

COOK INLET REGIONAL CITIZENS ADVISORY COUNCIL
Kodiak, Alaska
September 12, 2014
Approved Minutes

Members Present: John Williams, Robert Peterkin, Gary Fandrei, Carla Stanley, Paul Shadura, Walt Sonen, Rob Lindsey, Grace Merkes, Bob Flint, Deric Marcorelle, Michael Opheim

Members Absent: Molly McCammon (excused), Scott Smiley (excused)

Staff Present: Michael Munger, Susan Saupe, Vinnie Catalano, Jerry Rombach, Linda Giguere, Dinelle Penrod, Cindy Sanguinetti

Staff Present by Teleconference: Maritta Newgren

Others Present: Sarah Lovette, USCG; James Benzschawel, Homeland Security; Gary Folley, ADEC; Benjamin Johnson, Blue Crest Energy; Pat Branson, Mayor, City of Kodiak; Jerrol Friend, Mayor, Kodiak Island Borough

Others Present by Teleconference: Bruce Webb, Furie Alaska; Johnathon Schick, DNR

1. CALL TO ORDER/ APPROVAL

President John Williams called the meeting to order at 8:59 A.M. Roll was called, establishing quorum.

Robert Peterkin moved to approve the agenda. Paul Shadura seconded the motion. The agenda was approved.

Gary Fandrei moved to approve the minutes of April 25, 2014. Robert Peterkin seconded the motion. The minutes were approved.

- **Welcome & Introduction of Audience & Guests**

Guests introduced themselves.

Pat Branson, Mayor, City of Kodiak extended a welcome to CIRCAC and provided updates on the city's projects: a new pier, library, boat lift, police station and housing units on the Coast Guard. She concluded with an expression of gratitude, saying the RCAC's "work is very valuable to us."

Jerrol Friend, Mayor, Kodiak Island Borough, noted the borough is upgrading Antone Larson Bay Road, which leads to ice free waters and Kodiak has a new high school. Of the RCAC's efforts he said, "It's an important thing," and "quite a job."

Kodiak has the only integrated wind/hydro system in the world, Ms. Branson said, and now boasts 6 wind turbines.

- **Ex-Officio Appointments**

James Benzschawel, was appointed as Ex-Officio representing the Alaska Department of Military & Veterans Affairs, Division of Homeland Security and Emergency Management.

*****PRESENTATIONS ON RELATED ACTIVITIES*****

Benjamin Johnson, BlueCrest Energy, announced the Cosmo lease in Anchor Point is now owned entirely by BlueCrest. His company is privately held and 100% focused on Cook Inlet. The Directors are all high-level oil industry executives and Blue Crest plans to hire Alaskan contractors and employees.

The Cosmo field was discovered in '67, but never developed. BlueCrest partnered with Buccaneer and drilled Cosmopolitan State #1 in 2013, discovering a "large, undeveloped field" of both oil and gas. Oil will be drilled from land using extended reach drilling technology. The company has submitted a letter of intent for a 5 year drilling program. Permitting and design are underway. An offshore delineation well is to be drilled in 2015 on the southern half of the field. The company hopes to begin production during the first half of 2016 trucking oil to Tesoro, until a pipeline is built up the existing corridor.

Regarding gas development Blue Crest is planning 2 offshore gas only platforms, with the intent to tie into the subsea gas pipelines using the Endeavour. The entire process system will be computer automated. The physical pipeline connections will all be placed below the low tide line and the platform will be small. No schedule has been established for gas development.

The crude at Cosmo is heavy and sweet, with no sulfur. Water will be filtered to re-inject. Mr. Johnson does not anticipate interfering with sports fishing in the area. There will be no onshore discharge. The platform will be designed to operate unmanned, but has quarters for 12 personnel, and there will be people out there. BlueCrest does not plan to drill for oil in the winter. Mr. Johnson stated, "This is a huge asset of oil; it's going to take a long time to develop it."

Bruce Webb, Furie Alaska, updated the RCAC on the installation of a natural gas monopod which will be placed over KLU#3 and connected to Furie onshore via a 10" gathering line that will run parallel to CIGGS. The platform is designed to operate unmanned, but it will be crewed for the first 6 months, and visited regularly by crewmembers over the following 6 months.

Furie purchased property in Nikiski to construct an onshore facility to process the gas, to possibly supply Agrium, Conoco and/or Enstar lines to Anchorage. Construction of the facility began in May; the underground work is complete and the remaining work will continue through the winter.

The platform was transported by Crowley and will be wintered at Port McKenzie. The pipeline will be installed in the spring.

Gary Folley, ADEC, spoke about the reorganization merging the Industry Preparedness and Pipeline and the Division of Spill Prevention and Response programs to work more efficiently given dwindling funding. Mr. Folley anticipates the new Prevention, Preparedness and Response Program will provide improved customer service by combining overlapping responsibilities and better utilizing existing staff. He vowed that the department will not reduce services or cut c-plan requirements. Sub Area committees may be involved in spill drills and exercises designed to drill key areas. The changes will take time, but they are a high priority, he said, presently the staff is underutilized.

