ALASKA OIL AND GAS CONSERVATION COMMISSION

Before Commissioners: Cathy Foerster, Chair
Daniel T. Seamount
Hollis French

In the Matter of Proposed Changes to )
Regulation 20 AAC 25.280(f). )
_______________________________)

Docket No.: R 16-002

ALASKA OIL and GAS CONSERVATION COMMISSION
Anchorage, Alaska

PUBLIC HEARING
December 15, 2016
9:00 o'clock a.m.

BEFORE: Cathy Foerster, Chair
Daniel T. Seamount
Hollis French
<table>
<thead>
<tr>
<th></th>
<th>TABLE OF CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Opening remarks by Chair Foerster</td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Testimony by Bob Shavelson</td>
</tr>
<tr>
<td>4</td>
<td>Testimony by Suraj Holzwarth</td>
</tr>
<tr>
<td>5</td>
<td>Testimony by Andrew Wills</td>
</tr>
<tr>
<td>6</td>
<td>Testimony by Larry Persily</td>
</tr>
<tr>
<td>7</td>
<td>Testimony by Deborah Limacher</td>
</tr>
<tr>
<td>8</td>
<td>Testimony by Mike Schuster</td>
</tr>
<tr>
<td>9</td>
<td>Testimony by Nicole Arevalo</td>
</tr>
<tr>
<td>10</td>
<td>Testimony by Stephen Hennigan</td>
</tr>
<tr>
<td>11</td>
<td>Testimony by John Martineck</td>
</tr>
<tr>
<td>12</td>
<td>Testimony by John Hendrix</td>
</tr>
<tr>
<td>13</td>
<td>Testimony by Kara Moriarty</td>
</tr>
<tr>
<td>14</td>
<td>Testimony by Amy Christianson</td>
</tr>
<tr>
<td>15</td>
<td>Testimony by Becky Long</td>
</tr>
</tbody>
</table>
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
public notice and hearing on hydraulic fracturing of wells in Alaska, but first before we begin I'd like to cover a few housekeeping items. I understand that we have several people listening online. At this time if you have not already given your name, your affiliation and whether or not you intend to testify to our secretary I would like you to do so in as orderly a fashion as possible. One of you chime in and then we'll keep going until all of you -- because I've heard the phone blip about four or five times. So I'd like for each one of you to state your name, spell it slowly and clearly, state whom you are representing, perhaps you're representing yourself and that's just fine, and state whether you intend to testify. This will help us with time management and ordering of testimony. But don't worry, if you don't state that you intend to testify, but then later decide that you want to, we'll have an opportunity for that after all others have testified.

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

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

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

CHAIR FOERSTER: Anyone else?

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

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

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

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

CHAIR FOERSTER: Okay. Anyone else?

(No comments)

CHAIR FOERSTER: At this time I'd like to see
if there is anyone either in the room or on the phone
who cannot stay for the entire hearing and thus needs
to be put early on the list of those testifying. We'll
start with those in the room. Is there anyone in the
room who would like to testify soon so you can make
another commitment?

(No comments)

CHAIR FOERSTER: Nobody's waving their hand.

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

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

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

CHAIR FOERSTER: Okay. Anyone else?

(No comments)

CHAIR FOERSTER: Okay. So at this time
everyone who's calling in, if you have a mute option on
your phone please engage that at this time. If you do
not have that option on your phone, please remain aware
that any noises coming from your phone will be heard by
all and may be disruptive to the hearing process.

Failure to put your phone on mute and failure to keep
that in mind may compromise your and others' ability to
hear what is being said today.

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

MS. LETT: Yes, this is Victoria Lett.

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

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

All right. There will be a five minute time limit on oral testimony for each participant. At the end of your testimony if you have comments in written form that you're willing to provide, please hand them to the court reporter, that will make his job a little easier. All comments, whether submitted in writing, via email or letter or delivered here today orally, will be used in making our final decision.
We will be leaving the record open after we adjourn today. At the end of the hearing we will determine the appropriate amount of time needed and set a date to close the record. It will depend on if there are questions we have that aren't answered today that might require more time to give a response, we'll work through that at the end of the hearing, but we will leave the hearing open an adequate amount of time for additional comments and responses.

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

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

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

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

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

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

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

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

(Off record comments)

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

That's all I have to say.

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

COMMISSIONER FRENCH: I guess I just have one question. I mean, I appreciate the comments of you, Madam Chair, and my co-Commissioner, I think it is an important hearing today. My question I think is mainly directed at those who will be testifying in favor of the proposed regulation and that is do you see a frack job on the Kenai Peninsula which is where we've gotten most of the messages from, the same as a frack job that takes place on the North Slope. And so for those of you who are testifying in favor of the regulation I'm
interested in your perspective on that question, are they the same thing in your minds or are they different things, a frack job on the Kenai Peninsula versus one that takes place on the North Slope.

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

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

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

(Off record comments)

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

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

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

All right. Raise your right hand.

(Oath administered)

MR. SHAVELSON: Yes.

CHAIR FOERSTER: All right. Would you like to be recognized as an expert in any subject matter area?
MR. S: Just as a human.

CHAIR FOERSTER: All right. Please proceed.

MR. SHAVELSON: Thanks.

BOB SHAVELSON
called as a witness on behalf of Cook Inletkeeper,
tested as follows on:

DIRECT EXAMINATION

MR. SHAVELSON: Yeah, my name's Bob Shavelson,
I'm the executive director of Cook Inletkeeper. Cook
Inletkeeper is a community based nonprofit, we've been
working since 1995 to protect the Cook Inlet watershed
and the life it sustains. Really appreciate the
opportunity to have this hearing and to address this
issue. We believe it's just a basic right of good
government to have open government and transparency in
the discussion around fracking. And I have to say that
in the 22 years I've been doing this work some of the
most vigorous debate that I've seen around these issues
has come around hydraulic fracturing. Some of it I
think has been more emotional than fact based, but the
proliferation of hydraulic fracturing in the lower 48 I
think has certainly prompted a lot of concern.

When I look at where our nation is and where
our state is and I go back to our democratic ideals, I
mean, they're founded in transparency and public
participation and when issues of hydraulic fracturing implicate or potentially implicate publicly owned lands and waters it only makes sense to us to give Alaskans an opportunity to review these permit applications and to comment on them. And I guess I just -- I believe when you were speaking originally the way I interpret the rules is there be an opportunity for a hearing, but it wouldn't be mandatory unless someone requested it. And I think as you can see here there's not a big circus atmosphere or anything like that, I think there's an legitimate need to engage in some of these issues. So I don't see in the future that people are going to be coming out of the woodwork requesting hearing after hearing after hearing on fracking applications. I think it's simply a matter of making them available and if people want to weigh in on them they certainly can.

