

THE ALASKA FORUM

The Newsletter of the Alaska Forum for Environmental Responsibility

Winter 1999-2000

Alaska Forum Welcomes New Program Director



The Alaska Forum recently hired Ross Coen, a Fairbanks resident and University of Alaska graduate, as the Program Director. Ross accepted the position in September.

Ross has extensive experience in conservation issues in Alaska. Before joining the Alaska Forum, he worked for both the Northern Alaska Environmental Center and the Alaska Conservation Foundation. In both positions he monitored the activities of the oil and gas industry in the state. He spent the bulk of 1999 evaluating anti-trust issues with regard to BP's takeover of Arco.

Ross also serves as a board member of Alaska Conservation Voters, the political arm of Alaska's environmental community.

"I'm very happy to be on board with the Alaska Forum," says Coen. "I find that my views on Alaska's oil industry mesh very closely with those of the Alaska Forum: namely, that we should force the industry to take care of the existing infrastructure before we'll even consider opening new oil fields."

Ross lives in Fairbanks with his partner, Tonya, and their dogs Abbey and Oscar.



BP Agrees To \$22 Million Fine For Endicott Dumping

Charges Arose From Doyon Drilling Whistleblower Reports

In September 1999, BP Exploration (Alaska) plead guilty to a federal felony charge of illegal hazardous waste dumping at the Endicott oil field. The plea agreement with the U.S. Justice Department carries a \$22 million fine, the bulk of which will go to a five-year environmental management program overseeing all of BP's oil fields throughout the U.S.

The charges stemmed from disclosures by a Doyon Drilling Inc. employee that hazardous wastes were being dumped down oil well shafts. The wastes included such toxic materials as paint, paint thinners, hydraulic fluid, solvents, and waste oil. The charge to which BP plead guilty was based on a single January 1995 incident of illegal dumping, but reports show a pattern of environmental abuses at Endicott that went on for years.

As the Alaska Forum detailed in its report "Poisoning the Well" (1997), the practice of illegal disposal of hazardous wastes occurred at Endicott over an 18-month period from 1993 to 1995. Not until the Doyon whistleblower sounded the alarm in August 1995 did the abuses come to light. Additionally, BP steadfastly maintains to this day that they were unaware of the dumping being carried out by their contractor, Doyon

(continued on page 5)

INSIDE THIS ISSUE...

Message From the President of the Board of Directors.....	Page 2
Governor Knowles Taken To Task Over Shoddy Public Policy.....	Page 3
Alyeska/Joint Pipeline Office Drill Scenarios Fall Short.....	Page 4



ABOUT THIS PUBLICATION

The Alaska Forum is the newsletter of the Alaska Forum for Environmental Responsibility, a nonprofit advocacy and education organization.

P.O. Box 188
Valdez, AK 99686
Phone: (907) 835-5460
Fax: (907) 835-5410
Email: afervdz@alaska.net
www.alaska.net/~afervdz

Our mission:

The Alaska Forum is 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.

Board of Directors:

Dan Lawn, Valdez, *President*
Riki Ott, Cordova, *Vice-President*
Dave Lacey, Fairbanks, *Sec/Treas*
Walt Parker, Anchorage
Stan Stephens, Valdez

Staff:

Ross Coen, Fairbanks
Program Director

A Message from the President of the Board by Dan Lawn

This past September, the Alaska Forum brought on its newest staff member, Ross Coen, who joins us as our Program Director (see cover story). The addition of Ross to the Alaska Forum comes at a very opportune time, as there are a myriad of issues facing both our organization and the State of Alaska in the coming days, weeks, months, and years.

The two most pressing issues for Ross and the Alaska Forum are continued support of concerned individuals within Alaska's oil industry and the monitoring of Alyeska's contingency plan (C-plan).

The Alaska Forum was founded on the principle that employees, industry regulators, concerned citizens, and others should be free to voice their concerns without fear of retaliation. We still hold to that mission. And with the many whistleblower allegations on the Trans-Alaska Pipeline (TAPS) that continue to surface, there is obviously a need for those who would protect and support these courageous individuals. For one such account of the vindication of a concerned individual, please see the update on the Doyon Drilling "Poisoning the Well" episode (page 1).

The TAPS C-plan also requires eternal vigilance on the part of the Alaska Forum. The plan, which was approved in November 1998, mandates that 4 drill scenarios be tested each year for the next 3 years (see story on page 4). The Alaska Forum has monitored these drills and we will continue to do so and advocate for tougher standards where they are required to safeguard Alaska's environment.

