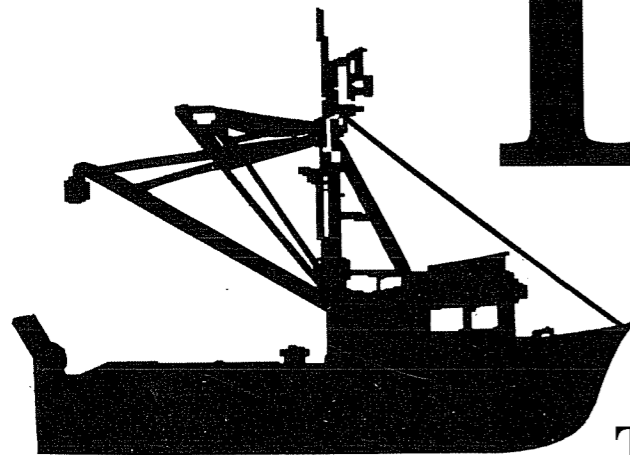


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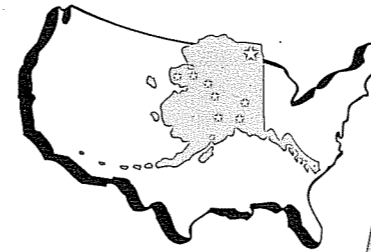
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Resource Review

September 1991

Arctic oil Development: Natives speak from the heart

"The strange people among you, those who want to call our country wilderness, to deny that we even exist, who seem to have lost their minds because of the horrors in the places they come from, these people insult us. On the other hand, we know and understand these oil people, and we can handle them, as we have done for some years now. What we do not want here are all your crazy people, all your television people who lie, and all your government agents who seem bent on tormenting to death our fellow creatures and driving us from our homeland."

-Mayor Herman Aishanna
Kaktovik, Alaska

See testimony on page 4

"The conveniences you and people in the Lower 48 take for granted have come to our people only during my lifetime. Oil revenues have helped our communities develop and have helped bring us into the 20th Century. Before oil development, our people were ignored by both the federal and the state government. Life in the Arctic was like life in a third-world country.

"Section 1002 development will allow our people to maintain their hold on the 20th Century and move into the 21st Century along with the rest of this nation."

- Mayor Jeslie Kaleak, Sr.
North Slope Borough

See testimony on page 5



Photo by Bill Hess

Cautious optimism greets wetlands policy



**Message from
the Acting
Director**
by
Debbie Reinwand

Cautious optimism greeted the recent comprehensive wetlands policy issued by President George Bush, which appears to recognize Alaska's unique position as a good steward of its wetlands.

The policy - issued August 9, 1991 - puts some "meat" on the "bones" of the national "no net loss" of wetlands policy that Bush proclaimed nearly two years ago.

The good news for anybody who hopes to acquire a permit is that it proposes unified wetlands classifications, mitigation banking, strict time limits for permit processing by federal agencies, and one-stop permitting.

More importantly, however, is White House recognition of Alaska's unique situation as the only state that can claim wetlands losses of less than 1 percent - (.05% to be exact). In that vein, the policy proclaims that any state that has used less than 1% of its wetlands may satisfy permit requirements through minimization. This is a giant step away from the punitive costs associated with compensatory mitigation; one that will make it easier for communities and corporations to

undertake necessary projects.

Alaskans have many individuals and groups to thank for this favorable policy - in particular, the congressional delegation of Sens. Ted Stevens and Frank Murkowski, and Congressman Don Young. The Alaska Wetlands Coalition, which RDC spearheads, also played a major role in influencing the recent outcome.

But before any rejoicing takes places, let's put this recent turn of events into perspective. The policy as stated by the President must now begin a long process of "fleshing out" by a technical working group, which frankly, may be made up of the very federal agency types that have so strictly "over-enforced" the current 404 program. It is our hope that the panel will be broad enough to include those who worked on the Domestic Policy Council in drafting the recent presidential statement.

The working group has been charged with a variety of complex tasks - which basically amount to writing new regulations that will govern what happens to America's wetlands.

Our job now is straightforward - Alaskans must use the same strategy that was so effective in the 1989 battle regarding the Corps/EPA Memorandum of Agreement on "no net loss." We must support the President's proposal and we must get our opinions on fine-tuning wetlands regulation to the technical work group. This must be done in a unified fashion and it must be a constant deluge of solid information.

