



Comments
by
Richard K. Glenn, Arctic Slope Regional Corporation
for the
Department of the Interior
Secretary Salazar
April 14, 2009
Public Hearing
in
Anchorage, Alaska
regarding
2010-2015 Oil and Gas Leasing in the Outer Continental Shelf

My name is Richard Glenn. I am an Executive Vice President of Arctic Slope Regional Corporation (ASRC), where I oversee the lands and natural resource development activity of the company. Arctic Slope Regional Corporation is a private, for-profit Alaska Native regional corporation that owns and manages approximately five million acres of land on the North Slope, and represents the interests of its 10,000 Iñupiat shareholders. I am a resident of Barrow, a whaling crew co-captain, and a geologist with a passion for Arctic science.

The potential for development of offshore resources has stirred a debate that is active across the North Slope, and has tested the fiber of our communities. When onshore development of oil and gas began decades ago, many were concerned about the effect it would have on our subsistence lifestyle. Would development interfere with subsistence hunting? Could spills or other damage leave lasting effects? Would development interfere with our access to the land?

Today we know more of the answers to these questions. Modern technology, vigilant local oversight, and good neighbor relationships with the operators have meant development has occurred responsibly. As one of our local elders likes to recount, our fish have not died and our caribou have not decreased in number. Some things could have been done better, but overall the results have been positive. In some places we have been displaced from traditionally used lands. That has happened with industry, and it has happened in and around our own communities as well. We have tolerated displacement in some areas because our land base is so large. Without the presence of industry infrastructure, pipelines, pads and processing facilities we would have almost no North Slope economy, and may not also have the opportunity to enjoy the mixed lifestyle that today's subsistence efforts demand.

At times, discussions of onshore development have been difficult. There have been times we argued and lost, others we argued and won, and others still where we have agreed. In general, the North Slope has benefitted positively. Our quality of life has improved, on occasion at great expense, thanks to the positive impacts of onshore development. We have developed partnerships with industry. One thinks first of jobs and contracting opportunities, and we have certainly participated with the onshore operators in contracting opportunities. Both sides, however, recognize that we have fallen short in training and workforce development from where we should be.

Our relationship with industry has gone beyond contracting to include longer-term participation in the financial benefits of development, including royalty ownership in certain fields, and the opportunity to invest in exploration, development, pipelines, and facilities. In some cases this has happened on our own ANCSA-conveyed lands, and in other places we have made independent investments. In addition, the explorers and operators have supported many community programs and initiatives. Finally, of course, property taxation of onshore activity by our North Slope Borough has generated revenues to fund schools, fire halls, public safety, and public works which have improved our quality of life. Over the years, ASRC has found itself in the role of advocating for responsible development and the overriding reasons for this advocacy had more to do with employment of local residents and a sustainable tax base for the North Slope Borough than for any individual contract or other corporate opportunity.

The relationship with industry with respect to offshore development has been less certain. With offshore development, our people go right back to the same questions and fears that nagged at us before the development of the Prudhoe Bay oil fields.

In this case, the stakes seem to be higher. Some of it is simple physics: 100 decibels in the water means something different than 100 decibels in the air. A cup of oil on a frozen gravel pad behaves much differently than a cup of oil in the water column. Now toss in an active sea ice environment. So the potential physical effects of exploration and development are less well understood, and are thought to be more at risk.

One topic of current disagreement, for example, is whether drilling mud and cuttings can be put overboard or whether they need to be injected into every well, even exploration wells. While the composition of drilling mud and cuttings may not be much different than what already lies on the ocean floor, some North Slope residents wonder why drilling mud and cuttings need to be discarded if it is unnecessary. Industry has stated that zero-discharge drilling would mean more shuttling between a drillship and a shore-based disposal site. This translates into more noise and more vessel traffic with its own complement of discharges, certainly not an environmental gain.

I am confident that drilling exploration more than 60 miles from shore, as in the Chukchi, will have little negative impact on our villages and subsistence; it is carefully engineered and far offshore. Existing Chukchi leases previously granted should be allowed to



proceed because of the unlikely effects on our subsistence activities, the meaningful economic benefits for Alaskans, and energy security for Americans.

What I am less confident about is what will happen at that distance in a development scenario. Some of my doubt is probably because many North Slope residents, like me, are not fluent in current offshore technology. Regarding more near-shore OCS development in the Beaufort Sea, it seems that the environmental risk may be lower but the subsistence impacts of initial development may be higher.

