

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

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67

189-1
(Cont.)

189-2

190-1

190-2

1 acknowledges that economic damage occurred to the fishing
2 and tourism industries in Prince William Sound but claims
3 that such damages were offset by economic benefits to the
4 state. However, the United States Congress and the oil
5 companies promised that public resources underpinning
6 local tourism and fishing industries in the subsistence
7 communities would be protected, restored, replaced or
8 rehabilitated, not just in Prince William Sound but
9 everywhere that the TAPS oil might spill, including
10 dozens of subsistence based communities within or
11 downstream of the TAPS corridor. Oil spills are
12 expensive to clean up. I'm sorry that I can't see this
13 as good for the economy but that's really irrelevant.
14 Even if there was zero economy as measured by exchange of
15 dollars, the oil companies are authorized to operate only
16 if they take steps to minimize risk of oil spills and
17 damages from spills. It's your job to see that the oil
18 companies are held to this standard.

19 You have made our job of public
20 commenting more difficult by holding the public hearings
21 during the summer when people are extremely busy with
22 seasonal work, commercial fishing and subsistence
23 activities.

24 Over a year ago the Joint Pipeline Office
25 stated that the comment period would run from July to

190-2
(Cont.)

190-3

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68

1 September but in keeping with 25 years of broken promises
2 by TAPS operators and government regulators you have
3 broken that promise, too.

190-3
(Cont.)

4 Further, you have made our job difficult
5 by trying to dismiss the Alaska Forum's key
6 recommendations without any consideration on your part,
7 which seems to be in violation of the spirit of the NEPA
8 process. Despite all the obstacles for public testimony,
9 I offer the following comments for improving TAPS
10 operations for the next 30 years.

11 First of all, I recommend that there are
12 stiff penalties for failure to comply with the operating
13 permits. It's often said that TAPS is the most regulated
14 pipeline system in the world, but while the regulators
15 and industry speak to the quantity of oversight, I am
16 more concerned with the quality. There are three parts
17 to meaningful oversight. Setting standards and
18 stipulations, monitoring compliance and enforcing
19 oversight in enforcing compliance. We have out of date
20 standards, questionable monitoring and virtually non-
21 existent enforcement. I don't care if TAPS is the most
22 regulated pipeline system in the world, I care whether
23 the regulation works and it doesn't and it hasn't for the
24 past 25 years. The regulatory system is broken largely
25 because of questionable monitoring, no meaningful

190-4

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69

1 enforcement and hobbled regulators.
2 All of the laws, regulations and I guess
3 I'd want to -- I have written arguments to substantiate
4 each of those but actually Joe Tracanna did a wonderful
5 job in his testimony. All the laws, regulations,
6 stipulations and oversight in the world are forever
7 inadequate without meaningful penalties and enforcement.
8 These examples send a clear message to the oil company
9 permittees that the laws and regulations don't matter and
10 are secondary to economic considerations. This is not
11 what the American public was originally promised or led
12 to believe would happen. Some possibilities for
13 meaningful penalties for non-compliance by the oil
14 companies include things like requiring the companies to
15 report the circumstances of their non-compliance to their
16 shareholders in quarterly newsletters as the events
17 unfold. This is similar to the requirement for reporting
18 violations under the Federal Racketeering and Conspiracy
19 Act. And it would help the public understand that a
20 contract has been broken and the public trust breached.
21 Further, CEO's and other responsible officers of oil
22 companies in non-compliance could be required to conduct
23 public service in the TAPS corridor communities most at
24 risk from the consequences of the non-compliance. Every
25 instance of monetary fines for non-compliance should also

190-4
(Cont.)

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70

1 include a public service component.

2 Recommendation Two is to establish a
3 citizen's oversight group for the TAPS. Following the
4 Exxon Valdez Oil Spill tragedy in 1989 the state of
5 Alaska created the Alaska Oil Spill Commission to
6 investigate the root causes of the spill. One of the
7 commission's central findings was that institutional
8 complacency, both industry and government was a root
9 cause. The commission recommended citizen's oversight
10 for both the marine and overland sections of the Trans-
11 Alaska Pipeline system. We've got the regional citizen
12 advisory councils for the marine portion only and they
13 have a legacy of, indeed, strengthening oil spill
14 prevention and environmental pollution efforts. I would
15 like to see this extended to the full Trans-Alaska
16 Pipeline system. And I'd like to see it operate
17 completely independently of government regulators and
18 industry, incorporating government and industry into
19 citizen's oversight creates an oxymoron. Establishment
20 of the TAPS COG should be required as a condition of the
21 grants and permits. Also the contract should be
22 negotiable in the same time frame as the Right of Way
23 permit, 30 years with audits required as frequently as
24 they're required for the overall pipeline system.

25 The third recommendation is to charge

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71

1 penalties if more than 10 percent of the employees are
2 afraid to speak out. And this follows Joe Tracanna's
3 testimony. In the original Right of Way documents, the
4 public was assured that there would be quality control.
5 I don't believe we've had that ever. We've X-ray weld
6 falsification and continuing harassment all the way
7 through the 1990s. Industry employees are the public's
8 first line of defense in reducing oil spills. The
9 workers know what's wrong and how to fix it, they need to
10 be allowed to do their jobs without fear of reprisal.
11 And I suggest adopting the Nuclear Regulatory Standards
12 which closes their facilities if more than 10 percent of
13 plant employees are afraid to speak out.

190-6
(Cont.)

14 Instead of closing the TAPS, which I
15 don't believe is realistic, we could have stiff penalties
16 and public service and reporting to shareholders.

190-7

17 The fourth recommendation is to require
18 independent long-term epidemiology studies of workers and
19 residents affected by TAPS spills. The stipulations
20 attached to the original documents promised the American
21 people that permittees will take all measures necessary
22 to protect the health and safety of all persons affected
23 by their activities performed in connection with,
24 basically TAPS.

190-8

25 Oil spills were and still are an

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1 anticipated side effect of TAPS construction,
2 maintenance, operation and termination. Therefore, I
3 believe that the original documents also apply to TAPS
4 oil spills and cleanups which are now considered
5 hazardous waste cleanups under OSHA regulations.

6 There is evidence from oil spills around
7 the world that residents and cleanup workers get sick
8 from exposure to oil aerosols, oil mists and oil fumes.
9 In 1989 Tatitlek residents became sick from the fumes
10 from the test burn. Thousands of cleanup workers
11 reported sinus, respiratory problems, headaches, cough,
12 nausea, dizziness, sore throats, burning eyes, mood
13 swings, et cetera, et cetera. Those were similar to what
14 the residents experienced after the Briar spill in
15 Shetland in '92 and the Sea Empress oil spill in Milferd
16 Haven, these were all tested by researchers.

17 Basically after this I pretty much take
18 on what the Alaska Forum has recommended.

19 And so I'd like to summarize my concerns
20 and I'll submit the rest in writing.

21 Over 13 years ago I gave a talk, the
22 evening before the Exxon Valdez disaster. In it, I
23 summarized concerns of the Cordova fishing community by
24 stating that it was not a question of if but when the big
25 one would occur in Prince William Sound. It didn't feel

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73

190-8
(Cont.)

1 good to be right then and it still doesn't now.

2 Believe it or not, I witnessed a lot of
3 fishing families forced to leave Cordova because of that
4 spill. Families who wished they could stay and still
5 make a living. Once again, I am echoing the concerns of
6 people in Cordova who are concerned about imminent danger
7 of a TAPS spill. More promises like the Reliability
8 Center Maintenance Program will not avert disaster
9 without independent management and a stable source of
10 funding. The biggest challenge we all face is keeping
11 oil in that aging pipeline. I wish I could age as well
12 as the owner companies allege that pipeline is aging.

13 We are going to have to get very creative
14 to prevent a pipeline spill. We can't keep doing the
15 same thing we've done in terms -- for the past 25 years.
16 To continue past practices, is to steer our TAPS ships
17 straight towards Bligh Reef, we've got to change course.
18 We have simply run out of time for bickering over whether
19 public comments do or do not fall within the scope of the
20 NEPA hearing process. The Alaska Forum is one of your
21 strongest critics or your staunchest ally, depending on
22 how you choose to take our comments. We have always
23 pointed out genuine problems and realistic solutions.
24 We've even figured out ways to pay for the increase
25 protection from spills without additional cost to the oil

190-9

190-10

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74

1 industry. The money can come by plugging the leaks of
2 profit the oil companies were not entitled to in the
3 first place, the TAPS DR&R funds.

4 Listen to us. Believe us. Work with us.
5 We should all be on the same team. We should all be
6 working to prevent the Big one from happening on the
7 Trans-Alaska Pipeline system. Don't make me write again.

8 HEARING OFFICER GEARY: Thank you, Dr.
9 Ott. Bill Stamps, number 18. 00191

10 MR. STAMPS: Thank you. I'll be speaking
11 about the DEIS. My name is Bill Stamps and I'm the
12 immediate past president of the Alaska Support Industry
13 Alliance commonly referred to as the Alliance. I'm
14 manager of business development and external affairs for
15 Peak Oilfield and Service Company and I've been in
16 Alaska for over 20 years and I'll submit a copy of my
17 testimony.

18 The Alliance is a non-profit trade
19 association comprised of over 420 member companies who
20 derive their livelihood from Alaska's oil and gas
21 industry. This equates to more than 35,000 employees
22 statewide many of whom were involved in the pipeline's
23 original state of the art construction. Of approximately
24 249 vendors providing direct services to Alyeska
25 Pipeline, about 21 percent are Alliance members and of

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75

1 those member contractors 18 are Alaska Native owned or
2 enjoy partnerships with Native entities.

3 At its completion in 1997, \$8 Billion was
4 invested in the project and now in it's 25th year of
5 operation oversight and maintenance of TAPS continues to
6 be unparalleled. As you've heard TAPS overall
7 performance reliability rate is in excess of 99 percent.
8 Alyeska's corrosion and control program, valve
9 maintenance program and spill response plans are the
10 leaders in the industry. Millions of dollars are spent
11 each year for maintenance.

