

12,16,01

Exxon Valdez Oil Spill
Trustee Council

2004 Annual Report







Mission Statement

The mission of the Exxon Valdez Oil Spill Trustee Council and all participants in ouncil efforts is to efficiently restore the environment injured by the Exxon Valdez oil ll to a healthy, productive, world-renowned ecosystem, while taking into account the importance of quality of life and the need for viable opportunities to establish and sustain a reasonable standard of living.

The restoration has been and will be accomplished through the implementation of a comprehensive interdisciplinary recovery and rehabilitation program that includes:

- Natural recovery
- monitoring and research
- resource and service restoration
- habitat acquisition and protection
- replacement
- meaningful public participation
- project evaluation
- fiscal accountability and
- efficient administration.

Table of Contents

The Settlement		
Trustee Council	3	
Uses of the Civil Settlement	4	
Lingering Oil Injury	6	
Status of Injured Resources	7	
GEM Program	8	
Protecting Habitat	10	
Public & Community Involvement	12	
ARLIS	14	
Public Advisory Committee EVOS Staff	16	

The Settlement



Criminal Plea Agreement

Exxon was fined \$150 million, the largest fine ever imposed for an environmental crime. The court forgave \$125 million of that fine in recognition of Exxon's cooperation in cleaning up the spill and paying certain private claims. Of the remaining \$25 million, \$12 million went to the North American Wetlands Conservation Fund and \$13 million went to the National Victims of Crime Fund.

Criminal Restitution

As restitution for the injuries caused to the fish, wildlife and lands of the spill region, Exxon agreed to pay \$100 million. This money was divided evenly between the federal and state governments.

Civil Settlement

Exxon agreed to pay \$900 million with annual payments stretched over a 10-year period. The final payment was received in September 2001. The settlement contains a "reopener window" between September 1, 2002 and September 1, 2006, during which time the governments may make a claim for up to an additional \$100 million. The funds must be used to restore resources that suffered a substantial loss or decline as a result of the oil spill, the injuries to which could not have been known or anticipated by the six trustees from any information in their possession or reasonably available to any of them at the time of the settlement (September 25, 1991).

2

Exxon Valdez Oil Spill Trustee Council

The Exxon Valdez Oil Spill Trustee Council was formed to jointly use the \$900 million civil settlement to restore, replace, enhance, rehabilitate or acquire the equivalent of natural resources injured as a result of the oil spill and the reduced or lost services provided by such resources. The Council consists of three State of Alaska trustees and three federal trustees (or their designees).

The three state trustees include the Commissioners of the Alaska Department of Fish and Game and the Department of Environmental Conservation and the State's Attorney General. The three federal trustees include the Secretaries of the U.S. Department of Agriculture and the U.S. Department of the Interior and the Director of the National Oceanic and Atmospheric Administration.

In 2004, the Trustee Council was comprised of:

- Ernesta Ballard, Alaska Department of Environmental Conservation (Kurt Fredriksson replaced Ernesta in December 2004)
- Kevin Duffy, Alaska Department of Fish and Game (Wayne Regelin will replace Kevin in January 2005)
- Gregg Renkes, Alaska Attorney General
- Joe Meade, Department of Agriculture, Alaska Region
- Jim Balsiger, National Marine Fisheries Service, Alaska Region
- Drue Pearce, Department of the Interior



Standing from left to right, back row first: Gregg Renkes, Kevin Duffy, Jim Balsiger, Drue Pearce; Seated front row: Joe Meade and Navorro, Ernesta Ballard

Council Priorities for the Immediate Future

The Council recognizes and commends the tremendous amount of work accomplished in partnership with many, including communities, the University and agency researchers, over the past fifteen years, through research, monitoring and specific restoration activities that addressed the restoration and rehabilitation goals identified in the 1994 Restoration Plan.

In recognition of work already accomplished, the Council will assess and evaluate the work that is still needed to better understand the effects of lingering oil and to reach closure on the status of injured species and services.

Over the next eighteen months, the Council has determined the need to realign priorities and restorative activities, placing focus on critical work required to reach closure in areas of restoration related to lingering oil and injured species.

