is no reason we can't use all our
4 natural resources to the betterment of mankind, but in
5 many ways we are using them to destroy the earth. There
6 has been enough damage done to Alaska by oil. We need to
7 halt this destruction and use these resources to continue
8 to better Alaska and not destroy it.

9 In my opinion, your DEIS sets us up for
10 another major catastrophic event here in Alaska --
11 catastrophic event here in Alaska.

12 And let me tell you why:

13 The JPO claims the Reliability Centered
14 Maintenance (RCM) program will take care of all existing
15 problems and future problems. I agree with the JPO, that
16 to have operational safety and maintenance liability you
17 have to have a way to identify the maintenance needs and
18 a program to repair and deal with them.

19 What I see is we have 25 years of history
20 of maintenance being deferred, budgets being cut,
21 business structures constantly changing and every few
22 years a reorganization which upsets previous direction
23 and existing reliability.

24 Let me tell you why I think RCM won't
25 work. You have to look at the past to determine the

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151-5

7

1 future.

2 We were promised many things by Congress
3 and by the oil industry in the original right of way
4 discussions. Industry made promises they never intend to
5 keep or carry out and Congress trusted them. Our
6 representatives in Washington, D.C., today, put more
7 trust in the oil industry than in the Alaska citizens.
8 Environmentalists are considered a major hindrance to the
9 development of this state by all three of them.

10 Back in the early right of way
11 agreements, we were promised double-hulled tankers. The
12 Exxon Valdez was a new ship. If it had a double-hull,
13 how much less oil would it have spilled? Back in the
14 '70s, during Governor Hammond's administration, Chevron
15 sued the state on the double-hull issue and the state
16 lost. Hammond never pursued it further. Congress could
17 have overridden Hammond vs. Chevron, but they chose not
18 to, even though they had made a promise to Alaskans.
19 This court case gave the oil industry and Congress an
20 easy out. Today, we have only one company actively
21 building new double-hulls, the rest of the TAPS trade is
22 old tired ships.

23 We were promised a clean environment.
24 Air, water and land were all to be protected from spills
25 with all the new, modern technology that the oil industry

151-6

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8

1 had.

2 If you really think RCM will work, then
3 maybe you can explain why for 20 years, the terminal was
4 coughing out millions of tons of vapors which are very
5 harmful to the community and Alyeska workers. They
6 didn't care about Alaska, they care about the bottom
7 line. They didn't put in vapor controls until they were
8 forced to by law. The battle for tractor tugs went on
9 for years before we finally got them. Terminal corrosion
10 problems had to reach a critical point before they would
11 address them.

151-7

12 With the aging pipeline, increase in
13 paraffin and sludge and a colder, wetter oil, today the
14 corrosion problem stretches from the North Slope to the
15 terminal. What makes you think RCM is the answer to
16 these existing conditions when the industry is constantly
17 slashing budgets on an aging infrastructure?

18 I hope someone else will address the
19 Ballast Water Treatment Plant and how it has badly
20 polluted our air and water. It is another example of
21 aging infrastructure suffering from corrosion and age,
22 which is always put on the deferred list for future
23 maintenance. Meanwhile, it continues to pollute our
24 harbor. We should be working toward zero pollution going
25 into our waters.

151-8

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1 What makes you think an RCM program is
2 the answer when the owners committee is constantly
3 forcing Alyeska to slash its budget and downsize its work
4 force? The rumor is that the owners committee plan to
5 cut another 25 percent from the budget once the right of
6 way agreement is signed.

151-9

7 We have an administration in this state
8 that will do anything to protect the oil industry, even
9 if what it does is harmful to Alaskan citizens. This
10 year, the legislature threw out a court decision on Best
11 Available Technology (BAT) and rewrote the law to protect
12 the industry.

13 We all know the Bush Administration will
14 do anything to protect big oil. The DEIS, about which
15 we're here tonight to testify on is the perfect example.

16 Lets put the areas of trusting Alyeska on
17 maintenance problems in perspective. Alyeska has always
18 lacked the will to prioritize maintenance and carryout
19 necessary work because of budget priorities. They are
20 also always moving people around, putting people without
21 experience in jobs that require experience. This is
22 happening now.

