

COMMENTS AND RESPONSES

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TAPS RENEWAL DEIS
PUBLIC HEARING

Anchorage, Alaska

August 5, 2002

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahilc@gci.net

1 Trans-Alaska Pipeline system.

2 In addition to myself, Federal and State
3 representatives from the Joint Pipeline Office are here
4 to listen to your comments.

5 MR. BROSSIA: I'm Jerry Brossia,
6 authorized officer of the Bureau of Land Management. And
7 I'd like to welcome everyone to the hearing tonight.
8 With me here tonight is Drew Pearce. I think you all
9 know that Drew is the senior advisor.

10 MR. REIMER: I'm Gary Reimer from Bureau
11 of Land Management, Joint Pipeline Office. And thank you
12 all for coming.

13 MS. LAUGHLIN: I'm Kaye Laughlin, with
14 the Division of Governmental Coordination.

15 MR. KERRIGAN: John Kerrigan, State
16 Pipeline Director for Department of Natural Resources,
17 Joint Pipeline Office.

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

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail jpk@gci.net - sahile@gci.net

3

1 six other hearings scheduled to receive comments on the
2 Draft Environmental Impact Statement, subsistence and the
3 Commissioner's Determination was announced in the media
4 including newspaper, radio and the internet. In
5 addition, notices about the hearing were sent to
6 individuals and organizations that have requested to be
7 kept informed about this project. If you would like to
8 be on that list and to receive information about this
9 project, you can sign up at the registration table at the
10 back of the room.

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

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

4

1 Final Determination. In addition, both the Final
2 Environmental Impact Statement and the Commissioner's
3 Final Determination will contain written responses to the
4 comments received on the respective draft documents.

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

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

23 A court reporter will record the oral
24 comments and prepare a verbatim transcript. If you have
25 an extra written copy of your comments, please provide it

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243 0668/Fax-243-1473
e-mail jpk@gci.net - nabila@gci.net

5

1 to me for any clarification which may be necessary. In
2 any event, your remarks will be recorded as you state
3 them. If you wish to supplement your oral comments with
4 additional written material, please provide that material
5 to me and it will be marked as an exhibit and made a part
6 of this hearing.

7 Are there any questions regarding the
8 hearing process?

9 UNIDENTIFIED VOICE: Yes, there's a
10 question.

11 HEARING OFFICER GEARY: State your
12 question.

13 UNIDENTIFIED VOICE: I notice that DGC is
14 here and (indiscernible - away from microphone)
15 authorized officer approval of the TAPS contingency plan.
16 I noted that DGC did not conduct the joint review of the
17 contingency plan and is not conducting the joint review
18 of DBIS as required by the ACMP.

19 HEARING OFFICER GEARY: Sir, you can
20 state those comments, if you'd like into the record.....

21 UNIDENTIFIED VOICE: But is DGC.....

22 HEARING OFFICER GEARY:but this --
23 do you have any questions regarding the process of.....

24 UNIDENTIFIED VOICE:going to comply
25 with the law -- this is a question about the process,

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

6

1 sir, is DGC going to comply with the ACMP and conduct
2 this hearing?

3 HEARING OFFICER GEARY: Are there any
4 other questions that have to do with the process of
5 tonight's hearing?

6 MR. WHITTAKER: Yeah, I'd like to ask a
7 question. You said that all the testimony would be
8 treated equally and unfortunately I don't subscribe to
9 the Federal Register and there is not a copy of the EIS
10 in the room at present, therefore, I'm at a disadvantage
11 to some of these people like.....

12 HEARING OFFICER GEARY: What's your
13 question, sir?

14 MR. WHITTAKER: My question is, how can
15 you treat testimony equally when people from the oil
16 industry and Alyeska are better prepared than us? Thank
17 you. I mean doesn't that mean you're sort of
18 discriminatory?

19 HEARING OFFICER GEARY: When I call your
20 name, please come forward to the microphone, state your
21 name, the organization you represent, if any, and whether
22 you're also providing written comments. Also, for
23 administrative purposes, please specify whether you're
24 commenting on the Draft Environmental Impact Statement or
25 whether you're commenting on subsistence under .810 of

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

7

1 ANILCA or whether you're commenting on the Commissioner's
2 Proposed Determination.

3 We have approximately 40 speakers
4 scheduled so far. Based on past experience, that means
5 that the last speakers will be speaking sometime after
6 midnight so I'm going to hold everyone to a pretty tight
7 schedule. When your time is up, we're going to move on
8 to the next speaker. 00173

9 The first speaker I have is Maynard Tapp.

10 MR. TAPP: My name is Maynard Tapp. I'm
11 representing a group called Alaska Pipeline Builder's
12 Association and I'll be commenting on the DEIS.

13 Thank you for this opportunity to speak.
14 The Alaska Pipeline Builder's Association is an
15 organization of former and current staff managers and
16 engineers who participated in the design, construction
17 and operations of TAPS. The organization represents
18 approximately 400 members. Our organization held an
19 annual meeting this last week to celebrate and reflect on
20 25 years of successful operation of TAPS. We also
21 discussed extensively the Draft Environmental Impact
22 Statement and the Commissioner's Report and I'm here to
23 provide our organization's comments.

24 We support a 30 year grant and lease for
25 TAPS. The pipeline has had an outstanding record of

173-1
173-2

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sabile@gci.net

8

1 operations. It has experienced reliability of over 99
2 percent and if this isn't the best in the work in this
3 type of product, I would like to know one that's better.

173-2
(Cont.)

4 It's environmental and safety
5 performances are similarly high and well exceeds national
6 standards and norms. As designers and builders of TAPS
7 and other major projects, we know the redundancies,
8 factors of safety of TAPS that was in the original design
9 and Alyeska has improved this every year since. We have
10 high confidence based on our knowledge of the design and
11 actual record of performance that the pipeline will
12 continue to improve and to provide a safe, reliable
13 environmental protective transportation link for the
14 North Slope crude for at least another 30 years and most
15 likely much longer.

173-3

16 One personal comment. This pipeline is
17 important to not only the state's economics but to the
18 national security. It is a way that we can build a
19 bridge to the energies and the energy supplies of the
20 north.

173-4

21 Thank you very much.

22 HEARING OFFICER GEARY: Thank you for
23 your comments. All right, I'm going to mark the letter
24 from Mr. Laasch as Exhibit 24.

25 (Hearing Exhibit 24 marked)

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone (907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

9

1 MR. HANLEY: Good evening. My name is
2 Mark Hanley. I'm the public affairs manager for Anadarko
3 Petroleum here in Alaska. I'd like to start by thanking
4 you for holding these hearings and having them across the
5 state so that people from all over Alaska can actually
6 comment on this. I think it's important to hear from all
7 sides so I appreciate you guys coming here and having
8 these hearings.

9 Anadarko's one of the largest independent
10 exploration companies in the world and we have a large
11 acreage position in Alaska, both State, Native and
12 Federal land. We see a lot of prospectivity up here. We
13 think there's a lot of opportunity for finding more oil.
14 And for companies like ours to make investment decisions
15 we need to have the stability and the length that's being
16 recommended so we support the 30 year recommendation in
17 the Draft EIS. It takes a long time to develop a
18 prospect and actually get it into production and once it
19 is in production we hope those fields last for 15, 20 or
20 longer years, so that's a crucial element for us in being
21 able to invest in the state and continue explorations,
22 having that length of the extension.

23 We're not an owner of TAPS but we do have
24 production already from Alpine and like I said, we have a
25 lot of acreage that we think is prospective.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

10

174-1

1 The other issue for us is Alaska's got to
2 be competitive in its environment and it has the
3 potential to provide a lot of energy for the United
4 States and revenue, both to the Federal government and
5 the state of Alaska, but the costs of developing have to
6 be competitive world-wide, so we would encourage any
7 costs that don't add value not be added to this
8 particular project.

174-2

9 So just to summarize, I would say we have
10 the interest, the acreage and the technology to find oil
11 in Alaska. We are excited about the prospects but we
12 have to make long-term investments and decisions about
13 reauthorizing the pipeline Right of Way, will affect
14 those. We encourage a 30 year authorization and keeping
15 the costs of Alaska oil exploration down through lower
16 transportation costs is important also to help Alaska
17 continue to be a supplier of energy in the United States.
18 So we encourage you to authorize the pipeline for 30
19 years, keep the costs as low as possible while still
20 providing a safe transportation system.

174-3

174-4

21 Thank you.

22 HEARING OFFICER GEARY: Thank you, Mr.
23 Hanley. Tom Maloney.

00175

24 MR. MALONEY: Good evening. My name's
25 Tom Maloney. I'm a resident here of Anchorage, Alaska.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-2668/Fax-243 1473
e-mail - jpk@gci.net - sahile@gci.net

11

1 And I work with Veco Alaska, which is also headquartered
2 here in Anchorage, Alaska. I previously provided written
3 testimony and I'm commenting on the EIS.

4 First of all, like Mr. Hanley, I'm very
5 pleased to be here tonight. I'm glad you're taking the
6 time to listen to Alaskans around the state. Last week
7 was very instrumental in that it was the 25th anniversary
8 of the Cordova Trans-Alaska Pipeline startup and I must
9 say, since I worked on it in 1977, everything regarding
10 the pipeline has greatly exceeded all of my expectations
11 and I think most Alaskans. Just look at the Draft EIS
12 that was out and the Final EIS that was out in the early
13 1970s, take a look at what was predicted then and what
14 has become reality after 25 years of operation.
15 Tremendous performance.