This is a battle that can be won. By taking the offensive after the MOA was issued, Alaska has kept its message in the forefront. That has to continue.

Kaktovik testimony ...

Continued from page 4)

tell us how we should care for this place of ours. If you look carefully at our homeland, then at the country of our neighbors, you will see dramatic differences. Seismic lines cut through their forests, where they searched for oil and did not find it, damages which we would not allow.

In Canada, highways have been built across the migration paths of the Porcupine caribou. It is on these highways that this great population will fail, if it fails, not in this place of ours. Nothing we shall allow could have nearly so great an impact on these caribou as the tragic Dempster Highway in the Yukon Territories.

Much has been said about caribou, about oil and about us, and much of it is wrong.

The real issue here is a simple one, the taking of the country by other people, dictating what we must do in this place of ours, which we have wisely used and occupied for thousands of years, with no one else to tell us how to do it. The result we hold up to the world with pride. If this country has virtue, as we all seem to think, then surely much of the credit must be ours.

We take this matter very seriously. Pushed off our land by these rules and lies, we shall die. And when you kill us, you also kill the land. We are one and the same. But we do not intend to let this happen.

We offer to help you with whatever tasks you may wish to undertake in this place. We add this caution, however. If you do not listen, if you forget you are entering country which is already fully occupied, if you propose things which are threatening to us and to this place of ours, then we must ask you to leave.

I would remind you that your presence, your legal position on our lands and waters is a weak one. Because of the way some of you and most of your agents have behaved here, we stand now on the thin edge of sending you home. These agents have done great harm. The strange people among you, those who want to call our country wilderness, to deny that we even exist, who seem to have lost their minds because of horrors in the places they come from, these people insult us.

On the other hand, we know and understand these oil people, and we can handle them, as we have done for some years now. What we do not want here are all your crazy people, all your television people who lie, and all your government agents who seems bent on tormenting to death our fellow creatures and driving us from our homeland.

Our experience suggests we be far more concerned about the effects of arrogant government, especially the federal government, and about the lust for our lands and waters by those who advocate making this place a wilderness than about the oil industry itself, which so far has been reasonably respectful of us and our interests.

This experience further suggests that we can work with these oil people and exercise acceptable control over their activities here, given certain tools and understanding which

we propose.

If you will listen, listen to those of us who live here, who actually know what this place is like, who value it for what it really is, not as some lost dream, then we are prepared to help you find what it is you want. In this way we believe we can protect our country, protect our place in it and save you a lot of grief.

We think this is a pretty good offer.

North Slope Borough ...

(Continued from page 5)

people to maintain their hold on the 20th Century and move into the 21st Century along with the rest of this nation.

Many residents of the North Slope Borough are shareholders in Native regional and village corporations that own surface and subsurface rights within the Section 1002 area. Oil development in this area will provide these corporations their first opportunity to profit from development of their own lands.

In our view, legislation that prevents the Native shareholders from developing their own lands and resources would constitute a grave injustice. How ironic that it took an Act of Congress to gain title to our lands, and now it takes another Act of Congress to develop those lands.

"We want to open the Coastal Plain of ANWR for development, but we want this development to have a minimal impact upon the environment and wildlife resources of the area and access rights of local citizens."

As important as ANWR development is as a source of tax revenue for the Borough, we would not support opening the Section 1002 area if we were not convinced this could be done in an environmentally safe and sound manner.

Our subsistence lifestyle makes the Section 1002 area's wildlife and other precious resources vital to our existence. We have lived here for thousands of years. Nobody could care more about this land than we do, or have more to lose if this land is harmed. We have no plans to retire to Florida or California after the oil is gone. This is our home. We treasure and respect the land, the sea, the wildlife and the benefits provided us.

Others claim we must choose between development and preserving the environment. But we are not faced with such an either-or choice. The Borough has permitting, planning and zoning powers. We will, I assure you, exercise them to the fullest extent possible so as to assure that development takes place in an environmentally-sound manner.

We want to open the Coastal Plain for development, but we want this development to have a minimal impact upon the environment and wildlife resources of the area and access rights of local citizens.

