

## ***Starring as Pinocchio***

### **Outgoing Governor Mis-States Facts As She Exhorts the Press To 'Quit Making Things Up'**

Examination of Palin's Performance Shows  
It Is One Thing To Twitter and Make Speeches,  
It Is Another To Govern Effectively

***"Live, Baby, Live!"***

**[Conservation  
Gains Thru 2030  
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*(Fineberg Reports,  
Jan.-April 2009)***

## **Recent Developments at DEC Demonstrate Governor Palin Failed to Walk Her Talk**

**By Richard A. Fineberg  
July 27, 2009**

*(Posted Aug. 2, 2009)*

**"I promised that we would protect this beautiful environment while safely and ethically developing resources, and we did. We built a petroleum oversight office and a subcabinet to study climate conditions," former Governor Sarah Palin proclaimed at her farewell address in Fairbanks July 26.**

**But recent developments at the Alaska Department of Environmental Conservation (ADEC) sully her claim.**

In May 2007 then-governor Palin proudly launched an oil and gas infrastructure review slated to cost



## **Welcome**

*At this web site you will find fact-based information and commentary about economic and environmental aspects of oil industry operations in Alaska, with special emphasis on the North Slope oil fields and the Trans-Alaska Pipeline System (TAPS), which provides about one million barrels of oil per day (five percent of the nation's total consumption) to the West Coast. Due to*

\$5 million and take two to three years to complete. The Alaska Risk Assessment project (ARA) was to be "a thorough, independent appraisal" that would "identify facilities and systems that pose the greatest risk of failure, along with measures to reduce risks."

Two years later, the ARA project is in shambles. According to ADEC project manager Ira Rosen, the project is temporarily at "full stop," primarily because the state has not been able to secure industry cooperation in providing the necessary information. After spending more than \$1.3 million, ADEC pulled the ARA contractors off the job when the project plan was resoundingly denounced during the public comment period that ended June 2.

After reviewing the proposed methodology, more than a dozen environmental groups and informed citizens (this writer included) recommended that ADEC terminate the project because the ARA's original intent had been severely watered down. They felt the proposal would generate meaningless statistical results due to failure to focus on the condition of field facilities, the implementation of management practices and the adequacy of government oversight.

As governor, Sarah Palin ignored other ADEC problems. For example, when Alaska's annual ice jams broke with unusual force last May, the governor visited flood sites and was effusive in her praise of agency performance. But the man who ran the field response for ADEC's Fairbanks office begs to differ.

For more than a decade Ed Meggert headed DEC's northern region emergency field response team, which covers by far the largest area of the state.

Meggert was pleased with his team's field performance but also had serious problems with the way the agency's home office handled the spring emergency. In Meggert's view, a bloated and dysfunctional bureaucracy failed to provide the field personnel, training and logistical support necessary to deal with the emergency in a timely manner.

"We did a good job," he said, but with too many responders in desk jobs and too few in the field, as

*the oil industry's power, political clout and media skills, much of the information you will find here is not widely reported or readily available elsewhere.*

*Three major petroleum companies -- BP, ConocoPhillips and ExxonMobil (originally Sohio, ARCO and Exxon) -- control more than 90 percent of the North Slope production and own a similar share of the Alyeska Pipeline Service Company, which built and operates TAPS. The sprawling North Slope complex centers around Prudhoe Bay, the largest producing oil field ever discovered on the North American continent. About one million barrels of oil per day is pumped from beneath the frozen substrate and loaded into TAPS for the 800-mile journey across Alaska to the ice-free port of Valdez in Prince William Sound. There, the oil is loaded on tankers that carry approximately one-third of the oil consumed daily in the western United States.*

*Alaska's North Slope development and its pipeline link to market provide unusual opportunities to observe the actions of decision makers, as well as greater access to the central participants than most other places afford. Based on this experience and supplemented by information from two pipeline-dependent petroleum provinces of the Former Soviet Union, the information presented here points to two significant conclusions:*

- (1) petroleum developers can and frequently do use pipelines to maximize profit and inhibit competition, to the detriment of host populations; and*
- (2) the chronic discrepancy between promise and practice on major oil projects frequently places the populace and the environment at significant and needless risk.*

*The material presented here was researched and compiled by Richard A. Fineberg, founder and principal investigator of Research Associates of Ester, Alaska. Fineberg has observed Alaska petroleum development for three decades as a prize-winning reporter, as an advisor to the Governor of Alaska on oil and gas policy and as an independent consultant to investors, government agencies and non-profit organizations. In recent years his horizons have expanded to include two oil provinces in the Former Soviet Union, the Caspian Basin and Sakhalin Island. Often controversial, Fineberg's petroleum research has earned a reputation for dedication to factual accuracy and carefully reasoned analysis.*

**Richard  
Fineberg**



the floods rolled downriver, both personnel and resources were lacking. Consequently, he was forced to dispatch responders to remote locations alone, when his training and experience told him the personnel for whom he was responsible should have been working in teams to assure their safety.