16 I have a hundred percent support for a
17 full 30 year Right of Way renewal. Why 30 years? Could
18 be longer but I guess that's the maximum allowed by law.
19 My wife, when I asked her that question, she says, geez,
20 we all have 30 year mortgages. Like Mr. Hanley said, it
21 takes a long time, first of all, to develop a project.
22 Second of all to get economic return; many times that
23 takes a 10 to 12 year period.

24 So why 30 years? First of all the
25 reliability of the pipeline that's been proven by the

175-1

175-2

175-3

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone - (907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

12

1 TAPS owners and the operating company Alyeska Pipeline,
2 the reliability percentages, 99.6 percent speak for
3 themselves. The pipeline has safely operated at over two
4 million barrels a day during its peak in the late 1980s
5 and currently operates at about half of that level.

175-3
(Cont.)

6 Spill rate comparisons, comparing Alyeska
7 with national pipelines show that TAPS is 50 to 100 times
8 better on a per barrel, per mile basis than the average
9 pipeline in the United States. The safety record of
10 Alyeska and its contractors is roughly three times better
11 than the national general industry rates that have been
12 published.

175-4

13 What economic benefits are the pipeline
14 to the state and local communities that it operates in?
15 Well, at a price of roughly 20 to \$25 a barrel, at
16 current production levels of around a million, the
17 pipeline generates about seven to nine billion dollars in
18 revenues a year. Roughly 70 to 80 percent of our state
19 budget revenues come from oil and gas developments, most
20 all of it going down TAPS. Local governments, like the
21 North Slope Borough, the community of Valdez and other
22 communities, you know, depend heavily on TAPS as a
23 property tax base. Alaska contractors and their
24 employees, the TAPS owners and Alyeska Pipeline have gone
25 out of their way to hire qualified Alaskan companies and

175-5

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243 0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

13

1 Alaskan individuals to work on their projects. The
2 Alaska Permanent Fund Dividend is a nice bonus for
3 residents of Alaska every October. I know my family
4 enjoys receiving them. Refineries, Alaska Native
5 Corporations and their shareholders, Veco employees, 19
6 percent of its Alyeska work force is Alaska Native and
7 they come from some of the finest universities in the
8 country, like UAA, UAF and then also some of the Lower 48
9 ones like Stanford, Texas A&M and a host of other fine
10 universities. Possible gas commercialization is another
11 strong state and local incentive to continue on with
12 TAPS.

13 What are some of the Federal benefits?
14 Federal revenues that they've obtained through things
15 like NPRA lease sales, we would certainly like to see
16 NPRA developed and safely transported down the TAPS in
17 the future. All the major oil companies pay pretty major
18 Federal tax receipts. Improve balance of trade. Reduce
19 dependence on foreign oil. Multiple other industries
20 throughout the country benefit. I've seen Phillip, BP
21 building double-hull tankers. It's been great for
22 shipyards that have pretty much been decimated throughout
23 the Lower 48. Jobs have been created throughout the
24 country.

25 In summary, the TAPS owners and the

175-5
(Cont.)

175-6

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

14

1 regulatory agencies, especially the JFO should continue
2 doing an outstanding job. We do not need additional
3 oversight by other individuals that do not have the
4 professional experience to review the many complex issues
5 surrounding the pipeline. The big challenge that we all
6 face is finding and developing new fields in a timely
7 basis to increase production. I, for one, would like to
8 go back and see those two million barrels a day that was
9 safely transported throughout TAPS during the late 1980s.
10 I urge you all to grant TAPS a 30 renewal.

11 I thank you very much for allowing me the
12 opportunity to speak tonight. Thanks.

13 HEARING OFFICER GEARY: Thank you, Mr.
14 Malone. Alastair Graham. 00176

15 MR. GRAHAM: Good evening. My name is
16 Alastair Graham. I'm commercial manager for BP
17 Exploration Alaska. Thank you for the opportunity to
18 make comments this evening. I'd like to comment on the
19 Commissioner's Proposed Determination and on the Draft
20 EIS.

21 I'm here to urge renewal of the TAPS
22 Right of Way for a period of 30 years because of its
23 importance to our business here in Alaska. Our industry
24 is a capital intensive one. We risk large sums of money
25 up front to develop resources that will be produced over

COMPUTER MATRIX COURT REPORTERS, LLC
210 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243 1473
e-mail - jpk@gci.net - sahile@gci.net

15

175-6
(Cont.)

176-1

1 periods of 20 to 30 years or longer. We're still
2 investing well over \$500 million a year in Alaska to
3 develop new production and to move that production to
4 market.

5 The investments we are contemplating here
6 today in oil and the potentially huge investment we're
7 considering in gas are both predicated on the long-term
8 availability of TAPS to move our liquids to market.
9 Without certainty of our ability to sell the associated
10 liquids, there can't be no gas project. Because of the
11 importance of this transportation system, the industry
12 has invested billions of dollars over the last 25 years
13 in the maintenance and upkeep of the system and will
14 continue to do so into the future. This is reflected in
15 the JFO finding that the line is in good shape today.
16 And with continued investment it will remain in good
17 shape into the future.

18 Given that track record, it's also
19 essential that we avoid new requirements that add
20 significantly to the costs of operating and maintaining
21 the line with no commensurate benefit.

22 Because the North Slope of Alaska is
23 disadvantaged by its distance from the market, higher
24 costs of transporting North Slope oil to market is four
25 times BP's global average, that makes it more difficult

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone (907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net sahile@gci.net

16

176-2

1 | for the North Slope oil to compete in the global market
2 | and more difficult for companies like BP Alaska to
3 | compete for the investment dollars required to sustain
4 | production from our existing fields.

5 | So in summary, the future of BP's
6 | business here is dependent upon getting our oil to market
7 | for at least the next 30 years and we need this renewal
8 | to do that.

00177

9 | Thank you.

10 | HEARING OFFICER GEARY: Thank you, Mr.
11 | Graham. Steve Wright.

12 | MR. WRIGHT: Good evening. My name's
13 | Steve Wright and I work as Chevron/Texaco's Alaska
14 | Project Development Advisor here in Anchorage. I'll be
15 | providing brief oral and written comments tonight on the
16 | Draft EIS.

17 | Chevron/Texaco has a broad and very
18 | diverse portfolio of North Slope assets ranging from a
19 | large exploration acreage position to a very significant
20 | working interest at Point Thompson field. We're in the
21 | process now of assessing and potentially developing many
22 | of these assets which could help provide for the long-
23 | term energy security of our nation. Point Thompson field
24 | alone may have a 30 year production life with reserves of
25 | approximately 400 million barrels of condensate and could

COMPUTER MATEK COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahila@gci.net

17

1 be one of the largest on shore new developments in the
2 United States in the last 20 years. The magnitude of our
3 potential investment at Point Thompson may overshadow all
4 of our previous expenditures within the state of Alaska.

5 As we assess these development
6 opportunities, key criteria in our evaluation process is
7 access to a certain and stable infrastructure for moving
8 this large reserve base to market. A critical link in
9 that transportation network is the Trans-Alaska Pipeline
10 system. Although, Chevron/Texaco is not a Trans-Alaska
11 Pipeline owner at this point, we believe that it is vital
12 that the 30 year TAPS Right of Way renewal term be
13 approved to provide the assurance of continued access to
14 this transportation network, without which, no future
15 development of North Slope reserves can take place.

16 As a committed North Slope explorer and
17 producer, Chevron/Texaco strongly supports the
18 reauthorization of the 30 year Right of Way renewal term
19 for the Trans-Alaska Pipeline system.

20 Thank you for allowing me an opportunity
21 to provide comment this evening.

22 HEARING OFFICER GEARY: Thank you, Mr.
23 Wright.

24 MR. WRIGHT: Thank you.

25 HEARING OFFICER GEARY: I'm going to

COMPUTER MATRIX COURT REPORTERS, LLC
110 K Street, Suite 203
Anchorage, AK 99501
Phone-(907) 243 0668/Fax-243-1473
e-mail - jpk@gci.net - sahilc@gci.net

18

177-1

177-2

1 enter this in as Exhibit 25.

2 (Hearing Exhibit 25 marked)

3 HEARING OFFICER GEARY: Tara Sweeney. 00178

4 MS. SWEENEY: Good evening. I'm speaking
5 to the DEIS that I downloaded free from the internet. My
6 name is Tara McClain-Sweeney. I am an Inupiat Eskimo and
7 the government affairs officer for Houston Contracting
8 Company, Alaska Limited.

9 Houston Contracting Company is a member
10 of the Arctic Slope Regional Corporation family of
11 companies. Our subsidiary company, Houston NANA, LLC is
12 the prime contractor for Alyeska Pipeline Service Company
13 in charge of maintaining the Trans-Alaska Pipeline
14 system.

15 The production from the North Slope
16 fields and the creation of TAPS has had and continues to
17 have positive impacts on all Alaskans. From Venetie to
18 Wainwright, from Anchorage to Nome, residents from the
19 entire state have benefited from TAPS. More important,
20 to my people, Alaska Natives, from every region have
21 benefited, both directly through Federal and State
22 opportunities and directly through employment on the line
23 or in the field. As an Alaska Native contractor with
24 superior Arctic pipeline construction experience, an
25 employer of over 640 Alaskans and a work force made up of

178-1

178-2

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahila@gci.net

19

1 20 percent Alaska Natives, we fully support a 30 year
2 renewal process.

178-2
(Cont.)

3 The length of the renewal process
4 dictates, to a certain extent, the level of investments
5 made in the North Slope production. If potential
6 operators are required to go through an extensive renewal
7 process in a time span shorter than 30 years, this could
8 raise the cost of doing business on the North Slope. The
9 increased costs will detract investors away from Alaska
10 as we will no longer compete on a global scale. This
11 will severely impact the state of Alaska and Alaska
12 Natives in terms of jobs, training and economic
13 independence.