Once the outcome of these prioritized studies is accomplished, the Council will be better prepared to fully meet the goals outlined in the 1994 Restoration Plan inclusive of the long-term requirements of the Gulf Ecosystem Monitoring Program (GEM).

Uses of the Civil Settlement



Reimbursements

As part of the settlement agreement, \$176.5 million went to reimburse the federal and state governments for costs incurred conducting spill response, damage assessment and litigation. Another \$39.9 million was used to reimburse Exxon for cleanup work that took place after the civil settlement was reached.

Research, Monitoring and General Restoration

Monitoring of fish and wildlife in the spill region provides basic information to determine population trends, productivity and health. Research increases our knowledge about the biological needs of individual species and how each contributes to the Gulf of Alaska ecosystem and provides better tools for more effective resource management. General restoration work includes projects to protect archaeological resources, improve subsistence resources, enhance salmon streams, reduce marine pollution and restore damaged habitats.

Habitat Protection

Protection of habitat helps prevent additional injury to species due to loss of habitat. The Trustee Council accomplishes this by providing funds to government agencies to acquire title or conservation easements on land important for its restoration value.

4

How the Settlement Has Been Used

The following table accounts for how settlements funds have been used (in millions), as of March 2004:

Total Restoration Funding Exxon Payments Interest/Earnings (minus fees)	\$ 955.2 900.8 54.4
Expenditures	\$ 798.2
Reimbursements Governments (for litigation and cleanup) (a) Exxon (for cleanup after 1/1/92)	\$ 216.4 176.5 39.9
Research, Monitoring and General Restoration FY 1992-FY 2003 Work Plans/Special Projects FY 2004 Work Plan (Authorized)	\$ 1 73.0 169.5 4.5
labitat Protection Large Parcel and Small Parcel Programs (Past expenditures, small parcel outstanding offers, and parcel evaluation costs)	\$ 375.2 375.2
Public Information, Science Management & Administration FY 1992 – FY 2003 Work Plans FY 2004 Work Plan (Authorized)	\$ 32.6 30.8 1.8
Investment Fund Designations (b) Gulf Ecosystem Monitoring and Research Habitat Protection Koniag Inc. Lands	\$ 168.8 103.3 29.4 36.1

(a) Reimbursement to governments reduced by \$2.7 million included in the FY 1992 Work Plan. (b) Includes investment earnings as of 12/31/03

Restoration Reserve

This savings account was established in recognition that full recovery from the oil spill would not occur for decades. In October 2000, the funds were transferred to the Alaska Department of Revenue, which manages and invests them on behalf of the Trustee Council. In October 2002, the EVOS Investment Fund was divided into three sub-accounts: \$87 million for the Gulf of Alaska Ecosystem Monitoring and Research Program (GEM); \$25.2 million for habitat protection; and \$29.8 million for future protection of Koniag, Inc. lands on Kodiak Island. Investment earnings are reinvested with each sub-account.

Public Information, Science Management, and Administration

This component includes management of the annual work plan and habitat programs, scientific oversight of projects, agency coordination and overall administrative costs. It also includes funds for public meetings, public notice and other means of disseminating information to the public.

Lingering Oil Injury



Positive signs of recovery for Pacific herring have not persisted since the last recovery update in 1999. For that reason, as well as the public's urging to use the precautionary principle, herring were moved back to the "not recovering" category. Subtidal communities were moved to "recovery unknown" since study results are inconclusive, and their recovery status will likely never be known.

In all, 7 resources are considered fully recovered from the effects of the oil spill; 14 resources and 4 human services have still not fully recovered; and the recovery of 5 resources is considered unknown.

In summer 2001, Trustee Council-funded researchers with the National Marine Fisheries Service's Auke Bay Laboratory found beaches in Prince William Sound still contaminated with oil equivalent to about 20 acres in total. The results were surprising: more oil was found than expected, especially in the subsurface; subsurface oil was less weathered and more toxic; and oil was found lower in the intertidal, closest to the zone of biological production.

(continued on page 7)

Status of Injured Resources & Services

Report of August 2002, with June 2003 additions.

Not Recovering

These species are showing little or no clear improvement since spill injuries occurred:

Common Loon

Cormorants (3 spp.)