In a June 16 memorandum, Meggert took the problem up with his superiors. "I will not send staff into potentially dangerous situation again without proper support," Meggert declared. He noted that when he asked his home office for immediate assistance, the response was slow because the managers were out, observing an oil spill training exercise. Meggert wanted to know: How could the ADEC home office emergency response support desk be left unattended? To assure more effective response in the future, he requested immediate correction of this problem.

Several weeks later, dissatisfied with his agency's response, Meggert resigned from state service after 20 years in harness. His farewell letter concluded:

As one of our managers has stated on several occasions, "It doesn't matter whether we do a good job as long as we look good". I was not raised that way. I have not lived that way. And I no longer wish to be associated with an agency that thinks and acts that way."

It is one thing to Twitter and make speeches; it is another to govern effectively. The latter requires follow-through to insure performance. DEC's problems demonstrate Sarah Palin's striking failure, as governor, to walk her talk.

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In her farewell address as governor July 26, Sarah Palin exhorted the press to "quit making things up." Pots and kettles: As the piece above demonstrates, Sarah Palin sometimes stretched the truth and distorted facts almost beyond recognition

This writer reported on the Alaska Risk Assessment (ARA) project and the resignation of a veteran ADEC emergency responder several days prior to the Sarah Palin's farewell speech. The July 22 "Community

**addresses a conference on Caspian petroleum development in Baku, Azerbaijan, May 2003. (Photo: OSI Assistance Fndtn. / Azerbaijan.)**



*A fundamental premise of this web site is that it falls to each of us, as citizens, to inform ourselves and respond appropriately to the issues and events that shape the broad directions of our society and the detailed fabric of our social interactions. Based on the fact-driven information presented here, readers can come to independent judgments regarding the authenticity of the content, the significance of the relevant facts and the logic and appropriateness of the conclusions. In effect, each of the topics reported here can stand alone as a documented case study in petroleum development.*

*During the 3-1/2 decades since the discovery of the nation's largest oil field at Prudhoe Bay on Alaska's North Slope, events from Watergate to the collapse of powerful corporate entities such as Enron and WorldCom demonstrate that large institutions frequently fail -- often by grotesque margins -- to live up to legal and moral obligations and to deliver on their public pronouncements. Concurrently, the major oil companies who have played such a large role in Alaska's development have performed their tasks with a chronic and troubling discrepancy between promise and practice. Despite lavishly funded advertising campaigns and public relations efforts urging that Alaska's oil companies can be trusted as the avatars of social salvation, closer examination reveals a profound gap between what these companies say and what they do. With equally disturbing regularity, when confronted with evidence of those failures, government has failed to protect the public interest. This web site explores the economic and environmental impacts of those failures in concrete terms in the belief that well-informed individuals can and will make a positive contribution to the course of human development.*

*Reports on pipeline and petroleum development issues found in the "Oil Patch" section of this web site may be understood as case studies providing insight into the relationships among powerful corporate and government institutions and the complex interactions*

Perspective" in the *Fairbanks Daily News-Miner* was backed up by the more detailed July 22 web posting on this site, which appears below.

(Updated Aug. 12, 2009) The piece above, rewritten from the July 22 "Community Perspective" and submitted to the *Juneau Empire* and *Anchorage Daily News* for publication July 27 (with minor edits for space considerations) was published by those newspapers August 4 and August 6, respectively. Meantime, the Alaska press corps followed up on the information first reported by this writer July 22. (For these pieces and representative follow-up coverage, [click here](#).)