12 The financial investment in maintaining
13 the pipeline and continued throughput weighs heavily on
14 future decisions by businesses and state government. A
15 renewal of the pipeline Right of Way for less than 30
16 years would disenfranchise new investment in the North
17 Slope and increase business risk for Alaskan operators
18 ultimately leading to a downward spiral of employment,
19 population, state product and income. Concurrently, the
20 state of Alaska would experience increased budget
21 shortfalls further impacting the State's ability to
22 provide necessary services and programs.

23 I'd like to share some data compiled in a
24 study entitled Economic Impact of the Oil and Gas
25 Industry in Alaska and I'll also include a copy of that

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76

191-1

191-2

1 with my submittal.

2 The study was commissioned by the
3 Alliance and the Alaska Oil and Gas Association. This
4 study found that the industry spends \$2.1 Billion
5 annually, a dollar value equal to the state of Alaska's
6 general fund. In other words, the oil industry provides
7 approximately 80 percent of the state's unrestricted
8 revenue. Some other key findings of this study include
9 the industry directly spends \$422 million on payroll in
10 Alaska, \$1.7 billion on goods and services in the state.
11 Overall, this spending generates over 33,000 jobs, \$1.4
12 billion in payroll and value added to Alaska's economy of
13 1.8 billion.

191-3

14 Now, more than ever, Alaska's
15 contribution to the domestic supply is critical to
16 diminishing our reliance on foreign oil, particularly
17 from nation's whose governments are unstable, are often
18 anti-American and some who actively support terrorists
19 acts against the U.S.

191-4

20 Regulatory oversight of the Alyeska
21 pipeline is unprecedented to others in North America.
22 The Alliance believes that the Joint Pipeline Office, a
23 body consisting of 13 Federal and State agencies serves
24 as a unique model for the way government and industry
25 work together to solve problems avoid duplication of

191-5

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77

1 effort and bring about best practices in government and
2 industry.

191-5
(Cont.)

3 As contractors with first-hand experience
4 working with regulatory agencies, we know that
5 regulations, permitting and oversight bear heavy costs,
6 often in excess of basic transaction costs. Adding an
7 additional layer to this regulatory oversight, in other
8 words a concept of a citizen's advisory group to the 13
9 Federal and State agencies would only increase production
10 costs and reduce state revenues. Such increases can only
11 mean that our contractors will experience similar
12 increases in their costs to provide services. This,
13 today, in an environment where the contractor is already
14 pinched to provide professional and technical labor for
15 nominal margins. Additionally, we know that production
16 is declining as the North Slope field ages. As field
17 production slows and throughput declines, emissions and
18 discharges to air and water quality will be lowered.
19 Adding any additional oversight for the next renewal term
20 simply doesn't make good sense, in concept or justify
21 additional costs.

191-6

22 Ladies and gentlemen, the Alliance urges
23 you to renew the Alyeska pipeline Right of Way for 30
24 years.

191-7

25 Thank you for this opportunity.

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78

1 HEARING OFFICER GEARY: Thank you, sir.
2 I'll mark this packet as Exhibit 31.

3 (Hearing Exhibit 31 marked)

4 HEARING OFFICER GEARY: Joe Mathis,
5 number 19. 00192

6 MR. MATHIS: Thank you. My remarks will
7 be to the DEIS. My name is Joe Mathis. I'm a senior
8 operations manager for NANA Development Corporation. I
9 am responsible for oversight of a number of our business
10 operations. The Endicott Working Interest Owners, the
11 Houston/NANA Joint Venture. Our engineering operations
12 and NANA Oilfield Services.

13 I appreciate the opportunity to provide
14 testimony in support of a 30 year renewal of the Right of
15 Way of the Trans-Alaska Pipeline system or TAPS. My
16 comments will focus on the economic, social and
17 environmental aspects that should be considered in the
18 development of the Environmental Impact Statement for
19 the Right of Way renewal.

20 NANA Development Corporation is a wholly
21 owned subsidiary of NANA Regional Corporation that
22 encompasses 11 communities and 38,000 square miles in the
23 Northwest portion of Alaska. NANA Regional Corporation
24 is one of 13 Native Corporations formed by the passage of
25 the 1971 Alaska Native Claims Settlement Claims Act,

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79

192-1

1 ANCSA. Today the corporation represents over 10,000
2 Inupiat Eskimo shareholders, NANA Corporation which is a
3 business arm of NANA Regional is involved in 35
4 subsidiaries or partnerships operating in multiple
5 industries including government contracting, professional
6 and management services, oil, mining, tourism and hotels.
7 We also own the land of the largest zinc deposit in the
8 Western World, the Red Dog Mine. And are partners with
9 Teck Cominco in developing the resource and employing
10 1,800 people. NANA is Alaska's largest employers.

11 The TAPS is one of the most important
12 economic infrastructure assets of the United States. The
13 economic future of Alaska and the oil supply of this
14 country depends on the continued operation of this
15 critical energy transportation system. TAPS contributes
16 approximately 17 percent of the nation's domestic oil
17 production reducing dependence on national -- or foreign
18 oil sources. Petroleum revenues also provide over 80
19 percent of Alaska's general fund revenues. The long-term
20 economic benefits of the TAPS and the development of the
21 North Slope oil fields have transformed Alaska and
22 generated 10s of thousands of quality jobs. The impact
23 has been felt in every community and by every Alaskans.

24 NANA and its shareholders, like many
25 other organizations in Alaska have benefited from oil

192-2

192-3

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80

1 development. Development that would have been impossible
2 without TAPS. Much of NANA's revenue today comes from
3 the oil industry despite our company's strong
4 diversification effort in the last five years. 30
5 percent of NANA's business is providing critical services
6 to the oil industry including camp and facility
7 maintenance, safety training, engineering, fuel products,
8 security and many others.

9 In addition, NANA participates in the
10 Houston/NANA joint venture, a partnership that has a
11 major contract with the operator of the TAPS, Alyeska
12 Pipeline Service Company, to provide maintenance,
13 equipment and warehousing services. NANA contracts with
14 the oil industry, not only contributes to the
15 corporation's revenue stream but it also provides needed
16 jobs for our shareholders. Shareholder wages combined
17 with State revenues derived from oil development has
18 supported the local economy and the infrastructure
19 development in the NANA region such as functional water
20 and sewer systems, landfills and health facilities.
21 Alyeska's record of safely moving oil through TAPS is
22 remarkable. NANA is also committed to developing our
23 natural resources in an environmentally sound way because
24 it is part of our culture and tradition. Our
25 environmental ethic has guided our development of the Red

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1 Dog Mine in a manner that does not harm subsistence
2 resources. And Alyeska has demonstrated a similar
3 commitment to bring safely an important resource to
4 market and has continued to make improvements to ensure
5 safe operation and protection of the environment along
6 the rugged 800 mile corridor.

7 The TAPS is already the most heavily
8 regulated pipeline in the world and Alyeska has a strong
9 track record.

10 So we urge the regulatory agencies to
11 carefully examine the affects of any additional
12 regulations imposed on the TAPS through the renewal
13 process.

14 Alyeska has come a long way in fulfilling
15 its commitment to the 20 percent Native hire provision in
16 Section 29 of the Right of Way agreement. Alyeska's
17 scholarship commitment to Alaska Natives, vocational as
18 well academic will provide over \$750,000 this year and
19 with \$500,000 awarded to contractors to prepare Alaska
20 Natives for jobs associated with TAPS.

21 NANA looks forward to working with
22 Alyeska to continue improving on the initiatives already
23 underway. NANA is encouraging Alyeska to reach higher to
24 incorporate Alaska Natives within its own technical,
25 professional and managerial ranks as well as those of its

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82

192-6

192-7

1 subcontractors. NANA's own goal at Red Dog Mine is 100
2 percent shareholder hire. Higher expectations will mean
3 higher achievement and more training opportunities for
4 higher level jobs on the TAPS.

5 NANA urges the renewal of the Alyeska
6 Right of Way application. The TAPS has provided a
7 tremendous economic benefit for the United States, the
8 state of Alaska, local governments and the residents of
9 Alaska.

10 On a personal note, I'd like to say that
11 there is a situation of unattended consequences, I came
12 up here in 1975 to work on the Trans-Alaska Pipeline
13 working at the pipeline camps and pump stations -- and
14 one of the unintended consequences is that I met the love
15 of my life on the North Slope and she is my bride today
16 so I am eternally grateful for TAPS for that.

17 Thank you.

18 HEARING OFFICER GEARY: Thank you. I'll
19 mark your comments as Exhibit 32.

20 (Hearing Exhibit 32 marked)

21 HEARING OFFICER GEARY: Fritz Gunkel,

22 MR. GUNKEL: Thank you. I'll be 00193
23 commenting on the DEIS. My name is Fritz Gunkel. I'm
24 the BP manager for the North Star Field on the North
25 Slope.

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83

192-8

1 I urge the Bureau of Land Management to
2 grant a 30 year renewal of the Trans-Alaska Pipeline
3 Right of Way under its current terms. The merits of the
4 long-term renewal can be described through the example of
5 the North Star development. North Star field began
6 production from a man-made five acre island in offshore
7 Beaufort in November 2001. We have quickly reached the
8 production rate of 76,000 barrels of oil a day while we
9 import and inject over 70 million standard cubic feet of
10 Prudhoe Bay gas as part of the Enhanced Oil Recovery
11 Project. North Star oil production comes from the
12 offshore of the Ivashak Reservoir that's part of the same
13 formation produced by the Prudhoe Bay field. The North
14 Star field is expected to produce economically for at
15 least 16 years.

16 But the history of pursuit of North Star
17 production dates back to the exploration of other
18 operators beginning in the early '80s. In fact, eight
19 exploration wells were drilled over many years and
20 evaluation was done for a number of years before the
21 investment of offshore development was undertaken by BP.
22 The level of long-term determination to solve daunting
23 development challenges can only exist in an economic
24 client that provides confidence in the fundamental
25 stability of the business environment.

