



November 4, 2008

Mr. Ira Rosen, PE  
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Via E-Mail: [Ira.Rosen@alaska.gov](mailto:Ira.Rosen@alaska.gov)

Bettina S. Chastain, P.E.  
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State of Alaska Oil & Gas Infrastructure Risk  
Assessment  
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Dear Mr. Rosen and Ms. Chastain:

The Alaska Wilderness League (AWL), the Northern Alaska Environmental Center (NAEC) and the Alaska Forum for Environmental Responsibility (Alaska Forum), working together, offer the following comments on behalf of our organizations and our members on the Alaska Risk Assessment of Oil & Gas Infrastructure (ARA) project. We have chosen to submit this letter instead of filling out the questionnaire in order to provide a more comprehensive set of views than your electronic format will accept.

Awl is a non-profit 501(c)(3) organization which furthers the protection of Alaska's amazing public lands. NAEC is a non-profit organization which promotes conservation of the environment in Interior and Arctic Alaska through advocacy, education, and sustainable resource stewardship. Our members who live across Alaska and the United States care deeply about the health and integrity of arctic ecosystems. The Alaska Forum is a non-profit 501(c)(3) organization dedicated to holding industry and government accountable to the laws designed to safeguard the environment, provide a safe and retaliation-free workplace, and achieve a sustainable economy in Alaska.

Our comments and recommendations focus on three subjects: 1) inadequate stakeholder outreach and communications; 2) questions about the risk assessment process; and 3) the ARA process and issues raised by the Fairbanks public meeting discussion. Before diving into these topics, we wish to share the following over-arching concern that applies to each of our focus areas:

In response to the stated ARA guiding principle that the outcome of this project should be meaningful and the request for stakeholder input to solidify project scope, we urge the project managers to broaden their approach to enable increased field observation and analysis of industry operations and management practices. Review of petroleum operations in this remote, northern environment demonstrate that the cause of the nation's worst oil spill (the Exxon Valdez grounding in Prince William Sound in 1989) and the North Slope's largest oil spill (the Prudhoe Bay corrosion-caused spill of 2006) both resulted from erosion of operating standards that were supposed to insure safe petroleum production and transport. In the absence of a clear focus on these critical aspects of the petroleum production and delivery system will result in a catalogue of facilities rather than a prescription for increased safety.

## 1) Inadequate Stakeholder Outreach and Communications

We start with stakeholder relations because we believe that encouraging and facilitating citizen participation in this process will expand the base of informed citizens, thereby providing the industry and the oversight bureaucracy with a spur that will provide the best antidote to the complacency that tends to accompany day-to-day operations and monitoring activities.

The ARA process should be subject to a standard public process, including formal, recorded public meetings and better dissemination of stakeholder inputs. In our estimation, the stakeholder outreach program was poorly implemented and cannot be considered as providing sufficient information regarding the full spectrum of public concerns. Among our concerns:

- We would like to know how stakeholder concerns expressed at the meetings are being noted and processed so that the persons implementing the risk assessment will have unfiltered public input.
- We note that although the ARA web site promises that “meeting summaries can be found on the documents page,” as of this date the only meeting summary posted is a meeting held in Anchorage six months ago – before the contract was awarded and the public input process actually began. As a result, those of us who attended the Fairbanks meeting are submitting our comments without the benefit of stakeholder concerns from other regions.
- Several persons who were invited to meet with ADEC and contractor representatives in informal meetings held prior to the formal meetings viewed that exercise as a waste of time. (Is the risk analysis team receiving information from those advanced meetings?)
- Regarding the electronic surveys, we note that the stakeholder questionnaire was not available prior to the Fairbanks meeting; as noted above, we consider the electronic format an insufficient instrument for soliciting public review. Will these surveys be a matter of public record?
- Outreach to rural communities strikes us as inadequate. (In this regard, we note that some citizens who have dealt with TAPS issues through the years and are therefore used to dealing with the industry have had difficulty tuning into and keeping abreast of ARA developments.)
- Finally, it is not clear to us whether public comments are being handled by ADEC, rather than the risk assessment contractor. We are submitting our comments to both parties.

In conclusion: To assure pro-active operations and oversight, we recommend the implementation of citizen’s oversight organizations with adequate funding are needed for TAPS pipeline corridor, for natural gas pipeline construction and for the North Slope oil fields.