178-3

14 I'd like to stress that this issue is not
15 only a local or state issue, it is an issue of national
16 security. As America's largest producing oil region, the
17 North Slope provides the United States with roughly 20
18 percent of its domestic oil, roughly one million barrels
19 per day. If the cost of doing business on the North
20 Slope is unattractive, America will be forced to replace
21 the oil traditionally extracted from the North Slope with
22 imported oil. Many times that oil comes from unstable
23 regions of the world where there is little or no
24 environmental protection.

178-4

25 Maintaining the 30 year cycle will enable

178-5

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

20

1 Alaska Native contractors like Houston Contracting
2 Company and Houston NANA to continue to employ, train,
3 educate and promote Alaskans, especially Alaska's Native
4 population. Houston NANA has been so successful in its
5 quest to provide employment opportunities for Alaska
6 Natives that upon the award of the initial contract, we
7 exceeded the 20 percent Alaska Native hire goal two years
8 ahead of schedule. In the first three months we peaked
9 at 25 percent Alaska Native hired and we have
10 consistently maintained Alaska Native hire employment
11 levels between 18 and 20 percent. We are eager to
12 continue the existing programs designed for Alaska
13 Natives and we are eager to implement more innovative
14 programs designed to enhance our business operations.

15 Finally, we are eager to continue
16 providing excellent maintenance service on TAPS for
17 Alyeska while providing quality employment for all
18 Alaskans.

19 Thank you for your time and your
20 consideration. I'm submitting a copy of my request for
21 the record. (In Native - thank you)

22 HEARING OFFICER GEARY: Thank you, Ms.
23 Sweeney. We'll mark this as Exhibit 26.

24 (Hearing Exhibit 26 marked)

25 HEARING OFFICER GEARY: Terry Casdorff.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax 243-1473
e-mail - jpk@gci.net sahule@gci.net

21

178-5
(Cont.)

1 MR. CASDORPH: Well, I do thank you for
2 the opportunity to come this evening. I'm not hear
3 representing anyone other than myself.

4 And I was thinking as I was listening to
5 the others speak, there are milestones that happen in a
6 person's life and my milestone occurred in 1975 when
7 Alyeska Pipeline hired me as an engineer during the
8 design phase and construction phase of the pipeline. And
9 during that time in 1975, I can personally attest to the
10 remarkable things that was going on on the pipeline.
11 When we arrived in Anchorage in December of that year, my
12 wife and three year old and one year child in tow, it was
13 3:00 o'clock in the afternoon, it was dark, it was 30
14 below zero and she said, what have you done to me and I
15 said, honey, don't worry about it, it's only an 18 month
16 contract. I'm very proud to say that the 18 month
17 contract turned into 23 years with Alyeska Pipeline.

18 And during that 23 years, I can testify
19 from first-hand knowledge, the experience and the design
20 that occurred for the pipeline. It was truly an
21 engineering marvel and to this day it's truly wondrous of
22 what has occurred and what continues to occur on the
23 pipeline. During the last 25 years it has truly been
24 remarkable.

25 I can personally attest to the quality of

179-1

179-2

COMPUTER MATEIX COURT REPORTERS, LLC
370 K Street, Suite 200
Anchorage, AK 99501
Phone: (907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sabile@gci.net

22

1 maintenance and reliability and the redundancy of the
2 systems. I can remember very vividly back years and
3 years ago as we developed the processes and procedures of
4 just excavating the pipeline, that there was zero
5 tolerance. If anyone ever even bumped the pipeline with
6 a piece of equipment you were immediately terminated,
7 absolutely no if's, and's or but's. We used to go around
8 with a ticket in our pocket and joke, this is my ticket
9 to Mexico if I bump the pipeline and I can tell you that
10 on several crews that I was one that actually did occur,
11 where we actually let people go if that -- I mean even
12 came close. It was just intolerable, it was not
13 tolerated at all.

14 All of this has made the Trans-Alaska
15 Pipeline the safest and most reliable pipeline in the
16 world and the record, I think, speaks for itself. You've
17 heard those talk of the record so far and I'm sure you're
18 going to hear a lot more of that. But the pipeline is
19 all about people. You know, we can talk about the
20 records and we can talk about those things but it's about
21 people. And I'm proud of my 23 years that I was with
22 Alyeska Pipeline. I'm proud of TAPS, the TAPS
23 outstanding record of achievement and dedication and
24 commitment to the environment and the people -- the
25 people who live daily with that work ethic, with that

179-2
(Cont.)

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone (907) 243-0668/Fax-243 1473
e mail - jpk@gci.net - sanile@gci.net

23

1 commitment, that commitment to the environment.

2 And I urge the renewal of the Right of
3 Way for 30 years. Thank you. 00180

179-3

4 HEARING OFFICER GEARY: Thank you, Mr.
5 Casdorff. I apologize, I know I'm going to slaughter
6 this name because I can't read it, Sheri Buretta.

7 MS. BURETTA: Thank you. Thank you for
8 your time tonight, ladies and gentlemen. My name is
9 Sheri Buretta. I'm the chairman of the board for Chugach
10 Alaska Corporation. We will be providing written
11 comments that speak specifically to the Draft, because
12 it's so large we haven't had a chance to even get through
13 half of it so we're working on that and hopefully we'll
14 be able to get those comments completed. But I just
15 wanted to give my own testimony as far as the process and
16 Section 29 and Section 30 and the maintenance.

17 My mother was born in the village of
18 Tatitlek and I was born at Elmendorf Air Force Base
19 Hospital here in Anchorage and was raised here. And I do
20 remember the Alaska Native Claims Settlement Act,
21 although I was only six years old, and I remember how
22 excited everybody was about the opportunity for jobs and
23 there were jobs at that time. But unfortunately things
24 slip through the cracks for whatever reason and I'm
25 speaking to Section 29, and I think that the concern that

180-1

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone: (907) 243-0668/Fax: 243-1473
e-mail - jpk@gci.net - sahil@gci.net

24

1 I have in regards to Section 29 is that, you know, people
2 woke up to the fact that it wasn't being accurately
3 complied with in '95 and now there's a big push to get
4 that back to where it should be. And my concern is that
5 there aren't any mitigating enforcement opportunities to
6 penalize, if that falls below that, and who's to say
7 that, you know, this will just be a big push to get this
8 Draft and get all the issues complied with and then
9 suddenly we're back to where we were.

10 Which is, where I'd like to speak to as
11 far as Chugach Alaska Corporation. We were able to get
12 contracts initially and reading through the history and
13 the documentation, it appears that executives at Alyeska
14 change frequently and one of them just decided that the
15 days of the free lunch for the Natives were over so they
16 pull our contracts, and that was in the spill response,
17 and that brought us to 1989 and there was no accurate
18 response in place. We do now, currently, have a contract
19 through TCC with Tatitlek and Chenega and Chugach Alaska
20 Corporation but I have the same concerns, that the
21 executive level of Alyeska will change and suddenly we
22 will have, at the whim of whoever's in charge, changing
23 the structure of our opportunities because of economics
24 that they feel like they have to comply with the owners
25 and I think that the responsibility of the oil companies

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahsle@gci.net

25

180-1
(Cont.)

180-2

1 to maintain that relationship and not only consider the
2 bottom line is very important to this whole renewal. I
3 think that we all will agree that the oil industry is
4 important to Alaska, we depend on it for the state, but
5 if we have an accountability and a responsibility and a
6 partnering that we can establish and that there's -- you
7 know, that it's not only beneficial to one side and that
8 they don't feel that they can rip the carpet out from
9 under us at any given moment, it will be a much better
10 partnering opportunity. And those are the things that
11 I'm hoping will happen.

12 In regards to the oil spill, you know,
13 this whole process being pushed through so quickly is
14 just appalling as far as I'm concerned when you look at
15 the time that has been allowed for the double-hull tanker
16 issue to, you know, the industry's been allowed decades
17 to get that into place. And look at where the Exxon
18 punitive damages that have affected our people that live
19 in the region so dramatically, emotionally, economically
20 but they still continue to hold this up and until that
21 gets settled, we will not be whole and we continue to be
22 affected by that. And so, you know, to push this process
23 through just because you can is not really fair. So
24 that's my, you know, two cents about that one.

25 In regards to Section 30, subsistence,

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

26

180-2
(Cont.)

180-3

180-4

1 The concern that we had all along was that, you know,
2 some guy from Chicago writing about subsistence wasn't
3 going to get it and, you know, 500 pages later, you know,
4 he still doesn't capture it. It's not -- the essence of
5 subsistence has been such a controversial issue here in
6 this state and we're struggling to maintain a way of life
7 for our people and to allow an individual that, you know,
8 didn't have the time to go around and talk to people who
9 live this lifestyle is not fair. And we're hoping that
10 we can integrate some of the traditional knowledge of our
11 people that have lived this way for so long that, you
12 know, it's just -- it's scary that this is being kind of
13 compared to just economy. That the Permanent Fund
14 Dividend should somehow compensate the people that have
15 lived this lifestyle is just amazing in the document, as
16 we read through it.

180-4
(Cont.)

17 Some of the things that we hope to
18 accomplish through this process are that the owners
19 negotiate an amendment to the Alaska Native Utilization
20 Agreement which provides financial penalties if Alyeska
21 does not meet its goals in the agreement. Such penalties
22 should be based on some multiple of income loss to
23 Natives as a result of Alyeska not meeting its targets.
24 And that the grant contain a new stipulation requiring
25 the collection of data which can clearly show the trends

180-5

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net saki@gci.net

27

1 in subsistence taking of fish and game and the impacts on
2 those trends of non-subsistence hunting and fishing.
3 Tribal governments and other Native organizations should
4 be directly involved in the gathering of this data. And
5 then the Draft should also contain information relating
6 to the discussion of village economies and how they
7 differ from urban economies. This discussion should
8 conclude with the finding about the vital need for
9 subsistence now and into the future.

