

Testimony of
Bob Juettner
Borough Administrator
Aleutians East Borough, AK

Before

The House Subcommittee On Energy and Mineral Resources

June 28, 2007

Chairman Costa, Ranking Member Pearce, Members of the Subcommittee, thank you for inviting me to testify to present the perspective of the Aleutians East Borough on the Department of Interior's 5 year plan for oil and gas lease sales on the Outer Continental Shelf.

Before I present our perspective on the OCS issue, let me give you some background on the Borough and its resident communities. We are in an a remote area, even by Alaska standards, so it's important for you to understand some of the challenges that we face on a regular basis that do not present themselves to most other communities in the U.S.

The Aleutians East Borough stretches over 300 miles along the eastern side of the Aleutian Islands and consists of the communities of Sand Point, Nelson Lagoon, King Cove, False Pass, Cold Bay, and Akutan, with a total number of residents just over 2,600. (However, the permanent population is only 1,224 according to the 2006 figures released by the State of Alaska's Demographer.) These communities are dependent on subsistence and commercial fishing, can only be accessed by plane or boat, and are situated among the most remote and rugged terrain in the United States. We deal with extreme weather events on a regular basis. A 100 mile per hour hurricane on the East Coast makes national news for a week. A similar-sized typhoon hits our coast and no one is aware of it but us and the National Weather Service. Yet we must address the same problems after such a storm – flooding, cleanup, repair – without access to an efficient transportation infrastructure that makes dealing with a storm's aftermath more manageable.

A recent study by the State of Alaska's Department of Labor and Workforce Development labeled the Borough's residents among the most diverse in the state, consisting of a mix of Native Aleuts, Asian & Pacific Islander – primarily Filipinos who work in seafood processing plants – and Caucasians. The 2000 Census recorded unemployment rate of 33 percent in the region, with a poverty rate higher than the national average. The economic opportunities for our people are extremely limited and are almost entirely dependent on commercial fishing, with salmon and cod as the most important fisheries. We don't have any tourism to speak of and there is no mining, timber or sport fishing industry.

Our fisheries may be healthy from a sustainability standpoint, but economically is a different question. In the late 1980s and early 90s, ex-vessel prices for sockeye salmon, our most valuable salmon species, were well over \$2.00 a pound. They now hover at around 60 cents a pound as result of increased competition from subsidized farmed fish from overseas. Fuel prices in our area at the same time have gone up by nearly a factor of 5 in that same period. The rationalization of the crab and Pollock fisheries have also hurt the economies of some of our communities. Our fishermen are hanging on but barely.

As a result, we are losing many of our long-term residents that end up being replaced by transient fish processing workers. The population of school age children has plummeted. In Akutan, False Pass, and Cold Bay, the average school size – 10 children – is less than half that of the average class size nationally. No Child Left Behind? We are facing No Child Left At All if the schools shrink any further. Over the last 30 years, the Borough communities of Unga, Belikofsky, Squaw Harbor and Sanak, have become ghost towns. Community abandonment is a very real to us.

These changing economic circumstances have forced the Borough to examine other economic opportunities and to be as creative as possible in seeking them out. For example, we have developed a cooperative to market fresh wild Alaskan salmon in addition to increasing funds for education and launching a vigorous capital improvement program. So that brings us to the 5 year OCS lease plan.

The plan currently proposed by the Department of Interior would permit oil and gas drilling in the North Aleutian Basin, pending completion of an Environmental Impact Statement. The Borough supports the lease sale but only in the context of a rigorous EIS that builds in strong protective measures that safeguard our fisheries and subsistence lifestyle. We will be active in ensuring that proper mitigation measures and environmental protections are built into the final plan for the North Aleutian sale. (See the attached mitigation measures required to remove the Borough's conditional support.) Concurrently, we will be pressing prospective bidders on the leases to guarantee the hiring of local residents and businesses.

Previously, Congress had imposed a legislative moratorium, which we supported when it first went into place, on OCS sales in the North Aleutian basin in response to the Exxon Valdez oil spill. That moratorium expired a few years ago and we were supportive of that decision.

Why the change of heart? There are two answers, the first I've already given in terms of the bleak economic future now faced by the Borough. Secondly, almost 20 years have passed since the Exxon Valdez. The industry has revised its practices substantially since then. New technologies have been developed to prevent blowouts and to better direct drilling activities. The entire risk of spills or accidents has not gone away, but it is certainly less than at the time of the 1989 spill. Lastly, I want to point out, most of the proposed development will be for natural gas, not oil. Natural gas development brings

with its own set of risks but in many cases they differ than those associated with oil drilling and transport. Therefore, the Exxon Valdez comparison isn't exactly apt.

We oppose legislation introduced by Rep. Inslee to reinstate the moratorium. Proponents of the legislation have mislabeled it as "stopping drilling in Bristol Bay." Bristol Bay is some 200 miles away. We are the closest communities and would be most affected by any accident. Also, I hear statements and comments in the media from the bill's supporters that the bill is supported by "Bristol Bay" as if the region is one singular body that speaks with one voice. That is not the case. In fact, the Bristol Bay Borough and Lake and Peninsula Borough, the two area governments, have passed resolutions supporting inclusion of the North Aleutian Basin into the 5 year OCS Plan with proper mitigation. The Bristol Bay Native Corporation, representing many area Alaska natives, is also in favor as is the Aleut Corporation.

