

ALASKA OIL AND GAS CONSERVATION COMMISSION

2

3 Before Commissioners: Cathy Foerster, Chair

4 Daniel T. Seamount

5 Hollis French

6

7 In the Matter of Proposed Changes to)

8 Regulation 20 AAC 25.280(f).)

9 _____)

10 Docket No.: R 16-002

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12 ALASKA OIL and GAS CONSERVATION COMMISSION

13 Anchorage, Alaska

14

15 PUBLIC HEARING

16 December 15, 2016

17 9:00 o'clock a.m.

18

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20

21 BEFORE: Cathy Foerster, Chair

22 Daniel T. Seamount

23 Hollis French

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P R O C E E D I N G S

9:01:04

(On record - 9:00 a.m.)

CHAIR FOERSTER: I'll call this hearing to order. This hearing is being held on the morning of December 15th, 2016 at 9:00 a.m. The location is the offices of the Alaska Oil and Gas Conservation Commission, 333 West Seventh Avenue, Anchorage, Alaska. Before we begin I'll introduce the Commissioners. To my left is Commissioner Dan Seamount, Commissioner Hollis French is to my right and I'm Cathy Foerster.

If there's anybody here who needs any special accommodations in order to participate in today's proceedings, please signal and our special assistant will provide you with that. Okay. Seeing none.

Computer Matrix will be recording the proceedings today. Upon completion and preparation of the transcript persons desiring a copy of today's transcript will be able to obtain one by contacting Computer Matrix.

This hearing is being held in accordance with regulations governing public hearings, specifically AS 44.62 and 20 AAC 25.540 of the Alaska Administrative Code. I'll go over this in greater detail in a few moments, but the general topic of today's hearing is

1 public notice and hearing on hydraulic fracturing of
2 wells in Alaska, but first before we begin I'd like to
3 cover a few housekeeping items.

4 I understand that we have several people
5 listening online. At this time if you have not already
6 given your name, your affiliation and whether or not
7 you intend to testify to our secretary I would like you
8 to do so in as orderly a fashion as possible. One of
9 you chime in and then we'll keep going until all of you
10 -- because I've heard the phone blip about four or five
11 times. So I'd like for each one of you to state your
12 name, spell it slowly and clearly, state whom you are
13 representing, perhaps you're representing yourself and
14 that's just fine, and state whether you intend to
15 testify. This will help us with time management and
16 ordering of testimony. But don't worry, if you don't
17 state that you intend to testify, but then later decide
18 that you want to, we'll have an opportunity for that
19 after all others have testified.

20 MS. NELSON: Good morning, Commissioner. This
21 is Lori Nelson, L-O-R-I N-E-L-S-O-N, representing
22 Hilcorp. I do not plan to testify.

23 MS. LIMACHER: My name is Deborah Limacher,
24 L-I-M-A-C-H-E-R. I represent myself, I'm a commercial
25 fisherman in Cook Inlet. And I do plan to testify.

1 MS. HOLZWARTH: My name is Suraj Holzwarth,
2 H-O-L-Z-W-A-R-T-H. My first name's Suraj, S-U-R-A-J.
3 I'm representing myself and the Whirling Rain
4 Foundation international nonprofit and local to Homer
5 nonprofit. And I do plan to testify.

6 MR. WILLS: My name is Andrew Wills, W-I-L-L-S.
7 And I am representing myself and I would like to
8 testify against the fracking if at all possible.

9 CHAIR FOERSTER: Anyone else?

10 MR. SCHUSTER: My name is Mike Schuster, S-C-H-
11 U-S-T-E-R. I'm a resident of Ninilchik in the southern
12 Kenai, I would like to testify.

13 MR. PERSILY: And this is Larry Persily, P-E-R-
14 S-I-L-Y, I represent the mayor of Kenai Peninsula
15 Borough and I have short testimony to offer.

16 CHAIR FOERSTER: Okay. Anybody else who's
17 already given their name and their desire to testify to
18 the secretary does not need to restate it, but is there
19 anyone who we've missed?

20 MS. AREVALO: My name is Nicole Arevalo, last
21 name A-R-E-V-A-L-O and I represent myself and I'd like
22 to testify.

23 CHAIR FOERSTER: Okay. Anyone else?

24 (No comments)

25 CHAIR FOERSTER: At this time I'd like to see

1 if there is anyone either in the room or on the phone
2 who cannot stay for the entire hearing and thus needs
3 to be put early on the list of those testifying. We'll
4 start with those in the room. Is there anyone in the
5 room who would like to testify soon so you can make
6 another commitment?

7 (No comments)

8 CHAIR FOERSTER: Nobody's waving their hand.

9 All right. Is there anyone on the phone who needs --
10 has another commitment and needs to get their testimony
11 in early so they can leave?

12 MS. HOLZWARTH: yes, my name is Suraj
13 Holzwarth.

14 MR. WELLS: Andrew Wells would like to testify
15 sooner.

16 CHAIR FOERSTER: Okay. Anyone else?

17 (No comments)

18 CHAIR FOERSTER: Okay. So at this time
19 everyone who's calling in, if you have a mute option on
20 your phone please engage that at this time. If you do
21 not have that option on your phone, please remain aware
22 that any noises coming from your phone will be heard by
23 all and may be disruptive to the hearing process.
24 Failure to put your phone on mute and failure to keep
25 that in mind may compromise your and others' ability to

1 hear what is being said today.

2 Did someone else just come on the line, someone
3 new come on?

4 MS. LETT: Yes, this is Victoria Lett.

5 CHAIR FOERSTER: Okay. Okay. All right. A
6 reminder to put your phone on mute if you're not -- if
7 you have that capability.

8 All right. Now for those of you in the room,
9 if you have not signed in please do so now with -- see
10 either Jody or Sam and sign in with them. The sign in
11 sheet will be used as part of the public record and it
12 will help us in planning things so that the hearing
13 will go more smoothly. So especially if you plan to
14 testify make sure you have indicated that on your sign
15 in. And again if you change your mind and decide later
16 that you need to speak, we will make an opportunity for
17 that later in the hearing process.

18 All right. There will be a five minute time
19 limit on oral testimony for each participant. At the
20 end of your testimony if you have comments in written
21 form that you're willing to provide, please hand them
22 to the court reporter, that will make his job a little
23 easier. All comments, whether submitted in writing,
24 via email or letter or delivered here today orally,
25 will be used in making our final decision.

1 We will be leaving the record open after we
2 adjourn today. At the end of the hearing we will
3 determine the appropriate amount of time needed and set
4 a date to close the record. It will depend on if there
5 are questions we have that aren't answered today that
6 might require more time to give a response, we'll work
7 through that at the end of the hearing, but we will
8 leave the hearing open an adequate amount of time for
9 additional comments and responses.

10 All right. For those testifying, your
11 testimony must have relevance to the topic of these
12 draft regulations. Testimony that uses foul language
13 or is otherwise inappropriate will not be allowed. We
14 will shut you down if you do those things you know
15 you're not supposed to do. And I'd like to remind
16 those that are testifying to speak into the microphone
17 so that persons in the rear of the room can hear you
18 and so that the court reporter can get a clear
19 recording of what you say. I will ask each person
20 testifying whether he or she would like to be
21 considered as an expert witness. If you're testifying
22 as an expert you must have the credentials, i.e.,
23 you'll have to tell us your background and your
24 schooling.

25 The subject matter of today's hearing is for

1 the Commission to consider adopting changes in Title
2 20, Chapter 25 of the Alaska Administrative Code,
3 specifically Bob Shavelson, acting on behalf of Cook
4 Inletkeeper has requested that the Commission hold a
5 hearing on a proposal to amend 20 AAC 25.280. Mr.
6 Shavelson has proposed that the following phrase be
7 added to 20 AAC 25.280(f). And the phrase is, will be
8 reviewed by the Commission in accordance with 20 AAC
9 25.540, but I'll read the whole piece and then I'll
10 explain what that means. An application for sundry
11 approval for a well proposed for stimulation by
12 hydraulic fracturing as defined in 20 AAC 25.283(m),
13 here's where the addition comes, will be reviewed by
14 the Commission in accordance with 20 AAC 25.540 and.
15 That's where it ends. It must also comply with 20 AAC
16 25.283. In layman's terms this would provide that a
17 public notice and comment period along with a public
18 hearing be required each time the Commission has under
19 consideration a permit for hydraulically fracturing any
20 well anywhere in Alaska.

21 Once again I'll remind those of you testifying
22 that this is a public hearing, it's not a debate,
23 please be courteous of the person who has the
24 microphone and is speaking.

25 All right. And it sometimes occurs in our

1 hearings that a member of the audience would like to
2 have a question directed to someone testifying. You
3 guys don't get to ask the questions, we do. So if you
4 have a question that you think is for the good of the
5 cause please provide your question in writing along
6 with your name and that of the witness you'd like your
7 question directed to and give it to either Ms. Colombie
8 or Ms. Carlisle. Before the end of the hearing we will
9 review these questions and ask those that we feel will
10 be beneficial to us in eliciting relevant information
11 needed to make our decision.

12 The notice of this hearing was published in the
13 Alaska Dispatch on October 21st, 2016 and November 8th,
14 2016. It was also posted on the State of Alaska online
15 notices website as well as the AOGCC's own website.

16 All right. If you need a copy of the proposed
17 regulations please see Jody Colombie. If you just want
18 to submit a written comment that you haven't already
19 submitted and you don't intend to testify you can also
20 give your written comments to Jody and they will become
21 part of the record.

22 All right. Before I get started I'm going to
23 take a deep cleansing breath and see if either one of
24 the other Commissioners has anything for the good of
25 the order.

1 Commissioner Seamount.

2 COMMISSIONER SEAMOUNT: Yes, I have a few
3 things to say.

4 (Off record comments)

5 COMMISSIONER SEAMOUNT: I'd like to welcome
6 everybody to these important proceedings. One thing I
7 would like to say is that I have to testify briefly at
8 a different proceeding sometime and I'm going to get
9 the call, and when I get the call don't think I'm rude
10 when I say we're taking a break and my testimony should
11 be very short and the break will not take that long.
12 So please don't think I'm rude if I interrupt you.

13 That's all I have to say.

14 CHAIR FOERSTER: Commissioner French, do you
15 have anything to add?

16 COMMISSIONER FRENCH: I guess I just have one
17 question. I mean, I appreciate the comments of you,
18 Madam Chair, and my co-Commissioner, I think it is an
19 important hearing today. My question I think is mainly
20 directed at those who will be testifying in favor of
21 the proposed regulation and that is do you see a frack
22 job on the Kenai Peninsula which is where we've gotten
23 most of the messages from, the same as a frack job that
24 takes place on the North Slope. And so for those of
25 you who are testifying in favor of the regulation I'm

1 interested in your perspective on that question, are
2 they the same thing in your minds or are they different
3 things, a frack job on the Kenai Peninsula versus one
4 that takes place on the North Slope.

5 And that's my only question and comment. Thank
6 you.

7 CHAIR FOERSTER: Okay. Thank you both. And
8 I'll second what they said about thanking you all for
9 your participation in today's hearing.

10 All right. We're going to start with Mr.
11 Shavelson, since he requested this hearing we'll hear
12 any testimony from him first.

13 (Off record comments)

14 CHAIR FOERSTER: Okay. Mr. Shavelson, would
15 you please state your name and who you represent for
16 the record and then I'll swear you in.