## 2) Questions About the Risk Assessment Process

**A. What has been happening for the last 18 months?** This risk assessment is long overdue. More than 18 months have gone by since Governor Palin launched this risk assessment. Ten months later, in March 2008, the press reported,

*“All the pipelines in Alaska laid end to end would run from Deadhorse to Dallas with pipe to spare. The state wants someone to walk those lines, and along te way check up on other key oil sites in Alaska, to find out what’s in good shape and what isn’t.”* (“Oil industry safety check is state’s most extensive,” *Anchorage Daily News*, March 26, 2008.)

But the state’s most extensive safety check wasn’t happening. Moreover, it has been more than a year, since Governor Palin announced the formation of the Petroleum Systems Integrity Office (PSIO) in the

Department of Natural Resources (Administrative Order 234, April 18, 2007). From the information presented at public meetings and on the ARA web site, it appears that there has been no risk assessment field work and it is not clear what (if any) oversight changes have been made through this creation of the PSIO. This hiatus fits a pattern often witnessed in the history of Alaska petroleum development: the system and Alaska's environment remain at undue risk while potential problems remain unaddressed. (See the reports listed in the appendix to this letter for examples.) While we wait once again for problem identification and resolution, as stakeholders we would like to know: What improvements in facility and pipeline integrity have been instituted as a result of these new programs?

**B. Too Little Field Inspection Time.** The ARA schedule does not appear to allow sufficient time to observe and understand field operations and ensure that the slice of operations they are seeing is sufficient to serve as a comprehensive analysis and identify operational weak spots. (We find it difficult to understand why a \$4.1 million project will allow only a few months for inspection of the facilities in question, and that the inspections will not begin until the second half of 2009, when funding has been available since May 2007.)

**C. Inspection Team Access to Facilities and Records.** Some stakeholders were surprised to learn at the Fairbanks meeting that the inspection team does not have automatic access to facilities; we were even more surprised to learn that Doyon Emerald is negotiating for access with the Alaska Oil and Gas Association; we note that AOGA is a trade association that does not operate facilities. Those of us who have had to use FOIA requests to obtain information on oil industry operations wonder how the ARA team is going to secure meaningful information in a timely manner if it cannot compel production of documents.

**D. Static Snapshot v. Dynamic Operations.** From the web site and regional presentations, it appears that the ARA project is oriented to presenting a static snapshot of facilities. But the principal risks to safe operations are often caused by changing conditions — factors such as bringing new facilities on-line, maintenance shutdowns and, above all, pressures to cut budgets as production declines in an effort to keep per-unit production costs down.

**E. Evaluation of Government Monitors.** We are disturbed to note that the ARA is being conducted in a manner that does not provide independent, objective evaluation government monitoring efforts.

### **3) The ARA process and issues raised at the Fairbanks Regional Stakeholders Meeting Sept. 25.**

It would have been very helpful for public participants to have more information prior to the public meetings on the risk assessment issues. For example, ADEC and the interagency group could have compiled some background information regarding steps that have been taken subsequent to the major BP spill and revelations of major corrosion throughout the Alaska North Slope oil fields. Is there still a state legal investigation ongoing of the BP spill and corrosion situation? What are the current rates of monitoring and inspection by industry and the agencies? What is the overlap and gaps of responsibility of ADEC, AOGCC, ADEC, ADNDR, ADF&G and other agencies with respect to monitoring and inspections and regulatory oversight related to integrity issues?

Has the federal Pipeline and Hazardous Materials Safety Administration imposed regulations for some more rural gathering lines in Alaska? Does the state find those standards adequate, and how many hundreds of miles of pipelines are still only regulated by the state? There were public concerns related to issues of oil and gas infrastructure integrity raised back in 2003 during the OPS consideration of regulations for gathering lines in Alaska that are relevant to the ARA, such as issues raised about chronic

spills resulting from corrosion and other factors relating to the risks to watersheds critical to fish and wildlife, subsistence, and other important ecosystem functions (see Arctic Connections, March 4, 2003, Comment letter to Ms. Stacey L. Gerard, Office of Pipeline Safety and DeWitt Burdeaux, U.S. Department of Transportation re: Docket 4868 (Notice 3) for natural gas pipeline comments, 15864 (Notice 1) for “hazardous liquid” (or oil) pipeline comments).