180-6

10 My hope is that, you know, we can
11 continue to move ahead and understand the difference in
12 the cultures and the lifestyles and we all have to live
13 together and we want to, you know, provide good working
14 relationships for now and in the future because 30 years
15 from now I don't want my daughter to ask me, you know,
16 what happened? What were you guys doing? Because that's
17 kind of what I'm looking at when I see that we gave up
18 the Valdez Terminal for a dollar and promises of jobs and
19 contracts and the State, you know, the Federal government
20 ends up giving the land to the state who sell the land to
21 the oil companies for \$9 million dollars. Somewhere
22 along there it just doesn't make a lot of sense to me.

23 And so I know my time's running out and I
24 have to go to the Discovery Zone to pick up my children
25 and I appreciate your time.

COMPUTER MATRIX COURT REPORTERS, LLC
310 E Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sabile@gci.net

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Thank you.

HEARING OFFICER GEARY: Thank you for
your comments. 00181

MR. McCLEARY: Good evening. Thank you
for the opportunity to make comments. My name is Neil
McCleary and I'm a senior vice president with BP
Exploration Alaska, Inc. My comments are directed to the
DEIS.

I'm here tonight to support and urge the
Bureau of Land Management to grant a 30 year renewal of
the Trans-Alaska Pipeline Right of Way under its current
terms. I work with the talented men and women who
operate the Prudhoe Bay field, North America's largest
oil and gas field. I am proud of what has been
accomplished on the Slope. The quality of our people is
second to none. Our safety and our care for the
environment is world class. The industry made up of real
people with real capability can and will keep oil and gas
flowing safely and cleanly for decades to come.

181-1

For over 25 years Prudhoe Bay and other
fields on the North Slope have collectively provided a
peak rate of 25 percent of all of U.S. oil production and
currently provides approximately 20 percent of all U.S.
oil production. Every cup of which must be transported
through the Trans-Alaska Pipeline system. With proper

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahilc@gci.net

29

1 management and fiscal stability, there is another 30 plus
2 years of oil production capability on the North Slope.
3 These long-lived assets provide jobs for men and women
4 who work in the fields and in the service industries.
5 North Slope production provides tax revenues and job
6 opportunities to the Native communities on the Slope and
7 Alaskans overall. Revenue goes to the state of Alaska
8 and to the Federal government.

181-2

9 The benefit of a reliable energy source
10 is provided to all Americans. Our country needs the
11 North Slope as a reliable energy resource.

12 To date, the North Slope production has
13 reduced the U.S. balance of trade deficit by nearly \$300
14 billion. According to the Department of Energy over the
15 30 year TAPS renewal period, Alaska North Slope oil is
16 worth an additional \$374 billion in 2000 year terms.

181-3

17 We hope that our future also includes a
18 gas pipeline from the North Slope to the Lower 48
19 markets. Construction of the gas pipeline is
20 inconceivable if the TAPS Right of Way is not renewed on
21 favorable terms. Construction and operations of a gas
22 pipeline would not be viable without current oil
23 production, which entirely depends on TAPS. Beyond the
24 gas pipeline there's a strong link between the health of
25 the Alaska business statewide. Since the Alaska economy

181-4

COMPUTER MATRIX COURT REPORTERS, LLC
310 E Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

30

1 is so heavily influenced by the oil industry, the risk to
2 the long-term viability of TAPS would greatly reduce the
3 economic activity in other Alaskan industries.

181-4
(Cont.)

4 A 30 year renewal term appears to be long
5 to some. Let me put it into perspective. Prudhoe Bay
6 has the potential produce beyond 30 years given today's
7 known reserves. Additional drilling success and
8 satellite fields, development of the huge viscous oil
9 potential and further exploration successes could extend
10 well beyond this time period. However, all of these
11 opportunities are dependent on a predictable, reliable
12 transportation system.

13 TAPS is, indeed, a technical marvel and
14 it has a 25 year proven track record of providing
15 reliable, safe and environmentally prudent oil
16 transportation. Alaska has a world class system. It is
17 designed and can be safely operated beyond the renewal
18 period. And I once again, urge the BLM to expeditiously
19 renew the TAPS Right of Way under its current terms.

181-5

20 Thank you.

21 HEARING OFFICER GEARY: Thank you, Mr.
22 McCleary. Stan Stephens. 00182

181-6

23 MR. STEPHENS: Thanks for letting me
24 testify tonight. I actually represent the Alaska Forum
25 for Environmental Responsibility. I have never worked

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e mail - jpk@gci.net - swhile@gci.net

31

1 for the oil industry nor have I ever financially gained
2 from them. I've been in Prince William Sound most of my
3 life. And this is my fourth testimony, having testified
4 in Cordova, Valdez and Glennallen.

5 I've always started by listing certain
6 recommendations. These recommendations are listed in
7 Richard Fineberg's June 2002 status report on the Trans-
8 Alaska Pipeline system, the Emperor's New Hose. Also, I
9 have always asked for more time to review the 1,700 page
10 document. I wasn't surprised that BLM Director Clarke
11 not extending the comment period on the DEIS, we really
12 expected this.

182-1

13 BLM is missing a real opportunity to work
14 with the public in bringing a system up to modern day
15 technology. We were hoping we would be able to work with
16 BLM. We couldn't comment ahead of the release of the
17 report without any knowledge of its content. We now feel
18 that BLM abused the reviewing process with the public to
19 be necessary evil. In fact, BLM seems to consider its
20 purpose to be protecting big oil. Interior calls this a
21 public disclosure process. I call it deception. A
22 pretense to deceive. BLM's real motive is to limit
23 public input.

182-2

24 On May 2nd, JPO said that the DEIS would
25 be out July 2nd and that the comment period would run

182-3

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone: (907) 243-0668/Fax: 243-1473
e-mail - jpk@gci.net - sahale@gci.net

32

1 from July until September. Why the change of heart? Why
2 now has the comment period been cut in half. Is it
3 because the Norton Interior Department is showing its
4 sympathy for big oil in choosing an adversarial approach
5 in its dealings with the general public? That is
6 probably why the hearings are in the middle of the summer
7 when many concerned citizens are busy making their living
8 by fishing or tourism. This may be difficult for
9 bureaucrats to understand. But making a years living in
10 a few short months is reality for many Alaskans.

11 I am surprised that an Interior Director
12 who is supposed to understand land issues would make a
13 statement like, an extension of the comment period is
14 unnecessary for a Right of Way renewal situation where
15 the existing system has been in place and fully
16 operational for 25 years.

17 Let me tell you why it's necessary.
18 There are things the public has a right to know, we
19 should not operate on blind faith as JPO is doing when
20 the basis of compliance findings on RCX program. We know
21 Alaska is warming up. More than half of the pipeline
22 crosses permafrost areas.

23 We know more than 25,000 vertical support
24 members of the 78,000 that exist are currently subject to
25 movement.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@cmci.net - mahile@cmci.net

33

182-3
(Cont.)

182-4

1 We also know that 84 percent of all heat
2 pipes on TAPS have some degree of blockage potentially 182-5
3 diminishing the load-bearing capacity of VSMS. Is there
4 a detailed action plan to correct each of these VSMS?

5 We know there are problems with above
6 ground sections of pipe mounted on slipping anchors and 182-6
7 sliding support shoes. We have many questions and many
8 concerns about many of these sections of pipe. We would
9 like to know what the smart pigs that check pipe
10 curvature and corrosion are finding. Are some of the 182-7
11 pipe curvatures that are under our rivers getting worse
12 or are they stabilized?

13 We do know that the 420 miles above
14 ground pipe has major insulation problems. With the 182-8
15 colder oil temperature, increased sludge and paraffin and
16 slower movement of oil through the line, how are these
17 insulation issues being addressed?

18 We do know that there are major corrosion 182-9
19 problems from the North Slope to the Terminal and it's
20 getting worse. We suspect warming climate trends are
21 affecting pipeline foundations and bridge structures and 182-10
22 need to be brought up to to date so it can handle a major
23 earthquake.

24 We do know the leak detection system on
25 the pipeline cannot measure a loss between 4,000 barrels 182-11

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone - (907) 243-0668/Fax-243-1473
e-mail - jpk@cmr.net - sahile@cmr.net

34

1	a day.	182-11 (Cont.)
2	We do know that a major pipeline	
3	communication system, the microwave system doesn't	182-12
4	function properly and that the newly installed fiber-	
5	optic system has major problems.	
6	We do know they have cut back on major	182-13
7	inspection flights on an aging pipeline and when they do	
8	fly they have missed major problems.	
9	We do know that Port Valdez has suffered	182-14
10	badly from discharges into its waters the last 25 years.	
11	What will the impact of marine resources be the next 30	
12	years.	
13	We do know that the Balast Water	182-15
14	Treatment plant is not working right and hasn't for quite	
15	awhile.	
16	We do know that the terminal is emitting	182-16
17	five times more hazardous air pollutants into the Valdez	
18	Basin than the law allows.	
19	We do know that we have hydrocarbons from	182-17
20	the BWT outside the mixing zone.	
21	We do know that there is not an inventory	182-18
22	of pipeline clamps placed in different spots up and down	
23	the pipeline to help shorten the time lag if a leak	
24	should occur.	
25	We do know our a c-plan for oil spill	182-19

COMPUTER MATRIX COURT REPORTERS, LLC
 310 K Street, Suite 200
 Anchorage, AK 99501
 Phone: (907) 243-0668/Fax-243-1473
 e-mail - jpk@gci.net - sabile@gci.net

1	response on rivers is totally inadequate.	182-19 (Cont.)
2	We do know that we haven't figured out	
3	how to handle none of the species in the segregated	182-20
4	ballast.	
5	We do know that best available technology	
6	has changed in the last 30 years. How should we and when	182-21
7	should we apply it to the next 30 years?	
8	We do know that oil is more toxic than	
9	originally thought. How does this affect Port Valdez and	182-22
10	the BWT?	
11	We do know that photosynthesis increases	
12	toxicity which we didn't know before.	182-23
13	We do know that Alyeska is drastically	
14	cutting their budget and reducing personnel.	182-24
15	Let me speak for a moment about the North	
16	Slope and accumulative impacts that the Draft EIS did not	
17	consider. We do know that there is no leak detection	
18	system, which is required by law, on BP's section of the	
19	North Slope.	182-25
20	We do know that there are major spills on	
21	the North Slope and they are not always reported.	
22	We do know and, in fact, there was just	
23	one last week -- we do know that there are many leaking	
24	pipeline valves on the North Slope facilities and the	
25	rest of the pipeline.	