17 MR. SHAVELSON: My name is Bob Shavelson, I'm
18 the executive director of Cook Inletkeeper.

19 CHAIR FOERSTER: Oh, turn your microphones on,
20 both of them.

21 All right. Raise your right hand.

22 (Oath administered)

23 MR. SHAVELSON: Yes.

24 CHAIR FOERSTER: All right. Would you like to
25 be recognized as an expert in any subject matter area?

1 MR. S: Just as a human.

2 CHAIR FOERSTER: All right. Please proceed.

3 MR. SHAVELSON: Thanks.

4 BOB SHAVELSON

5 called as a witness on behalf of Cook Inletkeeper,

6 testified as follows on:

7 DIRECT EXAMINATION

8 MR. SHAVELSON: Yeah, my name's Bob Shavelson,

9 I'm the executive director of Cook Inletkeeper. Cook

10 Inletkeeper is a community based nonprofit, we've been

11 working since 1995 to protect the Cook Inlet watershed

12 and the life it sustains. Really appreciate the

13 opportunity to have this hearing and to address this

14 issue. We believe it's just a basic right of good

15 government to have open government and transparency in

16 the discussion around fracking. And I have to say that

17 in the 22 years I've been doing this work some of the

18 most vigorous debate that I've seen around these issues

19 has come around hydraulic fracturing. Some of it I

20 think has been more emotional than fact based, but the

21 proliferation of hydraulic fracturing in the lower 48 I

22 think has certainly prompted a lot of concern.

23 When I look at where our nation is and where

24 our state is and I go back to our democratic ideals, I

25 mean, they're founded in transparency and public

1 participation and when issues of hydraulic fracturing
2 implicate or potentially implicate publicly owned lands
3 and waters it only makes sense to us to give Alaskans
4 an opportunity to review these permit applications and
5 to comment on them. And I guess I just -- I believe
6 when you were speaking originally the way I interpret
7 the rules is there be an opportunity for a hearing, but
8 it wouldn't be mandatory unless someone requested it.
9 And I think as you can see here there's not a big
10 circus atmosphere or anything like that, I think
11 there's an legitimate need to engage in some of these
12 issues. So I don't see in the future that people are
13 going to be coming out of the woodwork requesting
14 hearing after hearing after hearing on fracking
15 applications. I think it's simply a matter of making
16 them available and if people want to weigh in on them
17 they certainly can.

18 I've heard a lot that hydraulic fracturing and
19 other stimulation techniques have been ongoing for
20 decades in Cook Inlet and beyond and the point I'd like
21 to make is our understanding of the harms, the
22 potential harms from fracking has grown considerably
23 over the past decade and I want to introduce for the
24 record and I gave to Jody a couple documents. For the
25 record the first one is Compendium of Scientific,

1 Medical and Media Findings Demonstrating Risk and Harms
2 of Fracking. And that's by Concerned Health
3 Professionals in New York and Physicians for Social
4 Responsibility. And the second one just came out
5 within the last week and it's from the U.S.
6 Environmental Protection Agency and they've done an
7 exhaustive study entitled Hydraulic Fracturing for Oil
8 and Gas, Impacts from the Hydraulic Fracturing Water
9 Cycle and Drinking Water Resources in the United
10 States. I only introduced the executive summary of
11 that report to the Commission because the whole report
12 is voluminous. And I think if you look at these
13 documents there are specific and quantifiable risks and
14 harms to ground and surface waters from hydraulic
15 fracturing and the water withdrawal and the waste
16 disposal activities that accompany them. And while we
17 certainly recognize the geology and the hydrology in
18 Alaska are in many ways different from the scenarios
19 set in literature, there are a lot of parallels that
20 make these documents highly relevant.

21 I guess another important point to make is that
22 AOGCC already offers public notice and comment on a
23 variety of activities. These include well spacing,
24 applications for annular disposal of drilling waste,
25 applications to commingle production and injection

1 within the same wellbore and maybe most appropriately
2 applications for enhanced recovery. So we believe it
3 just makes basic sense that there should be the same
4 opportunity for hydraulic fracturing operations.

5 One of the things that I've heard again too is
6 that this is simply an effort to create additional cost
7 for industry and delay and I'd respond to that in a
8 couple ways. First I'd just say in terms of the delay
9 these fracking applications are very complicated and I
10 appreciate the Commission providing the BlueCrest
11 application and BlueCrest has been very forthcoming I
12 have to say also. They're voluminous and complicated
13 documents and I know it's taken the Commission several
14 months to review these things. I don't think it's too
15 much to ask for a 30 day public review period where the
16 public could have an opportunity to look at them.

17 And I guess a second issue would be that I
18 think there's value that can come from the public. We
19 were able to engage with Natural Resources Defense
20 Council and, Madam Chair, you were on the panel in
21 Homer with the senior scientist there, Breanna Mordick,
22 and she produced a memo that had information that I
23 believe could be helpful to the Commission. So I think
24 there's real value in opening up in that way.

25 So when we look at the argument about cost and

1 delay, these are simply, you know, the cost of doing
2 business in a place where healthy communities and clean
3 water are so essential. And we'd hope the Commission
4 would agree and I'd be happy to take any comments.

5 And one thing that I'll do, again we didn't try
6 to create a big circus environment here with a lot of
7 protestors, but I do have a sheet here with over 200
8 people signing a statement saying that they support
9 public notice and comment for this rulemaking.

10 CHAIR FOERSTER: Okay. Does that complete your
11 testimony, Mr. Shavelson?

12 MR. SHAVELSON: Yes, it does.

13 CHAIR FOERSTER: All right. Commissioner
14 Seamount, do you have any questions for Mr. Shavelson?

15 COMMISSIONER SEAMOUNT: Yes. Mr. Shavelson,
16 I'd like to thank you for providing those documents and
17 that's one of the things I'm going to request at the
18 end or we're going to request and that's anybody
19 talking about risk. We would like to see the evidence
20 in possibly that 30 day comment period so that we can
21 review them.

22 That's all I have to say.

23 CHAIR FOERSTER: Thank you. Commissioner
24 French, do you have any questions for Mr. Shavelson?

25 COMMISSIONER FRENCH: I'd just ask if you have

1 any thoughts about the question I posed at the
2 beginning of the hearing?

3 MR. SHAVELSON: I -- you know, I think it's
4 difficult to parse it down. I would say there should
5 be uniform application because, you know, the thing
6 that's I think prompted a lot of concern is that
7 historically there wasn't a close proximity between our
8 communities and our oil and gas development. And now
9 that there's been this, I'll call it an encroachment,
10 you know, these two often conflicting uses coming
11 together, we've seen that controversy arise. And we're
12 seeing it more and more particularly on the southern
13 Kenai Peninsula. Who's to say in the next 50 or 100
14 years you're not going to see the same thing on the
15 Slope. And that those areas we thought we're not
16 potential drinking water sources all of a sudden are.
17 I think our planet and our state are changing rapidly
18 so I think a uniform rule across the board makes sense.

19 COMMISSIONER FRENCH: Thank you.

20 CHAIR FOERSTER: Thank you.....

21 MR. SHAVELSON: Thank you.

22 CHAIR FOERSTER:very much, Mr. Shavelson.
23 I think because we had two people on the phone who said
24 they wanted to testify early, we'll let them testify at
25 this point and then we'll go back to the -- going off

1 of the people in the room and then the people on the
2 phone.

3 So let's start with Ms. Holzwarth, you -- would
4 you take your phone off of mute and we'll listen to
5 your testimony.

6 MS. HOLZWARTH: Thank you so much.

7 CHAIR FOERSTER: But first.....

8 (Oath administered)

9 MS. HOLZWARTH: Yes.

10 CHAIR FOERSTER: Okay. Please proceed.

11 MS. HOLZWARTH: Thank you.

12 SURAJ HOLZWARTH

13 called as a witness on her own behalf, testified
14 telephonically as follows on:

15 DIRECT EXAMINATION

16 MS. HOLZWARTH: As a 37 year Alaskan and a
17 current resident of Hope, Alaska and also the executive
18 director of a local nonprofit, I'm completely actually
19 opposed to BlueCrest Energy fracking in Alaska or any
20 other fracking in Alaska.

21 CHAIR FOERSTER: Okay. Ms. Holzwarth, please
22 allow me to.....

23 MS. HOLZWARTH: But in particular this.....

24 CHAIR FOERSTER:interrupt you just for a
25 second. Please, I'm -- I apologize for my

1 interruption, but today's proceeding relates not to
2 whether BlueCrest fracks or anybody else fracks, but
3 today's proceeding relates to whether the Commission
4 will modify its hydraulic fracturing regulations to
5 allow for a 30 day comment period and the possibility
6 of a hearing. So please keep your testimony to that
7 because we have a lot of people who want to testify and
8 so we want to make sure the testimony relates to the
9 topic at hand.

10 Thank you. Please proceed.

11 MS. HOLZWARTH: Thank you. I cannot fathom
12 that if I wanted to cut a Christmas tree on the Kenai I
13 would -- I would actually need a special permit,
14 however a Texas based oil company can threaten the very
15 fabric of life and use one to 8 million gallons of our
16 water which is then rendered toxic without informing
17 and being regulated by the Alaska people. I think this
18 is insane. I, you know, feel that the concerns that we
19 have on the Kenai as well as throughout Alaska deal
20 with the hydrologic fracking and its water
21 contamination. I appreciate Bob's quote about the EPA
22 article that just came out a few days ago that said
23 quote, the Environmental Protection Agency has
24 concluded that hydraulic fracking has contaminated
25 drinking water. These deep wells pass through the

1 aquifers which give our communities life sustaining
2 water. And these (indiscernible) is not only deep in
3 the earth and (indiscernible) gallons of water are
4 laced with undisclosed fracking chemicals and methane
5 and other dangerous gasses are released. In 2011 the
6 U.S. House of Representatives Investigative Report
7 states that out of 2,500 hydraulic fracking products
8 more than 650 contain chemicals that are known
9 carcinogens. Our communities are now standing up to
10 protect ourselves from this kind of impact specifically
11 to our fish, our wildlife, our -- really our sustained
12 life here on the Kenai. The U.S. Drinking Water Act
13 has not applied to fracking and outside of the harms
14 that fall under the definition of the word fracking we
15 need to deal with the toxic wastewaters that are
16 produced from this kind of drilling.

17 So I believe that the people of the Kenai
18 should have a say so on what happens to nearly one to 8
19 million gallon of their water. Each well uses that
20 amount of freshwater, the water is polluted with
21 dangerous fracking chemicals, drilling hydrocarbons,
22 radioactive radon and biocides and there's no process
23 or technique for treating this water.

24 Also I think on the Kenai we deal with
25 earthquake activity and it's well known that fracking

1 in the lower 48 has been blamed for earthquakes which
2 is a serious concern. And in Cook Inlet the bay is in
3 front of active volcanos. We read in your report that
4 the earthquake hazard is small and would likely be too
5 small to cause dangerous damage such as a magnitude of
6 three or four. And I say are you at all living in
7 Alaska, do you need a reality check, please check with
8 experts on the quake quantity and levels of the last 10
9 to 12 years in Cook Inlet and then with a straight face
10 tell us that you want to put additional strain on these
11 fault lines, possibly increasing the frequency and
12 magnitude of quake risk.

13 And I just as a mixed blood Native American I
14 often reflect back to our founding fathers and how they
15 modeled our democracy upon my ancestors of the Ericoy
16 Confederacy. To Native peoples the words we the people
17 meant all people, including two legged, four legged,
18 one legged which means trees and plants, winged ones,
19 fin ones and every other creature that crawls. The two
20 leggeds are given the responsibility to be stewards and
21 custodians, to care and preserve life for all the
22 peoples and to assure each decision made may be made to
23 enhance life for the next seven generations. I believe
24 we on the Kenai we take that we the people seriously
25 and do not want life threatened for an outdated and

1 unsustainable form of energy extraction. What sane
2 people would pollute the very water they drink.

3 I believe that Alaskans need to have a firm say
4 so over what happens on their communities, the impact
5 to their water, the impact to the earthquake activity
6 in our area. So I believe we are bright people and can
7 invest our time and resources into sustainable energy
8 that makes sense. I believe this project makes no
9 sense except for profit for a small few.