I've heard a lot that hydraulic fracturing and other stimulation techniques have been ongoing for decades in Cook Inlet and beyond and the point I'd like to make is our understanding of the harms, the potential harms from fracking has grown considerably over the past decade and I want to introduce for the record and I gave to Jody a couple documents. For the record the first one is Compendium of Scientific,
Medical and Media Findings Demonstrating Risk and Harms of Fracking. And that's by Concerned Health Professionals in New York and Physicians for Social Responsibility. And the second one just came out within the last week and it's from the U.S. Environmental Protection Agency and they've done an exhaustive study entitled Hydraulic Fracturing for Oil and Gas, Impacts from the Hydraulic Fracturing Water Cycle and Drinking Water Resources in the United States. I only introduced the executive summary of that report to the Commission because the whole report is voluminous. And I think if you look at these documents there are specific and quantifiable risks and harms to ground and surface waters from hydraulic fracturing and the water withdrawal and the waste disposal activities that accompany them. And while we certainly recognize the geology and the hydrology in Alaska are in many ways different from the scenarios set in literature, there are a lot of parallels that make these documents highly relevant.

I guess another important point to make is that AOGCC already offers public notice and comment on a variety of activities. These include well spacing, applications for annular disposal of drilling waste, applications to commingle production and injection.
within the same wellbore and maybe most appropriately applications for enhanced recovery. So we believe it just makes basic sense that there should be the same opportunity for hydraulic fracturing operations.

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

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

So when we look at the argument about cost and
delay, these are simply, you know, the cost of doing
business in a place where healthy communities and clean
water are so essential. And we'd hope the Commission
would agree and I'd be happy to take any comments.
And one thing that I'll do, again we didn't try
to create a big circus environment here with a lot of
protestors, but I do have a sheet here with over 200
people signing a statement saying that they support
public notice and comment for this rulemaking.

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

MR. SHAVELSON: Yes, it does.

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

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

That's all I have to say.

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

COMMISSIONER FRENCH: I'd just ask if you have
 any thoughts about the question I posed at the
beginning of the hearing?

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

COMMISSIONER FRENCH: Thank you.

CHAIR FOERSTER: Thank you....

MR. SHAVELSON: Thank you.

CHAIR FOERSTER: .....very much, Mr. Shavelson.

I think because we had two people on the phone who said
they wanted to testify early, we'll let them testify at
this point and then we'll go back to the -- going off
of the people in the room and then the people on the
phone.
So let’s start with Ms. Holzwarth, you -- would
you take your phone off of mute and we'll listen to
your testimony.
MS. HOLZWARTH: Thank you so much.
CHAIR FOERSTER: But first.....
(Oath administered)
MS. HOLZWARTH: Yes.
CHAIR FOERSTER: Okay. Please proceed.
MS. HOLZWARTH: Thank you.
SURAJ HOLZWARTH
called as a witness on her own behalf, testified
telephonically as follows on:
DIRECT EXAMINATION
MS. HOLZWARTH: As a 37 year Alaskan and a
current resident of Hope, Alaska and also the executive
director of a local nonprofit, I'm completely actually
opposed to BlueCrest Energy fracking in Alaska or any
other fracking in Alaska.
CHAIR FOERSTER: Okay. Ms. Holzwarth, please
allow me to.....
MS. HOLZWARTH: But in particular this.....
CHAIR FOERSTER: .....interrupt you just for a
second. Please, I'm -- I apologize for my
interruption, but today's proceeding relates not to
whether BlueCrest fracks or anybody else fracks, but
today's proceeding relates to whether the Commission
will modify its hydraulic fracturing regulations to
allow for a 30 day comment period and the possibility
of a hearing. So please keep your testimony to that
because we have a lot of people who want to testify and
so we want to make sure the testimony relates to the
topic at hand.

Thank you. Please proceed.

MS. HOLZWARTH: Thank you. I cannot fathom
that if I wanted to cut a Christmas tree on the Kenai I
would -- I would actually need a special permit,
however a Texas based oil company can threaten the very
fabric of life and use one to 8 million gallons of our
water which is then rendered toxic without informing
and being regulated by the Alaska people. I think this
is insane. I, you know, feel that the concerns that we
have on the Kenai as well as throughout Alaska deal
with the hydrologic fracturing and its water
contamination. I appreciate Bob's quote about the EPA
article that just came out a few days ago that said
quote, the Environmental Protection Agency has
concluded that hydraulic fracturing has contaminated
drinking water. These deep wells pass through the
aquifers which give our communities life sustaining water. And these (indiscernible) is not only deep in the earth and (indiscernible) gallons of water are laced with undisclosed fracking chemicals and methane and other dangerous gasses are released. In 2011 the U.S. House of Representatives Investigative Report states that out of 2,500 hydraulic fracking products more than 650 contain chemicals that are known carcinogens. Our communities are now standing up to protect ourselves from this kind of impact specifically to our fish, our wildlife, our -- really our sustained life here on the Kenai. The U.S. Drinking Water Act has not applied to fracking and outside of the harms that fall under the definition of the word fracking we need to deal with the toxic wastewaters that are produced from this kind of drilling.

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

Also I think on the Kenai we deal with earthquake activity and it's well known that fracking
in the lower 48 has been blamed for earthquakes which is a serious concern. And in Cook Inlet the bay is in front of active volcanos. We read in your report that the earthquake hazard is small and would likely be too small to cause dangerous damage such as a magnitude of three or four. And I say are you at all living in Alaska, do you need a reality check, please check with experts on the quake quantity and levels of the last 10 to 12 years in Cook Inlet and then with a straight face tell us that you want to put additional strain on these fault lines, possibly increasing the frequency and magnitude of quake risk.

And I just as a mixed blood Native American I often reflect back to our founding fathers and how they modeled our democracy upon my ancestors of the Eri Coy Confederacy. To Native peoples the words we the people meant all people, including two legged, four legged, one legged which means trees and plants, winged ones, fin ones and every other creature that crawls. The two leggeds are given the responsibility to be stewards and custodians, to care and preserve life for all the peoples and to assure each decision made may be made to enhance life for the next seven generations. I believe we on the Kenai we take that we the people seriously and do not want life threatened for an outdated and
unsustainable form of energy extraction. What sane
people would pollute the very water they drink.