151-10

23 Supervisors and leaders play musical
24 chairs. Big reorganizations occur every couple of years.
25 Budgets are slashed, work is deferred and it is

151-11

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10

1 impossible to do a long-range plan because there's no
2 stable source of funding for TAPS. Alyeska is constantly
3 having to be reactive instead of proactive. The owners
4 committee members also play musical chairs. There is
5 little continuity. I've known very few of them that
6 really understand the TAPS trade from Prudhoe to the
7 terminal and it seems they either don't know or don't
8 care about the consequences of insufficient funding for
9 maintenance.

151-11
(Cont.)

151-12

10 What good is an RCM program if it is
11 broke?

151-13

12 APER recommends that a part of the review
13 of the application for grant and lease renewal, the
14 reviewers should convene an advisory panel to consider
15 how best to provide a single, responsible, managing
16 party.

151-14

17 We have had 25 years of broken promises
18 and misstates under existing structures. It's time to
19 change. If you have a single management system and
20 stable funding, I think your RCM program could work.

21 I've already touched on the terminal
22 problems, but lets start on the North Slope and work our
23 way down.

24 A few years back, BP was dumping
25 poisonous liquids down wells. This saved them money, as

151-15

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1 they didn't have to pay to ship them out for treatment
2 and so on, they were caught. Criminal action was brought
3 against them and the Justice Department put them on
4 probation. Since then, workers on the BP operation on
5 the Slope have brought forth many maintenance problems
6 that because of budget restraints were not being
7 addressed. These amounted to safety violations that were
8 in direct violation of their probation. The people who
9 are charged with monitoring BPs probation chose to look
10 the other way.

11 The law also requires there to be a leak
12 detection system from the wells to Pump Station One. The
13 State never enforced this. When one of the State
14 regulators tried to enforce it, she was removed from her
15 position. The State wanted her to look the other way.

16 Do you really want us to believe that
17 with these kind of relationships between the industry and
18 the State and Federal government that the JPO has a
19 chance to enforce compliance. BP is knowingly and
20 willingly breaking laws and regulations on the North
21 Slope and ADEC is knowingly and willing letting them.

22 We were told quite a few years ago that
23 the microwave system would eventually have to be
24 replaced, for it was not as reliable as it needed to be.
25 Alyeska put in a fiber optic system but that also did not

151-15
(Cont.)

151-16

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12

1 meet the reliability standards they needed.

2 I learned the other day that a contractor
3 doing roadwork had to reroute the cable, but couldn't
4 because there was no cable available to reroute it. The
5 contractor ended up digging the cable deeper and putting
6 the road over it. They were also warned that they
7 shouldn't drive in certain areas with heavy equipment
8 because the cable wasn't buried deep enough and could be
9 damaged. My question is, how does RCM address this
10 point?

11 I haven't had time to go through the
12 1,700 pages report but there's some things so far off
13 base it makes me wonder if the whole report might not be
14 this way. For instance, discussing a 143,000 barrel
15 spill at the terminal, saying it would only two miles of
16 beaches. I don't want to go into detail here but this is
17 ludicrous. We need to be honest with each other and we
18 need to be real. It's like the Oil Spill Response plans
19 for the rivers, they're not real.

20 I want to touch one other area. The rest
21 of my thoughts I will leave to other hearings. There are
22 a number of suspension bridges that had cable tension
23 measurements greater than the specified design tension or
24 allowable load. I understand these critical areas were
25 deferred because of budget. If this is so, how is RCM

151-16
(Cont.)

151-17

151-18

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13

1 going to work?

151-18
(Cont.)

2 Are budget cuts also the reason we
3 haven't done new core samples for soil changes at all the
4 critical river and stream crossings? Are we going to
5 peer review Alyeska inspections of the bridges and
6 culverts with an independent contractor, not in any way
7 connected to the government or Alyeska?

151-19

8 We just don't have the time to give this
9 report the energy it deserves in the next 20 days. If
10 the Interior Department doesn't see this, I hope the
11 courts will.

151-20

12 I would like to end the way I started
13 this evening. The pipeline runs through some of the most
14 wonderful real estate that exists anywhere in the world.
15 Our rivers and wetlands are the most productive for
16 animals, birds and fish. If oil were to destroy the
17 Valdez or Copper River drainages, and it could, it would
18 not only destroy the lives of many people but it would
19 also destroy the faith that God put in us as human
20 beings.

21 Thank you.

22 HEARING OFFICER GEARY: Thank you, Sir.

23 Dave Dengel.

00152

24 MR. DENGEL: Good evening. My name is
25 Dave Dengel and I'm the city manager for the city of

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