COMPUTER MATRIX COURT REPORTERS, LLC
 310 K Street, Suite 200
 Anchorage, AK 99501
 Phone-(907) 243-0668/Fax-243-1473
 e-mail - jpk@gci.net - sabile@gci.net

1 We do know that there are open pads on
2 the North Slope which get encased in ice in the winter
3 and crews cannot get to the frozen shut down valves.

182-25
(Cont.)

4 We do know that they cannot cleanup an
5 oil spill on the North Slope on the tundra, on the ice or
6 in the water.

7 We do know that of the 800 different
8 rivers or tributaries which the pipeline crosses under or
9 over the water, that we have no real oil response system
10 in place for a spill along the corridor.

182-26

11 I can go on and on but I only have 10
12 minutes. Do I understand Kathleen Clarke correctly, when
13 she said the extension of the comment period is
14 unnecessary because Alyeska had been in operation for 25
15 years? This is far more critical than a new construction
16 project. Alaska has warmed up a lot during the last 25
17 years, causing melting of permafrost, which in turn has
18 caused Slope stability changes affecting the pipeline
19 from Pump Station One to the Valdez Terminal. There is
20 no reason we cannot have a safe and dependable oil
21 delivery system. To attain that, far more money needs to
22 be put into maintenance, not defer the work. Today the
23 owner companies, led by BP are slashing budgets and
24 ignoring safety to increase profits.

182-27

182-28

25 We, as human beings sometimes lose sight

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net sahile@gci.net

37

1 as to what is really important. We are caretakers of a
2 planet that as far as we know today is the only one like
3 it anywhere else in the solar system. We are badly
4 abusing the privilege of living here for short-term
5 personal gain and outright greed. We must all work
6 together and make responsible protection for the earth,
7 air, land and water our first priority. We must be sure
8 that when we use resources, we use them for the benefit
9 of mankind, we must prevent damage to the lands we have
10 been so privileged to be part of during our short lives.
11 This can only be done by spending money, not cutting
12 budgets and by doing all the work in a responsible
13 manner.

14 BLM should be working for the greater
15 power of the average human being, not big oil. We need
16 to tell big oil, if they want to operate in Alaska, they
17 need to do it right. This DEIS does not do this. The
18 pipeline is old, it is tired, it is underfunded. DEIS
19 did not deal with the six recommendations crafted by the
20 Alaska Forum to deal with the serious problems that were
21 identified and documented in its recent report. Instead
22 the government monitors appear to be collaborating with
23 the industry to renew the grant and lease without
24 considering public recommendations to ensure safe
25 delivery of oil for another 30 years.

182-29

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0660/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

38

1 Podomi and Endicott pipeline systems but is critically
2 important that the use of the Trans-Alaska Pipeline is
3 there.

4 This project is important to BP and its
5 partners, including the state of Alaska and its citizens
6 which stand to reap revenues for the state of over a
7 billion dollars over the life of the project. Given the
8 costs and complexities surrounding this project, it is
9 vital that we have certainty regarding the liquid
10 production and transportation of the Point Thompson.
11 That is why BP strongly supports the reauthorization of
12 the 30 year TAPS Right of Way renewal term as do I and my
13 family. A TAPS Right of Way renewal term of less than 30
14 years would create significant commercial risk for this
15 project and as we make decisions about its development.

16 But the Right of Way is not only about a
17 liquid transportation. As many of you may know, Point
18 Thompson field is expected to play a significant role in
19 the development of natural gas, a very clean fuel for our
20 world. Point Thompson is the second largest gas field
21 North Slope containing over eight trillion cubic feet of
22 reserves. Any future gas development must be built on
23 strong foundation of secure, efficient liquids
24 transportation. The establishment of a 30 year TAPS
25 renewal term will help to support Point Thompson

183-2

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

40

1 development and will also improve the prospects and
2 likelihood of a natural gas pipeline in the future.

3 I want to thank you for the opportunity
4 to comment on my support for the Right of Way renewal of
5 the TAPS line. And I'm providing a written copy of my
6 comments.

183-3

7 Thank you.

8 HEARING OFFICER GEARY: Thank you, Mr.
9 Dunham. I'm going to mark those comments as Exhibit 27.

10 (Hearing Exhibit 27 marked)

11 MR. FINEBERG: Good evening. I am 00184
12 Richard Fineberg. I am testifying for the Alaska Forum
13 for Environmental Responsibility once more.

14 The Federal Draft EIS and key reports by
15 the state of Alaska supporting renewal of the TAPS Right
16 of Way contains significant flaws in their respective
17 fundamental approaches as well as numerous substantive
18 errors. These shortcomings lead to optimistic but
19 erroneous conclusions in the State and Federal reports
20 concerning the safety of the pipeline that the
21 President's National Energy Policy calls the single most
22 important crude oil pipeline in the United States.

184-1

23 The web of faulty assumptions and
24 inaccurate information invalidate the conclusions of both
25 the DEIS and the State's Proposed Determination that TAPS

184-2

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(507) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

41

1 is in compliance with all operational requirements and
2 will continue to operate safely if the grant and lease
3 are renewed without modification.

4 Review of the applications should provide
5 a unique opportunity to chart a new course for safe
6 operation of the pipeline during the next 30 years, but
7 instead the stewards of our public resources seem hell-
8 bent on ignoring public concerns and whitewashing the
9 dubious performance on TAPS. By taking this course,
10 public officials place at needless risk the quality of
11 the spectacular wild lands that TAPS crosses, as well as
12 the flow of oil that sustains Alaska economy and
13 constitutes a significant portion of the West Coast's oil
14 supply, not to mention the subsistence users down stream
15 from the 800 streams the pipeline crosses.

16 The primary purpose of my testimony
17 tonight which is in writing as usual and which I will
18 submit for the record later, is to identify some of those
19 fundamental flaws in the approach taken by the monitoring
20 agencies.

21 In discussing these problems tonight, I
22 have specifically selected cases that are documented in
23 my report, The Emperor's New Hose, How Big Oil Gets Rich
24 Gambling With Alaska's Environment. I'd like to also
25 refer, briefly to the growing list of factual problems

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sabila@gci.net

42

1 contained in the Federal DEIS. Because of time
2 limitations, I will submit at a later date my questions
3 about the raw data reported in the DEIS for North Slope
4 oil production and price. Those are specific areas I
5 work in when I'm not doing environmental work, so I will
6 do those in writing later.

7 Right now I'd like to just list some of
8 the flaws in the writing. We obviously won't have time
9 to go through them.

10 The key State and Federal renewal
11 documents did not consider modifying the grant and lease
12 terms. The key grant and lease renewal documents did not
13 provide sufficient reason for refusal to consider
14 significant citizen concerns raised during scoping. 184-3
15 Again, I provide documented specifics on each of these in
16 the written testimony. The subjects that are considered
17 by key grant and lease documents appear to be selected
18 arbitrarily and not by consistent and well defined
19 standards.

20 The grant and lease renewal documents
21 rely on unverifiable assumptions about future
22 performance. One is the aggressive maintenance, 184-4
23 quote/unquote, that depends on the level of funding. The
24 existence of requirements and statements of intentions
25 should not be confused with performance.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahilo@gci.net

1 The proposed decisions rely on regulatory
2 agency conclusions that are either inadequately supported
3 or are contradicted by the record.

184-5

4 And finally, and I will try to do this
5 one to give the listeners the flavor in some detail, the
6 interpretation of compliance with grant and lease terms
7 is subject to question. Two areas here to deal with are
8 the concept of substantial versus full compliance and
9 specific agency and enforcement actions that call into
10 question the undefined standard of substantial
11 compliance.