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84

1 The 30 year renewal of the Trans-Alaska
2 Pipeline Right of Way is crucial to provide the economic
3 stability necessary for the determined pursuit of the
4 future challenges of North Slope development. It's never
5 been easy to develop oil on the North Slope and we
6 continue to develop technology and build on our past to
7 extend the future of oil and gas recovery on the Slope.
8 To meet the challenges of the future, the industry will
9 require the stable transportation structure that has
10 existed to date.

193-2

11 Thank you.

12 HEARING OFFICER GEARY: Thank you, Mr.
13 Gunkel. Bob Henrichs. I apologize, I went by Bob. 00194

14 MR. HENRICH: I'm Bob Henrich. I'm
15 president of the Native Village of Eyak, the largest
16 tribe in Prince William Sound. Thank you for the
17 opportunity to speak tonight.

18 Our tribe was heavily impacted by the oil
19 that was carried through the Trans-Alaska Pipeline.

194-1

20 In previous hearings our staff has
21 assured us -- or me, the Native Village of Eyak Staff
22 that they will get through the entire Environmental
23 Impact Statement and we'll get our concerns in before the
24 45 day comment period is up. Knowing we have resources
25 that others don't in our region, we have offered

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85

1 technical assistance to the other tribes and
2 organizations in our region. In Glennallen, we extended
3 the offer of technical assistance to Prince William Sound
4 Regional Citizen's Advisory Council. Tonight we'll
5 extend the offer of technical assistance to Argonne Labs.

6 Now, I will get into my written
7 statement. Section 3.25.1.2 inaccurately portrays events
8 related to the passage of the Alaska Native Claims
9 Settlement Act. It does not accurately reflect that
10 there were many Alaska Natives left out of the process of
11 the passage of ANCSA or the fact that the sovereignty of
12 Indian tribes is inherent. IT did not emerge as the
13 Draft EIS repeatedly states, with the passage of ANCSA.

14 The Draft EIS incorrectly states that
15 with the onset of statehood, land claims became an area
16 of dispute and Alaska Natives began to organize
17 themselves. (Section 3.25.1.2, Page 3.25-15) Tribes had
18 long before filed land claims that had never been
19 addressed or resolved by the Federal government. Neither
20 statehood nor pipeline construction was the original
21 impetus for land claims. Aboriginal rights to land were
22 at the issue long before Alaska was a state. Further,
23 tribes have had extremely complex, organized social
24 structure and complex political systems since time
25 immemorial. The Europeans and the Americans did not

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86

194-2

194-3

1 introduce nor invent politics.

194-3
(Cont.)

2 The Draft EIS implies that the village
3 and regional corporations disperse large amounts of cash
4 and land to individuals (Page 3.25-16). This is simply
5 not true.

194-4

6 The Draft EIS states as sociocultural
7 systems initially consisted of semi-nomadic egalitarian
8 bands with little formal organized leadership structure
9 and limited relationships to others outside extended kin
10 units and that the settlement into permanent villages
11 required the emergency of a leadership structure (Page
12 3.25-16). It has long been established that complex
13 leadership structures existed amount tribes and they were
14 not semi-nomadic but instead established traditional and
15 customary use areas better characterized as seasonal
16 occupation. The Draft EIS is also incorrect in stating
17 that the Indian Reorganization Act of 1934 established
18 elected formal tribal councils, concepts fundamentally
19 foreign to all of those sociocultural systems. Tribal
20 councils are an ancient form of government that have
21 existed as part of tribe sovereignty. Tribal councils
22 are not a foreign concept although state-chartered for
23 profit corporations were. The TRA of 1934 was merely the
24 Federal governments initial recognition in the law of
25 well established form of tribal government. It did not

194-5

194-6

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87

1 even anything, it described something that already
2 existed.

194-6
(Cont.)

3 We disagree with the statement that
4 Alaska Native peoples today live in sedentary settlements
5 and maintain vestiges of their traditional sociocultural
6 system (Page 3.25-16). To characterize the wealth of
7 cultural values, resources, heritage, traditional and
8 customary use areas, homelands, subsistence harvest
9 techniques, Alaska Native languages, art, handicrafts and
10 oral history passed down from generation to generation
11 that is alive and well and has persisted despite attempts
12 to eliminate it as a vestige is an absolute insult to
13 tribes and aboriginal peoples across the world.

194-7

14 The Draft EIS incorrectly states that
15 those living in villages formally elect a village
16 governing body and are associated with both a village and
17 a regional corporation (Page 3.25-16) Federally-
18 recognized tribes are governed by elected tribal
19 councils. Those tribes may be in the middle of a
20 municipality or borough, they are not confined to
21 villages. Further, Federally-recognized tribes are not
22 associated with state-chartered corporations. In most
23 cases board members of the corporations are separate and
24 apart from tribal council members and tribal members may
25 or may not be shareholders and vice versa.

194-8

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88

1 The preparers of this Draft EIS obviously
2 have little to no knowledge of tribes in Alaska, their
3 history, pre-history and present day status.

194-9

4 Section 3.25.1.3 focuses on social
5 problems that befall not only Alaska Natives, but also
6 the world at large. The Draft EIS does not mention the
7 multitude of programs and services that tribes provide,
8 the progress that they have made and the fact that they
9 are leaders in research, health and social services. It,
10 instead, lists substance abuse and suicide as prevalent
11 and does little to place this in context with the larger
12 population or even to compare rates with Lower 48 tribes.
13 Citing rates of suicide and alcoholism among Alaska
14 Natives means little when it is not done in an
15 appropriate comparative manner. This section serves to
16 belittle Alaska Natives and to suggest that limited
17 financial resources are at the core of these problems and
18 that money would solve these problems. This comes on the
19 heels of extolling the virtues of Alaska Native
20 Corporations and all the economic benefit they have
21 brought. To state Alaska Natives experience high levels
22 of violence, substance abuse and behavior leading to
23 personal and social destruction (Section 3.25.1.3, Page
24 3.25-16) is misleading. These are social ills that plague
25 society as a whole and not solely Alaska Natives.

194-10

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89

1 Moreover, it is not quantified with appropriate
2 comparative statistical analyses as stated above. This
3 section also relies too heavily on one source for the
4 conclusions it draws.

194-10
(Cont.)

5 An Overview of Modern Alaska Native
6 Sociocultural Concerns and Benefits should include,
7 instead, the true concerns that were expressed again and
8 again by tribes and individual Alaska Natives,
9 subsistence has been affected and will continue to be
10 affected by TAPS and mitigation with tribal involvement
11 must be implemented to deal with it effectively. If this
12 section is an attempt to convey the present day status of
13 tribes in Alaska, it has failed miserably.

194-11

14 Thank you for listening to the Native
15 Village of Eyak's comments and concerns.

16 HEARING OFFICER GEARY: Thank you, Mr.
17 Henrich. I'll mark your comments tonight as Exhibit 33.

18 (Hearing Exhibit 33 marked)

19 HEARING OFFICER GEARY: Michael Kean,
20 please, number 23. 00195

21 MR. KEAN: Good evening. I'd also like
22 to thank you for the opportunity to speak for, not only
23 myself, but for everybody in the audience. I speak
24 tonight on behalf of the Anchorage Economic Development
25 Corporation. My name is Michael Kean, I'm the

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90

1 transportation director and we're speaking in favor of
2 the DEIS. And I'll leave a copy of the comments from the
3 Anchorage Economic Development Corporation.

4 The Anchorage Economic Development
5 Corporation strongly supports the 30 year renewal
6 alternative of the Trans-Alaska Pipeline Right of Way
7 renewal Draft Environmental Impact Statement. This is
8 simply a renewal of the permit to operate an existing
9 pipeline over Federal and State land. The AEEDC believes
10 the permit renewal process should be straightforward and
11 sees no reason to prolong the process. The pipeline has
12 been in existence for 25 years and the companies involved
13 in its operation are large and experienced.

14 The oil and gas industry is a major
15 contributor to Alaska's economy. In Anchorage alone, the
16 oil and gas industry directly employs 2,367 people, pays
17 \$239 million in payroll and spends \$847 [sic] million for
18 goods and services annually. This industry is critical
19 to the long-term health and growth of Alaska's economy.
20 A renewal period less than 30 years would reduce growth
21 rates in gross state product, employment and income. Tax
22 revenues could also decrease which would increase annual
23 state budgets deficits and jeopardize existing services
24 and programs. The negative effects of a shorter renewal
25 to the public and private sector would be significant.

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91

195-1

195-2

195-3

1 A health economy and good paying jobs are
2 important components of a high quality of life. The oil
3 and gas industry is a large part of the local economy and
4 makes up the majority of our state revenue. The
5 additional jobs and revenue that this key industry brings
6 to our state helps to provide the programs and services
7 that we enjoy in Alaska. The oil and gas industry has
8 been a good corporate citizen. It has been a responsible
9 developer and has taken protective actions to safeguard
10 Alaska's wildlife and natural landscape.

195-4

195-5

11 A renewal period of less than 30 years
12 would also result in the oil and gas companies operating
13 in a riskier business environment which could result in
14 the companies reducing investments in the state. Also
15 Alaska competes with other global opportunities available
16 to these multi-national firms.

195-6

17 The AEDC supports the 30 year renewal
18 alternative of the Trans-Alaska Pipeline Right of Way
19 renewal Draft Environmental Impact Statement. In order
20 to successfully foster growth in Anchorage's economy we
21 must protect our major statewide economic drivers and
22 take the necessary steps to encourage their future growth
23 and development.

195-7

24 I thank you.

25 HEARING OFFICER GSARY: Thank you, sir.

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92

1 I'll mark your comments as Exhibit 34.

2 (Hearing Exhibit 34 marked)

3 HEARING OFFICER GEARY: Jeannie Sayre,
4 number 24. 00196

5 MS. SAYRE: Hello. My name is Jeannie
6 Sayre and I used to work for the pipeline until I was
7 fired for whistleblowing. 196-1

8 A fellow testified earlier about how good
9 of a company Veco is. Veco fired me. Veco has two
10 Department of Labor complaints against them that were
11 found in my favor for retaliation, against individuals
12 who raise concerns on the pipeline. There is a third
13 outstanding decision that we were waiting on concerning
14 Veco and their inability to get along with individuals
15 who raise concerns on the pipeline.