The Borough, along with the other entities that support the proposed Five Year program, are supportive of strong oversight by Congress to ensure that the Interior Department complies with NEPA. That oversight is also necessary to ensure that the Department uses the latest and most accurate data. For example, the recent Beaufort Sea EIS published in 2003, underestimated greatly the value of oil and gas prices. This resulted in flawed development scenarios that do not represent the current level of exploration being undertaken in the Beaufort Sea.

I've enclosed additional written comments on the specific NEPA issues the Borough supports being considered as part of the EIS. Report language added in the FY 2008 House Interior Appropriations puts the Department on notice that it needs to prepare a through EIS before development can go forward. That's a far better approach than to reinstate the moratorium legislatively. That would be a death blow to our economic future.

Thank you again for inviting me to testify today and I look forward to any questions you might have.

Proposed Mitigation Measures for OCS Leasing In the North Aleutian Basin¹

Fisheries Protection

Lease related use will be restricted to prevent conflicts with local commercial, subsistence, and sport

harvest activities. All OCS operations, both onshore and offshore, must be designed, sited and operated to

ensure that:

- (a) adverse changes to the distribution or abundance of fish resources do not occur;
- (b) fish or shellfish catches are not adversely impacted by OCS activities;
- (c) all exploration, construction and operation activities will be coordinated with the fishing community to maximize communication, ensure public participation, and avoid conflicts;
- (d) ballast water treatment is required to remove or eliminate non indigenous species.
- (e) fishermen are not displaced or precluded from access to fishing areas, unless they are adequately compensated for the displacement;
- (f) fishermen are not precluded from participating in designated fishing seasons, unless they are adequately compensated for the lost season(s); and
- (g) fishermen will be compensated for damage to fishing equipment, vessels, gear and decreased harvest value from OCS operations in a timely manner.

NOAA Fisheries must complete a baseline fisheries assessment prior to commencement of OCS exploration. NOAA Fisheries must review and approve all exploration and development activities under

the leases issued in collaboration with local, state and federal agencies, and implement federal monitoring

programs to ensure these fish resource standards are met.

Transportation, Utility Corridors and Infrastructure Siting

Transportation routes, utility corridors and infrastructure must be carefully sited and constructed to allow

for the free passage and movement of fish and wildlife, to avoid construction during critical migration

periods for fish and wildlife. Pipelines should be buried wherever possible. The siting of facilities, other

than docks, roads, utility or pipeline corridors, or terminal facilities, will be prohibited within one-half

mile of the coast, barrier islands, reefs and lagoons, fish bearing waterbodies and 1500 feet from all

surface water drinking sources.

Coastal Habitat Protection

Offshore operations must use the best available oil spill prevention and response technologies to prevent

oil spills from adversely impacting coastal habitat, and to rapidly respond to oil spills. Geographic response strategies must be used to protect environmentally and culturally sensitive sites.

¹ The proposed mitigation measures are in addition to the lease stipulations listed in the OCS DEIS for the Alaska

Region, and to replace the Fisheries Protection stipulation which AEB has determined to be inadequate.

Local Hire and Training

OCS Operators will be required to submit a local hire and training program prior to any exploration, production or permitting activity, which provides a description of the operator's plans for partnering with local communities to recruit and hire local residents, local contractors, and local businesses and a training program to prepare local residents to be qualified for oil and gas jobs for exploration and development activities within their region.

Air Pollution

Best available emission control technology will be required for all industrial sources of air pollution, including criteria air pollutants and hazardous air pollutants.

Water Pollution

A zero water pollution discharge will be required for all industrial operations.

Marine Mammals and Essential Habitat

All onshore and offshore facilities and OCS-support vessel and air craft routes must be carefully sited to avoid marine mammal and essential habitat impacts.

Social Systems

All onshore and offshore facilities must be carefully sited, designed and operated to avoid adverse social system disruptions and impacts. OCS Operators must:

- (a) Minimize impacts on residential areas, privately-owned surface lands and native allotments;
- (b) Provide utilities, support services and expand other community infrastructure, and services as needed to support their OCS development and associated local population increases; and
- (c) Communicate with local residents, interested local community groups, and especially fishing organizations.

Good Neighbor Policy

All OCS Operators, operating off the Aleutian East Borough coastline, should be required to adopt a Good Neighbor Policy that is appropriate for this region. AEB's Good Neighbor Policy requires OCS Operators to work with the AEB to provide cost effective fuel, power, transportation, medical services, emergency and other services to the local communities. AEB's Good Neighbor Policy also required OCS Operators to provide a compensation system to minimize disruptions to subsistence activities and provides resources to relocate subsistence hunters and fishermen to alternate areas or provide temporary supplies if a spill affects the taking of subsistence resources.

Cultural and Historic Site Protection

OCS Operators must protect all existing cultural and historic sites and notify the local government as soon as possible about the discovery of prehistoric, historic and archaeological sites. The notification must describe what was discovered and how the area will be preserved. A final project report shall be submitted to the local government.

Seismic Design

All onshore and offshore facilities must be designed to the Seismic Zone IV, Uniform Building Code design standard for the Aleutian Chain.