

## Update from the Executive Director—Michael Munger

The Board of Directors met in Kodiak on September 12, for the second of three meetings scheduled for 2014. We invited BlueCrest Energy, Furie Operating Alaska, and a representative from the Alaska Department of Environmental Conservation to brief the Board on their projects. BlueCrest LLC is Cook Inlet's newest operator, and our update was the first public presentation on their Alaska activities. City of Kodiak Mayor Pat Branson and Kodiak Island Borough Mayor Jerrol Friend welcomed the Board to Kodiak and provided interesting synopses of recent economic and infrastructure improvements in the Kodiak area, including pier work, library and U.S. Coast Guard expansion projects, a new high school and police station, energy projects, and the success of wind power generation, which is providing 99.5 percent renewable energy.



J. Benjamin Johnson, Director, President

According to [J. Benjamin Johnson](#), Director, President and CEO, of [BlueCrest Energy](#), the company's immediate focus is crude oil production from the Cosmopolitan project. Discovered in 1967, Cosmopolitan, which is offshore and northwest of Anchor Point, is more prolific than previously believed. BlueCrest's crude oil drilling and production will be conducted from their onshore facility. Future plans include utilizing the Endeavour jack up rig to drill into the gas formations to develop the natural gas component of the Cosmopolitan project from an offshore well site. BlueCrest then plans to install a monopod platform for natural gas production, which will then be shipped to shore via subsea pipeline. BlueCrest has headquarters in Anchorage and is also constructing an operations center in Anchor Point.

Bruce Webb, Vice President of [Furie Operating Alaska](#), reported via teleconference on Furie's offshore and onshore facilities, including the Kitchen Lights Unit 3 monopod natural gas platform it is installing in Cook Inlet. The unit will be connected to an onshore processing facility by a 16-mile subsea pipeline and will tie in with lines to move gas west to Cook Inlet's infrastructure and into a 20-inch Enstar pipeline; and east to Nikiski's industrial center to supply Agrium, ConocoPhillips, Tesoro, the City of Kenai and two Enstar lines to Anchorage, thus servicing the entire Cook Inlet natural gas pipeline infrastructure. Construction on the onshore facility began in May. The above-ground work will continue throughout the winter. The monopod platform, which arrived September 9, is welded to a barge and will stay in Kachemak Bay for four to six weeks, and then will be dismantled in order to be off loaded to the Port MacKenzie storage area.

The [Alaska Department of Environmental Conservation](#) (ADEC) is undergoing an internal review and reorganization of its Division of Spill Prevention and Response (SPAR). Gary Folley, who manages the Prevention and Emergency Response Program (PERP), briefed the board on their progress and said that SPAR is being challenged with finding ways to increase revenue while cutting spending, since its primary source of funding, the Prevention Fund, is dwindling due to decreased oil production. ADEC plans to combine the overlapping responsibilities of the Industry Preparedness Program (IPP) and the Prevention and Emergency Response Program (PERP) into a new Prevention, Preparedness and Response (PPR) program to better utilize existing staff to perform multiple functions, while not reducing services. The plan is to align planning efforts with drills, exercises, and response; continue industry accountability; place more attention on subarea plans as the vehicle to get plan holders, government, and community members at the same table; achieve more consistency across industry plans; broaden emergency response capacity, and better utilize staff resources for drills and exercises. Cook Inlet RCAC works very closely with both teams and is supportive of the reorganization, as long as it improves efficiency, eliminates duplication and can be done without compromising and/or reducing environmental protection. Cook Inlet RCAC is developing a position paper stating our conditions for supporting the reorganization.

The Cook Inlet navigational risk assessment is scheduled to release its final recommendations for risk reduction options to improve navigational safety at the end of September, which will conclude the report. Altogether, the Cook Inlet Risk Assessment Advisory Panel recommended thirteen risk reduction options to maintain and enhance the level of risk mitigation already achieved on Cook Inlet's waters. Already under way is the formation of a Cook Inlet Area Harbor Safety Committee, which will be overseen by Cook Inlet RCAC and convene for its first meeting on November 12. The Advisory Panel also recommended the construction of a subsea pipeline from the Drift River terminal to Nikiski, which is in line with Cook Inlet RCAC's 2012 [position paper](#) on the subject. The completion of the risk assessment represents years of efforts to improve safety of navigation in Cook Inlet, and it has been gratifying for Cook Inlet RCAC to see this project through to completion.

We have received no definitive answer on the status of the proposed federal rule change (*Federal Pre-emption for Certain State Laws and Regulations*) since submitting our comments. The U.S. Coast Guard General Headquarters has been silent on the issue, and we have been working with ADEC and our legislative monitor in Washington, D.C., and our Congressional delegation to ascertain the status of this rulemaking. Although we are waiting for additional information to see where it goes, the hope is that the proposed rulemaking will not be finalized.

Cook Inlet RCAC is reviewing our [long range strategic plan](#) and each committee will be working to make sure their work plans and direction continue to reflect our mandates under the Oil Pollution Act of 1990 and the current situation and changes in the Inlet.

Finally, Cook Inlet RCAC has been recertified through August 2015. This year's recertification required a more comprehensive review and public comment component and we received 53 letters supporting our efforts.

Our next board meeting is scheduled for December 5, in Anchorage.

**Presentations are available [online](#).**