10 I oppose the BlueCrest project, but again in
11 reference to the issue that the Alaska people deserve
12 to be able to have a true affect on what's happening in
13 their communities and that if their waters are being
14 impacted that they have every right to oppose such a
15 project. And I ask the Committee to also reject this
16 project.

17 CHAIR FOERSTER: Thank you, Ms. Holzwarth.

18 MS. HOLZWARTH: Thank you very much.

19 CHAIR FOERSTER: Does that complete -- conclude
20 your testimony?

21 MS. HOLZWARTH: Yes, it does.

22 CHAIR FOERSTER: Okay. So if you'd put your
23 phone back on mute and I will call on Mr. Wills to
24 testify. Mr. Wills.

25 MR. WILLS: Yes, hello, this is Andrew Wills.

1 Am I -- am I live there?

2 CHAIR FOERSTER: Yes, you are.

3 (Oath administered)

4 MR. WILLIS: Yes.

5 CHAIR FOERSTER: Okay. Then please proceed.

6 ANDREW WILLIS

7 called as a witness on his own behalf, testified

8 telephonically as follows on:

9 DIRECT EXAMINATION

10 MR. WILLIS: Yeah, I would like to echo the last
11 caller's concerns. And I'm a -- I moved to Homer,
12 Alaska in 1982 and I run an antiquarian bookshop and a
13 restaurant. And I have grave concerns about what is
14 happening to our planet and I believe the people have a
15 right to know and should have a say in their future.
16 Water is basically life, I mean, without water on this
17 planet we wouldn't be here. And when you threaten our
18 water, you look at Flint, Michigan, you know, it's a
19 horrible thing, I mean, people will get cancers and
20 everything else. So in reality the whole idea of
21 poisoning our water supply for energy that may or may
22 not be -- you know, there's other energies out there
23 that we need to be addressing instead of sucking the
24 last drops of oil and gas out of our planet. And, you
25 know, we don't really know what's going on down there

1 in the aquifers and whatnot, it's -- we do know that
2 it's -- there's horrible chemicals and whatnot that
3 does leak out into the water and then people drink it
4 and they get sick. So why would we do this to
5 ourselves, our host, our planet.

6 And I just think that this whole process -- if
7 there wasn't a watchdog like Mr. Shavelson on it, we
8 wouldn't even be talking about it, it would just
9 happen. So we have to become a little smarter as a
10 species and take care of our planet and our -- what
11 feeds us which is water and our oceans. So really I --
12 you know, to me it's common sense, but I guess in the
13 big oil world where, you know, it's an oil company with
14 an army anymore it seems like, and with the new
15 administration that's really scary as far as the
16 environment, I think at all costs we need to be
17 informed and to have hearings and to not drink the
18 Kool-Aid as far as what this fracking will do to our
19 water. It's a crime.

20 So I'm going to keep it short because I know
21 there's other folks, but, you know, and I think the
22 last caller stated all those concerns very well. And I
23 thank you for your time and I'm going to sign out.

24 CHAIR FOERSTER: Thank you, Mr. Wills. So I
25 want to consider with my two fellow Commissioners the

1 process to proceed under. I think listening to the
2 people that are calling in, just proceeding with them
3 would be a good way to go. Is that all right with you?

4 COMMISSIONER FRENCH: That's fine.

5 CHAIR FOERSTER: Okay. Is there anyone in the
6 room who has a problem with that?

7 (No comments)

8 CHAIR FOERSTER: Good. All right. So I'm
9 going to just look at the sign in sheet of people
10 calling in and go down the list numerically. And so
11 that means Ms. Amy Christianson, if you are still on
12 the line I'd like for you to unmute your phone and let
13 me swear you in.

14 MS. CHRISTIANSON: Surprise, surprise. Amy
15 Christianson made it.

16 CHAIR FOERSTER: Okay. Well, then have a seat
17 and we'll get to you.....

18 MS. CHRISTIANSON: Yeah.

19 CHAIR FOERSTER:later. All right. Thank
20 you. Larry Persily, are you still on the line?

21 MR. PERSILY: Yes, I am.

22 CHAIR FOERSTER: Okay. Are you ready to
23 testify?

24 MR. PERSILY: Hello.

25 CHAIR FOERSTER: Hello, Larry.

1 MR. PERSILY: Yes, I went dead there for a
2 minute. I'm sorry.

3 CHAIR FOERSTER: Okay. Would you raise your
4 right hand.

5 (Oath administered)

6 MR. PERSILY: It is. I do.

7 CHAIR FOERSTER: Okay. And then please
8 proceed.

9 LARRY PERSILY
10 called as a witness on behalf of the Kenai Peninsula
11 Borough Mayor's Office, testified telephonically as
12 follows on:

13 DIRECT EXAMINATION

14 MR. PERSILY: Okay. Larry Persily, I'm
15 assistant to the Kenai Peninsula Borough mayor, Mike
16 Navarre and the comments I'm going to give today which
17 I will follow-up with some written comments for the
18 Commission represent the mayor's views on this.

19 The short answer is the mayor is aware of the
20 existing public access process for any drilling well in
21 Alaska and feels that the process is a variable
22 knowledge sufficient that we -- that the state does not
23 need a public hearing on every well that goes in in
24 Alaska, that there are sufficient safeguards,
25 sufficient public access to drilling applications and

1 that adding a public hearing for every well just isn't
2 needed and isn't going to solve the problem for people
3 concerned about fracking pro and con.

4 So he would oppose the proposed regulatory
5 change.

6 CHAIR FOERSTER: Okay. Does that complete your
7 testimony?

8 MR. PERSILY: Well, that's sort of a short
9 summary of the two pages we're going to send in, yes.

10 CHAIR FOERSTER: Okay. Thank you, Mr. Persily.
11 The next person on the list who says that he or she
12 wants to testify is Deborah Limacher. If Ms.
13 Limacher's still on the phone would you unmute and.....

14 MS. LIMACHER: Okay.

15 CHAIR FOERSTER: Ms. Limacher, do you -- raise
16 your right hand, we'll all imagine that we can see you.

17 (Oath administered)

18 MS. LIMACHER: Yes, I do.

19 CHAIR FOERSTER: Okay. Please proceed. And
20 one moment.

21 MS. LIMACHER: Okay.

22 CHAIR FOERSTER: Please keep in mind five
23 minutes and keep it to the topic. Thank you.

24 MS. LIMACHER: Okay.

25 DEBORAH LIMACHER

1 called as a witness on her own behalf, testified
2 telephonically as follows on:

3 DIRECT EXAMINATION

4 MS. LIMACHER: Okay. I've lived in Homer for
5 41 years and I've commercial fished in Cook Inlet since
6 1976. I attended the May 17th meeting in Homer to
7 learn that BlueCrest was in full operation to complete
8 their fracking project in all waters of Cook Inlet even
9 though their permit is for an offshore drilling rig and
10 as far as I've been informed have yet to obtain a
11 fracking permit. How can that be. When asking about
12 our input in this decision making, Cathy Foerster, your
13 Commissioner, told us all in the audience that we had
14 absolutely no say in this permitting process. When my
15 friend called the AOGCC to ask where they were in the
16 permitting process she was told it was secret. I
17 believe we have a right to know.

18 I'd like to read your mission statement. To
19 protect the public interest in exploration and
20 development of Alaska's valuable oil, gas and
21 geothermal resources through the application of
22 conservation practices designed to ensure greater
23 ultimate recovery and the protection of health, safety,
24 fresh groundwaters and the rights of all owners to
25 recover their share of the resources. You are here to

1 protect the public interest, your words. We're a
2 citizen owned state whereby we all own the resources,
3 yet we have no power in the decision making for
4 fracking, the most volatile of all oil extraction. We
5 state about the protection of our fresh groundwater,
6 how is extracting millions of gallons of freshwater per
7 well for the next 30 years from our gravel pit
8 protecting our freshwater table. I call it depleting
9 our water table.

10 Let me see. You speak of the rights of all
11 owners to recover their fair share of the resources. I
12 think BlueCrest and Texas and 125 workers making a
13 profit while thousands of Kenai Peninsula residents
14 have to live with hundred of tankers every day driving
15 up and down our two lane coastal highway.

16 This is why we need to be a part of the
17 decision making. We're the ones that have to live with
18 your decision. And when a fracking incident or
19 possibly an oil spill occurs who will be liable for an
20 entire lost fishery worth billions of dollars. I was
21 instrumental in bringing Exxon into Cook Inlet in 1989
22 and it was my fleet of boats that tried to cleanup the
23 tar ball mess. So I'm here to tell you, it's
24 impossible. We tried and an entire fishery was shut
25 down.

1 Due to the track record of oil and gas fracking
2 and exploration worldwide I'm frightened to see what
3 will happen to the lower Cook Inlet in 30 years. As an
4 owner of these resources I urge you to allow our voices
5 to be heard in this fracking permit process and it's
6 your responsibility to do so.

7 And in answer to that fellow's question about
8 the fracking in the peninsula versus the fracking up in
9 the North Slope, I'd just like to say I'm opposed to
10 any fracking, but at the same time I see a frack job on
11 the lower peninsula way different from that on the
12 North Slope. There's thousands of people here, living
13 here, that will be impacted by this project. Kenai
14 Peninsula is a playground for thousands of residents
15 and tourists where industrial development doesn't
16 belong. Just the location of this project being right
17 next to an epicenter where a major earthquake occurred
18 last year, my home was personally damaged, and there
19 was a 4.2 magnitude just a couple weeks ago, should be
20 alarming right there. I echo everything that Suraj
21 says, I don't want to be redundant so I'm done.

22 Thank you.

23 CHAIR FOERSTER: Thank you, Mrs. Limacher. The
24 next person on the list is Mike Schuster. If Mr.
25 Schuster is still on the phone would you unmute?

1 MR. SCHUSTER: Yes, I'm here.

2 CHAIR FOERSTER: Okay. Mr. Schuster, raise
3 your right hand.

4 (Oath administered)

5 MR. SCHUSTER: Yes, I do.

6 CHAIR FOERSTER: Okay. Please proceed.

7 MIKE SCHUSTER

8 called as a witness on his own behalf, testified
9 telephonically as follows on:

10 DIRECT EXAMINATION

11 MR. SCHUSTER: Thank you for the opportunity to
12 testify. I'm testifying in support of a proposal to
13 open hydraulic fracturing applications for public
14 notice and comment on -- really on the basic principle
15 that any opportunity to enhance our -- the public
16 process of the public being able to interact with
17 Commissions like yours and affecting policy decisions.
18 You have criteria for processing applications such as
19 hydraulic fracturing that are based upon the
20 interpretation of policy and the public can't be
21 ensured that you're acting in our behalf as a priority
22 unless we have the opportunity to have interaction with
23 you. And opportunities for public notice and comment
24 provide that opportunity at every level of government.
25 As a resident of Ninilchik in the southern Kenai using

1 the Cosmopolitan project as -- just as an example, the
2 public's opportunity to interact with you and with our
3 government only occurred after the fact of this project
4 being given the green light to proceed. We are still
5 in the process of grasping the full scope of what's
6 going to happen here in converting the southern Kenai
7 to an industrial zone which is totally in conflict with
8 the culture and lifestyle and -- of the people that are
9 here and fully established and invested in the southern
10 Kenai Peninsula, it's our home. And so we need to be
11 on the front end of this as much as the people who are
12 submitting the applications.

13 Again the reference to doesn't make any
14 difference whether it's on the Kenai Peninsula or on
15 the North Slope, the people of the North Slope should
16 have that opportunity to provide input at that time
17 when these applications are being considered so, yes,
18 I'm -- basically I support an open process. Those
19 types of public hearings are only triggered when there
20 is a public request for it so it isn't that in the
21 protocol that that's always going to occur. I don't
22 see that being a real jink in the public process, but
23 it does provide the opportunity for the public to be
24 reassured that our Commissions that are reviewing
25 permit applications are hearing us and giving us the

1 opportunity to interact and affect interpretation of
2 the policy that supports our interest and they're not
3 in conflict with it.