184-6

12 First substantial compliance. JPO and
13 the State pipeline coordinator defined their task
14 regarding compliance as ensuring Alyeska obtain all
15 permits, know all requirements and these are the big two
16 I want to deal with, reasonably detect deficiencies
17 related to these requirements and correct them in a
18 timely manner. While this interpretation sounds
19 reasonable it also appears to contradict the State's
20 Right of Way Leasing Act which requires the lessee to be
21 in full compliance with all state law, not to bring
22 yourself into compliance at some unspecified later time.
23 Now, let us assume for the sake of argument, since
24 nobody's perfect, even a pipeline with 99.99999 percent
25 reliability. That was not a stutter by the way. Let's

184-7

184-8

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax 243-1473
e mail - jpk@gci.net - sahile@gci.net

44

1 assume that full compliance with all state law can be
2 interpreted to mean substantial compliance as described
3 by JPO. JPO has not defined or set guidelines to
4 determine what constitutes timely identification and
5 abatement of non-compliance issues. Therefore, it's very
6 difficult to answer questions such as these: How many
7 years in a row of restart problems does it take for the
8 TAPS owners to be non-complaint with grant and lease
9 requirements for failure to prevent and abate a hazard?
10 Section 22 of the State Lease and 24 of the Federal
11 Grant. How many times can Alyeska fail to detect
12 significant pipe movement that it caused through
13 operational errors, by the way, for months on end before
14 the monitors determine that the TAPS owners are violating
15 grant and lease stipulations requiring safe operation and
16 engineering practices? The question what it takes for
17 the agency to find the owners non-compliant is raised by
18 two recent US/DOT enforcement action notices against
19 Alyeska. I do not have time to go into the detail here
20 but I have summarized them for you.

21 Again, it is our belief that these relate
22 and I believe we can demonstrate how these continual
23 problems relate to the funding pressure from the owners
24 and I do so in the written testimony tonight. I'm sorry
25 we do not have adequate time to deal in the details.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243 1473
e-mail - jpk@gci.net - sabille@gci.net

45

184-8
(Cont.)

1 In closing, I want to note that citizens
2 in three prior hearings have noticed numerous factual
3 mistakes in the DEIS, I'm sure you will learn of more as
4 you move to the north to take later testimony this week.
5 It is unfortunate that private citizens must waste their
6 valuable time correcting simple factual errors made by
7 the well-paid creators of the voluminous grant and lease
8 documents that we were given 45 days to review. I feel
9 that we're more in the role of fact-checkers than -- and
10 unpaid fact-checkers than being given the right to review
11 policy in a meaningful way.

12 I thank you for your time and your
13 consideration.

14 HEARING OFFICER GEARY: Thank you, Mr.
15 Fineberg. I'll mark your comments as Exhibit 28. 00185

16 (Hearing Exhibit 28 marked)

17 HEARING OFFICER GEARY: Val Molyneux.

18 MR. MOLYNEUX: Good evening. Thank you
19 for giving me the privilege to speak before this panel
20 this evening. My name is Val Molyneux and I'm president,
21 regional manager for Veco Alaska. I've been in the state
22 of Alaska for 25 years, 20 years connected with the
23 pipeline, the Oilfield Service Company along with work on
24 the North Slope and along with various projects with
25 various clients on the North Slope and on the pipeline.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0658/Fax-243-1473
e-mail - jpk@gci.net - sabile@gci.net

46

184-9

1 And in these 25 years I've been very fortunate to raise a
2 family here and believe it or not they're still here and
3 believe it or not I want to keep them here.

4 The Alaska Pipeline, as you know,
5 delivers the oil to various markets in the U.S., a needed
6 resource indeed. The Alyeska Pipeline is the lifeline
7 for continued delivery to U.S. and Alaska depends on the
8 pipeline for the future of Alaska. You all know that we
9 have a Permanent Fund and right now it's amount is around
10 22 billion in spite of the stock fall.

11 Over the past 25 years of actual pipeline
12 operation, TAPS has greatly exceeded virtually everyone's
13 expectations regarding reliability and health and safe
14 and environment performance. I personally have been
15 involved in many projects, many operations in both
16 environments and I can assure you both the clients that I
17 work for and the contractors that work for them behave in
18 a very safe manner and we do the best we possibly can
19 under the circumstances and sometimes that's not enough.
20 The client is 100 percent for safety and environmental
21 management.

22 It's unbelievable to me that Alyeska is
23 consistently 99 to 100 percent reliability over the 800
24 mile pipeline. Alyeska and the people of Alyeska and
25 various regulatory bodies have always made health, safety

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243 1473
e-mail - jpk@gci.net - sabile@gci.net

47

185-1

185-2

1 and environmental issues their number 1 priority.

2 In my opinion, Alyeska should obtain the
3 30 year Right of Way renewal. The primary reason being
4 that Alyeska has consistently demonstrated its
5 outstanding performance in all areas over the past 25
6 years. TAPS has already safely transported almost 14
7 billion barrels of North Slope crude oil from Prudhoe Bay
8 to Valdez. This is approximately 40 percent more than
9 was originally planned.

10 As previously noted, major investors in
11 our state like BP, Phillips, Anadarko and many others
12 have invested billions of dollars in new development
13 since Prudhoe Bay began to flow oil in 1977. Major
14 investors need to have confidence that TAPS will be
15 continue to be safe and reliable pipeline in the years
16 ahead. In order for investors to make multi-million and
17 multi-billion dollar development investments they need to
18 know that TAPS has regulatory approval to continue with
19 their operations. Investments typically are not made if
20 there are too many unknown risks, which are outside a
21 particular company's control. I urge you to continue
22 allowing Alyeska to operate for another 30 years. Their
23 performance during this time period, hopefully major new
24 discoveries and developments will continue in the years
25 ahead.

COMPUTER MATRIX COURT REPORTERS, LLC
210 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243 0668/Fax-243-1473
e-mail - jpk@gci.net - sahilo@gci.net

1 Thank you for allowing me the opportunity
2 to testify before you here today.

3 HEARING OFFICER GEARY: Thank you, Mr.
4 Molyneux. Joe Tracanna. 00186

5 MR. TRACANNA: Thank you for allowing me
6 to speak here tonight. My name is Joe Tracanna. I'll
7 speak on the DEIS. I'm here representing myself. I'm a
8 former Alyeska employee and pipeline electrical
9 inspector. I worked on the original construction back in
10 1976 and '77.

11 My experience and comments here have to
12 do with Alyeska's behavior over the last 30 years and I
13 find it interesting, based on my comments that I'm about
14 to give, that BLM's preferred alternative is for an
15 additional 30 years.

16 Alyeska Pipeline Service Company
17 management has repeatedly and continuously, through the
18 years, regarded (sic) its responsibility for compliance
19 with regulatory requirements, that was disregarded,
20 excuse me. This blatant disregard created a safety
21 threat to its employees who raised concerns to the
22 environment and the pipeline integrity. Alyeska Pipeline
23 whistleblower, inspectors and other employees have lost
24 their jobs and have been threatened, harassed and
25 intimidated for reporting safety problems on the

186-1

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@cmci.net - sabilc@cmci.net

49

1 pipeline. The U.S. Department of Labor has concluded in
2 various complaints filed against Alyeska that Alyeska was
3 in violation of whistleblower laws by refusing to rehire
4 inspectors fired after the reporting safety and
5 environmental violations to Federal regulators.
6 Alyeska's promises to Congress to live up to its
7 commitments have been disregarded and ignored.
8 Congressional hearings have been going on at various
9 times from the beginning of the pipeline. In 1976, the
10 subcommittee on Energy and Power held hearings concerning
11 the collapse of the Quality Assurance/Quality Control
12 system during the construction of the pipeline. Among
13 the issues discussed were thousands of faked X-rays of
14 welds, intimidation and harassment of inspectors
15 including death threats. It was learned of a total
16 collapse at that time of Alyeska's inspection system and
17 the total absence of Federal government oversight. In
18 fact, Congressman Dingle described government oversight
19 agencies as nothing but one-eyed, toothless watchdogs.

186-1
(Cont.)

20 Beginning in 1985, Alyeska whistleblowers
21 started to come forward to government agencies and to the
22 Congress using Chuck Hammel as a conduit, information
23 about critical deficiencies being covered up by Alyeska.
24 Rather than fixing the problems identified by their own
25 inspectors, Alyeska, in response, engaged in the services

186-2

186-3

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone: (907) 243-0668/Fax: 243-1473
e-mail: jpk@gci.net - sabile@gci.net

50

1 of Wackenhut Security Agency to conduct surveillance
2 operations whose purpose was to identify the
3 whistleblowers. These actions including setting up fake
4 companies, bugging the home and hotel rooms of Chuck
5 Hammel, using undercover agents, operation an electronic
6 surveillance van outside Mr. Hammel's home and stealing
7 documents. Congressional testimony revealed that
8 Congressman George Miller, Chairman of the House
9 Committee on Natural Resources, who had been vigorously
10 investigating pipeline environmental issues was also
11 targeted by Alyeska for surveillance along with Mr.
12 Hammel. Congressman Dingle went on to say that Alyeska's
13 attempt to interfere with these constitutional rights is,
14 quite frankly, outrageous.

15 July 1993. The House of Representatives,
16 Committee on Energy and Congress subcommittee on
17 oversight and investigations held hearings examining
18 Alyeska's ability to manage and operate the Trans-Alaska
19 Pipeline system safely and effectiveness of the Federal
20 government oversight of Alyeska. Discussed was
21 information about critical deficiencies being covered up
22 by Alyeska. I personally testified about my experiences
23 as an Alyeska inspector and bringing forward safety
24 concerns and issues involving harassment, intimidation
25 and retaliation.

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax: 243-1473
e-mail - jpk@gci.net - sahile@gci.net

186-3
(Cont.)

51

1 In August of 1993, as a result of the
2 allegations revealed in the congressional hearings, the
3 BLM contracts with Quality Technology Company to audit
4 TAPS operations. QTC submitted two reports, one in late
5 '93 and one in early 1994. The majority of allegations
6 by the Alyeska inspectors were validated in the report.
7 QTC also identified 22 imminent threats, including other
8 conditions adverse to quality. It was noted that the
9 greatest non-hardware imminent threat to safety was
10 Alyeska management mind set.

186-4

11 Alyeska's practices were criticized in a
12 report released by the Joint Pipeline Office after an
13 investigation into the death of a worker at the Valdez
14 Marine Terminal, which Alyeska operates for the owner oil
15 companies citing lack of safety and work procedures that
16 led to the fatal accident.