16 Alyeska has a complaint against them that
17 was found in my favor. David D. Denardi, ALJ Judge found
18 that Alyeska had discriminated against me for raising
19 concerns on the pipeline. Alyeska was found guilty of
20 retaliation against me. 196-2

21 We have another one outstanding that we
22 haven't received a decision on regarding retaliation for
23 individuals who raise concerns on the pipeline. 196-3

24 I raised concerns about the North Pole
25 metering facility not being in compliance with the 196-4

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93

1 current BLM Right of Way agreement. Specifically this
2 facility was a new metering facility that was going to
3 feed oil to the refineries in North Pole. It was a new
4 facility on the existing land. Veco wanted to close out
5 this project and turn it over or Triple-C it to Alyeska.
6 It was my job and I was asked by the ATL at Pump Station
7 Seven to review the documentation and see if this
8 closeout package was correctly done per the quality
9 program requirements, per code and per the Right of Way
10 agreement. I made up this list right here, it was passed
11 on to the folks at the JPO. The folks at the JPO did not
12 understand what was being said on this list so Joe Caria
13 had asked me to make it idiot-proof for him, to tell me
14 where Alyeska was in violation of their own quality
15 program, the Alyeska specifications and the Federal codes
16 and regulations. I turned this into the JPO, they were
17 going to investigate in conjunction with the State OSHA.
18 I was requested by John Stallone at the State OSHA
19 department to be there when they conducted this
20 investigation. I was deliberately kept from going out to
21 the North Pole metering facility and assisting two
22 individuals from OSHA who were investigating these
23 violations here.

24 This is the report the Joint Pipeline
25 Office had made regarding my concerns. This was in

196-4
(Cont.)

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94

1 September of 2000. Yet nowhere in the weekly reports
2 that the Joint Pipeline Office sends to Congress will you
3 find any reference to this report where I got fired for
4 raising these concerns.

196-4
(Cont.)

5 There is a lot of issues within this
6 report that are totally inadequate and inaccurate and the
7 reason they are that way is because there is not one
8 electrical designer or electrical engineer on staff at
9 the JPO. Now, you say that we have an electrical
10 inspector, that's like you saying that you have a
11 physician, you have an physician's assistant and you have
12 a radiologist. The radiologist reads X-rays, the
13 inspector does inspections. They physician's assistant
14 is underneath the control of a doctor, underneath their
15 supervision and the doctor is advising the physician's
16 assistant to prescribe medicine, do minor surgery or
17 whatever and that's the same relationship as the
18 engineer, the designer and the inspector. It is not the
19 inspector's decision to determine whether area
20 classification plan for the North Pole metering facility
21 is adequate or not. That is completely out of his area
22 of expertise. I had asked the engineer at Alyeska if he
23 had any training or if he knew of any engineer at Alyeska
24 that had training in determining area classifications at
25 North Pole metering, his response was no. And I got

196-5

196-6

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95

1 fired for raising these concerns.

196-6
(Cont.)

2 I raised the concern that the North Pole
3 Metering Project which was one of the latest stellar
4 examples of Alyeska's inability to comply with the Right
5 of Way agreement, I pointed out that in the stipulation
6 on the Right of Way, 3.1 general, that underneath Section
7 3.2.1.1 it clearly states, all design, material and
8 construction, operation, maintenance and termination
9 practices employed in the pipeline system shall be in
10 accordance with safe and proving engineering practice and
11 shall meet or exceed the following standards and it goes
12 on to list the standards.

196-7

13 The North Pole Metering technology that
14 was in use was not tested, it was not proven and that is
15 why they had two years of this facility not working, in
16 direct violation of this existing Right of Way agreement.

17 You're asking that they extend this Right
18 of Way agreement, as is, for an additional 30 years, I
19 not only say no, I object to that, but I demand that you
20 establish a citizen's oversight agency to where people
21 like myself who raise concerns and who get fired or
22 receive discriminatory treatment can go to these
23 individuals if they can't go to their supervisor, if they
24 can't go to Alyeska's ECP, if they won't go to the Joint
25 Pipeline Office because of their history and their record

196-8

196-9

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96

1 of being Alyeska's lap dog. This citizen's oversight
2 committee would be one last avenue for individuals to
3 express concerns in order to have an open work
4 environment and to make this pipeline a safe effective
5 way to move oil from Valdez onto the terminal.

6 I'm not in any way, shape or form against
7 development of oil in this state, but we need to put
8 somebody in charge of the fox that's guarding the hen
9 house and that person or that group would be a citizen's
10 oversight committee.

11 Thank you for listening to me and I
12 appreciate your hearing my comments. I will write a
13 written form later on and submit it.

14 Thank you.

15 HEARING OFFICER GEARY: Thank you. I've
16 been asked to take somebody out of order for medical
17 considerations, we'll do that at this time and we'll take
18 a break immediately thereafter. Tom Lakosh. 00197

19 MR. LAKOSH: Thank you for this
20 opportunity to testify. My name is Tom Lakosh, P.O. Box
21 100648 Anchorage, Alaska 99510, phone/fax 563-7380.

22 I'd like to adopt and incorporate other
23 documents into my testimony today. These documents are
24 in possession of the JFO and its member agencies. The
25 DEC held documents include the case file for 3AN-00-3683

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97

1 civil, 3AN-01-7993 civil, 3AN-01-11891 civil, 3AN-97-
2 02572 civil and it's the subsequent Supreme Court
3 decision in that matter, the BAT lawsuit S09619. The
4 administrative appeals to Commissioner Brown for the '97
5 and 2000 Valdez Marine Terminal approvals for their
6 contingency plans. I'd also like to adopt and
7 incorporate DNR documents including the decision and the
8 record of the decision and briefing in my appeal of the
9 '97 VMT C-plans. The decision was issued on 4/17/98.
10 And the record, the complete record, not the suppressed
11 record produced by BLM in the IBLA appeal 2002361 and the
12 IBLA appeal on the VMT contingency plan approval filed on
13 3/5/97 and all subsequent documents.

14 I'd also like to adopt and incorporate
15 the testimony of Joe Tracanna, it's probably the best
16 I've heard. It reminds me of a conversation I had with
17 John Shively when I was asking for new tugs, five tugs at
18 the Valdez Marine Terminal and his first response was,
19 well, you know, who's got to pay for that, referring to
20 the cost that the State would incur through the TAPS
21 tariffs.

22 I'd also like to incorporate the oral and
23 written testimony given to date of Walt Parker, Dr. Riki
24 Ott, Stan Stephens and Richard Fineberg.

25 I ask that these documents be

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98

1 incorporated and most pertinent my pending appeal of
2 Jerry Brossia's recent approval of the TAPS contingency
3 plan. And it's particularly pertinent and consistent
4 with the comments which I adopted here, in that, there is
5 no seeming need to have compliance with the Right of Way
6 grant and stipulations prior to approval of contingency
7 plans.

8 I'll give you a primary example here. I
9 submitted comments to BLM and DEC on this. BLM is now
10 alleging, the BLM solicitor general is now alleging that
11 I wasn't a party to that proceeding, despite specific
12 comments which only I made and were mentioned in this
13 particular document dated April 4, 2002 by the authorized
14 officer, Jerry Brossia -- where I had suggested the use
15 of the unmanned aerial reconnaissance for a more timely
16 and consistent surveillance of the pipeline for spills
17 for security and so forth. And although the idea of UAV
18 was rejected, Mr. Brossia goes onto state, but the
19 concern for improved surveillance for oil spills is
20 valid, the work with JPO summarized in government letter
21 02-18-151 dated 2/4/02 needs to be finalized. Leak
22 detection needs a significant enhancement ability in the
23 next one or two years at high risk areas. So the
24 authorized officer is saying, oh, no, we'll approve your
25 c-plans, we'll approve c-plans for the next two years and

197-1

197-2

197-3

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99

1 we'll approve your renewal of lease but you really don't
2 have to comply with the lease provisions which require
3 detection of spills and you allowed a two year lag time
4 for meeting the grant provisions. And it also goes on to
5 say this work also needs to be part of your
6 reconfiguration plan.

7 And I bring up this issue of spill
8 response which all of these documents refer to and
9 deficiencies therein and as you may have seen and as the
10 DEIS cites, the Supreme Court decision in my case S09619
11 where the Supreme Court found that the DEC regulations
12 did not comport with the plain meaning of the statute
13 requiring the best technology available at the time a
14 contingency plan is submitted or renewed.

15 Now, I say that not only in relation to
16 the DNR determination regarding renewing of the lease,
17 but there is similar standards in the Right of Way grant
18 as well, in that, there has to be permittee shall manage
19 with sound...in accordance with sound engineering and
20 practice to the extent allowed by the state of the art
21 and development of technology.

22 Now, Mr. Jones of Alyeska was stating
23 that Alyeska's recognized as the leaders in technology
24 throughout the world and lest we forget Alyeska's idea of
25 state of the art technology in 1989 was one dinky barge

197-3
(Cont.)

197-4

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100

1 with a hole in it on the beach under seven feet of snow.
2 And although they've improved their quality of equipment
3 somewhat it still leaves many gaps when there is
4 absolutely no possibility of mitigating damage from oil
5 spills whatsoever. Recent DEC personnel that were
6 pushing the fact that there is still no ability to
7 respond to oil spills in North Slope waters when ice is
8 present was recently let go and before that she had put
9 restrictions on when North Star could be drilling out
10 there and probably McCovey as well. But that has never
11 been translated by the authorized officer into his
12 mandate to ensure that there be specific steps taken to
13 avoid damage to resources and where there is no ability
14 to recover oil spills whatsoever in break up conditions
15 along the pipeline, he still allows the oil to flow.
16 There's absolutely no way to mitigate damage to the
17 subsistence uses and other uses of natural resources that
18 are protected by the grant, by Federal law, by ANILCA, by
19 the State Constitution, by the ACMP and so we have a
20 situation here where there is a total disregard for the
21 requirement to stop oil when they can't recover it during
22 a spill.