4 So that's my statement.

5 CHAIR FOERSTER: Thank you very much, Mr.
6 Schuster. The last person on my list from people on
7 the phone who wishes to testify is, and I apologize if
8 I mispronounce it, Nicole Arevalo. Ms. Arevalo, if
9 you're still on the line please unmute.

10 MS. AREVALO: I'm here.

11 CHAIR FOERSTER: Okay.

12 MS. AREVALO: You're very close to
13 pronunciation. It's Arevalo.

14 CHAIR FOERSTER: Arevalo. Okay.

15 MS. AREVALO: Arevalo.

16 CHAIR FOERSTER: Okay. Thank you. I'll try to
17 do better. So, Ms. Arevalo, would you please raise
18 your right hand.

19 (Oath administered)

20 MS. AREVALO: I sure do.

21 CHAIR FOERSTER: All right. Please proceed.

22 NICOLE AREVALO

23 called as a witness on her own behalf, testified

24 telephonically as follows on:

25 DIRECT EXAMINATION

1 MS. AREVALO: Okay. As a citizen of Alaska I
2 firmly agree with the proposal put forward by Cook
3 Inletkeeper to require public notice and comments on
4 any and all potential permits for proposed hydraulic
5 fracturing in our state as well as a public hearing
6 about the issue should it become contentious. We
7 Alaskans rely on groundwater for our homes, we rely on
8 groundwater to not become polluting to our streams
9 where our fish reside and our wildlife use. Since both
10 of these resources are important to us Alaskans it
11 stands to reason that permitting for hydraulic
12 fracturing be handled in a similar manner as permitting
13 for oil and gas lease areas which means requiring
14 public notice and comment periods and a public hearing
15 if the specific permit under consideration -- if the
16 permit under consideration proves through that process
17 to elicit concerns by the citizenry. Here on the Kenai
18 Peninsula we are seeing increased fracking activity
19 yearly and currently there is no true avenue for
20 borough citizens to have any say on fracking activities
21 that may affect our lives, property and living natural
22 resources.

23 I disagree with the borough mayor's office that
24 there is currently sufficient public process to address
25 the concerns of the citizenry regarding fracking

1 particularly as the impact of fracking mishaps cover
2 areas much larger than the footprint of land that
3 permit -- that the permits cover for the actual
4 fracking operations especially when one considers the
5 groundwater impact to people that can live quite
6 distant from these operations.

7 So, yes, I stand firmly with Cook Inletkeeper
8 in making a similar process available to those of us
9 who would like to speak or know more about fracking
10 operations in our area much like oil only sales are
11 required to do.

12 Thank you.

13 CHAIR FOERSTER: Thank you very much, Ms.
14 Arevalo.

15 All right. That was the last person on the --
16 among the phone participants who had expressed a desire
17 to testify so we'll switch over to the list of people
18 in the room who wish to testify. And I'm going to just
19 go in order that -- from the sign in sheet.

20 So the next -- the first person, the early bird
21 is Mr. Steve Hennigan. So if Mr. Hennigan would step
22 up to the microphone. Maybe he lost interest -- oh,
23 no, there you are. Please step up to the microphone,
24 make sure it's turned on and that you speak into it.
25 State your name and who you represent and then I'll

1 swear you in.

2 MR. HENNIGAN: My name is Stephen Hennigan, I'm
3 an employee of Sierra Hamilton Petroleum Engineers, I'm
4 here as an individual.

5 CHAIR FOERSTER: Okay. Mr. Hennigan, would you
6 please raise your right hand.

7 (Oath administered)

8 MR. HENNIGAN: I do.

9 CHAIR FOERSTER: Okay. And I have been remiss
10 in not offering people the opportunity to be recognized
11 as a witness, but most of -- all the people we heard
12 from on the phone were citizens. I don't -- I
13 apologize if I slighted you, please forgive me. Would
14 you like to be recognized as an expert in any area?

15 MR. HENNIGAN: I'm probably -- yes, I would.

16 CHAIR FOERSTER: All right. What area is that?

17 MR. HENNIGAN: It is in fracking and protection
18 of freshwater systems.

19 CHAIR FOERSTER: Okay. And what are your
20 credentials that qualify you as an expert?

21 MR. HENNIGAN: I have a well on my own property
22 that has 12 fracks in it, I have two water wells, I
23 have a spring fed creek that bounds it on three sides
24 within 200 yards.

25 CHAIR FOERSTER: Do you have any education or

1 experience that makes you an expert in hydraulic
2 fracturing?

3 MR. HENNIGAN: Yes, I have designed and
4 implemented several hydraulic fracturing for oil and
5 gas companies in the lower 48.

6 CHAIR FOERSTER: And educational background?

7 MR. HENNIGAN: Educational background, I have a
8 bachelor's degree in mathematics, I have almost a
9 master's in mathematics and I have a master's in
10 engineering management.

11 CHAIR FOERSTER: Okay. Mr. Seamount, do you
12 have any questions for Mr. Hennigan?

13 COMMISSIONER SEAMOUNT: Mr. Hennigan, where in
14 the lower 48 did you design these frack jobs?

15 MR. HENNIGAN: In Texas and Louisiana.

16 COMMISSIONER SEAMOUNT: Okay. I have no
17 further questions, no objections.

18 COMMISSIONER FRENCH: Likewise, no objection.

19 CHAIR FOERSTER: And I have no objection. So
20 we'll recognize you as an expert in hydraulic
21 fracturing. So please proceed.

22 STEPHEN HENNIGAN
23 previously sworn, called as a witness on his own
24 behalf, testified telephonically as follows on:

25 DIRECT EXAMINATION

1 MR. HENNIGAN: I guess my main testimony with
2 regard to the extra public comment and public notice
3 and hearing with regard to hydraulic fracturing is
4 basically an excess and a waste of, in my opinion, the
5 AOGCC's time because they're here on behalf of the
6 citizens of the state of Alaska and throughout my
7 operating experience I think they're probably the most
8 detailed and most concerned of any group, regulatory
9 group, monitoring the implementation of fracturing.
10 And if you look at the history of fracturing that has
11 occurred in many places, Texas, Louisiana, the damage
12 to freshwater systems has been very minimal. According
13 to the last DNR Commissioner for the state of
14 Louisiana, there has been no impacts on freshwater
15 systems if the water well is installed properly and if
16 the operator follows the regulations that's imposed by
17 the state. And I think AOGCC has probably one of the
18 most comprehensive evaluations of well permitting and
19 fracturing of any group I've worked with including BSEE
20 and BMER (ph). The other thing is that the -- it is
21 mandated by the Clean Water Act that each of us as
22 individuals and each of us as representatives of
23 companies and the companies themselves, they have an
24 individual and corporate mandate that they have to
25 protect the freshwater systems, we can't get away from

1 it. And I think the public since we're all under that
2 guise we have to follow those regulations individually
3 as well as corporately. So I think the excess time
4 required for public notice and public review and a
5 hearing is a waste. We're already under that
6 designation to protect the freshwater.

7 I will write these up and add them at a later
8 time.

9 CHAIR FOERSTER: Thank you, Mr. Hennigan. All
10 right. The next person on my sign in sheet who
11 expressed an interest in testifying is Mr. John
12 Martineck from BlueCrest.

13 Mr. Martineck, are you the only person from
14 BlueCrest intending to testify?

15 MR. MARTINECK: Yes.

16 CHAIR FOERSTER: Okay. So state your name and
17 who you represent for the record and then we'll do the
18 swear in.

19 MR. MARTINECK: My name is John Martineck.

20 CHAIR FOERSTER: And you.....

21 MR. MARTINECK: And I'm the president and chief
22 operating officer of BlueCrest Alaska Operating, LLC.

23 CHAIR FOERSTER: Okay. Thank you. Would you
24 raise your right hand.

25 (Oath administered)

1 MR. MARTINECK: I do.

2 CHAIR FOERSTER: Okay. Thank you. And please
3 remember to keep to the topic of the regulation change.

4 MR. MARTINECK: Yes.

5 CHAIR FOERSTER: Thank you.

6 JOHN MARTINECK

7 called as a witness on behalf of BlueCrest, testified
8 as follows on:

9 DIRECT EXAMINATION

10 MR. MARTINECK: So we have submitted formal
11 testimony that you should have possession of and I'm
12 just going to comment from those.

13 CHAIR FOERSTER: Okay.

14 MR. MARTINECK: First of all we welcome the
15 opportunity to testify in front of the Commission and
16 the Commissioners. We respectfully submit the
17 following comments relating to the proposed
18 modification of 20 AAC 25.280(f).

19 BlueCrest is in support of hydraulic fracturing
20 regulations, the disclosure of chemicals contained in
21 hydraulic fracturing materials and the increased
22 transparency of existing regulations to provide
23 protection to the Alaskan citizens. However BlueCrest
24 urges AOGCC to reject the proposed modification that
25 would require additional hearings. And there's a

1 couple of comments I want to make on that.

2 The current regulatory regime adequately
3 protects the public's interest and provides ample
4 opportunity for public input. Two, the hydraulic
5 fracturing is highly regulated by stringent regulations
6 developed by AOGCC and I might add they're some of the
7 most stringent regulations in the United States. The
8 public has had ample opportunity to shape these
9 regulations because the existing regulations have been
10 developed through public notices and hearings. Number
11 3, the state of Alaska has an impeccable record of
12 ensuring safe hydraulic fracturing operations. Under
13 AOGCC's watchful eye hydraulic fracturing has been
14 safely conducted for decades without a single known
15 incident to freshwater contamination. Approximately
16 3,400 wells drilled in the state of Alaska have been
17 successfully fractured without a single documented
18 incident of subsurface damage to the underground
19 sources of drinking water. Number 4, the general
20 public has already had the opportunity to provide the
21 input in developing these regulations for hydraulic
22 fracturing in Alaska. And if the regulations are
23 changed in the future the public will have the
24 opportunity at that time to review and comment on those
25 changes. Number 5, AOGCC staff includes highly trained

1 personnel who have been extremely diligent in their
2 critical review of industry operations. And their
3 technical capabilities to oversee each hydraulic
4 fracturing procedure is much more acute than someone
5 who -- than someone from the general public. Number 6,
6 current regulations already require public notice of
7 interested parties whereby each proposed hydraulic
8 fracturing operation, the materials used in the
9 hydraulic fracturing practice are publicly disclosed,
10 therefore an additional hearing would provide no
11 additional information.

12 So in short the AOGCC has a long track record
13 of protecting the public's interest and ensuring safe
14 operations without the need to conduct timely and
15 costly public hearings prior to authorizing drilling
16 operations. In addition Alaska hydraulic fracturing
17 regulations are among the most stringent in the nation.
18 There are no tangible benefits to be gained through the
19 additional public hearing process for each individual
20 hydraulic fracturing procedure. The cost and delay
21 associated with each -- such requirements would be
22 unnecessarily burdensome to not only the operators, but
23 AOGCC. BlueCrest therefore respectfully asks AOGCC to
24 deny the proposed modification.

25 I appreciate the opportunity to provide you

1 this testimony on behalf of BlueCrest.

2 CHAIR FOERSTER: Thank you, Mr. Martineck. All
3 right. The next person on my list is Mr. Shaw, Mr. Dan
4 Shaw. Come on up.