Harbor Seal

Harlequin Duck

Pacific Herring

Pigeon Guillemot

Recovering

Substantive progress is being made toward recovery objectives. The amount of progress and time needed to achieve recovery vary depending on the resource:

Clams

Designated Wilderness

Intertidal Communities

Killer Whale (AB pod)

Marbled Murrelet

Mussels

Sea Otter

Sediments

Recovered

covery objectives have been met for the following resources:

Archaeological resources

Bald Eagle

Black Oyster Catcher

Common Mure

Pink Salmon

River Otter

Sockeye Salmon

Recovery Unknown

Limited data is available on life history or extent of injury; current research is inconclusive or not complete:

Cutthroat Trout

Dolly Varden

Kittlitz's Murrelet

Rockfish

Subtidal Communities

Human Services

Human services that depend on natural resources also were injured by the oil spill. Each of these services is considered to be recovering until the resources on which they depend are fully recovered:

creation and Tourism

Commercial Fishing

ussive Uses

Subsistence

Other Trustee Council-funded research indicates that these remaining pockets of oil are bioavailable and may be impeding the recovery of sea otters and harlequin ducks and possibly other species in the intertidal heavily oiled region of Knight Island. Further studies were conducted in 2003 and 2004, and are planned for 2005 in order to determine if continuing oil exposure is impacting the food supply of sea otters and harlequin ducks.

The analysis of the injury and recovery status of all the resources and services on the list only applies to recovery from the effects of the 1989 oil spill.

Recognized as an issue in the 1994

Restoration Plan, many of these resources are also experiencing the effects of other natural and human factors, resulting in significant population declines or structural changes.

A major concern with lingering oil effects is how the changes in overall population or abundance from the initial oil-related damage may or may not combine with other kinds of changes and disturbances in the marine ecosystem. Thus, where a species is on the continuum of recovery from the oil spill, this may not necessarily reflect their overall status of health.

The Gulf of Alaska Ecosystem Monitoring and Research Program (GEM) represents the Trustee Council's ongoing legacy of promoting long-term recovery of the spill-affected region by understanding the natural and human-caused changes to the marine ecosystems. The Trustee Council has set aside more than \$90 million that will be managed as an endowment to provide ongoing funding (approximately \$5 million annually) for this program, and for continuing restoration projects and lingering oil studies.

The GEM Program



Mission

The mission of the GEM Program is to sustain a healthy and biologically diverse marine ecosystem in the northern Gulf of Alaska and the human use of the marine resources in that ecosystem through greater understanding of how its productivity is influenced by natural changes and human activities.

GEM Program goals are to:

- detect annual and long-term changes in the marine ecosystem
- understand the causes of these changes
- inform the public, resource managers, policy makers and industry about what is happening in the northern Gulf of Alaska
- solve problems arising from human activities and help regulators improve resource management and
- predict the status and trends of natural marine resources.

(Continued on page 9)



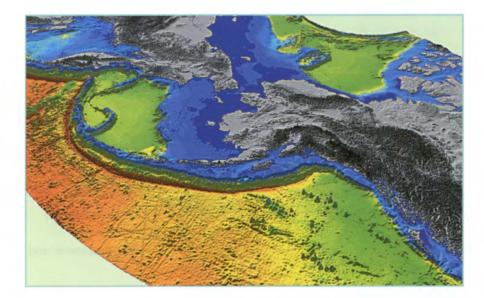


GEM Data Management

The GEM Program encompasses a long term effort to monitor ecosystem dynamics in the Gulf of Alaska. In order to extract scientific understanding from these monitoring efforts, the information collected over the years must be readily accessible for analysis and synthesis. GEM Data Management is charged with creating the technological structure to archive and disseminate this information. The following excerpt, taken from the National Research Council's review of the GEM Program Document, stresses the importance of concrete data and information management as it pertains to the GEM Program.

The legacy of the GEM Program will be the data it collects. Given the objective of establishing a long-term measurement program in the Gulf of Alaska and its importance to both regional and national interests, GEM must make a strong commitment to data and information management. The goals must be to facilitate data exchange among GEM scientific investigators, make data available to the public and others outside the scientific community, and archive GEM data products.