We are very concerned that the ARA team appears to view an “unacceptable consequence” as a single event. The ARA process should not ignore existing laws and standards for clean water, clean air, public health, and mitigation standards that grants implicit approval for small, chronic spills and contamination to pollution Alaska’s environment.

At the public meeting in Fairbanks it was stated that one of the entities involved in this risk assessment that they are negotiating with the National Academy of Sciences to conduct an independent third party analysis of the methodology to be used, and that this will be done at the same time the public sees the methodology. Is the ADEC going to be asking for the NAS review, or is the consultant going to make that request? We believe that if an NAS review is requested, that request should come from the state.

What processes will be in place to document and make transparent to the public and agencies any conflicts of interest with oil companies, regulators, and other relevant entities? How were potential contractor conflicts of interests evaluated? Did the state consider potential conflicts of interests between the consultant hired to oversee the assessment, Doyon Emerald, a subsidiary of Doyon Ltd., with that parent corporation’s own oil and gas operations including through a number of other subsidiaries such as Doyon Drilling and Doyon Universal Services?

Why isn’t Alaska Department of Fish & Game part of the inter-agency group for the risk assessment?

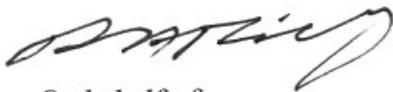
Finally, at the risk of redundancy, we list the following questions because we are not sure, as stated above, how ADEC and Doyon/ABS are handling information received from stakeholders:

- How will you get information in the field and from monitoring and inspection records if industry will not provide it?
- How do you plan to survey all the oil industry workers in a way that allows their candid views to be made in a way that does not sacrifice their confidentiality and their jobs?
- How do you plan to survey former and existing oil field whistleblowers for their views?
- When will you consult formally with federally recognized tribes? When will you have public meetings in affected communities, including North Slope villages like Nuiqsut, and those along the TAPS pipeline corridor and impact areas in the event of failed pipelines? How will you assess agency management, field inspection, monitoring, compliance and assessment personnel and trends in staffing and personnel? Will you compare Alaska’s program with those existing in other states?
- How will you identify and evaluate which pipelines have/don’t have leak detection systems (what kinds, how tested, how often tested, etc), various types of pigging, etc.? How many pipelines have been built in the past 10 years without active leak detection systems or the ability to put corrosion monitoring and cleaning pigs through them?
- How many civil and criminal environmental and safety enforcement actions have been taken in the last 10 years? What is the rate of lack of compliance vs fines imposed for these occurrences (i.e. how stiff is the compliance and enforcement arm of the state)? What changes would make this more effective
- How will you address global warming factors into the inspection, monitoring and oversight programs?

Thank you for this opportunity to comment.

Sincerely,

Richard A. Fineberg



On behalf of:

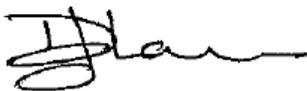
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## APPENDIX

### Some Past Reviews of Alaska's Oil & Gas Infrastructure (Prepared by Pamela A. Miller)

*This list of past reports focuses on analyses that raised systemic problems in oversight and regulation of Alaska's oil fields and the Trans-Alaska Pipeline System that may be relevant to the current Alaska Risk Analysis of Oil & Gas Infrastructure.*

**1. Alaska Oil Spill Commission. 1990. *Spill, the wreck of the Exxon Valdez: implications for safe transportation of oil* [Final report]. Juneau, AK.**

The Commission's report on systemic problems related to inadequate agency, corporation, and public oversight and management of critical oil transportation systems remains relevant today.

**2. State of Alaska Office of the Ombudsman. November 6, 1990. *Investigative complaint against Alaska Oil and Gas Conservation Commission (AGOCC) on staffing reductions for oil and gas well inspection programs*. State of Alaska, Office of the Ombudsman. November 6, 1990. Complaint A90-0317.**

This investigation centered an annual report on blowout preventor and diverter inspections critical of the current level of well inspections (only 27% of the blowout equipment preventor tests were witnessed during 1989). The report concluded, "by the regulatory standards established in Canada, California and other states, Alaska falls far short of providing a viable regulatory presence in field safety... the Commission's inspection program has slipped to the point of near non-existence," (pp. 29-30).