5 Mr. Shaw, state your name and who you represent
6 for the record and then I'll swear you in.

7 MR. SHAW: Okay. I'm Don Shaw, I'm
8 representing myself, landowner down in Clam Gulch. And
9 is that it?

10 CHAIR FOERSTER: Okay. Yeah.

11 (Oath administered)

12 MR. SHAW: Yes.

13 CHAIR FOERSTER: And would you like to be
14 recognized as an expert?

15 MR. SHAW: No.

16 CHAIR FOERSTER: Okay. Please proceed.

17 MR. SHAW: Okay.

18 DON SHAW

19 called as a witness on his own behalf, testified as
20 follows on:

21 DIRECT EXAMINATION

22 MR. SHAW: Anyway I attended the seminar that
23 was down in Homer this summer about the fracking and I
24 understand the immense engineering that goes into it
25 from that. One thing is I think that Mr. Shavelson's

1 change in this should be allowed because the vastness
2 of our state, we don't know what's going to go on up
3 north years from now. One thing I like is the idea of
4 like our state water boundaries is we should have a no
5 fracking buffer zone from the land possibly a mile out.
6

7 CHAIR FOERSTER: Mr. Shaw, please stick to this
8 reg. If you want to propose a regulation change
9 different we can do it -- go through it another time,
10 but we need to stick to the subject.

11 MR. SHAW: Okay. I was.....

12 CHAIR FOERSTER: I apologize.

13 MR. SHAW: That's fine. I didn't mean to get
14 off. So anyway I've got a gas pool under my feet, I'm
15 especially looking forward to my grandchildren's
16 grandchildren's future. And I don't think that being
17 left out of something so critical, out in the vastness
18 where nobody's at maybe it's okay, but we're under
19 people's feet now and that's where we need to -- this
20 is I think really important. And I think the people
21 need to be able to use our voice anytime, you know,
22 it's going to affect us like this.

23 So that's it.

24 CHAIR FOERSTER: Thank you, Mr. Shaw. All
25 right. The next person on my list expressing an

1 interest to testify is Ms. Epstein. We always love it
2 when Ms. Epstein comes to see us.

3 So please give your name for the record and who
4 you represent then I'll swear you in.

5 MS. EPSTEIN: Sure. My name is Lois Epstein, I
6 am a licensed engineer in the state of Alaska, I'm also
7 Arctic program director for the Wilderness Society and
8 the Wilderness Society is a national public interest
9 organization, we have over 700,000 members and
10 supporters throughout the United States. I'm -- I was
11 thinking about the Alaska specific numbers and I
12 actually don't know what that -- they are.

13 CHAIR FOERSTER: Raise your right hand.

14 MS. EPSTEIN: Yes.

15 (Oath administered)

16 MS. EPSTEIN: Yes.

17 CHAIR FOERSTER: And would you like to be
18 recognized as an expert?

19 MS. EPSTEIN: Not today. Thank you.

20 CHAIR FOERSTER: Okay. Ms. Epstein, please
21 proceed.

22 MS. EPSTEIN: Okay.

23 LOIS EPSTEIN
24 called as a witness on behalf of the Wilderness
25 Society, testified as follows on:

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DIRECT EXAMINATION

MS. EPSTEIN: Thank you very much for providing this opportunity for a robust discussion on the issue of public transparency.

And I'm here today to support increased transparency for the public on industry's proposed activities regarding hydraulic fracturing as requested by Cook Inletkeeper. Public notification is not onerous nor is it a prescriptive requirement. Instead it is a means for the public, including knowledgeable technical individuals, to provide ideas to industry and AOGCC and to increase the public's comfort with proposed operations through comment and a dialogue and AOGCC and industry responses.

As you probably know just this week the U.S. Environmental Protection Agency issued a report that concludes that hydraulic fracturing activities can impact drinking water. Since fracturing operations cannot be separated from other related activities and I like to think of it as a complete system and those activities include some that are regulated by AOGCC and some that are not, the whole system can be at least in part addressed through a public comment period and a potentially requested hearing. Additionally I think -- and I think this is an important point, the request

1 that Cook Inletkeeper has made is similar to AOGCC's
2 existing requirements offering opportunities for public
3 comment for operations such as applications for annular
4 disposal of drilling waste as in 20 AAC 25.080;
5 applications for enhanced recovery, 20 AAC 25.402; and
6 applications to commingle production and injection
7 within the same wellbore, 20 AAC 25.215.

8 And with respect to Commissioner French's
9 question, the situation on the Kenai Peninsula is
10 different than that on the North Slope in that the
11 population density certainly is very different. In
12 both cases however the public should have the
13 opportunity to comment and request a hearing.

14 Finally I'd like to say that if industry is
15 confident that its hydraulic fracturing operations can
16 proceed without problems it actually perplexes me why
17 companies would object to this reasonable request for
18 increased transparency. I think it could only be
19 looked at as an opportunity to gain additional
20 confidence by the public in their operations and in a
21 way that is, in fact, not onerous and prescriptive.
22 So, yes, it could take some time, but that certainly
23 can be built into the business plans and into the
24 permit timing because as Bob Shavelson mentioned that
25 is a long process.

1 So thank you very much for this opportunity,
2 I'm happy to take any questions you might have.

3 CHAIR FOERSTER: Commissioner Seamount, do you
4 have any questions?

5 COMMISSIONER SEAMOUNT: No, I have none at this
6 time. Thank you, Ms. Epstein.

7 CHAIR FOERSTER: I don't have any questions
8 either, but as I said before it's always great to see
9 you coming to.....

10 MS. EPSTEIN: And likewise.

11 CHAIR FOERSTER: Thank you. All right. And I
12 don't mean to be playing favorites, Ms. Epstein's just
13 -- I'm one of her fans.

14 All right. The next person on the list is John
15 Hendrix. If Mr. Hendrix is in the room.....

16 Please come on up, put -- state your name and
17 who you represent for the record and then I'll swear
18 you in.

19 MR. HENDRIX: Thank you. John Hill Hendrix,
20 I'm the chief oil and gas advisor to the state of
21 alaska, the governor.

22 CHAIR FOERSTER: Okay. Mr. Hendrix, would you
23 raise your right hand.

24 (Oath administered)

25 MR. HENDRIX: Yes, I do.

1 CHAIR FOERSTER: All right. Do you want --
2 wish to be recognized as an expert in the area relevant
3 to today's hearing?

4 MR. HENDRIX: Yes, I do.

5 CHAIR FOERSTER: Okay. And what area would
6 that be?

7 MR. HENDRIX: I have an engineering degree, I'm
8 a specialist in geotechnical and a minor in
9 environmental engineering. Having done maybe 15 years
10 of well op works in Alaska alone on the North Slope in
11 multiple fields, having probably personally supervised
12 and designed fractures in Alaska also in the UK, the
13 North Sea, Russia and Egypt.

14 CHAIR FOERSTER: So you'd like to be recognized
15 as an expert in hydraulic fracturing?

16 MR. HENDRIX: Yes, ma'am.

17 CHAIR FOERSTER: All right. Commissioner
18 Seamont, do you have any questions for Mr. Hendrix?

19 COMMISSIONER SEAMOUNT: No, I have no questions
20 and no objections.

21 CHAIR FOERSTER: Thank you. Commissioner
22 French?

23 COMMISSIONER FRENCH: Likewise.

24 CHAIR FOERSTER: Okay. I don't have any
25 questions or any objections so please proceed with your

1 testimony, Mr. Hendrix.

2 JOHN HENDRIX

3 previously sworn, called as a witness on his own
4 behalf, testified as follows on:

5 DIRECT EXAMINATION

6 MR. HENDRIX: Thank you for allowing me to
7 comment today. First I'd like to express to AOGCC
8 staff, who highly trained personnel in the field have a
9 history of being extremely diligent in their technical
10 capability and strong oversight of not only hydraulic
11 fracturing, but all well work operations. AOGCC is the
12 party responsible for looking after the state's
13 interest and the citizens of Alaska should recognize
14 their track record of being one of the most stringent
15 in the nation. AOGCC is the citizen's watchdog of oil
16 and gas in Alaska, Alaskans should know this. This is
17 all about educating Alaska, the silent industry has
18 come home to Cook Inlet and people are being made aware
19 of it. I've personally worked in the field with a
20 number of AOGCC inspectors and personally since 1980.

21 Also thanks to the applicant and thanks to you
22 for not spelling frack with a K.

23 Fracking is not new to Alaska, it was done in
24 the '60s and was part of what was called -- what we
25 called Frack for a Rat campaign in the early '90s in

1 Prudhoe Bay during the gulf war to help increase our
2 national oil supply at the request of the president.
3 This resulted in a good friend and co-worker, Paul
4 Martin, to be awarded the MacRobert Award from the
5 Queen of England for his engineering achievements for
6 the fracking jobs he did. Since then over 3,000 wells
7 have been safely fracked in Alaska and not one has
8 damaged drinking water. This is due to the engineering
9 designs and the diligence and the overlook and the
10 oversight of the AOGCC. If we did not allow fracking
11 more wells would have to be drilled to access those
12 reserves. So this is a balancing equation also, not
13 just economics.

14 AOGCC has provided the public with ample time
15 to comment on how to write fracturing regulations in
16 Alaska. Regulations already require public notice to
17 interested parties near a proposed fracturing operation
18 detailing material to be used. To hold a public
19 hearing on each one would be indeed an undue burden on
20 the industry. Having a hearing on each fracture
21 stimulation would impact the cost and timing of doing
22 business greatly and impact economics of the state and
23 therefore burden on its citizens. Nothing works as
24 safely and efficiently than a pre-approved program of
25 workflow, of multiple wells lined up back to back. If

1 you disrupt this you will not only disrupt efficiency,
2 but safety, and probably even put the environment at
3 risk. I also hear -- fear that if we do this with
4 fracking where do we stop. Will all well operations
5 have to have a public hearing.

6 I believe this is why we are here today, we
7 have a problem in Alaska of Alaskans not knowing the
8 industry that powers them. We must do a better job in
9 understanding the dedication and commitment that the
10 people in this industry do every day to help the state
11 and execute their job in a safe way without harming the
12 environment. Putting more regulations, disruptions and
13 costs on the industry is not the tool we should use to
14 education Alaskans. Alaska's oil industry must be
15 competitive to survive and fuel our economy. It must
16 also be competitive to provide cheap energy to our
17 families. My mother in Homer, Alaska is 83. From the
18 safe, diligent work of the oil and gas industry in Cook
19 Inlet she no longer powers her home from propane
20 shipped from Canada, but enjoys Cook Inlet gas and fuel
21 bills that have dropped from 1,200 per month to \$120
22 per month. We as Alaskans must be educated of the
23 industry that has and continues to drive our state and
24 mindful of those who choose to use it as a fund raising
25 platform.

1 Thank you.

2 CHAIR FOERSTER: Thank you, Mr. Hendrix. I
3 have two more people on my list. The next one will be
4 Kara Moriarty.

5 Ms. Moriarty, would you please state your name
6 and your -- who you represent for the record and then
7 I'll swear you in.

8 MS. MORIARTY: Thank you. Good morning. My
9 name is Kara Moriarty, I'm the president and CEO of the
10 Alaska Oil and Gas Association.

11 CHAIR FOERSTER: Raise your right hand.

12 (Oath administered)

13 MS. MORIARTY: I do.

14 CHAIR FOERSTER: All right. Would you like to
15 be recognized as an expert?

16 MS. MORIARTY: No, thank you.

17 CHAIR FOERSTER: Okay. Please proceed.

18 KARA MORIARTY

19 called as a witness on behalf of AOGA, testified as
20 follows on:

21 DIRECT EXAMINATION

22 MS. MORIARTY: Thank you, Commissioners. As
23 you know the Alaska Oil and Gas Association is a
24 professional trade association that represents the
25 majority of exploration, production, refining and

1 transportation companies in Alaska. We have companies
2 on the North Slope, in Cook Inlet, the two refineries
3 and Alyeska, the TransAlaska Pipeline.

4 As has been mentioned this proposed regulation
5 would impact the entire industry. The focus of most of
6 the public testimony today has been centered around one
7 company and one operation in the lower Cook Inlet, but
8 the way the regulation is currently drafted and
9 proposed it would impact every single one of my
10 operating member companies in the state of Alaska.