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

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

CHAIR FOERSTER: Thank you, Ms. Holzwarth.

MS. HOLZWARTH: Thank you very much.

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

MS. HOLZWARTH: Yes, it does.

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

MR. WILLS: Yes, hello, this is Andrew Wills.
Am I -- am I live there?

CHAIR FOERSTER: Yes, you are.

(Oath administered)

MR. WILLS: Yes.

CHAIR FOERSTER: Okay. Then please proceed.

ANDREW WILLS

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

DIRECT EXAMINATION

MR. WILLS: Yeah, I would like to echo the last
caller's concerns. And I'm a -- I moved to Homer,
Alaska in 1982 and I run an antiquarian bookshop and a
restaurant. And I have grave concerns about what is
happening to our planet and I believe the people have a
right to know and should have a say in their future.
Water is basically life, I mean, without water on this
planet we wouldn't be here. And when you threaten our
water, you look at Flint, Michigan, you know, it's a
horrible thing, I mean, people will get cancers and
everything else. So in reality the whole idea of
poisoning our water supply for energy that may or may
not be -- you know, there's other energies out there
that we need to be addressing instead of sucking the
last drops of oil and gas out of our planet. And, you
know, we don't really know what's going on down there
in the aquifers and whatnot, it's -- we do know that it's -- there's horrible chemicals and whatnot that does leak out into the water and then people drink it and they get sick. So why would we do this to ourselves, our host, our planet. And I just think that this whole process -- if there wasn't a watchdog like Mr. Shavelson on it, we wouldn't even be talking about it, it would just happen. So we have to become a little smarter as a species and take care of our planet and our -- what feeds us which is water and our oceans. So really I -- you know, to me it's common sense, but I guess in the big oil world where, you know, it's an oil company with an army anymore it seems like, and with the new administration that's really scary as far as the environment, I think at all costs we need to be informed and to have hearings and to not drink the Kool-Aid as far as what this fracking will do to our water. It's a crime.

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

CHAIR FOERSTER: Thank you, Mr. Wills. So I want to consider with my two fellow Commissioners the
process to proceed under. I think listening to the people that are calling in, just proceeding with them would be a good way to go. Is that all right with you?

COMMISSIONER FRENCH: That's fine.

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

(No comments)

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

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

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

MS. CHRISTIANSON: Yeah.

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

MR. PERSILY: Yes, I am.

CHAIR FOERSTER: Okay. Are you ready to testify?

MR. PERSILY: Hello.

CHAIR FOERSTER: Hello, Larry.
MR. PERSILY: Yes, I went dead there for a minute. I'm sorry.

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

(Oath administered)

MR. PERSILY: It is. I do.

CHAIR FOERSTER: Okay. And then please proceed.

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

DIRECT EXAMINATION

MR. PERSILY: Okay. Larry Persily, I'm assistant to the Kenai Peninsula Borough mayor, Mike Navarre and the comments I'm going to give today which I will follow-up with some written comments for the Commission represent the mayor's views on this. The short answer is the mayor is aware of the existing public access process for any drilling well in Alaska and feels that the process is a variable knowledge sufficient that we -- that the state does not need a public hearing on every well that goes in in Alaska, that there are sufficient safeguards, sufficient public access to drilling applications and
that adding a public hearing for every well just isn't
needed and isn't going to solve the problem for people
concerned about fracking pro and con.
So he would oppose the proposed regulatory
change.
CHAIR FOERSTER: Okay. Does that complete your
testimony?
MR. PERSILY: Well, that's sort of a short
summary of the two pages we're going to send in, yes.
CHAIR FOERSTER: Okay. Thank you, Mr. Persily.
The next person on the list who says that he or she
wants to testify is Deborah Limacher. If Ms.
Limacher's still on the phone would you unmute and.....
MS. LIMACHER: Okay.
CHAIR FOERSTER: Ms. Limacher, do you -- raise
your right hand, we'll all imagine that we can see you.
(Oath administered)
MS. LIMACHER: Yes, I do.
CHAIR FOERSTER: Okay. Please proceed. And
one moment.
MS. LIMACHER: Okay.
CHAIR FOERSTER: Please keep in mind five
minutes and keep it to the topic. Thank you.
MS. LIMACHER: Okay.
DEBORAH LIMACHER
called as a witness on her own behalf, testified telephonically as follows on:

DIRECT EXAMINATION

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

I'd like to read your mission statement. To protect the public interest in exploration and development of Alaska's valuable oil, gas and geothermal resources through the application of conservation practices designed to ensure greater ultimate recovery and the protection of health, safety, fresh groundwaters and the rights of all owners to recover their share of the resources. You are here to
protect the public interest, your words. We're a citizen owned state whereby we all own the resources, yet we have no power in the decision making for fracking, the most volatile of all oil extraction. We state about the protection of our fresh groundwater, how is extracting millions of gallons of freshwater per well for the next 30 years from our gravel pit protecting our freshwater table. I call it depleting our water table.

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

This is why we need to be a part of the decision making. We're the ones that have to live with your decision. And when a fracking incident or possibly an oil spill occurs who will be liable for an entire lost fishery worth billions of dollars. I was instrumental in bringing Exxon into Cook Inlet in 1989 and it was my fleet of boats that tried to cleanup the tar ball mess. So I'm here to tell you, it's impossible. We tried and an entire fishery was shut down.
Due to the track record of oil and gas fracking and exploration worldwide I'm frightened to see what will happen to the lower Cook Inlet in 30 years. As an owner of these resources I urge you to allow our voices to be heard in this fracking permit process and it's your responsibility to do so.

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

Thank you.

CHAIR FOERSTER: Thank you, Mrs. Limacher. The next person on the list is Mike Schuster. If Mr. Schuster is still on the phone would you unmute?
MR. SCHUSTER: Yes, I'm here.

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

(Oath administered)

MR. SCHUSTER: Yes, I do.

CHAIR FOERSTER: Okay. Please proceed.