Most public concerns about offshore exploration and development focus on spills and noise. So the need is real for clear, scientifically sound answers to noise mitigation and clear, scientifically sound answers to how a spill would be addressed. In our worry about spills, though, we have not given industry credit for its focus on spill prevention as an equally important part of the equation.

In the case of Beaufort Sea OCS development it seems likely that it will simply tie in to eastern on-shore North Slope infrastructure without too much fanfare. In the case of Chukchi development, the potential exists for a significant pipeline system coming ashore and trending east to connect with existing pipelines and facilities. North Slope residents need to be informed of the likelihood of Chukchi Sea oil development, what it would mean to tax revenues for the Borough, and the likelihood of development of marginal onshore fields now stranded by the lack of infrastructure.

Contracting revenues and jobs will be there during the development phase; these are valuable and should not be overlooked. However, industry and the federal government need to work with us on mechanisms to allow long-term participation in the economic benefits of offshore development. In balancing the risks and rewards of development, it is imperative that we are better aligned.

We believe this can be done through a four-pronged approach: (1) Working with industry to advocate for sharing of OCS revenues with nearby impacted communities; although revenue sharing takes place at the State level, it is necessary to provide direct impact aid to the affected communities, outside of the State process. (2) Contracting and job training opportunities that are meaningful in scope and not fractured. If offshore oil and gas development is going to take place, residents and shareholders of the Arctic Slope region want to be involved. We will want to see that it happens on our terms to the greatest degree possible. We will want the jobs and careers that the development provides, and ASRC and village corporations will be looked to as a vehicle for employment. (3) An opportunity for equity participation by our people in the resources and facilities that are necessary to allow responsible development; and (4) Mutual support of a North Slope community foundation that has the financial capacity to last beyond oil development and continue to support locally-determined programs for the long-term future.

Discussion of offshore exploration and development often leads North Slope residents to an evaluation of negative effects. Where are the positive impacts? Are the jobs the



only thing? If offshore development is necessary for community sustainability, then it must provide more than a bloom of jobs. Through greater alignment we can seek to develop an atmosphere more favorable to the prospect of offshore development.

While there are many risks and benefits for the Department of the Interior to consider, equal consideration must be given to the potential withdrawal of the 4(d) rule issued with respect to the threatened listing of the polar bears under the Endangered Species Act. Withdrawing the rule and adopting a more narrow interpretation, or eliminating the rule all together without withdrawing the actual listing, could have devastating effects for the people of the North Slope.

When the Department of the Interior engaged in the listing process in 2006, there was a significant review period and an opportunity for the Iñupiat voice to be heard through the public process. ASRC provided extensive comments, and residents weighed in at hearings on Alaska's North Slope and in hearing rooms on Capitol Hill. Withdrawal of the 4(d) rule would deny us a voice on an issue for which we absolutely need the opportunity to weigh in.

The Iñupiat are on the front lines of climate change, and our cultural identity is embedded in the natural environment of the Arctic. We know all too well the importance of protecting our environment, land, and resources. We live and hunt in the Arctic each year, and so our lives and safety depend on our knowledge of changing ice conditions and climate. Whether one agrees or disagrees with the 'threatened' listing of the polar bear, those that are most impacted by this decision, and any future actions related to this decision, should most definitely have a voice in this process.

Withdrawal without consultation would not afford my people that opportunity, and in fact it would negatively and disproportionately affect us, the Iñupiat, who co-exist with the polar bear in the Arctic. Our small, isolated communities will run the risk of becoming "Critical Habitat", even though we have no measurable impact on polar bears. What few playgrounds, gravel pits, airstrips, landfills, campsites, hunting areas, and village expansions that we have scattered along Alaska's vast northern Arctic coast may be limited by the potentially subjective process invoked by withdrawal of this rule.

Although this Administration has stated its support for OCS development, withdrawal of the 4(d) rule as it applies to the North Slope could also have a negative impact on this type of development. There are many factors to consider, and Arctic Slope Regional Corporation is asking for a seat at the table to ensure that the economic and subsistence needs of our 10,000 Iñupiat shareholders are addressed.

I appreciate the opportunity to provide comments about this very important issue. On behalf of Arctic Slope Regional Corporation, thank you for your time and consideration.