11 So the focus of today's hearing is not on the
12 process of hydraulic fracturing as you mentioned,
13 Commissioner, it is on the regulation. And as has been
14 stated we would argue and based on some very detailed
15 analysis, that Alaska frankly has one of the most
16 stringent hydraulic fracturing regulation packages in
17 the country. And as you know because I sat in this
18 chair for seven of those public hearings, the AOGCC has
19 regulated the process of hydraulic fracturing from the
20 very beginning. And hydraulic fracturing has been
21 occurring in Alaska since 1963, but under your
22 leadership, Chair Foerster, you decided that we needed
23 to make sure and look one more time to make sure
24 Alaska's regulations were adequate and protecting the
25 environment while allowing for safe operations of oil

1 and gas development. So starting in 2012 there was a
2 very extensive and I would consider exhaustive process
3 with as I mentioned seven different public hearings
4 from 2012 to 2014 before our current set of regulations
5 went into effect in 2015. Among some of these key
6 provisions just for the record and for the members of
7 the public to understand why we consider AOGCC's
8 regulations to be some of the most stringent is because
9 of the landowner notification; advance approval
10 required for all well work including drilling; all
11 wells must demonstrate barriers to prevent flow of any
12 fluids to surrounding rock; each well must have a
13 surface casing and be cemented to restrict fluids;
14 wells that cannot demonstrate competent barriers must
15 be shut in immediately; pressure management devices
16 must be installed on every well and monitored daily; if
17 measurement device indicates a compromise the well must
18 be shut in immediately; periodic mechanical integrity
19 tests are mandatory; we have additional testing
20 requirements that are much more detailed and more
21 frequent than any other state in the lower 48; and
22 unannounced inspections by AOGCC field inspectors are
23 frankly mandatory, you've made that mandatory.

24 I think the Commission actually went one step
25 further and volunteered for an independent outside

1 analysis of your regulations when you asked the
2 STRONGER Organization, which is the State Review of Oil
3 and Natural Gas Environmental Regulations which is a
4 501(c)(3) nonprofit, multi stakeholder, educational
5 organization that does just that. You brought various
6 -- you volunteered, you asked them to come and look at
7 your regulations. I actually believe one of the
8 previous testifiers, Ms. Epstein, served on that
9 STRONGER review process in 2015. The review team
10 concluded that AOGCC is well managed, professional and
11 meets the criteria of the STRONGER 2013 hydraulic
12 fracturing guidelines. And if I might I'd like to read
13 just one sentence from the STRONGER report that I think
14 is in particular relevant to the proposed modification
15 today. And the STRONGER REPORT says and I quote, AOGCC
16 is commended for its comprehensive program regulatory
17 review with its robust public participation and the
18 resulting regulatory update prior to large scale
19 hydraulic fracturing operations occurring in Alaska,
20 unquote. It also says that it is commendable that
21 AOGCC tries to err on the side of public disclosure and
22 that the staff generally responds to state public
23 record requests within 10 business days. The STRONGER
24 review unequivocally lauded this Commission for its
25 hydraulic fracturing regulations and its communication

1 with the public.

2 There's been mention about the EPA study that
3 was released two days ago and the draft came out
4 previously and it does say that there is a risk, that
5 there is a risk. And that's what it says. It does not
6 say that there has been drinking waters impaired, it
7 says it's possible. It's possible in any type of
8 operation of mining, oil and gas, fishing,
9 transportation, tourism, there's always a risk. But
10 the EPA report says if a significant correlation
11 between impaired drinking water resources and hydraulic
12 fracturing existed EPA would have identified it.
13 However the results did not support this finding, it --
14 the analysis demonstrated that there are no widespread
15 affects to drinking water resources from hydraulic
16 fracking.

17 I would just conclude my comments by saying we
18 do not believe that this revision is necessary to the
19 current hydraulic fracturing regulations that AOGCC has
20 in place. It's been stated that while the industry
21 shouldn't care and it's only 30 days, the process is
22 much longer than 30 days when it's all said and done.
23 And it is my anticipation that if a public comment
24 period was held that there would be a hearing requested
25 and then that adds more time and it's -- and sometimes

1 this Commission holds hearings and then you do your due
2 diligence and you wait and you come back because you
3 are trying to diligently manage the resource which we
4 think you already do. And so in practicality the time
5 delay would be much longer in our view than 30 days for
6 every single hydraulic fracturing operation which right
7 now over 25 percent of the wells in Alaska use this
8 technology. And as we look to the future for the
9 potential oil and gas development, when you look at
10 large fields like the Smith Bay discovery of Caelus,
11 they would need to hydraulically frack every single
12 well to get the 20 to 30 percent recover estimate that
13 they think that find has.

14 So I guess I would just end with what the
15 Commission itself has previously noted and I quote, in
16 over 50 years of oil and gas production Alaska has yet
17 to suffer a single documented instance of subsurface
18 damage to an underground source of drinking water. As
19 long as each well is properly constructed and its
20 mechanical integrity is maintained hydraulic fracturing
21 should have no potential to damage any freshwater.

22 So with that I thank you again and we will be
23 submitting our full detailed comments by the deadline
24 the end of today.

25 CHAIR FOERSTER: Thank you. Do you have any

1 questions, Commissioner Seamount?

2 COMMISSIONER SEAMOUNT: I have none.

3 CHAIR FOERSTER: Commissioner French.

4 COMMISSIONER FRENCH: No.

5 COMMISSIONER SEAMOUNT: Thank you, Ms.

6 Moriarty.

7 CHAIR FOERSTER: Ms. Moriarty, my only regret
8 is that the Channel 2 newsman stepped out of the room
9 while you paid us so many compliments.

10 MS. MORIARTY: Austin must not like me very
11 much.

12 CHAIR FOERSTER: Thank you very much. The last
13 person that I have listed as desiring to testify is Ms.
14 Christianson. And so come on up and then we'll catch
15 up if anybody -- if I've missed anybody after this.

16 So, Ms. Christianson, state your name and who
17 you represent for the record and then I'll swear you
18 in.

19 MS. CHRISTIANSON: My name is Amy Christianson,
20 I am a resident of Homer, Alaska. I have been in
21 Alaska since 1980, full-time since '85 where I
22 graduated University of Illinois with a degree in
23 animal science. I'm no expert, but I know what I feel
24 in my heart.....

25 CHAIR FOERSTER: So can I swear you in before

1 you start testifying?

2 MS. CHRISTIANSON: Oh, you bet.

3 CHAIR FOERSTER: Okay.

4 (Oath administered)

5 MS. CHRISTIANSON: I do.

6 CHAIR FOERSTER: Okay. Please proceed. And

7 you don't want to be recognized as an expert?

8 MS. CHRISTIANSON: No.

9 CHAIR FOERSTER: Okay.

10 AMY CHRISTIANSON

11 called as a witness on her own behalf, testified as

12 follows on:

13 DIRECT EXAMINATION

14 MS. CHRISTIANSON: So I've lived in Homer on
15 and off since I came to Alaska in 1980. I've seen big
16 changes happening. I've drive the Alcan several times,
17 I have seen beautiful places go to industry and change
18 dramatically. And what I'm here to testify is that I
19 choose to move next to an oil well, that's a right, but
20 the Kenai Peninsula is my home. The Kenai Peninsula is
21 a playground for the entire state. The Kenai Peninsula
22 is where we get our fish. I just dipnetted last summer
23 for reds, they're in my freezer. I will can them.
24 People come from Anchorage, people come from Talkeetna,
25 people come from all over to fish that fishery in

1 Kasilof and Kenai. And it's really fun and it's
2 camaraderie and it's about providing for our children
3 and our families. And I feel that fracking on the
4 Kenai Peninsula is putting everyone at risk. I do.

5 I trust AOGCC, I am proud that I hear that we
6 have the stringent, hardest things, but I also do not
7 believe that fracturing needs to occur in Alaska or in
8 my Kenai Peninsula area. It's got -- yeah, it's easy
9 access, you know, and there's more to it too, there's
10 slick water fracturing. You guys have done a lot of
11 fracturing, but how much slick water fracturing have
12 you done. And how many times have you drilled down
13 through the shore on land and then directional drilled
14 out into the ocean, beneath the floor of the ocean, and
15 fracked and then expect to pull that all back out and
16 up through the land again. It -- this is a brand new
17 process, BlueCrest, you're doing it all over, slick
18 water fracturing.

19 UNIDENTIFIED VOICE: (Indiscernible - away from
20 microphone).....

21 MS. CHRISTIANSON: On the Slope. Okay. But it
22 doesn't happen where a lot of people live and fish.
23 And it hasn't happened on the Kenai Peninsula. There's
24 things that have happened here that have made me crazy.
25 When we first -- you know, Stariski, Stariski is my

1 favorite state park, I worked there in 1981, beetles
2 killed the trees, it's changed a lot, the road has
3 widened, it's -- the bluff has gone away. It's a small
4 little park. But Stariski Creek is beautiful and
5 that's a beautiful spot. And I saw the industry coming
6 in and I feel the more double tankers on the road, I
7 see them, I'm worried about our two lane coastal
8 highway, I'm worried about the affects on tourism.
9 Kenai Peninsula is a gem, it needs protection, it needs
10 protection for the people who live there, it needs
11 protection for the people who come there, to play
12 there. Tourists don't come to see industry, tourists
13 come to see our wild places and our beautiful scenery.
14 And we basically have built our subdivisions right on
15 top of oil and gas, we know that. But just because
16 there's roads there and it's easy access for someone
17 like BlueCrest who really is a new company, it has no
18 reputation to protect, BlueCrest and Buccaneer both
19 were subsidiaries out of Australia. Buccaneer's
20 already bankrupt. BlueCrest just went to AIDEA and
21 asked for loan changes because they're struggling. I
22 just worry about these small companies who are
23 springing everywhere, I'm -- I mean, I'd feel safer if
24 it was BP or even Exxon in my -- I would because they
25 have a safety protocol and they have a reputation. And

1 these new companies come and go and they're not from
2 Alaska, they're not Alaskans, they're reorganized bits
3 and pieces from other corporations. If you follow the
4 money it's pretty interesting. And I want -- I want
5 the Kenai Peninsula oil reserves for my grandchildren
6 and my grandchildren's children and we know that oil's
7 there, we've known it's there for years. Why do we
8 need it right now, price is low, why do we need to risk
9 what we have, that gem, right now. That oil and gas
10 belongs to our children and our grandchildren if they
11 need it, when they need it, they will have better ways
12 to get at it.

13 And I'm testifying because thank you AOGCC for
14 being so stringent, but the public has every right,
15 especially when it's in our back yards, to come forward
16 and have testimony and have say so in what's going on.
17 I was there, Cathy Foerster, when you wagged your
18 finger and said, no, no, no, you people have no input
19 at this point. But again things move slow, it's when
20 it's happening that we're all aware of it and we all
21 want to talk about it and we want to know what their
22 plans are and how much money they have on reserve if
23 something goes amuck and what kind of contingency plan
24 they have if spills occur. And then I look at all the
25 ARCO stuff that's across the inlet now and all this

1 stuff up above the narrows, I mean, who's inspecting
2 the 30 year old stuff from ARCO. And when we're 30
3 years down the road from this frack who's going to take
4 care of BlueCrest stuff if they're gone like ARCO's
5 gone. We don't have a long term deal. And I just beg
6 you guys to please reconsider fracking on the Kenai
7 Peninsula, hydro fracking, slick water hydro fracking.
8 And know that it's Alaska playground, it's a gem and it
9 needs protecting.

10 And am I worried about fracking anywhere in
11 Alaska, yes, yes I am. And as we learn more and find
12 out more and just like the EPA came out, I'm worried
13 about fracking and I feel like anybody should have say
14 so in whether that's going to take place in their back
15 yard.