23 I've talked to reviewers of spill
24 technology around the world and, in particularly, at MMS,
25 just recently I was speaking to the manager of the Onset

197-4
(Cont.)

197-5

197-6

197-7

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101

1 facility (ph) for MMS who was saying that the ACS
2 equipment on the North Slope to work in ice-bearing
3 waters was a joke. A little grill that's placed in front
4 of a brush skimmer has absolutely no capability to get
5 oil to the brush skimmer. It would stop the oil before
6 it ever got to the collection point.

197-7
(Cont.)

7 Now, the industry has been researching a
8 project called moreice (ph), which would tractor that -
9 using a conveyor belt, tractor the ice out of the way and
10 spray some of the oil off of it, but they've been doing
11 this since '95 and now they're only getting to the point
12 where they're writing the report on this. In that period
13 of time they could have built two pipelines end on end.
14 So when the industry wants to build its pipeline or
15 develop petroleum resources, it uses its heavy lift
16 helicopters, it uses the biggest, badest construction
17 equipment, the most qualified personnel, but when it
18 comes to protecting our resources in accordance with law
19 and our constitution, we get a barge with a hole in it
20 under snow. And there is a clear mandate to the
21 authorized officer to make an assessment of technology,
22 not only in Paragraph 3 on Page 1 of the Right of Way
23 grant, but also in Section 9, Section 24, Section 30,
24 grant stipulations, 1.3.2, 2.2.1.1, et cetera, et cetera.
25 It's all in the notice of appeal listed for your

197-8

197-9

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102

1 consideration as adopted and incorporated.

2 HEARING OFFICER GEARY: Thank you for
3 your comments Mr. Lakosh.

4 MR. LAKOSH: Lakosh.

5 HEARING OFFICER GEARY: We'll now take a
6 10 minute recess and reconvene in 10 minutes. Off
7 record.

8 (Off record)

9 (On record)

10 HEARING OFFICER GEARY: We're back on the
11 record. The next speaker -- before I get to the next
12 speaker, we had a submittal for an exhibit to this
13 hearing from Bob Reynolds statement and I've entered that
14 and marked it as Exhibit 35.

15 (Hearing Exhibit 35 marked)

16 HEARING OFFICER GEARY: The next speaker
17 is Bill Warnock, number 25. 00198

18 MR. WARNOCK: Good evening. My name is
19 Bill Warnock. I'm an intern at Trustees for Alaska, a
20 non-profit environmental law firm that works solely to
21 protect Alaska's natural environment.

22 Trustees has a long history of working to
23 ensure the Trans-Alaska Pipeline system or TAPS operate
24 safely and with the best interests of Alaskans and the
25 environment in mind. In fact, Trustees for Alaska was

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103

1 founded in 1974 in order to provide support to
2 environmental organizations and community groups
3 concerned about the impacts of the construction of TAPS
4 on the environment.

5 Thank you for the opportunity to comment
6 tonight.

7 I'll direct comment towards the TAPS
8 Right of Way renewal and Impact Statement. In addition
9 to this oral testimony we will soon be submitting written
10 comments.

11 First let me begin by saying that the
12 Department of Interior rejected our requests for an
13 extended public comment period refusing to extend the
14 comment period from 45 to 90 days. We're disappointed
15 with this rejection particularly in light of the broad
16 coalition who sought expanded public process,
17 conservation groups, Alaska Native organizations and
18 community groups. This rejection will hamper the
19 public's ability to provide valuable comment on the Draft
20 EIS. More time is simply necessary to comment
21 intelligently on an issue of such severity as renewing
22 the TAPS Right of Way.

23 Next, I'd like to discuss the limited
24 scope of the Draft EIS. The TAPS Draft EIS fails to
25 comply with National Environmental Policy Act regulations

198-1

198-2

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104

1 outlining the requirements for an RTS because it
2 considers an unreasonably narrow scope of impacts. NEPA
3 regulations require the Department of Interior to
4 consider direct, indirect and cumulative impacts of the
5 proposed action in the alternatives. However, the TAPS
6 Draft RTS constricts the scope of the impact so narrowly
7 that it fails to consider the full geographic area and
8 the full length of time that the proposed action will
9 affect. Courts have interpreted NEPA as requiring
10 agencies to examine site specific impacts when the agency
11 makes a, quote, critical decision, to act on the physical
12 site. Because the TAPS cannot continue to operate unless
13 the Department of Interior renews the lease, this action
14 represents a critical decision and therefore requires the
15 Department of Interior to examine site specific impacts.

16 Nonetheless, the Department of Interior
17 fails to evaluate numerous impacts of renewing the lease.
18 One of these overlooked impacts is that over the next 30
19 years for which the Interior is proposing to renew the
20 Right of Way we can expect the number oil spills to
21 continue at the rate witnessed during the previous 25
22 year period, that is, 1,500 North Slope crude oil spills,
23 2,300 diesel fuel spills and more than 70 saltwater
24 spills.

25 The scope of direct, indirect and

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105

198-2
(Cont.)

198-3

198-4

1 cumulative impacts that the Department of Interior must
2 consider also includes chronic maintenance failures on
3 the pipeline system. For example, restart problems have
4 consistently caused oil spills at remote pump stations.
5 The Federal head of the Joint Pipeline Office himself
6 called one such restart which led to three remote oil
7 spills last September, quote, sloppy.

198-4
(Cont.)

8 Another threat to the integrity of the
9 TAPS is the failure of TAPS emergency response system to
10 stop oil leaks. In October 2001, TAPS owners response
11 system failed for 36 hours to plug a leak caused by a
12 bullet hole. If emergency response plans cannot protect
13 the pipeline from a stray bullet, one should question
14 whether the emergency response actions could effectively
15 prevent disaster in the face of seismic incident or
16 permafrost heaving.

198-5

17 Another overlooked impact is the effect
18 of the marked warming trend of the past 20 years in
19 Alaska on the TAPS above ground support system in
20 combination with the seismic risks that are greatest in
21 the southern portion of the pipeline where structures
22 built on permafrost are most vulnerable to the effects of
23 climate change.

198-6

24 By failing to consider those vast
25 temporal and geographical impacts of the proposed action,

198-7

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106

1 the Draft EIS fails to meet the requirements of NEPA.
2 Furthermore, the failure to consider all the impacts of
3 the proposed action prevents the agencies from evaluating
4 the reasonable range of alternatives they're required to
5 consider.

6 Next, I'll discuss the improperly limited
7 purpose and needs statement in the Draft EIS. NEPA
8 requires the Department of Interior to specify the
9 purpose and need for the Environmental Impact Statement.
10 How the agency defines the purpose and need establishes
11 what range of alternatives the agency must consider. So
12 agencies largely control the range of alternatives for
13 consideration by how they define the purpose and need for
14 the Impact Statement.

15 The TAPS Draft EIS identifies the purpose
16 and need of the document so narrowly as to ignore the
17 alternative options to simply renewing the Right of Way
18 in its present form. Courts have held that the
19 Department of Interior cannot define its objective in
20 unreasonably narrow terms warning agencies not to define
21 the purpose and need of an impact statement so as to
22 fulfill their own agency prophecies. However, the TAPS
23 Draft EIS excludes alternatives not proposed in the TAPS
24 owners application for lease renewal. The TAPS Draft EIS
25 defines the purpose and need as, quote, to assess the

198-7
(Cont.)

198-8

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107

1 positive and negative environmental, social and economic
2 impacts associated with the application for leases
3 renewal.

198-8
(Cont.)

4 This purpose and needs statement limits
5 the range of alternatives to a consideration of whether
6 to grant the renewal. Instead the Department of Interior
7 should have examined alternatives in addition to whether
8 to renew the lease. By defining the purpose of the study
9 to exclude alternatives not included in the application
10 for renewal, the Draft EIS fails to meet the requirements
11 of NEPA.

198-9

12 Finally, I'll discuss the Impact
13 Statement's failure to evaluate a reasonable range of
14 alternatives. The TAPS Draft EIS appears to run afoul of
15 NEPA by failing to evaluate all reasonable alternatives
16 to the proposed action. NEPA requires the Department of
17 Interior to evaluate a reasonable range of alternatives
18 in addition to the proposed action.

198-10

19 For example, NEPA regulations require the
20 Department of Interior to, quote, rigorously explore and
21 objectively evaluate all reasonable alternatives, end
22 quote. Agencies must explore reasonable alternatives
23 even if they are outside the jurisdiction of the agency.
24 Further, agencies must evaluate the alternative of taking
25 no action. The TAPS Draft EIS evaluates only three

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108

1 alternatives.

2 Renewing the Right of Way for 30 years.

3 Renewing the Right of Way for less than
4 30 years.

5 Or not renewing the Federal Right of Way.

6 This list of three options does not
7 explore the full reasonable range of alternatives as
8 required by NEPA.

9 Scoping comments submitted to the
10 Department of Interior suggested several reasonable
11 alternatives to the proposed action. Among the
12 reasonable alternatives ignored by the Department of
13 Interior are:

14 1. Establishment of citizen's oversight
15 group. Such a group is necessary to ensure that the
16 pipeline is maintained and operated in a manner that
17 safeguards the natural resources of Alaska and ensures
18 the safety of continued oil shipment. Citizen's
19 oversight of TAPS was raised by an overwhelming number of
20 comments at the scoping stage, yet the Draft EIS refuses
21 to consider this as an alternative measure in lease
22 renewal.

23 2. The Draft EIS does not evaluate the
24 suggested action of requiring TAPS owners to deposit
25 funds for the dismantlement, removal and restoration or

198-10
(Cont.)