MIKE SCHUSTER called as a witness on his own behalf, testified telephonically as follows on:

DIRECT EXAMINATION

MR. SCHUSTER: Thank you for the opportunity to testify. I'm testifying in support of a proposal to open hydraulic fracturing applications for public notice and comment -- really on the basic principle that any opportunity to enhance our -- the public process of the public being able to interact with Commissions like yours and affecting policy decisions. You have criteria for processing applications such as hydraulic fracturing that are based upon the interpretation of policy and the public can't be ensured that you're acting in our behalf as a priority unless we have the opportunity to have interaction with you. And opportunities for public notice and comment provide that opportunity at every level of government.

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

Again the reference to doesn't make any difference whether it's on the Kenai Peninsula or on the North Slope, the people of the North Slope should have that opportunity to provide input at that time when these applications are being considered so, yes, I'm -- basically I support an open process. Those types of public hearings are only triggered when there is a public request for it so it isn't that in the protocol that that's always going to occur. I don't see that being a real jink in the public process, but it does provide the opportunity for the public to be reassured that our Commissions that are reviewing permit applications are hearing us and giving us the
opportunity to interact and affect interpretation of the policy that supports our interest and they're not in conflict with it. So that's my statement.

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

MS. AREVALO: I'm here.

CHAIR FOERSTER: Okay.

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

CHAIR FOERSTER: Arevalo. Okay.

MS. AREVALO: Arevalo.

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

(Oath administered)

MS. AREVALO: I sure do.

CHAIR FOERSTER: All right. Please proceed.

NICOLE AREVALO called as a witness on her own behalf, testified telephonically as follows on:

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

I disagree with the borough mayor's office that there is currently sufficient public process to address the concerns of the citizenry regarding fracking.
particularly as the impact of fracking mishaps cover
areas much larger than the footprint of land that
permit -- that the permits cover for the actual
fracking operations especially when one considers the
groundwater impact to people that can live quite
distant from these operations.

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

Thank you.

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

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

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

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

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

(Oath administered)

MR. HENNIGAN: I do.

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

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

CHAIR FOERSTER: All right. What area is that?

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

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

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

CHAIR FOERSTER: Do you have any education or...
experience that makes you an expert in hydraulic fracturing?

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

CHAIR FOERSTER: And educational background?

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

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

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

MR. HENNIGAN: In Texas and Louisiana.

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

COMMISSIONER FRENCH: Likewise, no objection.

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

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

DIRECT EXAMINATION
MR. HENNIGAN: I guess my main testimony with regard to the extra public comment and public notice and hearing with regard to hydraulic fracturing is basically an excess and a waste of, in my opinion, the AOGCC's time because they're here on behalf of the citizens of the state of Alaska and throughout my operating experience I think they're probably the most detailed and most concerned of any group, regulatory group, monitoring the implementation of fracturing. And if you look at the history of fracturing that has occurred in many places, Texas, Louisiana, the damage to freshwater systems has been very minimal. According to the last DNR Commissioner for the state of Louisiana, there has been no impacts on freshwater systems if the water well is installed properly and if the operator follows the regulations that's imposed by the state. And I think AOGCC has probably one of the most comprehensive evaluations of well permitting and fracturing of any group I've worked with including BSEE and BMER (ph). The other thing is that the -- it is mandated by the Clean Water Act that each of us as individuals and each of us as representatives of companies and the companies themselves, they have an individual and corporate mandate that they have to protect the freshwater systems, we can't get away from
it. And I think the public since we're all under that
guise we have to follow those regulations individually
as well as corporately. So I think the excess time
required for public notice and public review and a
hearing is a waste. We're already under that
designation to protect the freshwater.
I will write these up and add them at a later
time.
CHAIR FOERSTER: Thank you, Mr. Hennigan. All
right. The next person on my sign in sheet who
expressed an interest in testifying is Mr. John
Martineck from BlueCrest.
Mr. Martineck, are you the only person from
BlueCrest intending to testify?
MR. MARTINECK: Yes.
CHAIR FOERSTER: Okay. So state your name and
who you represent for the record and then we'll do the
swear in.
MR. MARTINECK: My name is John Martineck.
CHAIR FOERSTER: And you....
MR. MARTINECK: And I'm the president and chief
operating officer of BlueCrest Alaska Operating, LLC.
CHAIR FOERSTER: Okay. Thank you. Would you
raise your right hand.
(Oath administered)
MR. MARTINECK: I do.

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

MR. MARTINECK: Yes.

CHAIR FOERSTER: Thank you.

JOHN MARTINECK

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

DIRECT EXAMINATION

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

CHAIR FOERSTER: Okay.

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

BlueCrest is in support of hydraulic fracturing regulations, the disclosure of chemicals contained in hydraulic fracturing materials and the increased transparency of existing regulations to provide protection to the Alaskan citizens. However BlueCrest urges AOGCC to reject the proposed modification that would require additional hearings. And there's a
couple of comments I want to make on that.
The current regulatory regime adequately protects the public's interest and provides ample opportunity for public input. Two, the hydraulic fracturing is highly regulated by stringent regulations developed by AOGCC and I might add they're some of the most stringent regulations in the United States. The public has had ample opportunity to shape these regulations because the existing regulations have been developed through public notices and hearings. Number 3, the state of Alaska has an impeccable record of ensuring safe hydraulic fracturing operations. Under AOGCC's watchful eye hydraulic fracturing has been safely conducted for decades without a single known incident to freshwater contamination. Approximately 3,400 wells drilled in the state of Alaska have been successfully fractured without a single documented incident of subsurface damage to the underground sources of drinking water. Number 4, the general public has already had the opportunity to provide the input in developing these regulations for hydraulic fracturing in Alaska. And if the regulations are changed in the future the public will have the opportunity at that time to review and comment on those changes. Number 5, AOGCC staff includes highly trained
personnel who have been extremely diligent in their critical review of industry operations. And their technical capabilities to oversee each hydraulic fracturing procedure is much more acute than someone who -- than someone from the general public. Number 6, current regulations already require public notice of interested parties whereby each proposed hydraulic fracturing operation, the materials used in the hydraulic fracturing practice are publicly disclosed, therefore an additional hearing would provide no additional information.

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

I appreciate the opportunity to provide you
this testimony on behalf of BlueCrest.

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

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

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

CHAIR FOERSTER: Okay. Yeah.

(Oath administered)

MR. SHAW: Yes.

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

MR. SHAW: No.

CHAIR FOERSTER: Okay. Please proceed.

MR. SHAW: Okay.