186-5

17 The Alaska Office of Occupational Safety
18 and Health, OSHA, cited Alyeska with five work place
19 safety violations and fines. Alyeska's Valdez Marine
20 Terminal was put under scrutiny when a spark flashed off
21 the deck of an oil tanker. A seven member team,
22 including officers from the United States Coast Guard
23 headquartered in Washington, D.C., conducted a week long
24 safety assessment and abroad review of Alyeska procedures
25 at the terminal and on the water of oil operations in

186-6

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net sakile@gci.net

52

1 Prince William Sound. An Alyeska vice president called
2 the event a near miss for the company. The results, the
3 Coast Guard commander recommended civil fines against
4 Alyeska for shoddy procedures that led to the spark.

186-6
(Cont.)

5 Alyeska, in 1999 found itself rushing to
6 learn whether the fire suppression system at the terminal
7 tanker loading dock in Valdez would function properly
8 during an emergency. Earlier that year concerns were
9 raised by the State Fire Marshall's Office that the
10 system will not operate as designed if challenged by a
11 fire. The problem with the fire suppression system made
12 by public by Alyeska critic Chuck Hammel on his
13 whistleblower internet site. Numerous problems,
14 including overdue maintenance, missing fire hydrants,
15 frozen water pipes and now clogged water pipes inside the
16 foam suppression system. A fire would be an
17 environmental catastrophe and could cripple oil
18 production from Alaska. A spokesman for the Joint
19 Pipeline Office stated, the overwhelming problem is that
20 Alyeska knew about some of the problems as far back as
21 1996, that was three years prior and did virtually
22 nothing to begin fixing them until the State Fire
23 Marshall's Office inspected in April of that year.

186-7

24 Alyeska took over 36 hours to stop a leak
25 on the pipeline after it was penetrated by a bullet.

186-8

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0669/Fax-243-1472
e-mail - jpk@gci.net - sakile@gci.net

53

1 Alyeska has claimed it has a variety of clamps and
2 sleeves for emergency patching or repair but safety
3 concerns prevented moving sooner. An Alyeska vice
4 president stated, Alyeska did the best they could. This
5 was the same Alyeska vice president pictured in the
6 Anchorage Daily Newspaper with his hands in his pockets
7 conferring with other officials as almost 300,000 gallons
8 of crude oil spews from the bullet hole in the pipeline.
9 Regulators, including Alaska's Governor, praise Alyeska
10 for doing a good job responding to the spill. But if
11 this large a spill and a 36 hour delay are acceptable,
12 some say it raises troubling questions about the adequacy
13 of what the State requires of Alyeska, how can this be
14 acceptable?

15 I have some further comments about the
16 State regulators here and why they have no incentive to
17 regulate.

18 Because other State bureaucrats and
19 politicians want to control a bigger share of the oil
20 industry money that is spent in the state, the
21 politicians want the money that should be going to
22 pipeline maintenance for political contributions and pet
23 projects. The Executive Branch wants to preserve and
24 keep its hands on the State's share of oil royalty money.
25 Although the oil is free at the well head, the State has

186-8
(Cont.)

186-9

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

54

1 to pay to transport the oil down the pipeline, the cost
2 to properly maintain the pipeline are passed on to the
3 State for its share of the oil. When money is spent to
4 maintain the pipeline, the State has to pay its share, so
5 the State bureaucrats fear maintenance costs. They fear
6 that if the Trans-Alaska Pipeline were being properly
7 maintained, the State would have to pay more to transport
8 its royalty share to market. State bureaucrats hire and
9 fire regulators, the regulators that enforce health and
10 life safety regulations and requirements. It seems that
11 some regulators have no incentive to regulate if they
12 want jobs in the future in the industry. The oil
13 industry pays better than the State. If regulators were
14 regulating there would be more maintenance projects,
15 which means more jobs and economic viability for Alaska.

16 The pipeline is 25 years old. Like an
17 old car, it requires more maintenance, not less.

18 On the basis of hundreds, if not
19 thousands of incidents, close calls, scandals, spills,
20 poor judgment and disregarding the agreement and grant of
21 Right of Way on the Trans-Alaska Pipeline, it is now time
22 to consider if Alyeska should be given renewal of the
23 Trans-Alaska Pipeline system. Alyeska's actions and
24 failure to act over the last 25 years have led to a
25 myriad amount of violations of the current TAPS

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone - (907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net sahile@gci.net

55

186-9
(Cont.)

186-10

1 agreement. The circumstances surrounding some of these
2 violations are nothing less than a public disgrace. I
3 see nothing in the DEIS that would change Alyeska's mind
4 set. Nothing is changed but we're expected to see
5 different results. How did that old saying go, you can
6 fool some of the people all the time and all the people
7 some of the time?

8 Now, that being said, BLM has identified
9 the proposed action of renewing the Federal grant for an
10 additional 30 years as its preferred alternative. BLM
11 states, in part, that this conclusion is based on
12 knowledge about the impacts and experience gained over
13 the last 25 years. Did this experience include any of
14 the foregoing history that I just revealed?

15 I have two alternatives.

16 1. Don't renew the Federal grant for
17 Alyeska Pipeline Service Company.

18 2. I would suggest a combination of
19 alternatives considered but eliminated from detailed
20 analysis. Give the BLM the authority to fine TAPS owners
21 and Alyeska for violations of the Federal grant
22 provisions that protect pipeline integrity, worker
23 safety, human health or the environment substantiated
24 harassment or intimidation to prevent whistleblowing by
25 employees and retaliation against whistleblowers.

186-11

186-12

186-13

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone- (907) 243-0668/Fax-243-1473
e-mail jpk@gci.net - sakile@gci.net

56

1 Reasons given on this can't be
2 accomplished is new rulemaking regulations would be
3 required to give BLM such authority. Can rulemaking
4 regulations be that difficult to create? I can certainly
5 understand how their economic bottom line could be
6 affected with the multitude of allegations against them.

7 Enforce the current Federal grant rules
8 and regulations. The Federal grant obligates the TAPS
9 owners to comply with the applicable Federal laws and
10 regulations and lawful orders of the Secretary of
11 Interior. The Federal grant states that the Secretary
12 can suspend or terminate the ROW if the TAPS owners fail
13 to comply substantially with the requirements of the
14 Mineral Leasing Act.

15 HEARING OFFICER GEARY: Thank you, Mr.
16 Tracanna.

17 MR. TRACANNA: You're welcome. Almost.

18 HEARING OFFICER GEARY: I'll mark your
19 comments as Exhibit 29.

00187

20 (Hearing Exhibit 29 marked)

21 HEARING OFFICER GEARY: Daryl Kleppin.

22 MR. KLEPPIN: First of all, I'd like to
23 thank the panel for taking the time to hear the comments
24 from me and the others that are assembled here this
25 evening. This is an issue, obviously, that's important

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone: (907) 243-0568/Fax: 243-1473
e-mail - jpk@cmci.net - sabile@cmci.net

57

186-13
(Cont.)

1 to all Alaskans and, indeed, all the citizens of the
2 United States. My name is Daryl Kleppin. I'm a 17 year
3 resident of Alaska an employee in commercial management
4 for BP Exploration Alaska. I'd like to comment this
5 evening on the Draft EIS and the Commissioner's Proposed
6 Determination.

7 Let me begin by stating the obvious, that
8 the Trans-Alaska Pipeline is fundamental to oil sales and
9 liquid sales off the citizen's North Slope of Alaska
10 which people have been alluding to all evening.

11 Now, what benefits flow from that? Past
12 and current benefits include those to the citizens of the
13 North Slope Borough and the North Slope Borough
14 government in the form of property taxes. Benefit to the
15 citizens of Fairbanks, Anchorage and Valdez in terms of
16 jobs and also property taxes. Benefits to the state of
17 Alaska in royalty, corporate income taxes, severance
18 jobs, et cetera. And as previous speakers have quoted a
19 significant portion of the State budget is derived from
20 these revenues. Benefits to the producers, obviously.
21 Currently TAPS carries about one million barrels of
22 production per day. Benefits to the citizens of the
23 Lower 48, California included and other states. And also
24 benefits to the Federal government in terms of reducing
25 our trade deficit from imported oil.

187-1

187-2

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 260
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahilc@gci.net

58

1 So those are some of the current benefits
2 of TAPS.

3 Future benefits of TAPS are all of the
4 above plus continued exploration in NPRA and ANWR. New
5 developments like North Star and investment in mature
6 fields and EOR projects and also viscous oil development.
7 These future benefits are only derived if the 30 year
8 term is continued.

187-3

9 Thirty years is critical because of the
10 cycle time for new developments on the North Slope.
11 Indeed, previous speakers have talked about 30 years and
12 beyond production life, possibly from Prudhoe Bay and
13 given the long time between exploration appraisal,
14 development and field life, a 30 year term is vital.

15 So in conclusion, I support the
16 continuation and renewal of the TAPS Right of Way for 30
17 years under current terms and conditions.

187-4

18 Thank you.

19 HEARING OFFICER GEARY: Thank you, Mr.
20 Kleppin. At this time we're going to take a 10 minute
21 break. When we come back we're going to start with Mr.
22 Steve Jones and he's number 15. We stand in recess for
23 10 minutes.

24 (Off record)

25 (On record)

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

59

1 HEARING OFFICER GEARY: All right, I'll
2 call the hearing back to order. The next speaker is
3 Steve Jones, number 15. 00188

4 MR. JONES: Good evening. My name is
5 Steve Jones. I'm the manager of the Trans-Alaska
6 Pipeline System Right of Way Renewal Project.