16 But I support Bob's and Cook Inlet's request
17 for a change in the rules and I support openness and
18 willingness and thank you for letting us have this
19 hearing. I don't know what's so costly when you guys
20 are talking \$30 billion and a change on your loan, what
21 is so costly about this hearing right now, that's
22 happening right now. Maybe it's slowed them down a
23 little bit, but.....

24 CHAIR FOERSTER: Ms. Christianson, I've given
25 you a lot of latitude, you're at seven minutes.

1 So.....

2 MS. CHRISTIANSON: Okay.

3 CHAIR FOERSTER:try to wrap it up.

4 MS. CHRISTIANSON: Anyway think about your
5 futures and think about the Kenai Peninsula, the gem
6 that it is.

7 CHAIR FOERSTER: Thank you.

8 COMMISSIONER SEAMOUNT: I've got a question.

9 CHAIR FOERSTER: All right. Excuse me, Ms.

10 Christianson, I think there are questions.

11 Commissioner Seamount, do you have a question?

12 COMMISSIONER SEAMOUNT: Ms. Christianson, thank
13 you for your thoughtful comments and I apologize to
14 Madam Chair for going off topic, but how many reds did
15 you catch this year?

16 MS. CHRISTIANSON: I put up only 11, but that's
17 because of my work schedule. The water was pretty
18 rough.

19 COMMISSIONER SEAMOUNT: I beat you.

20 MS. CHRISTIANSON: Oh, drat.

21 CHAIR FOERSTER: All right. I'm trusting that
22 you don't have -- than you very much for that.

23 COMMISSIONER FRENCH: There's a hand up, Madam
24 Chair.

25 CHAIR FOERSTER: Okay. So is there anyone in

1 the room who I have missed who wishes to testify?

2 (No comments)

3 CHAIR FOERSTER: Mr. Shaw, did you want to
4 claim that you caught more reds than Commissioner
5 Seamount did?

6 MR. SHAW: I didn't even see a fish this year,
7 ma'am.

8 CHAIR FOERSTER: Okay.

9 MR. SHAW: Actually I -- can we.....

10 CHAIR FOERSTER: If you want to talk you need
11 to come up to the microphone. And restate your name
12 and you're still under oath.

13 DON SHAW

14 testified as follows on:

15 DIRECT EXAMINATION CONTINUED

16 MR. SHAW: This is Don Shaw again. And
17 Commissioner French had mentioned about whether we
18 support the -- separating the Kenai so basically I'm
19 definitely in favor of letting the people in the Kenai
20 speak. People up north, we're not quite developed up
21 there yet, but definitely in favor of the people of the
22 Kenai Peninsula.

23 So I just wanted to add that.

24 CHAIR FOERSTER: Thank you. All right. Now is
25 there anyone on the phone who I missed that chose --

1 that desired to testify or anyone on the phone who has
2 changed their mind and now wishes to testify at this
3 time?

4 MS. LONG: Yes.

5 CHAIR FOERSTER: Okay. Your name?

6 MS. LONG: Yes, this is Becky Long, B-E-C-K-Y
7 L-O-N-G. And I'd like to testify, I changed my mind.

8 CHAIR FOERSTER: Okay. And do you represent
9 yourself?

10 MS. LONG: Yes, I do.

11 CHAIR FOERSTER: Okay. And would you like to
12 be recognized as an expert in any relevant area?

13 MS. LONG: Just as an expert activist on
14 community issues.

15 CHAIR FOERSTER: Okay. I don't think we need
16 to vet that. So would you please raise your right
17 hand.

18 (Oath administered)

19 MS. LONG: I do.

20 CHAIR FOERSTER: Okay. Please proceed.

21 MS. LONG: Okay.

22 BECKY LONG

23 called as a witness on her own behalf, testified

24 telephonically as follows on:

25 DIRECT EXAMINATION

1 MS. LONG: I do support this amendment and I
2 have provided written testimony to you guys. I think
3 the amendment is not an onerous burden, I don't think
4 that every time that there's a fracking operation that
5 somebody is going to go crazy and invoke this public
6 process.

7 But the reason why I got involved, I do not
8 live on the Kenai Peninsula and I do not dipnet, but I
9 live in the Talkeetna area and the state recently in
10 the last year declared this thing called a Southcentral
11 Regional Exploration License Determination Area. This
12 is for oil and gas production. This is a large area of
13 76,000 square miles. And I'm not quite sure why they
14 did it or what the point is, but I think basically what
15 it is is for them to encourage oil and gas production
16 in more easily accessible areas. And so this brings us
17 up here probably under the gun in terms of eventually
18 we will be having some hydraulic fracking happening.
19 And I think this amendment is important because local
20 knowledge of the area, and I'm talking about local
21 knowledge of the geological features and the hydrology
22 of the area and also local knowledge of state and
23 borough land management goals, like in comprehensive
24 plans, the goals that people have worked on for years
25 and years and years on these plans, it's very important

1 information to give to AOGCC on some of these hydraulic
2 frackings. And I just think local knowledge is very
3 important and that's why I decided to speak up.

4 And that's all I have.

5 CHAIR FOERSTER: Thank you very much, Ms. Long.
6 All right. Is there anyone else on the phone that I've
7 missed or has changed his or her mind and chooses to
8 testify now.

9 MS. HOLZWARTH: Excuse me, this is Suraj
10 Holzwarth, I did give testimony, I'm wondering if I
11 have a few minutes at all left in my testimony to add
12 anything?

13 CHAIR FOERSTER: Please proceed. You're still
14 under oath and I'm taking -- try to limit it to a
15 minute or two, but please proceed.

16 MS. HOLZWARTH: Thank you so much.

17 SURAJ HOLZWARTH

18 testified as follows on:

19 DIRECT EXAMINATION CONTINUED

20 MS. HOLZWARTH: I just thought of -- there was
21 one area that I kind of didn't cover. And I understand
22 that, you know, this very much about this particular
23 clarification of public input. It's very difficult as
24 a Native American person to separate these things out
25 when we say that there is no damage to freshwater. If

1 I am correct in the research that I've done and there's
2 one to 8 million gallons of water being used and
3 rendered toxic and needing to be wastewater for 3,400
4 wells in Alaska that's approximately 192 million
5 gallons of water. Where is that water and where is it
6 going and how can you say that that doesn't affect our
7 water supply. That's just an unbelievable statement.
8 And in the oil spill industry if you do your research
9 online there were 181 oil spills this year. If the
10 flight industry lost that many planes a year we would
11 ground the airline industry and stop flying. It's time
12 to end fossil fuel extraction all together, it is --
13 our local fishermen, lodge owners, kayakers that I talk
14 to every day, I've been a wilderness guide for 20 years
15 in Alaska, I have watched the Matanuska Glacier before
16 my eyes recede and to deny global warming and the
17 affects of the oil industry I think it's just time to
18 wake up. Fossil fuels are sending us in a spiral down
19 hill and if we don't get off this deadly addiction we
20 are exterminating our life on earth. And I think that
21 this is an absolute absurdity that you could separate
22 one thing from the other and say that toxicating 20 --
23 192 million gallons of water is not affecting us,
24 droughts we're experiencing globally. I think that
25 what's going on around the world is happening in Alaska

1 and we're not going away to stand up for this industry
2 that is over. It may have been providing resources and
3 jobs, but at the expense of us dying for it and.....

4 CHAIR FOERSTER: Ms. Holzwarth, I -- we.....

5 MS. HOLZWARTH:all life. Looks at the
6 murre on.....

7 CHAIR FOERSTER: Ms. Holzwarth, we've been
8 indulgent in giving you more time and you're off.....

9 MS. HOLZWARTH:the beach, the wildlife
10 that are dead on our beaches.....

11 CHAIR FOERSTER:topic so we're going to
12 ask you to stop right now.

13 MS. HOLZWARTH:how can you say that.

14 CHAIR FOERSTER: We're going to ask you to stop
15 because you have taken more than the two minutes I
16 allowed you and none of it was on topic. So thank you.

17 All right. Is there anyone else.....

18 MS. HOLZWARTH: Thank you very much for your
19 time.

20 CHAIR FOERSTER:in the room or on the
21 phone who has not been heard or who needs to be heard
22 again?

23 Mr. Shavelson, come on back up.

24 MR. SHAVELSON: Thank you, Madam Chair.

25 CHAIR FOERSTER: You're still under oath.

1 MR. SHAVELSON: Right.

2 BOB SHAVELSON

3 testified as follows on:

4 DIRECT EXAMINATION CONTINUED

5 MR. SHAVELSON: I just want to make a couple
6 follow-up comments. First I'm not surprised to hear
7 the state of Alaska and the Kenai Peninsula Borough not
8 supportive of these because as we all know we're in a
9 fiscal crisis and it's again not surprising that they
10 would come out in support of the industry because
11 everyone's wringing their hands on how to address that
12 fiscal crisis.

13 But with that said I don't see a great burden
14 here and I guess I would offer, you know, public
15 hearing may incur some additional costs for AOGCC and
16 the state. All we're looking for is notice and
17 comment. So if you got to a place where applications
18 were simply posted online and there's an opportunity
19 for people to comment that would suffice for us, we
20 don't necessarily need to go through this process every
21 time. So I just wanted to put that out there.

22 I also want to reiterate what other folks have
23 said that we have high regard for AOGCC and the staff
24 here. I deal with the whole gambit of state and
25 federal alphabet soup of agencies and AOGCC really does

1 rise to the top in terms of its diligence and its
2 professionalism. And I also say my interactions with
3 BlueCrest have been very good. I can pick up the phone
4 and call Mr. Burgess, he's always responsive, he's had
5 a series of public meetings with the Fracking Panel in
6 Homer, I thought that was all good and open stuff. But
7 with regards to the rules and I do agree also that the
8 rules in Alaska are some of the more stringent in the
9 nation, but I think there is a role for the public to
10 weigh in.

11 And I said it before, I know that we had
12 requested from the Natural Resources Defense Council,
13 if I may I'd just like to read a section of that into
14 the record here because it implicates compliance with
15 some of these rules and it has to do with well design.
16 And I'll quote this is a memo from Breanna Mordick, the
17 senior scientist at Natural Resources Defense Council
18 to me, it's dated December 7th, the subject is
19 BlueCrest Alaska Operating, LLC, 10-403 application for
20 fracture operations, horizontal production well H-16.
21 And Ms. Mordick says the proposed well design leaves
22 the vast majority to annulus behind the intermediate
23 casing uncemented. The annular space behind the
24 intermediate casing will be uncemented from surface to
25 more than 6,500 feet deep. As noted in the permit

1 application this uncemented interval contains fluid
2 bearing zones including zones that meet the federal
3 definition of an underground source of drinking water
4 and Alaska's definition of freshwater. Failing to
5 submit over fluid bearing formations, particularly
6 those that may be capable of flow can result in loss of
7 well control in the near term and casing corrosion and
8 sustained casing pressure in the medium to long term
9 which may compromise the mechanical integrity.
10 Industry best practice is to cement over potential flow
11 zones and zones that may be abnormally pressured,
12 contain hydrocarbons or protected water or other joint
13 hazards. Alaska regulation requires that the well
14 casing and cementing program must be designed to
15 prevent migration of fluids from one stratum to
16 another, ensure control of well pressures encountered,
17 prevent contamination of freshwater, provide well
18 control until the next casing is set, considering all
19 factors relevant to well control, putting formation
20 fractured gradients, formation pressures, case setting
21 depths and proposed total depth. The proposed well
22 design does not meet these standards.

23 So I put that in there simply to recognize
24 again that I do think there's a valid goal for the
25 public to engage in the process, we don't need to have

1 a public hearing for every fracked well across the
2 state, but we do believe that notice and comment would
3 be important.