198-11

198-12

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109

1 DR&R of TAPS. TAPS owners are required to pay for the
2 removal of TAPS infrastructure and these companies have
3 collected funds for DR&R from oil shippers on an
4 accelerated basis since 1977 totally \$1.6 billion.
5 However, instead of setting aside these funds to ensure
6 that they were available when needed, the TAPS owners
7 have passed them on to their parent companies creating a
8 windfall for the oil companies. These unintended
9 beneficiaries are reaping the interest earned on these
10 funds required to finance TAPS DR&R. However, there's
11 nothing to ensure that these companies will manage these
12 funds so that when it's time to remove the TAPS the
13 required funds will be available to restore the land to
14 its previous state. Especially in this time of corporate
15 mismanagement of funds requiring the TAPS owners to
16 deposit DR&R funds is an option which the Department of
17 Interior must evaluate. To provide funds to ensure safe
18 and environmentally sound operation of TAPS, TAPS owners
19 should be required to A) place funds necessary for DR&R
20 into an escrow account and B) contribute a small portion
21 of the excess income they will earn from past DR&R
22 collections to establish the citizen's oversight group
23 ensuring that this money is actually is available rather
24 than just available in financial statements will protect
25 the State and Federal land over which the pipeline

198-12
(Cont.)

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1 crosses by guaranteeing the facilities will be taken care
2 of at the end of their life.

198-12
(Cont.)

3 The Department of Interior decided not to
4 evaluate the alternative establishing an escrow account
5 with DR&R funds because doing so would require further
6 administrative process. However, NEPA requires the
7 Department of Interior to consider reasonable
8 alternatives even if they would cause administrative
9 difficulty. Therefore, the Department of Interior must
10 perform its statutory duty of evaluating its alternative
11 in the Final Environmental Impact Statement.

198-13

12 The entire purpose behind the National
13 Environmental Act is so broad and sometimes myopic view
14 of agencies focused on completing a proposed action, if
15 the Department of Interior fails to consider the mandated
16 reasonable range of alternatives and makes a sham out of
17 the law, for this reason the Department must broaden the
18 scope of its analysis, expand the purpose of the needs
19 statement and most importantly evaluate the full
20 reasonable range of alternatives.

198-14

21 In closing, let me emphasize the
22 importance to Alaskans, the Alaska economy and the
23 state's natural environment of the DR&R funds. If the
24 Draft EIS does not responsibly evaluate the option of
25 requiring the deposit of DR&R funds into an escrow

198-15

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111

1 account, it will not meet the NEPA requirement of
2 evaluating the range of reasonable alternatives. By not
3 requiring the deposit of funds, the Department of
4 Interior may not be able to collect the required funds
5 when they are needed. This shortcoming of the Impact
6 Statement could prevent the success removal of TAPS and
7 the required restoration of the affected lands to their
8 previous state and this way, the inadequacy of the Impact
9 Statement could cause serious harm to Alaskans and to the
10 state in the future.

11 Again, thank you for this opportunity to
12 provide public comment.

13 HEARING OFFICER GEARY: Thank you. Lois
14 Epstein, number 26. 00199

15 MS. EPSTEIN: Good evening and thank you
16 for offering the Anchorage public this opportunity to
17 provide comments on the Draft Environmental Impact
18 Statement for the Trans-Alaska Pipeline system Right of
19 Way renewal and for staying awake after many hours of
20 testimony.

21 As many commenters have pointed out,
22 given the issuance of the Draft EIS during the Alaskan
23 summer and its extensive length, Cook Inlet Keeper, like
24 others needed more time for adequate review and input on
25 the draft document for both this hearing and for final

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112

198-15
(Cont.)

199-1

1 submittal of comments. The Bureau of Land Management's
2 contention that because TAPS does not involve new
3 construction, it requires less public review is belied by
4 development of a four volume Draft EIS rather than, for
5 example, a 20 page document. With that background, I'll
6 provide you with my preliminary comments on the Draft
7 EIS.

8 My name is Lois Epstein and I am a
9 licensed senior engineer with Cook Inlet Keeper in our
10 Anchorage office. Prior to my joining Keeper I was a
11 senior engineer for over 13 years with Environmental
12 Defense, a national environmental advocacy organization
13 with approximately 300,000 members nationwide. My
14 background is in both mechanical engineering and I have
15 worked on technical and policy issues involving pipelines
16 for approximately seven years and on environmental
17 issues, in general, for 18 years in the private sector
18 and the Federal government and for two non-profits, which
19 I mentioned. Currently I serve on the U.S. Department of
20 Transportation, Office of Pipeline Safety's Federal
21 Advisory Committee for Hazardous Liquid Pipelines.

22 In previous Congressional and other
23 testimony and comments to Federal and State agencies,
24 I've identified numerous shortcomings of Federal pipeline
25 safety and environmental protection requirements and

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113

1 their enforcement. My analyses of pipeline regulatory
2 and oversight deficiencies are based largely on the work
3 of the National Transportation Safety Board, the U.S.
4 Department of Transportations Inspector General and the
5 U.S. General Accounting Office. Given the well
6 recognized deficiencies in pipeline safety and
7 environmental protection, the nearly 30 year old nature
8 of the Federal grant and State lease stipulations and the
9 focus of the Joint Pipeline Office on compliance rather
10 than continuous improvement and performance, it's clear
11 that the stipulations require extensive review, updating
12 and filling of gaps prior to finalizing the EIS. Only by
13 strengthening the stipulations to address current
14 technologies and circumstances will the public gain
15 confidence in both government and Alyeska's ability to
16 remedy the safety, environmental and economic
17 consequences from an accident, those concerns posed by
18 TAPS.

199-2

19 My comments address the following issues.

- 20 1. The need for revised stipulations.
- 21 2. Why BLM must not ignore JPO and OPS'
22 difficulties in ensuring pipeline safety and
23 environmental and economic protection.
- 24 3. The need for spill scenario revisions
25 as they are discussed in Section 4.4 of the Draft EIS.

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114

1 4. The need for a shorter renewal
2 period.

3 1. Stipulations. The 30 year old
4 stipulations are in many respects out of date and thus,
5 do not sufficiently prevent pipeline accidents. As
6 examples, the stipulations contain nothing on pipeline
7 leak detection and the appropriate sensitivity needed,
8 nothing on internal pipeline inspections using high
9 resolution smart pigs and nothing on ensuring structural
10 integrity related to climate change. The EIS process
11 needs to include an alternative that contains a full
12 review of the stipulations with an eye toward updating
13 and filling the gaps in this 30 year old document.

199-3

14 2. BLM as gatekeeper. When accidents
15 incur on pipelines that disrupt flow, the economic
16 consequences for downstream consumers can be significant.
17 For example, according to the Energy Information
18 Administration, the El Paso pipeline rupture in August
19 2000 substantially increased natural gas costs in
20 California and I have a citation in my written material.
21 Likewise, failures of the Explorer pipeline in Texas and
22 the Wolverine pipeline in Michigan contributed to high
23 gasoline prices to consumers in the summer of 2000 in the
24 Chicago and Detroit areas, respectively, thus, although
25 BLM is not directly responsible for preventing pipeline

199-4

199-5

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115

1 accidents, its role as, quote/unquote, gatekeeper and
2 granting Right of Way authorization means that it has
3 some responsibility for protecting economic as well as
4 safety and environmental interests. If those interests
5 are not sufficiently protected by JPO and OPS, BLM needs
6 to impose accident prevention conditions through specific
7 stipulations on TAPS. Such stipulations differ from the
8 updating and gap filling mentioned earlier and include
9 identification and widespread use of the most advanced
10 technologies for leak detection, repairs, support
11 structure movement detection, strain detection, in line
12 inspections, shut down technologies following release
13 detections and fail safe mechanisms for start up and
14 ongoing operations.

15 3. Spill scenarios. The Draft EIS used
16 poor widely-critiqued U.S. Department of Transportation
17 data for its spill scenarios. BLM's contractor should
18 not have used DOT natural gas transmission data at all in
19 its analyses and the DOT hazardous liquid pipeline are so
20 poor that the industry reanalysis of those data done by
21 the American Petroleum Institute is far preferable and
22 what is commonly used for analysis purposes and, again, I
23 have a citation for that. Additionally, historic data
24 may be inapplicable in cases where climate change related
25 accidents might occur. Scenario 15 in the EIS, for

199-5
(Cont.)

199-6

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116

1 example, focuses on a, quote, leak due to pipeline
2 settlement or subsidence, unquote, which may not be a
3 quote/unquote, unlikely occurrence in the future though
4 it is classified as such in the Draft EIS.

199-6
(Cont.)

5 Koeper urges BLM to redo Section 4.4 of
6 the Draft EIS taking into account these comments.

7 4. Renewal Period. Koeper believes
8 there is great value in a renewal period of five to 10
9 years which is not adequately recognized in the Draft
10 EIS. A shorter renewal period can accomplish several
11 purposes.

12 1. It can serve as leverage to obtain
13 better performance by Alyeska prior to the next renewal.

199-7

14 2. Increase monitoring of pipeline
15 components likely to impacted by climate change such as
16 vertical support members and those likely to be impacted
17 by age-related factors and I understand that not all
18 pipeline components fall into that category. Increased
19 monitoring can occur and conditions can be placed on TAPS
20 to address these factors more frequently than with a 30
21 year renewal.

22 3. More frequent review and requirements
23 for the use of advanced technologies could occur.

24 Koeper notes that the Draft EIS does not
25 sufficiently describe the environmental benefits

199-8

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117

1 achievable with a shorter renewal period including fewer
2 spills, less air pollution and likely reduced impacts
3 from climate change due to U.S. based contributions
4 should the pipeline prior to 30 years of additional
5 operations.

199-8
(Cont.)

6 Finally, in the interest of confronting
7 statistics with statistics, the reliability figures for
8 TAPS quoted here today are misleading, at best. The
9 Exxon Valdez spilled less than two percent of one day's
10 oil use in the United States yet no one would argue that
11 that size spill was acceptable. Where and when a spill
12 occurs are what's important.

199-9

13 Thank you very much for this opportunity
14 to provide comments on the TAPS Right of Way renewal
15 process. I'll give you a copy of my remarks.