Our workplan for the year 2000 includes a continuation of the above programs, as well as gearing up for the 2004 Right-Of-Way renewal on TAPS. This permitting process is the ideal time to examine the successes and failures of the last 30 years, and incorporate what's right and fix what's wrong in a plan for the next 30 years. Despite vast improvements by Bob Malone and Alyeska, there is much work to be done to guarantee the safety of TAPS. To that end, the Alaska Forum will prepare an update to "Pipeline In Peril," our 1996 report that uncovered numerous problems with the maintenance and operation of TAPS.

This is an exciting time for the Alaska Forum and we welcome Ross Coen on board.



Printed on recycled paper.

A Betrayal of the People's Wealth

by Ross Coen

Opinion

The recent public hearings on the BP-Arco merger marked a low point in the formation of public policy. The mission statement of the Alaska Forum reads that we will “hold...government accountable” to protecting the environment and ensuring a sustainable economy. With that in mind, I feel bound to do exactly that – hold Governor Knowles accountable for the breakdown and complete failure of public policy with regard to the BP-Arco merger.

The proposed acquisition of Arco by BP has, as we all know, profound implications for both Alaska's economy and the environment. With one company poised to assert majority control over Alaska's oil industry, everything from our state's budget and share of revenues to environmental safeguards to the political climate – indeed our very state sovereignty – are all called into question. A thorough public review of the many issues was essential from the very beginning.

When the merger was first announced in April, the Governor made quite a large show of his “cabinet level” review team and the many high-priced consultants the state retained. But then...it all disappeared for months behind closed doors. This critical piece of public policy went on throughout the summer, but *without* public involvement. The first anyone knew of the process was the Governor's speech in August – when the framework was set and the course for negotiation already plotted.

Some might say that that was quite all right because the State had an entire team of expert consultants protecting our interests. But did we? The famed anti-trust lawyer David Boies was used sparingly, as evidenced by his appearance on a statewide talk-radio program, where he displayed a remarkable lack of knowledge in many areas. (But we should apparently be grateful for his services because we got him at half-price, a mere \$275 an hour.) Additionally, many of the state's consultants reportedly waited by the phone all summer but were never given any substantial work to do. And if you

contact them now and ask how much work they did, they will invoke a confidentiality agreement and say nothing. And this is *public* policy?

These inconsistencies, however, pale in comparison to what appears to be outright negligence on the part of the Knowles Administration. In that August speech, the Governor admitted that the tariffs on the Trans-Alaska Pipeline (TAPS) are prohibitively high and represent a barrier to competition. The Commissioner of Natural Resources, John Shively, stated the same thing before the Legislature. They specifically stated that in order to guarantee competition, at least on TAPS, the issue of tariffs must be resolved. But nowhere in the Knowles-BP “deal” is that issue addressed. When pressed on the matter, Shively stated that “every member of the [Governor's] negotiating team wanted to change the tariff, but BP said no and so we didn't get it.” That sounds like an admission that the negotiations failed.

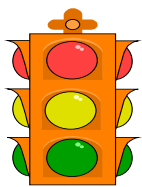
“The cavalier and reckless manner in which Governor Knowles has administered the people's wealth is simply unconscionable.”

Furthermore, the Administration now maintains that they wanted either a change in the tariffs *OR* divestiture of TAPS (which they achieved, at least in part). But this was not how the issue was presented in the August speech nor in Shively's testimony before the Legislature. Back then, they only mentioned changing the tariffs. This sounds suspiciously like the child who wanted ice cream, but then after getting a piece of cake maintained that he wanted cake all along.

Once the deal was finally agreed upon, the so-called “Charter” was released to the public on November 5. (Remember that just 4 days earlier the Governor sought to block the merger with the Federal Trade Commission. Could this have been so much window dressing? A pre-arranged ploy?

(continued on page 6)

TAPS C-plan UPDATE



Alyeska/JPO Drill Scenarios Fall Short

Despite Best Intentions, JPO Allows More Training Instead of Drills

On December 9, the Joint Pipeline Office (JPO) held a TAPS stakeholders meeting in Glennallen. The purpose of the meeting was to foster a continuing dialogue between the pipeline's operator (Alyeska), the pipeline's regulator (JPO), and the general public who live in the pipeline's corridor. Although a laudable goal, the Alaska Forum believes that the meeting's shortcomings outweighed any benefits of information exchange.