The success of the GEM Program relies heavily on the efforts of the GEM Data Management section. Efforts which both contribute to the construction of a robust data archiving system and guide principal investigators to produce adequate data management plans will ensure that information harvested through the GEM Program will be readily available for future scientific analysis and synthesis to anyone who eeds to use it.



The program will accomplish these goals through a long term research and monitoring effort working collaboratively with other organizations, institutions, local residents and communities.

The GEM Program is organized around 4 habitat types: watersheds, the nearshore, the Alaska Coastal Current and offshore. A major principle of the program is that these systems are all connected and interdependent. Salmon provide a good example of the interdependence of these habitat types because salmon affect and depend upon different habitats throughout their lives. Understanding these connections will give a clearer picture of why some salmon populations are increasing and others are decreasing.

The GEM Program includes a core monitoring program, which, when combined with the monitoring efforts of other resource agencies and research entities, will help detect environmental change over time and greatly expand understanding of the Gulf of Alaska ecosystems. Models will be used to help organize information and provide tools for delivering information to users and assessing the program on an ongoing basis.

Two other major strategies are incorporated into the program: community involvement/traditional knowledge, and the focus on resource management applications. The information and data gathered will allow management practices and policies to respond to change and help coastal residents and stakeholders cope with the changes.

The long-term protection of threatened habitat, considered essential for the well-being of species injured by the oil spill, was one of the earliest goals of the Trustee Council. Restoration efforts in the Pacific Northwest have taught us that habitat protection is essential to the health of salmon species. Researchers have concluded that depleted salmon populations cannot rebuild if habitat that is critical during any of their life stages is seriously compromised.

Habitat Protection



This lesson extends as well to the other fish, birds, and mammals that nest, feed, molt, winter, and seek shelter in the spill area. Habitat protection also supports the restoration of commercial fishing, subsistence, recreation, and tourism, all of which are dependent upon healthy productive ecosystems.

By purchasing land throughout the spill region, the Trustee Council ensured that key habitats for injured species would not be further damaged by extensive development or logging, serious threats at the time of the spill. The Trustee Council felt that in an already spill impacted environment, purchasing land could go a long way toward allowing the ecosystem to recover.

Large Parcel Program

The goal of the Large Parcel Program (generally parcels over 1,000 acres) was to protect key habitats for injured species throughout the spill region. Lands are protected through a creative series of conservation easements, timber easements and fee simple acquisitions.



Most large parcels acquired by the Trustee Council were owned by Native corporations. he Alaska Native Claims Settlement Act of 1971 provided for Native villages to select 44 million acres of public lands in Alaska and set up corporations to manage those lands and provide economic benefits for their Native shareholders. Lands were selected for proximity to villages, historical uses and future development opportunities. Large blocks of land were selected, including some of the finest timber tracts, most productive estuaries and bays and valuable salmon streams. These lands provide critical habitat for many of the fish and wildlife resources injured by the 1989 oil spill.

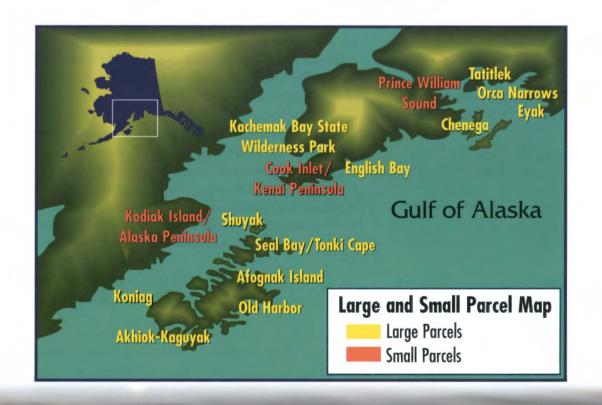
Small Parcel Program

The Small Parcel Program recognizes the special qualities and strategic value of smaller tracts of land. Small parcels, which are typically 1,000 acres or less, are located on coves, along important stretches of river, at the mouths of rivers, adjacent to valuable tidelands and, often, close to spill-area communities. These properties are acquired for their habitat qualities as well as for their importance for recreational and subsistence use.