DON SHAW called as a witness on his own behalf, testified as follows on:

DIRECT EXAMINATION

MR. SHAW: Anyway I attended the seminar that was down in Homer this summer about the fracking and I understand the immense engineering that goes into it from that. One thing is I think that Mr. Shavelson's
change in this should be allowed because the vastness of our state, we don't know what's going to go on up north years from now. One thing I like is the idea of like our state water boundaries is we should have a no fracking buffer zone from the land possibly a mile out.

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

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

CHAIR FOERSTER: I apologize.

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

So that's it.

CHAIR FOERSTER: Thank you, Mr. Shaw. All right. The next person on my list expressing an
interest to testify is Ms. Epstein. We always love it
when Ms. Epstein comes to see us.
So please give your name for the record and who
you represent then I'll swear you in.
MS. EPSTEIN: Sure. My name is Lois Epstein, I
am a licensed engineer in the state of Alaska, I'm also
Arctic program director for the Wilderness Society and
the Wilderness Society is a national public interest
organization, we have over 700,000 members and
supporters throughout the United States. I'm -- I was
thinking about the Alaska specific numbers and I
actually don't know what that -- they are.
CHAIR FOERSTER: Raise your right hand.
MS. EPSTEIN: Yes.
(Oath administered)
MS. EPSTEIN: Yes.
CHAIR FOERSTER: And would you like to be
recognized as an expert?
MS. EPSTEIN: Not today. Thank you.
CHAIR FOERSTER: Okay. Ms. Epstein, please
proceed.
MS. EPSTEIN: Okay.
LOIS EPSTEIN
called as a witness on behalf of the Wilderness
Society, testified as follows on:
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
that Cook Inletkeeper has made is similar to AOGCC's existing requirements offering opportunities for public comment for operations such as applications for annular disposal of drilling waste as in 20 AAC 25.080; applications for enhanced recovery, 20 AAC 25.402; and applications to commingle production and injection within the same wellbore, 20 AAC 25.215.

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

Finally I'd like to say that if industry is confident that its hydraulic fracturing operations can proceed without problems it actually perplexes me why companies would object to this reasonable request for increased transparency. I think it could only be looked at as an opportunity to gain additional confidence by the public in their operations and in a way that is, in fact, not onerous and prescriptive. So, yes, it could take some time, but that certainly can be built into the business plans and into the permit timing because as Bob Shavelson mentioned that is a long process.
So thank you very much for this opportunity, I'm happy to take any questions you might have. Commissioner Seamount, do you have any questions? No, I have none at this time. Thank you, Ms. Epstein. I don't have any questions either, but as I said before it's always great to see you coming to..... And likewise. Thank you. All right. And I don't mean to be playing favorites, Ms. Epstein's just -- I'm one of her fans. All right. The next person on the list is John Hendrix. If Mr. Hendrix is in the room..... Please come on up, put -- state your name and who you represent for the record and then I'll swear you in. Thank you. John Hill Hendrix, I'm the chief oil and gas advisor to the state of alaska, the governor. Okay. Mr. Hendrix, would you raise your right hand. (Oath administered) Yes, I do.
CHAIR FOERSTER: All right. Do you want--

wish to be recognized as an expert in the area relevant
to today's hearing?

MR. HENDRIX: Yes, I do.

CHAIR FOERSTER: Okay. And what area would

that be?

MR. HENDRIX: I have an engineering degree, I'm

a specialist in geotechnical and a minor in

environmental engineering. Having done maybe 15 years

of well op works in Alaska alone on the North Slope in

multiple fields, having probably personally supervised

and designed fractures in Alaska also in the UK, the

North Sea, Russia and Egypt.

CHAIR FOERSTER: So you'd like to be recognized

as an expert in hydraulic fracturing?

MR. HENDRIX: Yes, ma'am.

CHAIR FOERSTER: All right. Commissioner

Seamount, do you have any questions for Mr. Hendrix?

COMMISSIONER SEAMOUNT: No, I have no questions

and no objections.

CHAIR FOERSTER: Thank you. Commissioner

French?

COMMISSIONER FRENCH: Likewise.

CHAIR FOERSTER: Okay. I don't have any

questions or any objections so please proceed with your
testimony, Mr. Hendrix.

JOHN HENDRIX

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

DIRECT EXAMINATION

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

Fracking is not new to Alaska, it was done in the '60s and was part of what was called -- what we called Frack for a Rat campaign in the early '90s in
Prudhoe Bay during the gulf war to help increase our national oil supply at the request of the president. This resulted in a good friend and co-worker, Paul Martin, to be awarded the MacRobert Award from the Queen of England for his engineering achievements for the fracking jobs he did. Since then over 3,000 wells have been safely fracked in Alaska and not one has damaged drinking water. This is due to the engineering designs and the diligence and the overlook and the oversight of the AOGCC. If we did not allow fracking more wells would have to be drilled to access those reserves. So this is a balancing equation also, not just economics.

AOGCC has provided the public with ample time to comment on how to write fracturing regulations in Alaska. Regulations already require public notice to interested parties near a proposed fracturing operation detailing material to be used. To hold a public hearing on each one would be indeed an undue burden on the industry. Having a hearing on each fracture stimulation would impact the cost and timing of doing business greatly and impact economics of the state and therefore burden on its citizens. Nothing works as safely and efficiently than a pre-approved program of workflow, of multiple wells lined up back to back. If
you disrupt this you will not only disrupt efficiency,
but safety, and probably even put the environment at
risk. I also hear -- fear that if we do this with
fracking where do we stop. Will all well operations
have to have a public hearing.

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

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

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

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

CHAIR FOERSTER: Raise your right hand.

(Oath administered)

MS. MORIARTY: I do.

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

MS. MORIARTY: No, thank you.

CHAIR FOERSTER: Okay. Please proceed.

KARA MORIARTY called as a witness on behalf of AOGA, testified as follows on:

DIRECT EXAMINATION

MS. MORIARTY: Thank you, Commissioners. As you know the Alaska Oil and Gas Association is a professional trade association that represents the majority of exploration, production, refining and
transportation companies in Alaska. We have companies on the North Slope, in Cook Inlet, the two refineries and Alyeska, the TransAlaska Pipeline.