During public hearings on the TAPS C-plan in 1998, the Alaska Forum expressed concerns that the proposed spill response plan submitted by Alyeska lacked an adequate spill response training program. When the Alaska Department of Environmental Conservation (ADEC) announced its approval of the TAPS C-plan in November 1998, its press release heralded "a training and drill program that will assure that all response tactics are exercised and proven to be effective. Copper, Yukon and Lowe Rivers are the first to be tested." Conditions of approval attached to the plan required that Alyeska "exercise all (12) scenarios in the plan . . . with not less than four scenarios exercised each year." Simply put, Alyeska was mandated to hold drills on four scenarios per year for 1999, 2000, and 2001.

So did they hold four drill scenarios in 1999? And if so, how was their performance? If one was to judge simply from the information presented at the stakeholders meeting in Glennallen, the answers to both questions are curiously unclear.

Information gained from the JPO in Anchorage – but NOT presented in Glennallen – suggests that drills occurred in the region north of the Yukon River, but these reports do not provide an over-all picture of the drill program. Indeed,

they are Alyeska's own reports and lack any and all JPO observations, rendering them suspect at best.

Participants in the Glennallen meeting were given three quarterly summary letters from Alyeska that listed 50 "exercises" of various types, including call-outs, "recon" drills with limited equipment deployment, table-top (virtual) drills and responses to two actual incidents. These lists provided little basis for assessing Alyeska's actual ability to respond to a spill; to make that assessment one would need information such as a description of the event, a summary of lessons learned, incorporation of those lessons into the C-plan and JPO observations – all things missing from the Glennallen meeting.

Additionally, it appeared to at least one observer that Alyeska, with JPO's consent, substituted training exercises for the drill scenarios. The difference here is like that of a football team that continuously diagrams plays on the locker room chalkboard, but never holds a scrimmage on the field.

One of the meeting's participants, Ruth McHenry of Copper Center, commented that a drill quite near her home went off without any notice from JPO that it was happening. Additionally, any information on the drill's outcome was sorely lacking. "I am genuinely confused," she noted, "about a system that, whether by design or default, discourages participation from folks who might have key local knowledge to assist in that goal."

(continued on next page)



(TAPS C-plan, continued from previous page)

This lack of available information at the meeting only fosters doubts as to Alyeska's compliance with the new C-plan. These doubts include the requirements announced with the C-plan's conditional approval one year ago: (1) that the new C-plan would test four of the approved scenarios in 1999, (2) that response capabilities on the Lowe, Copper and Yukon Rivers would be tested first, and (3) that all containment sites would be exercised or field tested, with one-third of all containment sites evaluated each year.

The Alaska Forum is deeply concerned that we are having such difficulty obtaining simple information that would indicate whether any of these promises have been fulfilled. ❖

Alaska Forum Board Member Sounds Off On Knowles-BP Deal

(The following brief excerpt is from Walter Parker's Compass piece in the Anchorage Daily News 12/20/99)

Now that Gov. Tony Knowles has signed the charter with BP Amoco...it is even more important for the people of Alaska to understand how weak this agreement is and how badly the future of Alaska has been injured by this supine sellout on every important point.

The most important point missing from the charter is the total divestiture of the Trans-Alaska pipeline by BP to an independent entity which would guarantee all shippers fair and equal access.

This could even be a quasi-public corporation, similar to the Alaska Railroad, if necessary. BP, by its majority control of the pipeline, now keeps tariffs at a high level for the 51 percent of the oil it owns that is shipped through the Alyeska Pipeline system.

This tariff is 40 cents higher than the lowest pipeline tariff, and if all those tariffs were to move to the BP level it would cost the state \$40 million a year in reductions to the wellhead price.

To obtain a copy of the entire article, please contact the Alaska Forum.

Visit the Alaska Forum on the WEB!



www.alaska.net/~afervdz

To reach us by email:
afervdz@alaska.net

(BP To Pay \$22 Million Fine, continued from page 1)

Drilling Inc. Doyon refutes this claim, saying that BP knew of and endorsed the practice of injecting wastes down wells.

The guilty plea entered in federal court this fall underscores that whether BP knew of the illegal dumping or not, they are nevertheless responsible for the actions of their contractors. U.S. Attorney Robert Bundy, in the 9/24/99 Anchorage Daily News, explained it this way: "You cannot contract away your environmental responsibilities."