Because complete recovery from the oil spill may not occur for decades and because healthy habitats are essential to the permanent recovery of the spill region, the Trustee Council has taken steps to extend into the future its effort to protect key habitats. By unanimous resolution in March 1999, the Council created a \$25 million fund for acquisitions. The acquisition program will focus primarily on small tracts of valuable abitat.

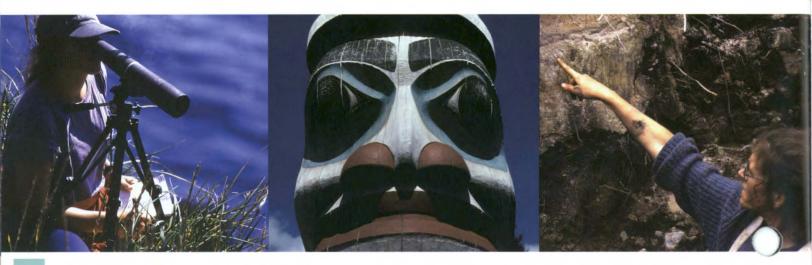
The Trustee Council has dedicated nearly 60 percent of available settlement funds – over \$400 million – for habitat protection in the spill region. The habitat protection program is split into two programs based on the sizes of the land purchases.

Since 1993, the Trustee Council has acquired 643,835 acres in the Large and Small Parcels Programs, at a cost of \$375.2 million.



Since its inception, the Exxon Valdez Oil Spill Trustee Council has been committed to public participation and local community involvement in all aspects of the restoration program. The Trustee Council recognizes the tremendous loss of livelihood and cultural heritage caused by the 1989 oil spill and has devoted a major portion of the restoration funds to the restoration of natural and archaeological resources that are important culturally and economically. This effort has included significant public and community involvement and outreach.

Public and Community Involvement



As the Gulf Ecosystem Monitoring (GEM) Program develops, the Trustee Council hopes to expand community involvement, use of local and traditional knowledge, public participation, education and outreach. These will be major components of the Trustee Council's long-term efforts to restore and better understand the northern Gulf of Alaska ecosystem.

The Trustee Council is committed to having community members actively involved in:

- planning and developing programs
- guiding the goals and topics of research projects
- collecting data and participating in long-term monitoring efforts
- providing traditional ecological knowledge
- interpreting results in a local context, and
- educating other community members about ongoing research.



Community Involvement Highlights

Since 1995, the Council has provided funds to the Chugach Regional Resources Commission to facilitate community involvement in the spill area. Participants have promoted community-based projects, developed local resource management plans and provided tribal input.

- The Youth Area Watch program has allowed spill area students from Prince William Sound and Kodiak Island to participate actively in restoration projects.
- Chenega residents helped National Marine Fisheries Service scientists clean oil from 12 local mussel beds and Alaska Department of Environmental Conservation staff clean residual oil on 5 local beaches used for subsistence. Alaska Native community members identified sites that they wanted evaluated and participated in survey work during NOAA's 2001 lingering oil study.
- Fishery enhancement projects were funded in Tatitlek, Chenega Bay, Port Graham, and Perryville, and the salmon hatchery in Port Graham was rebuilt with Trustee Council assistance.
- Restoration and recreation enhancements, such as stairs, docks, displays and bank restoration, were funded along several miles of the Kenai River for the benefit of sportfishing and tourism.
- The Council provided construction funds for the Alutiiq Archaeological Repository in Kodiak to protect archaeological resources and educate the public about Alutiiq culture.
- Grant funds were provided to Chugachmuit, Inc. to develop a regional archaeological repository in Seward, local displays in several communities, as well as traveling exhibits.
- WisdomKeeper Workshops in Tatitlek and Port Graham resulted in communities identifying environmental concerns and proposing ideas the communities would like to see funded.
- A Community Involvement Workshop focusing on proposal writing was held in Seward. The
 Trustee Council revised requirements for all proposals to have a community involvement component.
- The Prince William Sound Fisheries Research Application and Planning Group (PWSFRAP) sponsored workshops bringing fishers, processors, managers, researchers and others to discuss research opportunities and how best to implement them. PWSFRAP also conducted public meetings in Homer and Seward to provide the results of their workshops and elicit project proposals.
- A Nearshore Habitat Workshop in Anchorage was attended by government officials, public
 and private organizations to identify areas of cooperation for projects among entities with
 similar interests and provide recommendations for the Draft Nearshore Monitoring Plan.
- Contaminant inputs in Prince William Sound were sampled through devices deployed near Chenega Bay and Tatitlek. After analysis, the results will be conveyed to the 2 communities through public meetings.
- Biophysical oceanographic observation equipment was installed aboard the Alaska Marine Highway System Ferry Tustumena. Near surface water property measurements of river runoff, nutrients and plankton in the Alaska Costal Current were taken throughout the summer.