16 HEARING OFFICER GEARY: Thank you. I'll
17 mark those as Exhibit 36.

18 (Hearing Exhibit 36 marked)

19 HEARING OFFICER GEARY: Jed Whittaker,
20 number 27.

00200

21 MR. WHITTAKER: Hello. My name is Jed
22 Whittaker.

23 My find this hearing is kind of a deja-vu
24 thing because when British-Petroleum was trying to
25 acquire ARCO it would have created a monopoly on the

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118

1 North Slope and our Governor, who is pretty much owned by
2 British-Petroleum had a public hearing that was
3 perfunctory, it was just to go through the process, it
4 didn't affect anything and thank God there's something
5 called the Federal Trade Commission which required
6 British Petroleum to sell off part of the assets of ARCO
7 so that there would be competition on the North Slope.
8 Why is it deja-vu? It's deja-vu because you get the oil
9 industry people coming and they tell you all these
10 wonderful things and everything is rosy. And if you
11 believe them it would have been okay for BP to buy ARCO
12 and then we wouldn't have any competition on the North
13 Slope.

14 This hearing tonight is very similar
15 because there isn't an EIS here in this room. You say
16 you welcome the public to come and talk to you about this
17 but the document is not in this room. I can't look at
18 it. I can't refer to it, okay. And most people don't
19 read the Federal Register. It's only been roughly 30
20 days since that happened. And I think this idea of
21 rejecting additional comment period is ridiculous.
22 Because like you measure twice and cut once.

23 The thing about oil when it spills, it's
24 a mess, you can't clean it up. So everything you can do
25 to prevent spills is beneficial, okay. And I don't think

200-1

200-2

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119

1 that it is detrimental to the overall process. You're
2 not going to stop the flow of oil while this is reviewed
3 for an extra amount of time to prepare and make certain
4 to do the best possibly job to make sure that we don't
5 have any oil spills.

6 I mean if you look at the history of it,
7 the oil industry does not have a good track record.
8 Exxon lied. Alyeska lied about the contingency plan and
9 they were not capable of doing anything to clean up the
10 Exxon Valdez, you know.

11 And the industry itself does not act like
12 good corporate citizens. Nobody went to jail from the
13 Exxon Valdez spill but it's a crime to spill oil. If you
14 or I went out and did it and the Coast Guard saw you, we
15 could go to jail but nobody went to jail on that, you
16 know. And over this last decade with all the fraud in
17 corporations and what not, WorldCom executive finally got
18 arrested, but still nobody has gone to jail for this
19 crime that was committed in 1989. And so the industry is
20 saying to you, yes, trust us, trust us, we'll do this and
21 we'll do right by you when the facts are different, they
22 have not done right by us. There's \$5 billion in
23 outstanding damages from the Exxon Valdez that Exxon has
24 fought tooth and nail all the way and those people may
25 never see their money but they were damaged. They were

200-3

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120

1 damaged. And that's not what integrity is all about.

2 I see your role in this is to protect
3 little people because the big people walk all over the
4 little people all the time. And that's what the oil
5 industry is in this state, they control our Governor,
6 they control our Legislature. They make tremendous
7 political contributions that your average person doesn't
8 make. They have an inordinate amount of power, okay. So
9 I see you as having an opportunity to make amendments to
10 make improvements, not just rubber-stamp this pipeline
11 renewal, but to say, you know, we think we -- you know,
12 oil is good, let's let the oil flow but we need to make
13 improvements, we need to make a lot of improvements.

14 Thank you very much for your time.

15 HEARING OFFICER GEARY: Thank you for
16 your comments. Bob Stinson, number 28. 00201

17 MR. STINSON: Good evening. My comments
18 will be brief so as not to be redundant with some of the
19 other speakers that have spoken in support of the Right
20 of Way renewal tonight. My name is Bob Stinson. I'm
21 president of the ConAm Construction Company in Anchorage.
22 I'm also the current president of the Alaska Support
23 Industry Alliance for which we had a speaker here
24 previously. I'm here to say a few short comments in
25 support of the Trans-Alaska Pipeline Right of way renewal

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121

200-4

1 and I'll be speaking to the Draft EIS.

2 As a person who worked on the
3 construction of the pipeline and have continued to work
4 in Alaska for the oil and gas industry, specifically on
5 design and construction of pipelines, other pipelines
6 here in Alaska, I can attest to the integrity of the
7 Trans-Alaska Pipeline system. It is the safest pipeline
8 in the United States with regard to leaks or spills
9 measured by barrels per delivered mile. IT continues to
10 operate safely and will continue to do so well over the
11 next 30 years.

201-1

12 I've worked as an Alaskan resident
13 directly or indirectly for the pipeline and the Prudhoe
14 Bay oil fields for 27 years. 27 years ago my hair was a
15 lot darker brown than it is now and for the record, since
16 I'm not going to be submitting these as written comments,
17 it's white now. In reference to a previous comment about
18 the pipeline aging, I've aged, obviously 27 years, and if
19 I'd have aged like the pipeline, my hair would probably
20 still be brown today.

201-2

21 The oil fields and the pipeline have
22 provided the only income for me and my family and can
23 continue to do so without harming the environment for
24 many years to come. The pipeline has also provided
25 income to the state of Alaska. Without the pipeline the

201-3

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122

1 economy and the lives of the people in Alaska would be
2 devastated.

201-3
(Cont.)

3 With regard to some comments made earlier
4 about recommended oversight, citizen's oversight
5 committee or organization, an organization of that type
6 on the Alyaska Pipeline Service Company's operation of
7 the pipeline and the Joint Pipeline Office's regulatory
8 function is not necessary, in fact, it is redundant.
9 Citizen's elect representatives to both our State and
10 Federal governments to provide regulatory oversight
11 through the Joint Pipeline Office. Why reinvent the
12 wheel plus add costs and bureaucracy to a system that has
13 been scrutinized more than any other pipeline in the
14 world. People who propose that idea should focus their
15 efforts on other areas of the world that are far behind
16 Alaska's world class oil and gas industry. They should
17 also use Alaska and the Trans-Alaska Pipeline system as
18 the benchmark for environmental and safety performance.

201-4

19 I urge you as an Alaskan resident and
20 someone who relies on the pipeline for my livelihood as
21 someone who is concerned with the Alaskan environment and
22 as someone who helped build the pipeline to grant an
23 extension to the TAPS Right of Way for another 30 years.

201-5

24 Thank you.

25 HEARING OFFICER GEARY: Thank you for

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00202

1 your comments. Jim Gilbert, number 29.

2 MR. GILBERT: Thank you. And good
3 evening. My name is Jim Gilbert. I'm the president of
4 Udelhoven Oil Field Services Incorporated and I am
5 commenting on the Draft EIS application and submittal.

6 We, too support a 30 year renewal. We
7 have high confidence based on the past 25 years of
8 operation. Alyeska has been a good corporate citizen and
9 a good manager of the pipeline. The safety record and
10 the spill record are an exemplary example, they are
11 without equal in the industry.

12 25 years of operation in many pristine
13 environments with little or no long-term damage. I
14 consider that an excellent record.

15 Thank you for your time. And please note
16 that we do support the 30 year EIS ROW renewal. Thanks.

17 HEARING OFFICER GEARY: Thank you for
18 your comments. Kevin Meyers, number 30. 00203

19 MR. MEYERS: Good evening or, perhaps I
20 should say good night, hopefully it won't be good morning
21 before we're done here. My name is Kevin Meyers. I am
22 the president of Phillips Alaska, Inc. Tonight I will be
23 providing both verbal and written comments. First, I
24 want to thank you for your patience and perseverance in
25 listening to public comments tonight. In many ways I

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124

202-1

1 feel we've come to the point in the evening when just
2 about everything has been said but not necessarily
3 everyone has said it yet. Nonetheless, I'm going to add
4 my comments but I will follow the rules of Eleanor
5 Roosevelt and I will try to follow the three B's of
6 speaking and that is I will be brief, sincere and then
7 seated and hopefully in that order.

8 Phillips is the largest producer of oil
9 and gas in Alaska with production of 349,000 barrels of
10 oil equivalent per day. Our company has approximately
11 950 employees in the state and operates both on the North
12 Slope and on the Kenai Peninsula.

13 I'm here today to voice Phillips' support
14 for the 30 year Right of Way renewal for the Trans-Alaska
15 Pipeline system. Phillips is not only a 26.7 percent
16 interest owner of TAPS, but is also one of the original
17 six companies that joined together in 1969 to take on one
18 of the most challenging engineering feats ever
19 undertaken, that is the design and construction of TAPS.

20 Now, when I first joined ARCO in 1980,
21 the estimated recoverability from Prudhoe Bay was just
22 9.6 billion barrels of oil. I say just for 9.6 billion.
23 In 1997 we surpassed that target and currently believe
24 that we will ultimately produce over 13 billion barrels
25 from the Prudhoe Bay field alone. Now, Phillips holds a

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125

203-1

1 36.5 percent ownership in Prudhoe Bay.

2 Over the last 25 years of exploration on
3 the North Slope we've discovered and developed five of
4 the United States 10 largest producing fields, that's
5 Prudhoe Bay, Kuparuk, Point McIntyre, Endicott and
6 Alpine. The North Slope of Alaska currently produces 17
7 percent of our domestic production. And all of this
8 production flows to the market through the Trans-Alaska
9 Pipeline.

10 Clearly TAPS is an economic engine that
11 provides tax revenues for the State and the communities
12 along the pipeline corridor. In 2001, six communities in
13 the state of Alaska received more than \$60 million from
14 pipeline property taxes alone. The State and communities
15 also received an additional \$2.2 billion from corporate
16 income taxes, production taxes, royalty and other
17 property taxes paid by the oil and gas industry.

18 It's clear that the original engineers
19 designed TAPS for the long haul and with environmental
20 protection in mind. The pipeline was uniquely designed
21 for Alaska's harsh environment at an initial cost of 8.5
22 billion. This investment has paid off. TAPS has
23 operated safely for 25 years and this level of continued
24 safe operations could not have been achieved without
25 Alyeska's proactive maintenance programs which provide

203-2

203-3

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126

1 for continued investment in new and advanced
2 technologies. With this continued investment, TAPS will
3 operate safely for another 30 years.