The settlement with BP follows an April 1998 plea agreement between the Justice Department and Doyon Drilling Inc. In that agreement, Doyon plead guilty to 15 misdemeanors, was fined \$1 million, and agreed to spend another \$2 million on an environmental compliance program. Additionally, three Doyon employees agreed to each pay \$25,000 fines.

"This latest guilty plea clearly underscores that industry self-monitoring is not working," said Ross Coen of the Alaska Forum. "Despite all of BP's claims that they have adequate safeguards in place, this dumping of hazardous wastes occurred for years right under their noses." Endicott has long been touted by the oil industry as a "model" of environmentally-sensitive development.

A sentencing hearing will be held January 7, 2000, in U.S. District Court where a federal judge will decide whether to accept BP's plea agreement.

❖

(Opinion, continued from page 3)

The Governor gets to look tough, for a few days at least, and BP still gets what they want.) Upon the release of the Charter – which was labored over for months – the public had exactly 10 days to read the unwieldy, lawyer-esque document, digest its contents, and prepare comments for the start of the public hearings.

Then, the hearings were scheduled with five days’ notice and the Anchorage hearing was booked in a room that fell far short of seating capacity – or even standing capacity.

Far more disturbing, however, was the revelation that the Administration and BP shared the same PR firm for publicizing the hearings (how convenient; probably cut down on the overhead that way). That was almost as disturbing as learning that the Administration lied about there being an FTC-imposed deadline to the process. But that was still not quite as disturbing as seeing the barrage of advertising by BP where elected officials from throughout the state voiced their support of the merger. As one long-time Alaskan put it, “We’re forming public policy via a PR campaign.”

In 1956, Bob Bartlett recognized that Alaska must be an independent state that would have control of its own destiny. He stated: “The taking of Alaska’s mineral resources without leaving some reasonable return for the support of Alaska’s governmental services...will mean a betrayal in the administration of the people’s wealth.” And the cavalier and reckless manner in which Governor Knowles has administered the people’s wealth is simply unconscionable.

Allow me to put this all in perspective with the following analogy. Students in the Political Science department of any university are often subject to oral examinations before being awarded a degree. Such a student may find him/herself before a panel of their professors and be asked this question: “*Suppose you are the governor of a state that is rich in natural resources. The two largest resource-extraction companies in your state plan to merge into one company. How do you, as governor, formulate public policy to guarantee your state’s sovereignty, environmental health, and economic stability?*”

If the student’s answer was – “*I would hold secret negotiations for months and keep the public terribly misinformed. Then, at the 11th hour, I would schedule town meetings with only a few days notice and I would make sure to hold those meetings in small, inadequate rooms and limit all testimony to three minutes. Then I would lie about there being a deadline for the process so I could ram it through before there were too many questions, and of course I would instruct my cabinet members and press spokespeople to smile a lot and say that everything’s ok, and then I would declare a victory and go home.*” – that student would invariably fail the exam.



**BP-Arco
ACTION ALERT!!!**

**Write the Federal Trade
Commission!**

It’s not too late to make your voice heard on the BP-Arco merger. The final decision currently rests with the Federal Trade Commission (FTC). They will decide – very soon – whether to accept the agreement as is, add tougher standards and concessions, or block the deal outright.

The Alaska Forum has been willing all along to wait and see what kind of agreement Governor Knowles was able to reach for Alaska – but his Charter with BP is little more than a sell-out and giveaway of Alaska. That’s why we’re asking the FTC to **BLOCK THE DEAL.**

Please write the FTC commissioners at the email addresses below and tell them that you oppose the BP-Arco merger! Thank you!

- Robert Pitofsky: rpitofsky@ftc.gov
- Sheila Anthony: santhony@ftc.gov
- Mozelle Thompson: mthompson@ftc.gov
- Orson Swindle: oswindle@ftc.gov
- Thomas Leary: tleary@ftc.gov

THE ALASKA FORUM'S BOARD OF DIRECTORS:**Dan Lawn, President, Valdez, AK**

Dan Lawn is an environmental engineer who worked on design and construction of the Valdez Marine Terminal and then joined the Alaska Department of Environmental Conservation as one of the first inspectors of terminal and tanker operations. He was the first regulator notified the night the *Exxon Valdez* ran aground on Bligh Reef. For over ten years before the spill, Dan documented the failures of the oil industry to adhere to their commitments to prevent spills and to adequately prepare for clean-ups, and warned the state about the potential for a major disaster in Prince William Sound. For his efforts, Dan was harassed, intimidated, and wrongfully demoted by the state. Dan was the hero of the HBO movie "Dead Ahead," about the *Exxon Valdez* tragedy and the feeble efforts of the oil industry to respond to the crisis. Dan has a B.S. in natural resources engineering from Humboldt State University. He is a founding member of the Board.