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

So the focus of today's hearing is not on the process of hydraulic fracturing as you mentioned, Commissioner, it is on the regulation. And as has been stated we would argue and based on some very detailed analysis, that Alaska frankly has one of the most stringent hydraulic fracturing regulation packages in the country. And as you know because I sat in this chair for seven of those public hearings, the AOGCC has regulated the process of hydraulic fracturing from the very beginning. And hydraulic fracturing has been occurring in Alaska since 1963, but under your leadership, Chair Foerster, you decided that we needed to make sure and look one more time to make sure Alaska's regulations were adequate and protecting the environment while allowing for safe operations of oil
and gas development. So starting in 2012 there was a very extensive and I would consider exhaustive process with as I mentioned seven different public hearings from 2012 to 2014 before our current set of regulations went into effect in 2015. Among some of these key provisions just for the record and for the members of the public to understand why we consider AOGCC’s regulations to be some of the most stringent is because of the landowner notification; advance approval required for all well work including drilling; all wells must demonstrate barriers to prevent flow of any fluids to surrounding rock; each well must have a surface casing and be cemented to restrict fluids; wells that cannot demonstrate competent barriers must be shut in immediately; pressure management devices must be installed on every well and monitored daily; if measurement device indicates a compromise the well must be shut in immediately; periodic mechanical integrity tests are mandatory; we have additional testing requirements that are much more detailed and more frequent than any other state in the lower 48; and unannounced inspections by AOGCC field inspectors are frankly mandatory, you’ve made that mandatory.

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

There's been mention about the EPA study that was released two days ago and the draft came out previously and it does say that there is a risk, that there is a risk. And that's what it says. It does not say that there has been drinking waters impaired, it says it's possible. It's possible in any type of operation of mining, oil and gas, fishing, transportation, tourism, there's always a risk. But the EPA report says if a significant correlation between impaired drinking water resources and hydraulic fracturing existed EPA would have identified it.

However the results did not support this finding, it -- the analysis demonstrated that there are no widespread affects to drinking water resources from hydraulic fracking.

I would just conclude my comments by saying we do not believe that this revision is necessary to the current hydraulic fracturing regulations that AOGCC has in place. It's been stated that while the industry shouldn't care and it's only 30 days, the process is much longer than 30 days when it's all said and done. And it is my anticipation that if a public comment period was held that there would be a hearing requested and then that adds more time and it's -- and sometimes
this Commission holds hearings and then you do your due
diligence and you wait and you come back because you
are trying to diligently manage the resource which we
think you already do. And so in practicality the time
delay would be much longer in our view than 30 days for
every single hydraulic fracturing operation which right
now over 25 percent of the wells in Alaska use this
technology. And as we look to the future for the
potential oil and gas development, when you look at
large fields like the Smith Bay discovery of Caelus,
they would need to hydraulically frac every single
well to get the 20 to 30 percent recover estimate that
they think that find has.

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

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

CHAIR FOERSTER: Thank you. Do you have any
questions, Commissioner Seamount?

COMMISSIONER SEAMOUNT: I have none.

CHAIR FOERSTER: Commissioner French.

COMMISSIONER FRENCH: No.

COMMISSIONER SEAMOUNT: Thank you, Ms. Moriarty.

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

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

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

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

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

CHAIR FOERSTER: So can I swear you in before
you start testifying?

MS. CHRISTIANSON: Oh, you bet.

CHAIR FOERSTER: Okay.

(Oath administered)

MS. CHRISTIANSON: I do.

CHAIR FOERSTER: Okay. Please proceed. And

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

MS. CHRISTIANSON: No.

CHAIR FOERSTER: Okay.

AMY CHRISTIANSON

called as a witness on her own behalf, testified as

directly

MS. CHRISTIANSON: So I've lived in Homer on

and off since I came to Alaska in 1980. I've seen big

changes happening. I've drive the Alcan several times,

I have seen beautiful places go to industry and change

dramatically. And what I'm here to testify is that I

choose to move next to an oil well, that's a right, but

the Kenai Peninsula is my home. The Kenai Peninsula is

a playground for the entire state. The Kenai Peninsula

is where we get our fish. I just dipnetted last summer

for reds, they're in my freezer. I will can them.

People come from Anchorage, people come from Talkeetna,

people come from all over to fish that fishery in
Kasilof and Kenai. And it's really fun and it's camaraderie and it's about providing for our children and our families. And I feel that fracking on the Kenai Peninsula is putting everyone at risk. I do. I trust AOGCC, I am proud that I hear that we have the stringent, hardest things, but I also do not believe that fracturing needs to occur in Alaska or in my Kenai Peninsula area. It's got -- yeah, it's easy access, you know, and there's more to it too, there's slick water fracturing. You guys have done a lot of fracturing, but how much slick water fracturing have you done. And how many times have you drilled down through the shore on land and then directional drilled out into the ocean, beneath the floor of the ocean, and fracked and then expect to pull that all back out and up through the land again. It -- this is a brand new process, BlueCrest, you're doing it all over, slick water fracturing.

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

MS. CHRISTIANSON: On the Slope. Okay. But it doesn't happen where a lot of people live and fish. And it hasn't happened on the Kenai Peninsula. There's things that have happened here that have made me crazy. 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
these new companies come and go and they're not from Alaska, they're not Alaskans, they're reorganized bits and pieces from other corporations. If you follow the money it's pretty interesting. And I want -- I want the Kenai Peninsula oil reserves for my grandchildren and my grandchildren's children and we know that oil's there, we've known it's there for years. Why do we need it right now, price is low, why do we need to risk what we have, that gem, right now. That oil and gas belongs to our children and our grandchildren if they need it, when they need it, they will have better ways to get at it.

And I'm testifying because thank you AOGCC for being so stringent, but the public has every right, especially when it's in our back yards, to come forward and have testimony and have say so in what's going on. I was there, Cathy Foerster, when you wagged your finger and said, no, no, no, you people have no input at this point. But again things move slow, it's when it's happening that we're all aware of it and we all want to talk about it and we want to know what their plans are and how much money they have on reserve if something goes amuck and what kind of contingency plan they have if spills occur. And then I look at all the ARCO stuff that's across the inlet now and all this
stuff up above the narrows, I mean, who's inspecting
the 30 year old stuff from ARCO. And when we're 30
years down the road from this frack who's going to take
care of BlueCrest stuff if they're gone like ARCO's
gone. We don't have a long term deal. And I just beg
you guys to please reconsider fracking on the Kenai
Peninsula, hydro fracking, slick water hydro fracking.
And know that it's Alaska playground, it's a gem and it
needs protecting.

