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Natural gas prime target of lease sales

by Chris Bernard Staff Writer

and Hal Spence Morris News Service-Alaska

Critics of two proposed oil and gas lease sales for the Cook Inlet area say the potential risks outweigh potential benefits.

"We're scared as hell with all this," said Tom Evans, spokesman for the Nanwalek IRA Council. "It could alter our future, our subsistence lifestyles and our very existence."

The federal lease sales, proposed for the Outer Continental Shelf waters of lower Cook Inlet and Shelikof Strait in 2004 and 2006, will be the topic of public hearings in coming weeks, including one in Homer and one in Seldovia.

Bob Shavelson, head of the Homer-based environmental watchdog group Cook Inlet Keeper, said proposed leases would expose sensitive fish and wildlife habitat to the threat of pollution.

"There's a one-in-five chance of a large spill, according to the draft environmental impact statement put forth by the Mineral Management Service," he said.

In an oil-spill risk analysis, the MMS said "there is an estimated 19 percent probability that oil spills greater than or equal to 1,000 barrels (of oil) may occur as a result of this action (leasing tracts that later produces oil)."

The MMS, which would seek bids on 2.5 million acres, said the prime target is natural gas. If it is discovered and developed, the danger of an oil spill virtually goes away, said Robin Cacy, public officer with the MMS in Anchorage.

But Shavelson said even gas exploration is not worth the potential impact.

"We're not going to see any gas for consumer consumption (from these sites) until 2022," said Shavelson.

He also said the sites would produce only enough oil for the U.S. for one week, and instead of exploring for oil, the MMS is turning exploration into sustainable, long-term sources of energy.

These are the first such sales proposed for Cook Inlet and Shelikof Strait by the MMS since the controversial Lease Sale 149 in 1996, which drew significant public protest, especially on the Kenai Peninsula. That sale was later reduced from its original 1.98 million acres, and once he bids on only 2,000 acres.

The latest sales, Lease Sales 191 and 199, would offer about 26 percent more territory than Lease Sale 149. About 2.5 million acres are proposed to be leased, including tracts just beyond the Kachemak Bay, as well as across Kennedy and Stevenson entrances near the Barren Islands. The lease sales are covered under a single draft environmental impact statement.

Shavelson said the wilderness waters of Cook Inlet have been called "the biological engine" of Alaska, supporting "a diverse range of fish and wildlife species including brown bear, migratory sea lions, whales and all five species of wild Pacific salmon."

He said the area is valued for its productivity and noted that the inlet and the strait border five wildlife refuges, four national parks, several state game refuges and a critical habitat area.

While the proposed lease sale area is significantly larger than in 1996, Shavelson said, the latest impact statement downgrades the estimated risk of an oil spill below that of Lease Sale 149.

In 1996, the risk was set at 27 percent, derived from a so-called "base case" level of production of 100 million to 300 million barrels of oil. In 1996, the "worst-case" estimate of the risk of an oil spill was more than 75 percent.

But the current draft EIS estimates less production -- about 140 million barrels -- and thus, fewer environmental impacts.

With the nearly 20 percent risk of an oil spill during the expected 30-year life span of the site, "a large spill on average of once every five years for seven days' worth of oil at the nation's current consumption rate," he said.

Cacy said the MMS is only in the beginning of the public process leading toward the sale in 2003.

"The area in the draft EIS won't necessarily be what is offered," she said. "It could be a significantly smaller area. There could be all kinds of changes between now and when, and if, we proceed with the sale."

The area under consideration begins from just south of Kalgin Island and runs south just beyond Shuyak Island.

Two areas within the sale area are considered "deferral options" that could be included or rejected. They include roughly 30 tracts north and west of the Barren Islands and about 32 more tracts from east of Elizabeth Island to roughly the middle of the mouth of Kachemak Bay almost due to the tip of the Homer Spit.

Cacy said that while exploration companies that may drill in the region aren't likely to ignore small pockets of oil if found, they're more likely to be looking for natural gas, which some estimates suggest will be depleted from this area within one to three decades.

Cacy said she did not know if permit requirements would be stiffened if a company searching for oil found sufficient oil and wanted to develop it. She said she would find out before the public hearings.

The public hearings to gather public opinion on the sales begin today.

Shavelson said the MMS has underestimated the opposition to the proposal.

"Based on the fact that they only reserved the city council chambers for the hearing, they're not expecting much of a turnout, but last time over 500 people came to testify in opposition," he said. "Anybody who cares about Cook Inlet should come out and testify."

The schedule for upcoming hearings is:

* Today, 4 to 6:30 p.m., at the MMS Regional Office in Anchorage;

* Tuesday, 7 to 9 p.m., at the Seldovia Community Center;

* Jan. 23, 7 to 9 p.m., at Homer City Hall;

* Jan. 24, 7 to 9 p.m., at the Kenai Merit Inn;

* Jan. 28, 4 to 6:30 p.m., a teleconference; 800-764-2627.

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