Riki Ott, Vice-President, Cordova, AK

As a fisherman and scientist, Riki Ott has watched the destruction of fish habitat that results from oil spills and irresponsible timber harvest practices along fish streams. She is the founder of the Copper River Watershed Project; is a former board member of the Alaska Clean Water Alliance; and was formerly the founder and president of the Oil Reform Alliance, a coalition of commercial fishing and environmental groups formed to increase oil spill prevention and response measures. In 1994, Riki received the Alaska Conservation Foundation's Celia Hunter Award for exemplary voluntary service to the environmental movement in Alaska. Riki has a PhD in marine pollution from the University of Washington and is currently an environmental consultant and activist, and free-lance artist. Riki is a founding member of the Board.

Dave Lacey, Secretary/Treasurer, Fairbanks, AK

Dave Lacey has been a Fairbanks resident and citizen watchdog of the Trans-Alaska pipeline for over 20 years. For the last fifteen years, Dave has served as the General Manager of Dinyee, a Native Village Corporation formed by the Alaska Native Claims Settlement Act. Dinyee lands surround the Trans-Alaska pipeline in the vicinity of the Yukon River crossing. Dave also runs Yukon River Tours, a Native business offering cultural and recreational tours of Stevens Village and the Yukon River. Dave is a founding member of the Alaska Citizens Transportation Coalition. Dave was elected to the Board in November 1997.

Stan Stephens, Valdez, AK

Stan Stephens is a leader in Alaska's tourist industry. He operates one of Alaska's largest tourism businesses – Stan Stephens Cruises – which runs boat tours of Prince William Sound from Valdez. For the last thirty years, Stan has witnessed the persistent degradation of Alaska's wildlife populations and wilderness from clearcuts, oil spills, and tanker traffic. Stan recently completed his second term as President of the Regional Citizens Advisory Committee, mandated by the Oil Pollution Control Act of 1990 to oversee oil industry operations in Port Valdez, the location of TAPS marine terminal and tanker loading facility. Environmental activists, the business community, and government officials consider Stan one of the leaders of Alaska's environmental community. Stan is a founding member of the Board.

Walt Parker, Anchorage, AK

Walt Parker has a long history of involvement in environmental issues in Alaska, particularly as a watchdog of Alaska's oil industry. During the construction of the Trans-Alaska Pipeline, Walt worked for the newly formed State Pipeline Coordinator's Office. From 1989 to 1990, he served as Chair of the Alaska Oil Spill Commission which investigated the *Exxon Valdez* oil spill. Walt is a former Professor of regional and urban planning, public administration, and political science at the University of Alaska Anchorage. In 1995, Walt was appointed by President Clinton to the U.S. Arctic Research Commission and the American delegation to the U.N. Arctic Environmental Protection Strategy. Walt helped found some of Alaska's original environmental organizations, including Trustees for Alaska, Alaska Conservation Society, and the Alaska Center for the Environment. Walt was elected to the Board in December 1995.

Please Join Us In Our Efforts to Sustain Alaska's Future.

The Alaska Forum needs your help. Your membership dues directly support our work to protect the rights of conscientious employees to speak the truth about threats to worker safety and the environment in Alaska. Please join by filling out the membership form below and returning it to us. The Alaska Forum is a 501(c)(3) nonprofit corporation. Donations in excess of benefits are tax deductible to the extent allowed by law.

___ \$25 ___ \$50 ___ \$100 ___ \$250 ___ Other

Name: _____ Occupation: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____

*Thank You! Please mail this form with your check to:
Alaska Forum, P.O. Box 188, Valdez, AK 99686*

Because some of our members are concerned about maintaining their confidentiality, the Alaska Forum does not share its mailing list with other organizations.



Non-Profit Org.
US POSTAGE
PAID
Valdez, AK
Permit No. 16

P.O. Box 188
Valdez, AK 99686

In This Issue...

- ⇒ Alaska Forum Welcomes New Program Director
- ⇒ BP Slapped With \$22 Million Fine for Endicott Dumping