**3. U.S. General Accounting Office. 1991. *Trans-Alaska Pipeline: Regulators have not ensured that government requirements are being met*. Report to the Chairman, Subcommittee on Water, Power, and Offshore Energy Resources, Committee on Interior and Insular Affairs. GAO/RCED-91-89.**

This review found that compliance with design and operating requirements were not being fully assessed, that oil spill response capability was not fully demonstrated, and failures existed in systems for detecting small leaks.

**4. U.S. House of Representatives. 1991. *Alyeska Pipeline Service Company Covert Operation*. Oversight hearings before the Committee on Interior and Insular Affairs. 102<sup>nd</sup> Congress, first session. Hearings held in Washington DC, November 4,5,6, 1991. Serial No. 102-13.**

Following the GAO (1991) report, Congressional oversight hearings in the House of Representatives investigated whistleblower concerns and harassment, intimidation and spying on them by contractors to the Alyeska Pipeline Service Company.

**5. Quality Technology Company 1993. *Audit of Trans-Alaska Pipeline System*. Conducted for Bureau of Land Management, U.S. Department of the Interior. Washington, DC.**

**6. Thero, O.L. 1994. *Phase II., Final recommended requirements to resolve BLM/ QTC Trans-Alaska Pipeline System (TAPS) Phase I Audit deficiencies.* Prepared for Bureau of Land Management, U.S. Department of the Interior, Washington DC.**

After the *Exxon Valdez* oil spill, new oil spill legislation passed in 1990 required an independent audit of TAPS. The audit by QTC found massive violations of the National Electrical Code, that safety margins of essential systems had not been maintained and equipment necessary for safe operation and shutdown of the pipeline may fail during earthquakes. A subsequent internal audit by Alyeska found over 48,000 deficiencies with Alaska's electrical code.

**7. Fineberg, R.A. 1996. *Pipeline in Peril: A Status Report on the Trans-Alaska Pipeline System.* Alaska Forum for Environmental Responsibility. [www.alaskaforum.org](http://www.alaskaforum.org).**

This investigation reported that Alaska's environment is increasingly at risk as the pipeline ages and tracked Alyeska's progress in fixing problems identified in audits. It found that mandated repairs and improvements essential to safe operations were chronically behind schedule, a new quality program was not adequate, and that worker harassment continued. This report was prepared to inform discussion of the reauthorization of the Trans-Alaska Pipeline right-of-way.

**8. Fineberg, R.A. 1997. *Pipeline in Peril: Alaska at Risk on the 20<sup>th</sup> Anniversary of the Trans-Alaska Pipeline.* An update of events on the troubled Alaska Pipeline since September 1996. <http://www.alaskaforum.org/rowhist/afer/106AFER.pdf>**

**9. Fineberg, R.A., 2002. *The Emperor's New Hose: How Big Oil Gets Rich Gambling with Alaska's Environment.* A Status Report on the Trans-Alaska Pipeline System. <http://www.alaskaforum.org/tapsreport.html>**

**10. Fineberg, R.A. 2006. *BP North Slope Spill Reveals a Pattern of Substandard Environmental Performance.* <http://www.finebergresearch.com/pdf/Neport060315Rev.pdf>**

A preliminary report to the Alaska Forum for Environmental Responsibility.

**11. Fineberg, R.A. 2006. "Shocking?" Evidence Mounts from Alaska and Elsewhere that BP's Inadequate North Slope Performance Should Have Been No Surprise to Public Officials or Monitors. <http://www.finebergresearch.com/pdf/shockingprint.pdf>**

North Slope Corrosion Problems Fit Industry Pattern: Substandard Performance on the Trans-Alaska Pipeline and elsewhere Places Workers, Environment and Nation's Oil Supply at Undue Risk

**12. Fineberg, R.A. 2007. *BP's Problems: Chronology of Events Affecting Alaska Petroleum Operations Since September 2006 hearings.* <http://www.finebergresearch.com/pdf/bpchronup070515.pdf>**

Update to March 15, 2006 and September 3, 2006 Reports to the Alaska Forum on the Environmental Responsibility and the Alaska Wilderness League.