

STATE OF ALASKA

**DEPT. OF ENVIRONMENTAL CONSERVATION
DEPT. OF FISH & GAME**

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Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Representatives:

Thank you for expressing your interest and concern in the situation at the Drift River Terminal. We particularly appreciate your constructive suggestions and offer of assistance. We also appreciate that you understand that this is a complex situation. Our focus and emphasis is protecting the invaluable Cook Inlet environment and natural resources. We must also take into account, however, other important concerns such as the safety of personnel at the site and implications for continued production of crude oil from the west side of Cook Inlet.

Before turning to your specific questions, we want to assure you that we are fully committed to managing the situation at the terminal, to communicating developments with you and others, and to protecting the invaluable Cook Inlet resources. We trust you will understand that we are simply unable to respond to some of your questions about future plans and operations at this time. We can say that the long-term plan for the facility will be a matter for company business decisions and state policy including ample opportunity for public involvement. We turn to your specific questions.

We would like to know details of the plan to move oil from the Drift River terminal when the dock is closed. At what point will wells be shut in? What does it take to reopen them? Is it possible in the future to create a surplus storage facility away from Drift River for times like this.

A tanker is scheduled to arrive April 4. Crude oil will be moved from the two tanks at the facility to the tanker once the tanker is in place and as conditions allow. An evaluation of the loading dock, transfer lines, pumps and power has been completed. As of April 1, Anna and Bruce off-shore oil production platforms are shut down. The Dolly Varden platform has scaled back production to preserve remaining storage. Crude oil storage capacity remains at three and one-half days for the Granite Point platform and seven days at the Trading Bay facility. The Pacific Energy Resources Limited facility has additional storage capacity for approximately 45 days. We are not able to respond to your question about what it will take to re-start the platforms that have been shut down at this time but will provide that information when we can.

With continued oil production, we are told that within a week more crude oil is going to have to be sent to the endangered Drift River storage tanks, increasing the chance of a spill into Cook Inlet's salmon rich waters. What are the plans for opening the dock? What are the impediments to reopening the dock? Does the state have a roll? Certainly we would be concerned about human safety matters, and would not want to risk grave injury for people if that's what would be required to re-open the facility.

As mentioned previously, the berthing area has been surveyed and cleared by the U.S. Coast Guard for arrival of a tanker. A tanker is scheduled to arrive April 4. The Unified Command is developing plans that will guide oil storage and movement to and from the Drift River storage tanks. Plans are also being developed that specify actions to safeguard personnel and equipment in the event of changes in volcanic activity. All plans will be in place before the tanker arrives. There are currently no impediments to opening the dock and the schedule is dependent upon vessel availability. As for jurisdiction, the U.S. Coast Guard has jurisdiction for opening and closing the port to tanker traffic. In general, state agencies retain jurisdiction as provided by state statute, but are exercising their jurisdiction through the Unified Command.

What is the long term plan for this facility? It seems clear that the current set up poses a great public danger.

As mentioned previously, we cannot respond to this question at this time.

Again, we assure you that we are fully committed to managing the situation at Drift River, to communicating developments with you and others, and to protecting the invaluable Cook Inlet resources. We will continue to provide updates via e-mail and by posting information on the internet at http://www.dec.state.ak.us/spar/perp/response/sum_fy09/090324201/090324201_index.htm.

Sincerely,



Larry Hartig
Commissioner



Denby Lloyd
Commissioner

cc: Jerry Gallagher, Legislative Director, Office of the Governor
Cora Crome, Special Assistant, Office of the Governor
Joe Balash, Special Assistant, Office of the Governor
Sharon Leighow, Deputy Press Secretary, Office of the Governor