7 I'm here tonight to testify on behalf of
8 the TAPS owners regarding their applications to the
9 Bureau of Land Management and the Alaska Department of
10 Natural Resources for a 30 year renewal of the pipeline's
11 Right of Way permits. My remarks are in response both to
12 the Draft Environmental Impact Statement and the Proposed
13 Commissioner's Determination.

14 Last May the six TAPS owners applied for
15 a 30 year renewal of the Federal grant and the State
16 lease that compromised the TAPS Right of Way. The right
17 to renewal is clear so long as TAPS is in compliance with
18 applicable State and Federal requirements and in
19 commercial operation. If those conditions are met, the
20 regulatory authorities must decide the duration of the
21 renewal period. The TAPS owners believe these conditions
22 have been satisfied and that renewal should be granted
23 for another 30 years.

24 The central question that many have asked
25 is, can TAPS operate safely for another 30 years? The

188-1

188-2

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e mail jpk@gci.net - sahile@gci.net 60

1 answer is, unequivocally, yes, for several reasons.
2 First the pipeline was originally designed for the long-
3 term. Contrary to what some have suggested, the pipeline
4 was not designed for a specific number of years. The
5 original life of field estimate for Prudhoe Bay was only
6 one consideration. More importantly, pipeline design was
7 based on TAPS being a highly reliable, long-term
8 transportation facility. It was, for example, engineered
9 and constructed to state of the art seismic standards
10 with redundant pumping capability and an extremely stout
11 and versatile above ground support system designed to
12 ensure stability in a wide variety of permafrost
13 environments and conditions, including climate change.

188-2
(Cont.)

14 When there was a question about
15 durability or safety, the engineers always defaulted to
16 the most conservative design parameters.

188-3

17 Second, Alyeska as operator of TAPS and
18 the TAPS owners have maintained and upgraded the system
19 regularly and prudently. The pipeline has been referred
20 to as aging, implying that it is deteriorating. Quite
21 the opposite is true. It has been cared for and enhanced
22 over the years. In many respects it is in better shape
23 today than when it first went into service. The what ifs
24 of 25 years ago were well addressed in the original
25 design and in the 25 years of operation, the challenges

188-4

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - satilc@gci.net

61

1 of operating in Alaska's environment have become well
2 understood and managed.

188-4
(Cont.)

3 In addition, new technologies have been
4 developed. New information has been applied and Alyeska
5 continues to improve maintenance and operational
6 approaches. For example, when it comes to the very
7 important function of corrosion prevention and control,
8 TAPS is considered a leader in the use of state of the
9 art technology.

188-5

10 Another part of the answer to the
11 question regarding TAPS condition rests with its role in
12 Alaska's oil industry. Quite simply, a sound TAPS is
13 central to the continuation of the oil business in
14 Alaska. To suggest that the owners of the line would
15 allow it to deteriorate or become unreliable through
16 inadequate maintenance makes no sense. The system must
17 remain in good operating condition because the industry
18 depends on it. And that dependability is proven. TAPS
19 has operated over 25 years with a reliability factor as
20 you've all heard tonight, in excess of 99 percent.

188-6

21 Additionally, in the last 15 years alone,
22 the TAPS owners have invested over \$9 billion in
23 operations, maintenance and upgrades, that's more than
24 the original cost of construction.

25 In addition to the question of future

COMPUTER MATEIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Pax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

62

1 performance, TAPS renewal raises the issue of
2 accountability. TAPS is not only a leader in the field
3 of pipeline maintenance and operations, but it's owners
4 and operator have demonstrated a commitment to the
5 public. Along with safe and environmentally sound
6 operations, one of the primary commitments is to
7 Alaska's Native community. The success Alyeska has
8 demonstrated in development of its programs to train,
9 hire and retain Native Alaskans is a model for all
10 businesses in Alaska.

11 In addition, Alyeska contracts with
12 Native-owned businesses. Last year those contracts
13 represented over \$170 million worth of work. The TAPS
14 owners and Alyeska remain committed to these programs.

15 TAPS also acknowledges its responsibility
16 to the pipeline corridor communities and to the public in
17 general. TAPS operates in the public eye and will
18 continue to do so for the duration of its operation.
19 Leaders from all across Alaska have access to Alyeska
20 management and can obtain information on pipeline
21 operations, both the good news and the challenges from
22 company management and from visits to TAPS facilities.
23 Communication is direct with those community leaders,
24 organizations and individuals interested in learning more
25 about TAPS. Open operations will continue to define

188-7

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone - (907) 243-0668/Fax - 243-1473
e-mail - jpk@gci.net - sahile@gci.net

63

1 Alyeska's way of doing business in Alaska.

2 Public accountability is also central to
3 the mission of the staff and agencies of the Joint
4 Pipeline Office. The technical and regulatory expertise
5 collected in this office represents a unique approach to
6 oversight of a private industry. The JPO's review and
7 examination of all facets of TAPS operation is thorough
8 and transparent and the public has access to their
9 reports, to their data and to their staff and management.
10 TAPS operations are now and will continue to be conducted
11 with an unparalleled level of public oversight and the
12 JPO concept is the effective and responsible way to
13 achieve that oversight.

14 The Bureau of Land Management and the
15 State, DNR, have conducted three hearings prior to this
16 one in Anchorage and there's been a bunch of testimony
17 presented at these hearings, it's covered a wide range of
18 subjects and that's all commendable and many of the
19 comments have proved valuable and I think provide the BLM
20 with help in preparing its Final Environmental Impact
21 Statement. However, I'd like to take a moment to express
22 my concern and disappointment at some testimony that has
23 been offered at each hearing that is, at best, unfounded
24 and inaccurate and, at worst, intentionally misleading.
25 This testimony is a disservice to the men and women who

188-8

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e-mail - jpk@gci.net - sahile@gci.net

64

1 built the pipeline, operate and maintain it. And those
2 who work everyday to inspect and regulate it. These
3 people work daily to ensure the pipeline operates safely
4 and in an environmentally sound manner. Nothing is taken
5 for granted. They search continually for new
6 technologies and approaches to enhance future
7 performance. This is dedication, not complacency.

8 I wanted to take this opportunity to
9 publicly recognize the thousands of employees,
10 contractors and public officials who are responsible for
11 making this system the marvel that it is and will
12 continue to be. Their positive approach and
13 extraordinary capabilities and skills and their
14 commitment to learn from the past and build for the
15 future should neither be overlooked nor slighted.

16 We believe the TAPS record on
17 environmental, operational and accountability issues has
18 been exemplary over the past 25 years and we look forward
19 to maintaining the high standards for another 30 years of
20 service.

21 In addition to this testimony tonight,
22 the TAPS owners will be submitting additional formal
23 written comments by the end of the public comment period.
24 And I have a copy of these remarks for the record.

25 HEARING OFFICER GEARY: Thank you. Thank

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone: (907) 243-0668/Fax: 243-1473
e-mail - jpk@cmci.net - sahil@cmci.net

65

188-9

1 you, Mr. Jones. I'll mark your comments as Exhibit 39.

2 (Hearing Exhibit 39 marked)

3 HEARING OFFICER GEARY: Kris Anderson,
4 number 16. 00189

5 MR. ANDERSON: Good evening. Thank you
6 for allowing us to comment tonight. My name is Kris
7 Anderson. I work Veco Alaska Incorporated. I manage
8 their Alaska Native Utilization Program and I'm an Alaska
9 Native shareholder in Cook Inlet Region, Koniag and
10 Afognak Village.

11 My program is funded primarily or almost
12 entirely with TAPS money. And it involves the
13 recruitment and the retention and training of Alaska
14 Natives coming to work at Veco Alaska. We also have a
15 very important intern program that allows students,
16 primarily from the engineering fields, as well as others,
17 an opportunity to gain valuable, hands-on, meaningful
18 experience for up to 10 weeks each summer in this
19 program. It also involves a scholarship program that,
20 this summer alone we will be handing out to these
21 students, up to \$60,000. We work very closely with
22 Alyeska Pipeline as well as other oil companies and
23 support companies and they are the reason that we are
24 able to offer this particular program.

25 My testimony is on the EIS and I

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243 1473
e-mail - jpk@gci.net - sahile@gci.net

66

189-1

1 certainly am in favor of that.

2 We also work with local, national
3 colleges and universities to attract minorities, Alaska
4 Natives, Indians and all other minorities.

5 In closing, basically I just wanted to
6 say that I am certainly in favor of the renewal and very
7 grateful for all of the assistance and financial
8 contribution that comes to this program from TAPS.

9 Thank you.

10 HEARING OFFICER GEARY: Thank you, Mr.
11 Anderson. Once again, I apologize, I think it was River
12 Ott.

00190

13 MS. OTT: Close enough. I stopped
14 signing in as Fredricki because everybody got it as
15 Frederick. My name is Dr. Riki Ott and I've lived in
16 Cordova, Alaska since 1985. It's an honor to follow Joe
17 Tracanna, who I recognize as dedicated TAPS employee. I
18 have served on the Board of the Alaska Forum for
19 Environmental Responsibility since its inception,
20 however, these comments are my own.

21 My community is still reeling from the
22 aftershocks of the Exxon Valdez Oil Spill 13 years ago.
23 That spill was in the marine portion of TAPS. I am very
24 concerned that the next major spill will be along the
25 over land or upstream portion of TAPS. The Draft EIS

COMPUTER MATRIX COURT REPORTERS, LLC
310 K Street, Suite 200
Anchorage, AK 99501
Phone-(907) 243-0668/Fax-243-1473
e mail - jpk@gci.net - sahilc@gci.net

67

189-1
(Cont.)

189-2

190-1

190-2