And am I worried about fracking anywhere in
Alaska, yes, yes I am. And as we learn more and find
out more and just like the EPA came out, I'm worried
about fracking and I feel like anybody should have say
so in whether that's going to take place in their back
yard.
But I support Bob's and Cook Inlet's request
for a change in the rules and I support openness and
willingness and thank you for letting us have this
hearing. I don't know what's so costly when you guys
are talking $30 billion and a change on your loan, what
is so costly about this hearing right now, that's
happening right now. Maybe it's slowed them down a
little bit, but.....

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

MS. CHRISTIANSON: Okay.

CHAIR FOERSTER: .....try to wrap it up.

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

CHAIR FOERSTER: Thank you.

COMMISSIONER SEAMOUNT: I've got a question.

CHAIR FOERSTER: All right. Excuse me, Ms. Christianson, I think there are questions.

Commissioner Seamount, do you have a question?

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

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

COMMISSIONER SEAMOUNT: I beat you.

MS. CHRISTIANSON: Oh, drat.

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

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

CHAIR FOERSTER: Okay. So is there anyone in
the room who I have missed who wishes to testify?

(No comments)

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

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

CHAIR FOERSTER: Okay.

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

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

DON SHAW testified as follows on:

DIRECT EXAMINATION CONTINUED

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

So I just wanted to add that.

CHAIR FOERSTER: Thank you. All right. Now is there anyone on the phone who I missed that chose --
that desired to testify or anyone on the phone who has changed their mind and now wishes to testify at this time?

MS. LONG: Yes.

CHAIR FOERSTER: Okay. Your name?

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

CHAIR FOERSTER: Okay. And do you represent yourself?

MS. LONG: Yes, I do.

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

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

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

(Oath administered)

MS. LONG: I do.

CHAIR FOERSTER: Okay. Please proceed.

MS. LONG: Okay.

BECKY LONG called as a witness on her own behalf, testified telephonically as follows on:

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

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

CHAIR FOERSTER: Thank you very much, Ms. Long.

All right. Is there anyone else on the phone that I've
missed or has changed his or her mind and chooses to
testify now.

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

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

MS. HOLZWARTH: Thank you so much.

SURAJ HOLZWARTH
testified as follows on:

DIRECT EXAMINATION CONTINUED

MS. HOLZWARTH: I just thought of -- there was
one area that I kind of didn't cover. And I understand
that, you know, this very much about this particular
clarification of public input. It's very difficult as
a Native American person to separate these things out
when we say that there is no damage to freshwater. If
I am correct in the research that I've done and there's one to 8 million gallons of water being used and rendered toxic and needing to be wastewater for 3,400 wells in Alaska that's approximately 192 million gallons of water. Where is that water and where is it going and how can you say that that doesn't affect our water supply. That's just an unbelievable statement. And in the oil spill industry if you do your research online there were 181 oil spills this year. If the flight industry lost that many planes a year we would ground the airline industry and stop flying. It's time to end fossil fuel extraction all together, it is -- our local fishermen, lodge owners, kayakers that I talk to every day, I've been a wilderness guide for 20 years in Alaska, I have watched the Matanuska Glacier before my eyes recede and to deny global warming and the affects of the oil industry I think it's just time to wake up. Fossil fuels are sending us in a spiral down hill and if we don't get off this deadly addiction we are exterminating our life on earth. And I think that this is an absolute absurdity that you could separate one thing from the other and say that toxicating 20 -- 192 million gallons of water is not affecting us, droughts we're experiencing globally. I think that what's going on around the world is happening in Alaska
and we're not going away to stand up for this industry that is over. It may have been providing resources and jobs, but at the expense of us dying for it and.....

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

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

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

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

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

MS. HOLZWARTH: .....how can you say that.

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

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

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

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

Mr. Shavelson, come on back up.

MR. SHAVELSON: Thank you, Madam Chair.

CHAIR FOERSTER: You're still under oath.
MR. SHAVELSON: Right.

BOB SHAVELSON

testified as follows on:

DIRECT EXAMINATION CONTINUED

MR. SHAVELSON: I just want to make a couple

follow-up comments. First I'm not surprised to hear
the state of Alaska and the Kenai Peninsula Borough not
supportive of these because as we all know we're in a
fiscal crisis and it's again not surprising that they
would come out in support of the industry because
everyone's wringing their hands on how to address that
fiscal crisis.

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

I also want to reiterate what other folks have
said that we have high regard for AOGCC and the staff
here. I deal with the whole gambit of state and
federal alphabet soup of agencies and AOGCC really does
rise to the top in terms of its diligence and its professionalism. And I also say my interactions with BlueCrest have been very good. I can pick up the phone and call Mr. Burgess, he's always responsive, he's had a series of public meetings with the Fracking Panel in Homer, I thought that was all good and open stuff. But with regards to the rules and I do agree also that the rules in Alaska are some of the more stringent in the nation, but I think there is a role for the public to weigh in.

And I said it before, I know that we had requested from the Natural Resources Defense Council, if I may I'd just like to read a section of that into the record here because it implicates compliance with some of these rules and it has to do with well design. And I'll quote this is a memo from Breanna Mordick, the senior scientist at Natural Resources Defense Council to me, it's dated December 7th, the subject is BlueCrest Alaska Operating, LLC, 10-403 application for fracture operations, horizontal production well H-16. And Ms. Mordick says the proposed well design leaves the vast majority to annulus behind the intermediate casing uncemented. The annular space behind the intermediate casing will be uncemented from surface to more than 6,500 feet deep. As noted in the permit
application this uncemented interval contains fluid bearing zones including zones that meet the federal definition of an underground source of drinking water and Alaska's definition of freshwater. Failing to submit over fluid bearing formations, particularly those that may be capable of flow can result in loss of well control in the near term and casing corrosion and sustained casing pressure in the medium to long term which may compromise the mechanical integrity.

Industry best practice is to cement over potential flow zones and zones that may be abnormally pressured, contain hydrocarbons or protected water or other joint hazards. Alaska regulation requires that the well casing and cementing program must be designed to prevent migration of fluids from one stratum to another, ensure control of well pressures encountered, prevent contamination of freshwater, provide well control until the next casing is set, considering all factors relevant to well control, putting formation fractured gradients, formation pressures, case setting depths and proposed total depth. The proposed well design does not meet these standards.

So I put that in there simply to recognize again that I do think there's a valid goal for the public to engage in the process, we don't need to have
a public hearing for every fracked well across the state, but we do believe that notice and comment would be important.

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

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

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

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

COMMISSIONER SEAMOUNT: I have none.