Mr. Munger said he supports the reorganization to increase efficiency and reduce duplication but not environmental protection. Mr. Shadura recommended the Council draft a position. The Executive Director will circulate a one page position paper via email.

There was no public comment.

2. EXECUTIVE COMMITTEE REPORT

Executive Committee Chairman John Williams reported the Executive Committee approved the financial audit, reviewed the proposed reallocation of carry over funds and the draft 2015 operating budget. The committee held an Executive Session to discuss personnel and financial issues.

3. EXECUTIVE DIRECTOR'S REPORT

Maritta overviewed the 2014 operating budget and the RCAC's financial position. Following the audit \$92,261.44 in carry over was identified. Of that \$37,500 will be held to cover the outstanding debt owed by Buccaneer; and as per the advice of the auditors \$12,251.44 will be held unallocated; the remaining funds have been allocated to EMC (\$30,000); PROPS (\$10,000); and the Harbor Safety Committee (\$2,500). The proposed 2015 operating budget was based on the 2014 budget + the CPI increase. Health insurance is estimated to rise by 15%. The Council discussed the budget and the employee leave policy which is itemized separately per auditor recommendation.

Mr. Munger reported the Council has filed proof of claim in response to Buccaneer's bankruptcy. The Cook Inlet Navigational Risk Assessment panel held its final meeting to develop risk reduction measures. The final report will be circulated in December. The Coast Guard and DEC support the RCAC's lead on the formation of a Harbor Safety Committee, one of those risk reduction measures. The first meeting will convene in conjunction with the winter ice meeting. A second risk reduction measure is a subsea pipeline from the west to east side of the inlet. Mr. Munger said he is really proud to get the risk assessment done; it has been a priority since '99.

Mr. Silver is monitoring the Federal Pre-emption for Certain State Laws and Regulations issue, which if enacted would affect the RCAC's ability to fulfill OPA90 mandates. CIRCAC submitted comments. Cook Inlet RCAC received 54 letters of support and has been recertified.

The Council will consider the Long Range Strategic Plan in December, in order to keep current. Directors were urged to submit their conflict of interest form.

4. STATUS OF PROGRAMS & PROJECTS

- **Administration**

Jerry Rombach reported that all administrative tasks are up to date. Staff has been working to revitalize an orientation program for new Directors and public members. CIRCAC is benefitting from an intern who is working on record retention tasks.

- **Environmental Monitoring Committee Report**

Susan Saupe explained the EMC Committee allocated carryover funds as follows: \$2,000 for NPDES reviews; \$16,000 for DMR Database; \$2,000 to respond to court decisions on NPDES permit; and \$10,000 for Project Management tools.

Ms. Saupe has submitted a draft proposal to BOEM via NPS for an intertidal study in Cook Inlet. She participated in intertidal/nearshore surveys to Katmai National Park this summer. A proposal is being prepared to continue Cook Inlet beluga prey research. EMC is working with AOOS on a successfully funded project to further develop training and user tools for use of the Cook Inlet Response Tool.

Ms. Saupe has been requested to participate in the organizing committee for the State of the Science for Dispersants in Arctic Waters Initiative.

- **Public Involvement Report**

Lynda Giguere reported on various outreach efforts to support the CIRA and development of the Harbor Safety Committee. She is working on ideas for the 25th Anniversary and continues to publish the E-newsletter.

- **Prevention, Response, Operations & Safety Committee Report**

Vinnie Catalano reported the state has granted \$70,000 for an Ice Forecasting camera at the mouth of the Kenai River. An AIS transmitter and weather sensor will be installed at the same location. Staff recently met with Crowley about the Furie platform installation and attended a Hilcorp Alaska spill prevention and best management practice strategy meeting. Apache continues to conduct seismic activity with the possibility of beginning exploration drilling.

Three Directors, two public members and staff attended the IOSC and toured the Exhibit Hall to view newest response and prevention equipment displays between sessions. A memory stick downloaded with Coastal Impressions photos has been created to distribute as a public outreach tool.

Staff attended drills at Conoco Phillips and Hilcorp.

- **Protocol Committee Report**

Vinnie Catalano reported the committee submitted comments regarding the U.S. Coast Guard Assessment Framework and Organizational Restatement Regarding Preemption for Certain Regulations Issued by the Coast Guard, highlighting how the proposed preemption would affect CIRCAC's ability to carry out its OPA90 mandate. The committee reviewed the BlueCrest c-plan and provided comments requesting clarification regarding monitoring ice conditions and criteria for extending operations into the ice season.

5. CALENDARS & MISCELLANEOUS

- **Next Council Meeting**

Cook Inlet RCAC will meet on December 4 & 5 at the Captain Cook Hotel in Anchorage.

*****Closing Comments*****

Vinnie Catalano announced the Protocol Committee needs to meet to review a major amendment to the Cook Inlet Energy plan.

Mr. Munger and **Directors** commended the staff.

The meeting adjourned at 1:44 P.M.