Hickel appoints RDC Executive Director Becky Gay to lead State's ANWR effort

RDC Executive Director Becky Gay has taken a six month leave-of-absence to coordinate the State of Alaska's ANWR education and advocacy campaign.

Gay has been in charge of RDC's daily operations since 1987, when she was chosen as Executive Director. During Gay's absence, Deputy Director Debbie Reinwand will be Acting Executive Director and manage the organization at the direction of RDC's statewide board.

"I'm pleased that RDC's hard work and expertise on the ANWR issue has been recognized and that I can put that same energy to use on behalf of the State of Alaska," Gay said.

Reinwand said the Council's emphasis will continue to be serving its statewide members and promoting economic and resource development at the local, state and federal levels.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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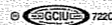
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Writer & Editor
Carl Portman



Alaska legislators strongly favor Coastal Plain drilling

As a life-long Alaskan who grew up in Northern Alaska, Gail Phillips can still remember as a child walking out on the frozen tundra in the frosty evening, watching the majestic Northern Lights, listening to the Arctic choir of howling huskies and wondering what would happen when she grew up.

Now as an adult, raising her family and serving as a legislative representative for the people of Alaska, Phillips still watches the Northern Lights and listens to the night sounds. And she still wonders and worries, not about her personal future, but about the economic future of Alaska and how her daughters will make their livelihoods in the 49th state.

"If the federal government does not allow us to develop our natural resources in a carefully planned and environmentally conscientious manner, the economic stability of Alaska's future could be placed in jeopardy," Phillips told a U.S. House Subcommittee hearing in Anchorage August 7 on whether to allow oil and gas drilling in the Arctic National Wildlife Refuge. "We have the resources and the ability to maintain our sound fiscal policies, while continuing to furnish America with a stable energy source," Phillips said. "Please don't tie our hands by prohibiting the development of our resources."

While conceding that America must never lose sight of its goal to reduce its dependence on oil, whether foreign or domestic, Phillips stressed that America must be given time to adapt to other energy sources.

"With U.S. domestic production falling every year, and anticipated to do so until the end of the decade, it would appear all the more critical that we proceed with this project," Phillips said.

State Senator Drue Pearce also pointed to the need for conservation, but warned the Subcommittee that fossil fuels will continue to be needed even with the development

of alternative energy and effective conservation. Pearce outlined projected declines in domestic production and noted that ANWR has the potential to help reverse the decline in domestic production.

North Slope production, which accounts for 25 percent of domestic production, peaked in 1988 at 2 million barrels of oil a day. It is predicted that by the year 2000, production will be down to 997,000 barrels per day.

Pearce noted that the Trans-Alaska Pipeline will become financially infeasible to operate when throughput drops to less than 300,000 barrels per day in 2010. That holds true even if all the oil yet to be discovered in the Prudhoe Bay area were produced.

"The future numbers are sobering," Pearce said. "We must continue to explore for oil and gas to provide for the future."

Oil from ANWR would boost North Slope production and keep the pipeline operating for several more decades.

Pearce called Alaska a world leader in providing for the finest in monitoring and environmental protection. Today there are more than 36 chapters of Alaska statutes, hundreds of volumes of regulations and countless local ordinances regulating oil and gas development in Alaska. In addition, there are over 100 federal laws and regulations governing the same activity.

Even if oil and gas exploration and development in ANWR were authorized by Congress in 1993, production would not begin until early in the next century because of the long permitting and environmental review process required by these laws and regulations.

The Alaska legislators noted that a majority of Alaskans support development in ANWR, as does the state administration.

Valdez mayor speaks to small footprint of development

(Continued from page 3)

amenities that other Americans take for granted.

Valdez Mayor Lynn Chrystal, representing the Resource Development Council, also testified at the hearing. Chrystal, an RDC Board member, noted that he has personally visited Prudhoe Bay and has seen the small footprint oil development makes now. He has seen caribou in abundance on the North Slope and as an Alaskan is pleased that the population in that region has quadrupled since development began.

"When you make your decision, please remember that ANWR development is proposed on just 8,000 acres of the 1.5 million acre Coastal Plain — a size of land that doesn't begin to infringe in any significant fashion on the entire 19 million acre refuge," Chrystal said. He asked the Subcommittee to analyze carefully the assertions of the non-development forces and ill-informed arguments that are peppered with half-truths.