203-3
(Cont.)

4 I would like to take a moment to address
5 the need for a 30 year renewal. Now, Phillips Alaska is
6 an exploration and production company. This year, we
7 will invest \$600 million in new exploration and
8 production projects on the North Slope. We're also
9 investing \$200 million in the construction of our five
10 new double-dull Endeavor-Class tankers.

11 These investments not only benefit us but
12 the benefit everyone in this room through State and
13 Federal revenues and jobs, not just today but for years
14 to come.

203-4

15 Our Alaska projects, of course, must
16 compete for capital dollars with other worldwide
17 exploration and production opportunities. At Phillips
18 Alaska we recognize this and work very hard to reduce our
19 costs while simultaneously maintaining the integrity of
20 our assets and improving our safety and environmental
21 performance. Maintaining a stable, low cost
22 transportation system is critical to our ability to
23 attract new investment in Alaska.

24 Our investments in exploration occur
25 years before a field starts producing oil. In the oil

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127

1 and gas industry you have to believe that the future has
2 enough certainty to justify the billion dollar
3 investments required by new fields like Alpine. You have
4 to have confidence in your transportation system and
5 assurance that you have a stable fiscal and regulatory
6 regime. Uncertainty in these areas decreases the
7 attractiveness of our investments.

203-4
(Cont.)

8 Extending the pipeline Right of Way for
9 less than 30 years will add uncertainty to oil and gas
10 development and investment in Alaska and will make Alaska
11 a less attractive place to explore. A reduced extension
12 will add unnecessary costs, is unnecessary and
13 unjustified.

203-5

14 Alaska continues to be an important
15 worldwide asset for Phillips Petroleum but we need
16 confidence that the U.S. government will continue to plan
17 and act in a manner that is consistent with the long-term
18 responsible development of Alaska's North Slope.

19 I urge you to renew the Trans-Alaska
20 Pipeline system Right of Way for a term of 30 years, not
21 only for the economic future of my company but for the
22 future of Alaska and generations yet to come.

203-6

23 Phillips Alaska will be submitting
24 additional written comments during this public comment
25 period.

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128

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Thank you very much.

HEARING OFFICER GEARY: Thank you, sir.

We'll mark this submittal as Exhibit 37.

(Hearing Exhibit 37 marked)

HEARING OFFICER GEARY: Tom Kuckertz,
number 31. 00204

MR. KUCKERTZ: Hi. My name is Tom
Kuckertz and I'm making these comments for the Prince
William Sound Regional Citizen's Advisory Council. I'm
also a licensed engineer in the state of Alaska.

Basically we want the DEIS to be right
and without errors because it's likely to become the last
word in publicly available information on TAPS.

The comment period of 45 days is
inadequate. We've talked about this before. But a
comment period this short, in effect, denies interested
citizens opportunity to participate in the public input
process. The purpose of the public comment period is to
give citizens the opportunity to provide information that
might affect the decision-making processes. Many of the
decisions that could benefit from citizen input already
appear to have been made. We note that the citizen input
process here appears to be a pro forma and it also
appears to be largely lacking in substance.

And just to illustrate the point, we have

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204-1

204-2

1 pictures of the DEIS as we've tried to analyze it and one
2 can very easily tell that looking at one of these in 45
3 days and getting all the substance out of it is pretty
4 much impossible.

204-2
(Cont.)

5 We now want to address some other issues
6 that we haven't looked at before. The DEIS places
7 considerable reliance upon data provided by Alyeska and
8 the owners. In citations of TAPS owners 2001A. This
9 is a draft environmental report provided by the owners
10 and in citations of personal communications.

11 Considerable amounts of data are taken from cited
12 literature. Data from recent measurements appear to be
13 used less frequently. Very little validation of the data
14 provided by the owners can be found in the DEIS. One
15 interesting aspect of TAPS owners 2001A is that it claims
16 to be a draft. It is unreasonable that the DEIS should
17 place so much use of a draft report, i.e., a report for
18 which the authors will not take responsibility and then
19 fail to include published works by experts. The TAPS
20 owners 2001A should not be used in the DEIS unless the
21 authors sign off on it.

204-3

22 Equivalence of regulatory compliance and
23 environmental impact. Regulatory compliance has been
24 cited in the DEIS as an indication of lack of
25 environmental impact. These two concepts are not

204-4

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130

1 equivalent. It is important to know the environmental
2 impact associated with an operation regardless of whether
3 it's in compliance with existing rules and regulations.
4 In fact, new rules and regulations originate from
5 situations wherein adverse environmental impact is being
6 caused by a process that is in full compliance with
7 existing rules and regulations. The DEIS should
8 acknowledge the difference between regulatory compliance
9 and environmental impact and should not cite regulatory
10 compliance as evidence of benign environmental impact,
11 especially when evidence to the contrary exists.

12 Normal operations and off normal
13 operations. A considerable portion of the Draft
14 Environmental Impact Statement assumed that TAPS operates
15 normally in accord with its design basis assumptions.
16 The operational difficulties now occurring in the gravity
17 separation processes at the Balast Water Treatment
18 Facility indicate that this facility has not been
19 operated in full accord with its design for the previous
20 two years. Maintenance of fire protection assets has
21 been deferred to the extent that the probability that
22 some assets will work according to design is
23 questionable. Off-normal operations needs consideration
24 in the DEIS. A fairly egregious example can be cited.

25 During July 2002, RCAC became aware of an

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131

204-4
(Cont.)

204-5

204-6

1 ongoing problem in the operation of the Balast Water
2 Treatment Facility. The first stage of the treatment
3 process is designed such that oil floats to the top of
4 the water in gravity separation tanks and is skimmed to
5 the recovered crude tanks. In recent years, large
6 accumulations of paraffin-like solids have interfered
7 with operation of the skimmers and have resulted in
8 considerably greater accumulation of oil being retained
9 in these tanks than what was allowed by the design.
10 Increased risks of fire and pollutant discharge are being
11 evaluated by Alyeska. JPO has recently requested an
12 action plan for correcting the problem.

204-6
(Cont.)

13 Additionally, Alyeska has taken one of
14 the three tanks out of service to inspect for, repair and
15 to prevent corrosion damage. Consequently, the gravity
16 separation process is operating at less than 50 percent
17 of design capacity. The risk of environmental impact
18 from fire is greatly increased because the fire
19 protection assets in place to extinguish fires in these
20 tanks has not been designed for the greatly increased
21 fuel loading now present. Because more oil is likely
22 entering the secondary stage of processing, the risk of
23 increased pollutant discharge may also have increased.
24 However, measurements regarding this risk appear not to
25 have been taken. How does the DEIS address issues of

204-7

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132

1 off-normal operation?

2 I also want to talk a little bit about
3 reliability centered maintenance. The reliability
4 centered maintenance paradigm is cited in the DEIS as
5 assuring that TAPS is now well maintained and will be
6 properly maintained throughout the lifetime of any
7 renewal. The RCM process is formal and structured. In
8 general, it is a very useful methodology by which to
9 accomplish maintenance and, in concept, is appropriate
10 for TAPS. It appears that the implementation of the RCM
11 for TAPS is flawed because 1) there is no evidence that
12 RCM exercises are covering all of TAPS. 2) The decision-
13 making processes by which TAPS components and facilities
14 and subsystems are subjected to RCM analysis has not been
15 formalized and appears to be ad hoc. 3) And action plans
16 regarding implementation and maintenance of the
17 activities indicated by the RCM processes have varying
18 and undocumented levels of implementation. Consequently,
19 one cannot use the RCM processes as currently being
20 practiced to verify that TAPS is adequately maintained.

21 Consider the problems cited regarding the
22 gravity separation process of the Balast Water Treatment
23 Facility. Several issues indicate that the RCM analysis
24 did not achieve the desired results. The problem has
25 been ongoing for at least two years. An RCM analysis

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133

204-7
(Cont.)

204-8

204-9

1 appears to exist for this process. The draft report, for
2 reasons unknown, was not available when RCAC examined the
3 other reports. And the action plan resulting from the
4 RCM for the gravity separation process appears not to
5 have been implemented.

204-9
(Cont.)

6 Additionally, you know, the RCM documents
7 are not available in general to the public so we cannot
8 verify the maintenance of TAPS.

9 The DEIS should not be citing RCM
10 activities as evidence of benign environmental impact
11 when there is additional evidence that indicates the
12 level of implementation is substantially incomplete and
13 where there is no evidence to indicate that the RCM
14 program will be used throughout the proposed renewal
15 period.

204-10

16 We have some recommendations.

17 Assumptions cited or implied in DEIS and
18 the Commissioner's Determination should be included as
19 conditions of renewal and their validity needs
20 verification every five years. If the assumptions are
21 found not to be valid reevaluation of potential impact
22 should be required.

204-11

23 The DEIS should also consider cumulative
24 and potential impact for off-normal operations such as
25 those that have been observed in operation of the Balast

204-12

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134

1 Water Treatment Facility and in the maintenance of fire
2 protection assets.

204-12
(Cont.)

3 The renewal should require that the
4 present mechanical condition of TAPS be determined and
5 ensure that its condition has been maintained to a level
6 that assures that all of the assumptions underlying the
7 probable impact assessments in the DEIS remain valid for
8 five years.

204-13

9 Additionally, it should be required that
10 the mechanical condition of TAPS be reevaluated every
11 five years with regard to its integrity and level of
12 maintenance as a condition for continued operations.
13 Note, that we don't oppose the 30 year renewal period, we
14 do oppose operating for 30 years with a pipeline that's
15 not been properly and verifiably maintained.

204-14

16 And we will be submitting more written
17 comments but here is the text of tonight's comments. And
18 the RCAC and I appreciate our opportunity to talk
19 tonight.

20 HEARING OFFICER GEARY: All right, and
21 we'll mark your submittal as Exhibits 38, 39 and 40.

22 (Hearing Exhibits 38 through 40 marked)

23 HEARING OFFICER GEARY: All right, the
24 next speaker is Tony Parkin, number 32.

25 MR. PARKIN: Good evening. My name is

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135