The Trustee Council's commitment to Community Involvement is also evident over the last 15 years through full or partial funding of:

- Alaska SeaLife Center including a variety of research conducted there
- Videos and audio recordings of historical knowledge and subsistence data including distribution
- Alaska Coastal Currents program
- Elders/Youth Conferences
- Waste management projects in Lower Cook Inlet, Kodiak Island and Prince William Sound
- Numerous clam, salmon, herring, shrimp, and bird research monitoring projects
- Qutekcak Shellfish Hatchery clam seeding in a variety of areas
- Rebuilding salmon runs in a variety of areas
- Alaska Native Harbor Seal Commission
- Kenai River stream bed restoration and enhancement
- Fisheries management applications

ARLIS on the move!

Alaska Resources Library & Information Services (ARLIS) moved to new quarters on the University of Alaska Anchorage campus in August 2004, after seven years at its previous location on C Street. A newly constructed 109,000 square foot library complex houses the UAA/APU Consortium Library, Health Sciences Information Center, and Alaska Moving Images Preservation Association. ARLIS now occupies 20,000 square feet of renovated space in the original library building.

Alaska Resources Library and Information Services



Supported by the Exxon Valdez Oil Spill Trustee Council and 7 other founding agencies, ARLIS is the motherlode of Alaska natural resources information and the most complete collection of its kind. It is also home to the Trustee Council's compre-

hensive collection of EVOS and GEM materials. The new location offers more space for the growing collection of more than 160,000 books, 700 journals, and countless maps, atlases, videos, slides and photographs. Visitors to ARLIS will find one-stop shopping for Alaska resources information and enjoy convenient access to the

Consortium Library collection just across "Main Street," the main aisle joining the

2 buildings.



Each year ARLIS hosts approximately 24,000 visitors and answers 30,000 requests or information from people in Alaska, across the nation, and around the world. EVOS information is readily available to researchers and the public through the ARLIS catalog, www.arlis.org, which provides full text access to Trustee Council publications. Print materials are loaned throughout the world through a cooperative interlibrary loan system.

ARLIS librarians provide reference service Monday through Friday, 8:00am to 5:00pm, and much of the collection is available for use evenings and weekends. An on-site conference room can accommodate meetings of up to 20 people, and ARLIS visitors may park free of charge in the UAA parking garage.

For more information, contact Trustee Council Librarian Carrie Holba at carrie@arlis.org or call (907) 786-7660.



ARLIS Librarian Carrie Holba with a patron at the ARLIS Library.

EVOS Trustee Council Staff (As of January 2005)