CHAIR FOERSTER: Commissioner French?

COMMISSIONER FRENCH: No.

CHAIR FOERSTER: I'm going to cause my assistant attorney general to spin in his seat in the back of the room because he tells me never to testify.
But I do feel that for the education of the people in the room that I need to comment on the long description that you read by your expert. I apologize. She totally misunderstands the technical aspects of what she described. Our regulations require that there be cement all the way from surface down, but there is cement in BlueCrest wells in the surface casing. And we would not -- if they came to us and wanted to cement the intermediate casing, the place where she says there is no cement, if they requested to do that we would deny it because with that string cemented to the surface we would have no way of measuring pressures and ensuring the mechanical integrity of it and the surface casing which is cemented and is our source.

So to -- I know you intended to tell the truth, the whole truth and nothing but the truth, but the truth is that that assertion is steeped in ignorance and totally false and would violate our regulations. And I apologize to Tab for testifying as a Commissioner, but I just felt that I needed to explain to the public that that was wrong. And we work really, really hard to ensure good mechanical integrity and when someone says well, you know, you're not doing your job because and then the stuff that they say is, excuse my French, I said nobody could cuss, bullshit, then I
find it very offensive.

All right. Tab, I'm sorry.

MR. SHAVELSON: Well, that was quite a

statement from the Chair. And I would also say it's
your opinion and I don't know if you've been certified
as an expert under oath, but I think it's exactly why
we need to have these discussions. I think you.....

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

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

CHAIR FOERSTER: .....about mechanical

engineering which is my degree.

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

CHAIR FOERSTER: Okay.

MR. SHAVELSON: .....it might be nice to have

Ms. Mordick up here and we could have another panel and
we could discuss those things. But I think it exactly
draws out why we have to have the discussion because
these are highly complex things. And as you know, you
know, you see people in the public and people that I
represent, it is an emotional issue and it's an
emotional issue because people don't understand the
complexities. So it helps to have that public notice
and comment so that information can come out and the
public can come along because the more that you're going to have oil and gas encroaching on these high population density areas, the more these issues are going to come up, they're not going to go away and they're only going to get more aggravated.

So with that I thank you again.

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

Mr. Hendrix, would you please come back up.

MR. HENDRIX: Thank you.

CHAIR FOERSTER: You're still under oath.

MR. HENDRIX: Thank you.

JOHN HENDRIX testified as follows on:

DIRECT EXAMINATION CONTINUED

MR. HENDRIX: I find it very -- and I think every state resident should find this appalling and degrading of your comment that we make our judgments based upon the state's economy. We make these because we know and we look at the facts and we evaluate it and we state. We also find it amazing that you will stand up here and say you respect the AOGCC, but then you want them to change things. And then with regard to NRDC and (indiscernible) NRDC using Alaska as a platform fund raiser. Let's not forget what NRDC did
in Cook Inlet with the lawsuit against NMFS where basically seven of eight were found to be basically no basis at all. And had a YouTube video of Pierce Brosnan saying the Apache Corporation was killing beluga whales. That was NRDC, the people you just quoted saying that Apache Corporation delayed their operation and therefore impact Alaskans.

Thank you. Any questions?

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

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

CHAIR FOERSTER: Of course you may.

MS. LIMACHER: All right. Thank you.

DEBORAH LIMACHER testified as follows on:

DIRECT EXAMINATION CONTINUED

MS. LIMACHER: I just wanted to talk about when everyone was talking about the water as far as it being toxic, toxicated. What I wanted to say was that I forget to mention that BlueCrest is talking about taking the water from the gravel pits, we're talking one to 15 million gallons per frack, from the gravel pit. So that's the contamination of the water as the depletion of the water table that I'm concerned about
more. So I didn't kind of clarify that. So I just thought I'd add that in.

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

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

Thank you.

CHAIR FOERSTER: Thank you.

(Off record comments)

CHAIR FOERSTER: Ms. Epstein.

LOIS EPSTEIN testified as follows on:

DIRECT EXAMINATION CONTINUED

MS. EPSTEIN: Okay. Thanks for this opportunity to add to my previous remarks. So I have two quick comments on the information that was provided to you about the STRONGER report and I did participate on that evaluation. I wanted to clarify that the quote that Ms. Moriarty from AOGA read was about AOGCC's transparency and rule development, it was not directly related to site specific operations like we're talking about today.
And second I wanted to also say that the report also identified certain deficiencies with respect to state oversight, so not always, you know, dealing with AOGCC, but overall. And I do encourage all participants in this hearing to read the full report because I think it would be helpful.

Finally I wanted to make a point that's not often emphasized enough, but because of the technical advances related to hydraulic fracturing it's now taking place in many geologic formations that are different than it has historically taken place in Alaska and elsewhere. So hydraulic fracturing, you know, we've heard the number 3,000 plus wells in Alaska, hydraulic fracturing in conventional oil production is inherently less controversial than it is in -- for unconventional wells and shale formations.

So, you know, some of the numbers are a little bit misleading by lumping all hydraulic fracturing previous and present with -- in one big group and making sort of large generalizations about that. So that's an important distinction.

So thank you.

CHAIR FOERSTER: So I have a question for you.

MS. EPSTEIN: Yes.

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

MS. HOLZWARTH: Thank you so much.

SURAJ HOLZWARTH testified as follows on:

DIRECT EXAMINATION CONTINUED

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

CHAIR FOERSTER: Okay.

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

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

(Off record)

(On record)

CHAIR FOERSTER: We're going to come back on the record. Don't leave unless you're planning on leaving for good because we're getting back on the record, we're not going to take a recess. Recess is
Okay. The question that Ms. Limacher asked is one that BlueCrest or someone else may want to answer for her offline, but it has no relevance to the subject matter of today's hearing so we're not going to ask it.

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

(No comments)

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

UNIDENTIFIED VOICE: It's a holiday.

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

UNIDENTIFIED VOICE: Yes.

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

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

COMMISSIONER SEAMOUNT: I would like to reiterate that I would like any kind of documentation, information that anybody has on statements that were made today be given to us by the 27th. I'm very
interested in evidence that there is a substantial risk
from fracking. So please send that to us. We have
read all of the testimony that has been provided so far
and we've listened to all your testimony today. I'd
like to thank you all for your thoughtful comments.
And that's all I have to say, Madam Chair.

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

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

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

(Hearing adjourned 10:47 a.m.)

(END OF REQUESTED PORTION)
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