*between individuals and institutions. At this broad level, a growing body of research on the political and economic aspects of petroleum development known as petropolitics suggests that the price of oil wealth includes, with disturbing frequency, poverty, a widening gap between rich and poor, economic stagnation, corruption, dictatorship and war. The petropolitical approach to petroleum development goes far beyond the conclusions presented here regarding pipeline economics and the industry's chronic discrepancy between promise and practice. While one reader may take the fact-based case studies presented here to support a petropolitical interpretation of petroleum development, another reader may apply the same information to a different understanding of social activity; in any event, these case studies are fact-driven and therefore stand alone.*

*In sum, the principal purpose of this web site is to gather in one place many of the basic facts regarding the environmental impacts and economic results of oil development in Alaska and elsewhere - information that industry and government prefer to ignore or to spin. Using case studies presented with fidelity to reason and factual accuracy, FinebergResearch.com brings to public attention information about economic and environmental issues related to petroleum development that is not readily available elsewhere.*

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## ***A Tale of Two Resignations***

### **Governor Palin's Oil and Gas Risk Assessment Runs on the Rocks**

Veteran Emergency Response Leader Leaves  
Department of Environmental Conservation,  
Claims Agency Harbors a Bloated,  
Deskbound Bureaucracy

Did the Governor Care, or Even Notice?

**By Richard A. Fineberg**  
**July 22, 2009**  
(Posted July 23, 2009)

In May 2007 Governor Sarah Palin proudly proclaimed she was launching a comprehensive risk assessment of

Alaska's oil and gas infrastructure. Described as "a thorough, independent appraisal," the Alaska Risk Assessment (ARA) was supposed to "identify facilities and systems that pose the greatest risk of failure, along with measures to reduce risks." In announcing the ARA, Governor Palin said, "no such system-wide risk assessment has ever been conducted on this complex system." According to the governor's press release, the project would cost \$5 million and would take two to three years to complete.

As Governor Palin leaves office two years later, the ARA project sits in shambles. Project execution was to begin this summer, with the final ARA report slated for completion by June 1, 2010. At this late date, however, implementation has not begun. During a lengthy telephone discussion July 6, Alaska Department of Environmental Conservation (ADEC) project manager Ira Rosen told this writer that the project was at a "full stop." The primary reason the ARA was temporarily on hold, he explained, was that the state has been unable to secure the cooperation of the petroleum industry to provide access to the information necessary to conduct the actual risk assessment.

Rosen also confirmed that the project contractors have been pulled off the job after delivering a proposed methodology that was resoundingly denounced during the public comment period that ended June 2.

### **Reviewers Reject ARA Plan**

More than a dozen environmental groups and concerned citizens (this writer included) recommended that ADEC terminate the project for a variety of reasons. Public criticism centered on factors such as:

- excessive reliance on statistical data;
- inadequate field review to assure data accuracy and relevance;
- failure to secure access to either the necessary data or the petroleum facilities themselves;
- focus on major catastrophic events, to the exclusion of consideration of chronic pollution and lesser safety problems;
- failure to establish clear definitions and criteria for evaluating potential hazards;
- inadequate attention to management principles and practices; and
- narrowing of project requirements to exclude recommendations by the project contractor and evaluation of government oversight.

*(To see the environmental community letter recommending project termination, [click here](#); to review a case study submitted by this writer to demonstrate why the ARA needs to focus on field performance and government oversight, as well as statistical data, [click here](#).)*

Edward Morgan, a Fairbanks-based consultant who spent six years as a manager on the Trans-Alaska Pipeline System (TAPS), recommended halting the ARA "until circumstances allow it to be conducted in a meaningful manner, or be abandoned altogether." Before his time with Alyeska, Morgan dealt with risk-related issues in various capacities that included serving as a nuclear submarine commander and as Chief of Staff of the U.S. Navy's submarine group. *(To see Morgan's comments, [click here](#).)*

Other veteran Alaska observers, such as Walter B. Parker of Anchorage, questioned whether the original project contractors - the Doyon Emerald and ABS consulting groups - were sufficiently independent of the petroleum systems owners and operators. Doyon Emerald is a subsidiary of the Doyon Corporation, whose family of companies has contracts with major oil companies, as well as its own petroleum development interests, while the ABS group performed safety analysis for TAPS during 2007.

In sum, ADEC spent the first year setting up the project and hiring its contractor, which then spent the second year creating a framework that Rube Goldberg might have designed - a methodology that depends on information that the state does not have and the industry does not wish to provide. It is emblematic of either a profound weakness in agency planning or a disturbing cynicism of the Governor's declared intentions that it fell to members of the public, two years into the project, to point out the basic problems in the proposed ARA methodology. Did

project planners really fail to recognize the need to assure access to facilities and data, and to develop a plan to demonstrate the relevance and confirm the accuracy of whatever information the project team might manage to secure from the industry? With upwards of \$1.3 million spent as the ARA careens into its third year, off-course and without a contractor or a viable plan, the project managers are ruefully scratching their heads about what to do next.

