

**TRI-BOROUGH POSITION PAPER**  
**FEDERAL OUTER CONTINENTAL SHELF**  
**OIL & GAS LEASING PROGRAM**

**2002-2007**

The United States Department of Interior is preparing for offshore oil and gas leasing program, which includes waters of the Lower Cook Inlet (but excluding Shelikof Strait) planning area of offshore Alaska. The proposed lease sale area is included in or contiguous with the boundaries of Kenai Peninsula Borough, Kodiak Island Borough, and Lake and Peninsula Borough. The three boroughs have met together to discuss the proposed leasing program and have jointly agreed to the following position with regard to the Federal Outer Continental Shelf (OCS) Oil and Gas Leasing Program, 2002-2007.

The Tri-Borough position is that five critical issues must be included in the leasing program's environmental impact statement, and specifically addressed in the terms and conditions in any future Notice of Sale in federal waters adjacent to Tri-Borough boundaries. If the five issues are not addressed in the leasing program environmental impact statement review process, the Tri-Boroughs have grave reservations about supporting future lease sales. These five items are in addition to any other issues that might surface in the federal government's environmental impact statement process. The Tri-Boroughs reserve the right to identify any additional concerns, which may need to be addressed as an outcome of the environmental impact statement process. Following is a summary of the Tri-Boroughs' position on each of the five issues.

**1. No Off-shore Loading of Tankers**

The lower Cook Inlet and particularly the Shelikof Strait area comprise some of the most dangerous navigable waters in the entire world. The seas in this area are highly unpredictable and subject to extreme weather changes, unusual currents, rogue tides and waves. This feature of contiguous Shelikof Strait waters makes off-shore loading of tankers particularly dangerous, posing an extremely high risk of an oil spill while attempting to load a tanker in these waters. The position of the Tri-Boroughs is that any recoverable oil must be pumped to an onshore facility where adequate protected dockage can be provided to allow the safe loading of tankers and to minimize the possibility of a spill during the loading process from the oil generated by this sale.

**2. Specific Plans to Minimize and Avoid Commercial Fishing Gear Conflicts with the Exploration and Development of Oil**

The avoidance of conflicts with the commercial fishing fleet and their gear is absolutely mandatory in these waters. The Lower Cook Inlet and contiguous Shelikoff Strait support an extremely rich fishery resource, which generates a great deal of fishing activity on a year-round basis. These year-round fisheries are the primary economic base of the entire region and therefore must be protected to the greatest extent possible, including an absolute minimum of disruption. The Tri-Boroughs require that any oil exploration or development proposed in the region have up-front plans to eliminate conflicts with the fishing industry in order to minimize any negative impact on the fishing industry. This includes critical time periods when no drilling activity would be allowed to occur due to spawning activity and crab molting in the areas in and around the drilling platforms. This information must be clearly identified and published on a regular basis so that the fishing industry will be fully aware of the location of this equipment and can, therefore, avoid any possible conflicts. It is in the best interest of the oil

industry as well as the fishing industry to avoid negative impacts from drill rigs and/or development platforms on fishing gear and resources.

### **3. The Oil Exploration Company must have Adequate Spill Prevention and Response Capability**

Based on the experience of the Exxon-Valdez oil spill, the Tri-Boroughs are determined that adequate spill prevention and response capabilities be specifically identified in exploration and development proposals for any sales which may occur under the federal OCS leasing program. Input from the Cook Inlet Regional Citizens Advisory Council could be used to help determine the adequacy of spill prevention and response capability. At a minimum, a vessel with adequate amounts of boom and response capability should be on site during the exploratory and pre-development phases. Upon completion of exploratory drilling, and during the production of any successful well, prevention and response capability should include readily available response equipment and labor, which can be deployed on site in a matter of minutes.

### **4. Identification of Critical Habitat Areas**

As a precursor to spill prevention and response that may be needed in the future, the Tri-Boroughs require that critical habitat areas be identified during the environmental impact statement phase of the lease sale process at a minimum before any actual exploration occurs in the OCS lease sale area. This habitat identification process must involve the land owners and users, the managers of fish, game and wildlife resources, such as the Alaska Department of Fish and Game, and the Federal Fish & Wildlife Service, as well as representatives of the fishing industry and local governments. Identification of critical habitat should include a prioritization for habitat protection, given the location of a particular spill, as well as identification of critical habitat that cannot practically be protected in the event of a spill. Further, the identification of critical habitat areas must be a public process that allows residents of the region to have input into and an opportunity to review and critique the proposed critical habitat protection priority prior to final adoption. Once identified, critical habitat and known coastal resources must become part of the municipalities' GIS systems for easy map retrieval and updating.

### **5. Provision for Local Government Revenue Sharing**

The Tri-Boroughs have extensively discussed and agree that a mandatory requirement for moving ahead with the OCS leasing program is the continued provision for revenue sharing back to the borough from OCS impact assistance revenues collected by the federal government. These funds are necessary because the three boroughs will have impacts from an influx of population demanding additional municipal services such as police, fire, road service, parks and recreation, education, solid waste disposal, etc. The history of municipal service provision shows that revenues always lag behind the demand for services. The only reasonable way to approach this problem without placing an undue burden on the existing tax base is to provide for revenue sharing within two hundred miles of any exploration site. Although the three boroughs recognize that there is a potential for federal revenues to be shared with the State of Alaska, it is clear that revenue sharing to the state does not necessarily assure that these funds are shared with local governments. Therefore, it is mandatory that legislation be introduced and passed in Congress that allows for revenue sharing with the three boroughs in order to provide the financial resources needed to deal with the impact of sales under the OCS leasing program.

### **Conclusion/Summary**

The position of the Tri-Boroughs is that all five of these items must be addressed in the EIS, and subsequent sales for the described waters in the proposed OCS leasing program. We look forward to the

opportunity to discuss and further develop these concepts with organizations and individuals interested in the Federal OCS Oil and Gas Leasing Program.