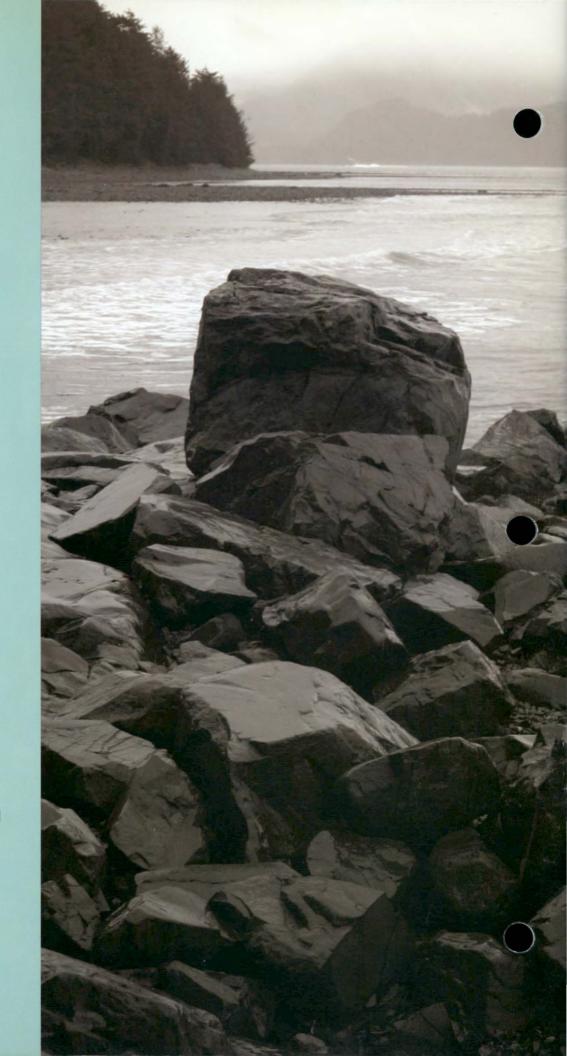
Gail Phillips, Executive Director Cherri Womac, Administrative Officer Richard Dworsky, Science Coordinator Paula Banks, Administrative Manager Rob Bochenek, Data Systems Manager Michael Schlei, Analyst Programmer Bryn Clark, Research Analyst Carrie Holba, Librarian

Public Advisory Committee

The Public Advisory Committee advises the Trustee Council on decisions relating to allocation of funds, conduct of injury assessment and restoration activities and planning and conduct of long-term monitoring and research activities. The group consists of 20 members to reflect balanced representation from the public at large as well as member from 14 principal interests. As of December 2004, the Public Advisory Committee members were:

Member 2004	Stakeholder Group	Member 2005
Torie Baker, Cordova	commercial fishing	Torie Baker, Cordova
	public at large	Jason Brune, Anchorage
John Devens, Valdez	regional monitoring	
	Native landowner	Larry Evanoff, Chenega Bay
Gary Fandrei, Soldotna	aquaculture and mariculture	Gary Fandrei, Soldotna
Dr. John Gester, Anchorage	public at large, science/technical recreational users	Dr. John Gerster, Anchorage Randy Hagenstein, Anchorage
Brett Huber, Anchorage	sport hunting and fishing	,g,
Charlie Hughey, Valdez	subsistence	
9 //	regional monitoring	Lisa Ka'aihue, Anchorage
Robert J. Kopchak, Cordova	public at large, commercial fishing	Robert J. Kopchak, Cordova
Patrick Lavin, Anchorage	conservation and environmental	Patrick Lavin, Anchorage
Charles Meacham, Juneau	science/technical, sport hunting and fishing	Charles Meacham, Juneau
Brenda Norcross, Fairbanks	science/technical	Brenda Norcross, Fairbanks
Pat Norman, Port Graham	Native landowner, tribal government	Pat Norman, Port Graham
Capt. Edward Page, Juneau	marine transportation	Capt. Edward Page, Juneau
	public at large	Bob Patterson, Anchorage
	commercial tourism	Ron Peck, Anchorage
Martin Robards, Anchorage Gerry Sanger, Whittier	conservation and environmental commercial tourism	Martin Robards, Fairbanks
Stan Senner, Anchorage	conservation and environmental	
Scott Smiley, Kodiak	public at large	
Stacy Studebaker, Kodiak	recreation users	Stacy Studebaker, Kodiak
,	subsistence	Andrew Teuber, Jr., Kodiak
	science/technical	Mead Treadwell, Anchorage
Mike Vigil, Chenega Bay	tribal government	,
Kate Williams, Cordova	science/technical	
Ed Zeine, Cordova	local government	Ed Zeine, Cordova







Exxon Valdez Oil Spill Trustee Council 441 W. 5th Avenue, Suite 500 Anchorage, AK 99501-2340

Tel: 907.278.8012 Fax: 907.276.7174

In Alaska: 800.478.7745

Outside Alaska: 800.283.7745

Email: restoration@ evostc.state.ak.us

Web: www.evostc.state.ak.us