4 And I guess I just also want to say finally,
5 you know, there's the comment that there's been over
6 3,000 fracked wells in Alaska and there's no documented
7 evidence of contamination. As someone who's been in
8 this field for over 22 years and looking at things, we
9 know that there's no sampling or monitoring or
10 extensive sampling and monitoring that's gone over in
11 these things, so if you don't look you won't find. And
12 I think that's really the essence of the issue here.

13 And the other issue is there's no drinking
14 water on the North Slope because with the permafrost
15 those aren't typically drinking water supplies.

16 So I would just leave it at that and I
17 appreciate the extra time you provided.

18 CHAIR FOERSTER: Commissioner Seamount, do you
19 have any questions for Mr. Shavelson?

20 COMMISSIONER SEAMOUNT: I have none.

21 CHAIR FOERSTER: Commissioner French?

22 COMMISSIONER FRENCH: No.

23 CHAIR FOERSTER: I'm going to cause my
24 assistant attorney general to spin in his seat in the
25 back of the room because he tells me never to testify.

1 But I do feel that for the education of the people in
2 the room that I need to comment on the long description
3 that you read by your expert. I apologize. She
4 totally misunderstands the technical aspects of what
5 she described. Our regulations require that there be
6 cement all the way from surface down, but there is
7 cement in BlueCrest wells in the surface casing. And
8 we would not -- if they came to us and wanted to cement
9 the intermediate casing, the place where she says there
10 is no cement, if they requested to do that we would
11 deny it because with that string cemented to the
12 surface we would have no way of measuring pressures and
13 ensuring the mechanical integrity of it and the surface
14 casing which is cemented and is our source.

15 So to -- I know you intended to tell the truth,
16 the whole truth and nothing but the truth, but the
17 truth is that that assertion is steeped in ignorance
18 and totally false and would violate our regulations.

19 And I apologize to Tab for testifying as a
20 Commissioner, but I just felt that I needed to explain
21 to the public that that was wrong. And we work really,
22 really hard to ensure good mechanical integrity and
23 when someone says well, you know, you're not doing your
24 job because and then the stuff that they say is, excuse
25 my French, I said nobody could cuss, bullshit, then I

1 find it very offensive.

2 All right. Tab, I'm sorry.

3 MR. SHAVELSON: Well, that was quite a
4 statement from the Chair. And I would also say it's
5 your opinion and I don't know if you've been certified
6 as an expert under oath, but I think it's exactly why
7 we need to have these discussions. I think you.....

8 CHAIR FOERSTER: All right. I won't get into
9 an argument with you.....

10 MR. SHAVELSON:need to have that back and
11 forth.....

12 CHAIR FOERSTER:about mechanical
13 engineering which is my degree.

14 MR. SHAVELSON: It's not my degree and so.....

15 CHAIR FOERSTER: Okay.

16 MR. SHAVELSON:it might be nice to have
17 Ms. Mordick up here and we could have another panel and
18 we could discuss those things. But I think it exactly
19 draws out why we have to have the discussion because
20 these are highly complex things. And as you know, you
21 know, you see people in the public and people that I
22 represent, it is an emotional issue and it's an
23 emotional issue because people don't understand the
24 complexities. So it helps to have that public notice
25 and comment so that information can come out and the

1 public can come along because the more that you're
2 going to have oil and gas encroaching on these high
3 population density areas, the more these issues are
4 going to come up, they're not going to go away and
5 they're only going to get more aggravated.

6 So with that I thank you again.

7 CHAIR FOERSTER: Okay. Is there anyone else
8 who wishes to testify?

9 Mr. Hendrix, would you please come back up.

10 MR. HENDRIX: Thank you.

11 CHAIR FOERSTER: You're still under oath.

12 MR. HENDRIX: Thank you.

13 JOHN HENDRIX

14 testified as follows on:

15 DIRECT EXAMINATION CONTINUED

16 MR. HENDRIX: I find it very -- and I think
17 every state resident should find this appalling and
18 degrading of your comment that we make our judgments
19 based upon the state's economy. We make these because
20 we know and we look at the facts and we evaluate it and
21 we state. We also find it amazing that you will stand
22 up here and say you respect the AOGCC, but then you
23 want them to change things. And then with regard to
24 NRDC and (indiscernible) NRDC using Alaska as a
25 platform fund raiser. Let's not forget what NRDC did

1 in Cook Inlet with the lawsuit against NMFS where
2 basically seven of eight were found to be basically no
3 basis at all. And had a YouTube video of Pierce
4 Brosnan saying the Apache Corporation was killing
5 beluga whales. That was NRDC, the people you just
6 quoted saying that Apache Corporation delayed their
7 operation and therefore impact Alaskans.

8 Thank you. Any questions?

9 CHAIR FOERSTER: No, thank you. All right. We
10 can go on.

11 MS. LIMACHER: Yeah, this is Deborah Limacher,
12 can I just add one thing?

13 CHAIR FOERSTER: Of course you may.

14 MS. LIMACHER: All right. Thank you.

15 DEBORAH LIMACHER

16 testified as follows on:

17 DIRECT EXAMINATION CONTINUED

18 MS. LIMACHER: I just wanted to talk about when
19 everyone was talking about the water as far as it being
20 toxic, toxicated. What I wanted to say was that I
21 forget to mention that BlueCrest is talking about
22 taking the water from the gravel pits, we're talking
23 one to 15 million gallons per frack, from the gravel
24 pit. So that's the contamination of the water as the
25 depletion of the water table that I'm concerned about

1 more. So I didn't kind of clarify that. So I just
2 thought I'd add that in.

3 CHAIR FOERSTER: Okay. Thank you, Ms.
4 Limacher.

5 MS. LIMACHER: And as far as I know that's what
6 I've been told because all along well, we don't know
7 where we're getting our water then the last I heard is
8 they have some gravel pit. How is that not going to
9 deplete the water table for the residents.

10 Thank you.

11 CHAIR FOERSTER: Thank you.

12 (Off record comments)

13 CHAIR FOERSTER: Ms. Epstein.

14 LOIS EPSTEIN

15 testified as follows on:

16 DIRECT EXAMINATION CONTINUED

17 MS. EPSTEIN: Okay. Thanks for this
18 opportunity to add to my previous remarks. So I have
19 two quick comments on the information that was provided
20 to you about the STRONGER report and I did participate
21 on that evaluation. I wanted to clarify that the quote
22 that Ms. Moriarty from AOGA read was about AOGCC's
23 transparency and rule development, it was not directly
24 related to site specific operations like we're talking
25 about today.

1 And second I wanted to also say that the report
2 also identified certain deficiencies with respect to
3 state oversight, so not always, you know, dealing with
4 AOGCC, but overall. And I do encourage all
5 participants in this hearing to read the full report
6 because I think it would be helpful.

7 Finally I wanted to make a point that's not
8 often emphasized enough, but because of the technical
9 advances related to hydraulic fracturing it's now
10 taking place in many geologic formations that are
11 different than it has historically taken place in
12 Alaska and elsewhere. So hydraulic fracturing, you
13 know, we've heard the number 3,000 plus wells in
14 Alaska, hydraulic fracturing in conventional oil
15 production is inherently less controversial than it is
16 in -- for unconventional wells and shale formations.
17 So, you know, some of the numbers are a little bit
18 misleading by lumping all hydraulic fracturing previous
19 and present with -- in one big group and making sort of
20 large generalizations about that. So that's an
21 important distinction.

22 So thank you.

23 CHAIR FOERSTER: So I have a question for you.

24 MS. EPSTEIN: Yes.

25 CHAIR FOERSTER: So how is -- is BlueCrest's

1 proposal in an unconventional reservoir?

2 MS. EPSTEIN: I'll let the folks who are more
3 familiar with it.....

4 CHAIR FOERSTER: Okay.

5 MS. EPSTEIN:answer that.

6 CHAIR FOERSTER: Okay. And how is that frack
7 different.....

8 MS. EPSTEIN: I was just making that as a
9 general point having to do with AOGCC's new revisions
10 to the regulations which as we all know are ongoing so
11 we can be perfectly appropriate to say we respect and
12 admire your work, but we think there should be some
13 tweaks to that.

14 CHAIR FOERSTER: Commissioner Seamount, do you
15 have any questions?

16 COMMISSIONER SEAMOUNT: I have no questions.

17 CHAIR FOERSTER: Commissioner French?

18 COMMISSIONER FRENCH: No.

19 COMMISSIONER SEAMOUNT: Thank you, Ms. Epstein.

20 MS. HOLZWARTH: This is Suraj Holzwarth, I'm
21 wondering if I can ask a question?

22 CHAIR FOERSTER: You can -- you can state a
23 ques -- you can ask a question, the person who you ask
24 it of doesn't need to answer it until the Commissioners
25 decide if it's a question that is going to help us make

1 our decision.

2 So give us the question and we'll take a short
3 recess and discuss your question and then come back.

4 MS. HOLZWARTH: Thank you so much.

5 SURAJ HOLZWARTH

6 testified as follows on:

7 DIRECT EXAMINATION CONTINUED

8 MS. HOLZWARTH: It can be addressed to
9 BlueCrest themselves or anyone representing the oil and
10 gas industry.

11 CHAIR FOERSTER: Okay.

12 MS. HOLZWARTH: I would really love to know the
13 answer to the question of what happens to 3,400
14 fracking wells and the water extraction and the
15 concerns that Deborah Limacher just mentioned about our
16 water table.

17 CHAIR FOERSTER: Okay. All right. We're going
18 to take a five minute recess and discuss this question
19 and we'll be back at 10 minutes until 11:00.

20 (Off record)

21 (On record)

22 CHAIR FOERSTER: We're going to come back on
23 the record. Don't leave unless you're planning on
24 leaving for good because we're getting back on the
25 record, we're not going to take a recess. Recess is

1 over.

2 Okay. The question that Ms. Limacher asked is
3 one that BlueCrest or someone else may want to answer
4 for her offline, but it has no relevance to the subject
5 matter of today's hearing so we're not going to ask it.

6 Is there anyone else who has anything to add
7 for the good of the order.

8 (No comments)

9 CHAIR FOERSTER: All right. Now all we need to
10 do is decide how long we're going to keep the record
11 open. I personally feel that December 26th is an
12 adequate time period.

13 UNIDENTIFIED VOICE: It's a holiday.

14 CHAIR FOERSTER: Oh, okay. So December 27th.

15 UNIDENTIFIED VOICE: Yes.

16 CHAIR FOERSTER: All right. And anyone who has
17 provided any evidentiary information that was just of a
18 general nature that would like to back it up with
19 facts, please feel free to add that to the record.

20 All right. Do you have anything for the good
21 of the order, Commissioner Seamount, before we adjourn?

22 COMMISSIONER SEAMOUNT: I would like to
23 reiterate that I would like any kind of documentation,
24 information that anybody has on statements that were
25 made today be given to us by the 27th. I'm very

1 interested in evidence that there is a substantial risk
2 from fracking. So please send that to us. We have
3 read all of the testimony that has been provided so far
4 and we've listened to all your testimony today. I'd
5 like to thank you all for your thoughtful comments.

6 And that's all I have to say, Madam Chair.

7 CHAIR FOERSTER: Thank you. Commissioner
8 French, do you have anything to add?

9 COMMISSIONER FRENCH: I'll just say that I --
10 it was an excellent hearing, I appreciated the comments
11 very much and I'll say that I rode my bike to work
12 today in honor of today's hearing.

13 CHAIR FOERSTER: All right. I don't think I
14 have anything to add. So at 10:47 this hearing is
15 adjourned.

16 (Hearing adjourned 10:47 a.m.)

17 10:46:46

18 (END OF REQUESTED PORTION)

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TRANSCRIBER'S CERTIFICATE

I, Salena A. Hile, hereby certify that the foregoing pages numbered 02 through 87 are a true, accurate, and complete transcript of proceedings in re: Docket No.: R 16-002 public hearing, transcribed under my direction from a copy of an electronic sound recording to the best of our knowledge and ability.

Date Salena A. Hile, Transcriber