"What Alaskans are advocating is responsible development that provides jobs nationwide and a chance for this state to dramatically improve its community infrastructure and meet statewide needs," Chrystal said.

"If the environment is a major concern, then oil should be developed here, because here we do it best," Chrystal added. What oil this country doesn't produce from Alaska will surely be imported from foreign producers that do not operate under the stringent regulations and high standards the industry must follow in Alaska, Chrystal said. He noted that foreign oil would also be shipped to the U.S. in single-hulled tankers that are not subject to American regulatory control.

Rep. Gerry Studds, the Subcommittee's chairman, said the Anchorage hearing was important, but it is too early to know how much effect it had on members or how the committee would vote. His vote against ANWR development remained unchanged, he said.

Local involvement is key to success



Thoughts from the President

by
John Rense

A cold horizontal rain fell the first time I visited Red Dog. The year was 1983. The only apparent sign of man was a small exploration tent camp and some thirty-foot square drill pads on the orebody itself. The wind howled. The tundra oozed with water. Somehow it did not look like a place where people would ever earn a living.

On that day, I did not realize that I would eventually join NANA and become part of the transformation of Red Dog. A lot has happened to bring about this mine. Engineering was accomplished for the big operation located in a difficult, arctic setting. A major transportation corridor was obtained through a National Monument. Numerous permits were negotiated, and construction problems were overcome. When operations began, hiring and training challenges were met. Finally, everything else is done, the new mine can subject its zinc and lead products to the whims of the international metal market.

Why was Red Dog one of the few recent Alaskan mines to be developed? I suggest there is a short list of reasons.

First, the mine was blessed with very large quantities of ore of very high grade. Red Dog is a "Prudhoe Bay" of zinc.

Second, the mine had substantial local participation and support. Could needed permits or access have been obtained if the project had faced broad, local opposition? Where would port facilities have been placed if not on local private lands?

Local participation was assured at Red Dog because of a contract between Cominco and the mine's owner, NANA

Regional Corporation. Today, Inupiaq employees make up more than half the workforce and command a direct payroll of more than \$12 million. Inupiaq elders have a meaningful role in the project's environmental monitoring. The project's operator, Cominco Alaska, gives local people involvement in numerous decisions that affect the people of the area. Cominco Alaska took this risk and the involvement has benefitted, not hurt the project.

Third, the mine was built by dedicated, competent developers who stuck to the task through thick and thin. Persistence paid off. Progress continued through one of the worst cycles of basemetal prices in recent times.

Today Red Dog is an operating mine. When I review the budgets, I am often struck with how costly northern operations are. Frankly, Red Dog's size and high grade is largely needed just to cover the mine's costs. Red Dog will be healthy under most market conditions but will not provide a windfall. If it takes such a tremendous orebody to become economic, how many more such operations can we expect to have in Alaska?

Granted, costs can be very much less in other parts of the state. Still, no matter what is done Alaska will not fully erase the cost differences between ourselves and most other parts of the world. Developers here should work to capture the real economic advantages that can come from meaningful involvement with neighboring rural Alaskans. Also, on a state-wide basis we need to become more open to creative development concepts that includes local and state participation along with the resource company. Finally, we need to start making capable developers feel welcome. For too long we have bashed on the firms that produce much of Alaska's income. Increasingly, boards and management are getting the message that Alaska is high cost, ungrateful and unfriendly. Worldwide, there are plenty of red carpets out there, many in cheaper places. We need to stop bragging about the size of past resource successes and start encouraging the development of new ones.

Alaskans pack into ANWR oil hearing

Valdez mayor, Native leaders support oil development

More than 200 people packed into the Anchorage Assembly chambers at the Z.J. Loussac Library August 7 to witness testimony before a U.S. House Subcommittee on whether Congress should open the Coastal plain of the Arctic National Wildlife Refuge to oil and gas development. Proponents of oil development made solid and convincing arguments, armed with facts and data to counter the emotional appeals of preservationists who seek a Wilderness designation over America's most promising onshore oil prospect.

Some of the most compelling and heartfelt testimony in support of development came from those who stand to be most affected by oil development, the Inupiat Eskimos of the

North Slope — these people who live in the midst of the oil fields.