What if anything, did Governor Palin say or do to address the folly of the project she insouciantly initiated two years ago? At the outset, did she participate in any meetings or issue any directives to set the project on the right track? Over the next two years, as the project went nowhere, then veered off course and landed in limbo, what, if anything, did she do to try to put it back on track? Did she even know or care? It is axiomatic that executives delegate authority. But delegated undertakings must also be subject to oversight.

As this writer observed while consulting for the Palin Administration in 2007 on petroleum taxes (one of her signature programs during her first year in office), Governor Palin seemed remarkably disengaged from the work that state agencies actually do. *(To trace this writer's disillusion with Governor Palin's executive performance, [click here.](#))*

### **Another Resignation**

The peculiar, sorry story of the ARA is by no means an isolated example of Sarah Palin's failure, as governor, to pay attention to the operation of the agencies whose management the public entrusted to her. If Governor Palin had been paying attention, perhaps she might have noticed another troubling situation at ADEC, which manages emergency response to oil and hazardous substance spills.

In May of this year, as Alaska's annual ice jams broke with unusual force due to an unprecedented late-April heat wave, exceptionally severe floods tore through the river villages of Interior Alaska. Governor Palin visited flood sites and was effusive in her praise of agency response to the spring flooding.

But the man who ran the field response for ADEC's northern regional office begs to differ. For many years Ed Meggert headed ADEC's Fairbanks-based, northern region emergency field response team, which covers by far the largest area of the state. Meggert led the state response to the 2001 bullet hole spill on TAPS, the 2006 North Slope corrosion spill and a wide range of other emergency events, including the response to that huge, mysterious blob that showed up in the Chukchi Sea coast earlier this month. As isolated river villages and even more remote homes were whacked with ice and inundated by rising waters last May, Meggert and his small team had to help the public deal with drinking water supplies contaminated by the sewage waste unleashed by the flood.

Meggert was pleased with his team's performance under tough circumstances, but he also had a serious problems with the way his agency handled the emergency. The problem, as Meggert saw it, was that ADEC's bloated and dysfunctional bureaucracy failed to provide the field personnel, training and logistical support necessary to deal with the emergency in a timely manner. Too many responders sitting at desks pushing paper; too few in the field.

"We did a good job," he said, "but we struggled." Caught short-handed as the floods rolled downriver, he simply didn't have the personnel or the resources to do the best possible job. On more than one occasion he was forced to dispatch responders to operate solo in remote locations, when his training and experience told him the personnel for whom he was responsible should have been working in teams to assure their own safety.

After the flood waters subsided, Meggert took the problem up with his superiors. "I will not send staff into potentially dangerous situation again without proper support," Meggert declared in a June 16 memorandum to ADEC managers in Juneau. In that memorandum he noted that when he asked ADEC's Juneau office for immediate assistance as the flood waters rose and raged, additional personnel and resources were slow in coming because the managers were all out of the office on a routine oil spill training exercise. With so many responders assigned to office instead of field work, how could the emergency response support desk be left

unattended? To Meggert, it was extreme bureaucratic folly, and he wanted immediate correction to assure more effective response in future emergency situations.

Several weeks later, dissatisfied with his agency's response, Meggert served notice that he would leave state service at the end of July after 20 years in harness. His resignation letter concluded:

"As one of our managers has stated on several occasions, 'It doesn't matter whether we do a good job as long as we look good'. I was not raised that way. I have not lived that way. And I no longer wish to be associated with an agency that thinks and acts that way."

The primary thrust of the corrections Meggert sought was to transfer some primarily deskbound trained agency responders back into the field, making them more readily available for emergency response when needed. But there is another dimension to the story of Meggert's departure from ADEC. The blunt-spoken emergency responder has made no secret of his hope that this redeployment would enable ADEC to send oversight personnel to the North Slope oil fields on a routine basis. State oversight at the Prudhoe Bay complex has been badly needed for years, as demonstrated by BP's 2006 corrosion problems. This, of course, is a message that the industry does not want to hear and does not want the ARA to demonstrate.

In resigning his post, Meggert adds his name to the list of ADEC field operatives who, over the years, have found themselves at cross-purposes with the agency because of their refusal to acquiesce to oil industry desires.

The two stories told here come together to confirm and demonstrate the consequences of Sarah Palin's utter failure, during her self-terminated interval as Alaska's governor, to walk her talk.

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