Mayor Herman Aishanna of Kaktovik and his native cousins to the west in Barrow made it clear to the visiting Congressmen that a blanket federal wilderness designation over the Coastal Plain was more of a threat to their way of life than oil development. Wilderness would block access and deny Natives from developing their own lands and resources. Meanwhile, oil development would touch only a fraction of the refuge, yet bring much needed revenues to local villages and help residents maintain recently-acquired services and

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Kaktovik mayor focuses on wisdom of opening ANWR to oil exploration

Coastal Plain village opposes federal Wilderness status

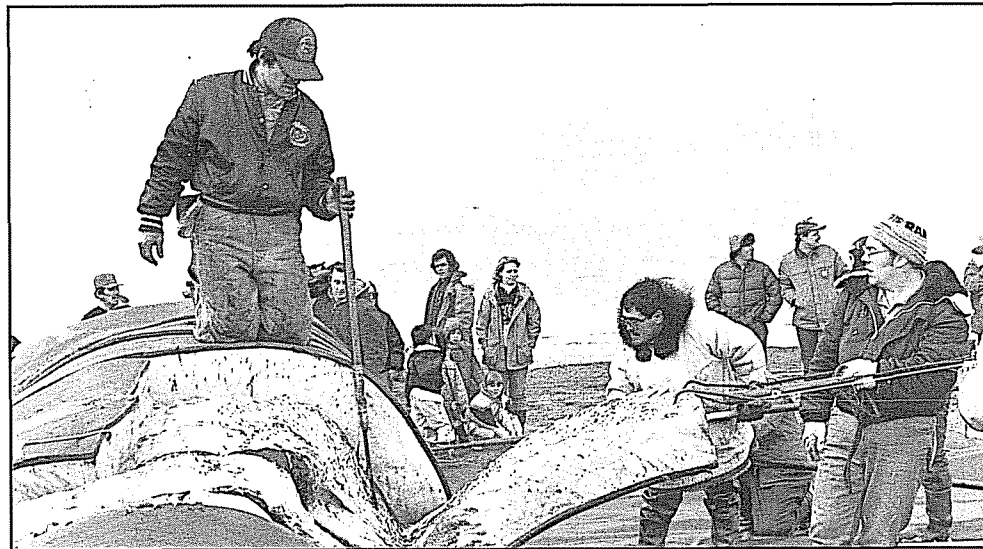
Editor's Note: The following is an excerpt taken from testimony presented before the House Merchant Marine and Fisheries Subcommittee on Fisheries and Wildlife Conservation and the Environment. The hearing was held in Anchorage on August 7 on legislation that would open the Coastal Plain of the Arctic National Wildlife Refuge to oil and gas development.

By Herman Aishanna
Mayor of Kaktovik, Alaska

Mr. Chairman, I am happy to have this chance to speak before you as you consider the wisdom of the opening of our coastal plain to oil exploration. I am the Mayor of Kaktovik, and it is my people, the Kaktovikmiut, who are most directly affected.

This area is part of our homeland, the single place in this world that defines us as Native people. Our contact with these lands and waters is a very close and vital one, as few who are not Native could understand. So we are very interested in what you plan to do here.

But we are disturbed by what we see and hear. We recently saw on television a news program showing a Native woman in Kaktovik saying that her people did not want oil development, that it would do great damage to her and to her people. We did not know this woman. She may have been a native of some place, but she was not Inupiat, and she was not a Native of the North Slope. The television crew flew her in, set her up to do an interview in Kaktovik, as if she were from Kaktovik. For you who do not live in our country, it might appear that she spoke for us.



Harvesting a whale, Natives treasure and respect the land, sea and wildlife resources of the Arctic. Most North Slope Natives take exception to claims they must choose between development and preserving the environment when it comes to oil development. Local residents, who have lived beside oil development for nearly 20 years, believe they can continue to live a subsistence lifestyle while enjoying the benefits oil development brings to the region.

We speak for ourselves. We recently set out to find a reasonable position to take on oil development. Our consensus is stated in a set of documents, the Kaktovik Papers, which are entered as our written statement. (The Kaktovik Papers outline a plan which the Inupiat believe will serve their needs and at the same time make it possible for oil development to proceed on the Coastal Plain.)

"Our experience suggests we be far more concerned about the effects of arrogant government, especially the federal government, and about the lust for our lands and waters by those who advocate making this place a wilderness than about the oil industry itself, which so far has been reasonably respectful of us and our interests."

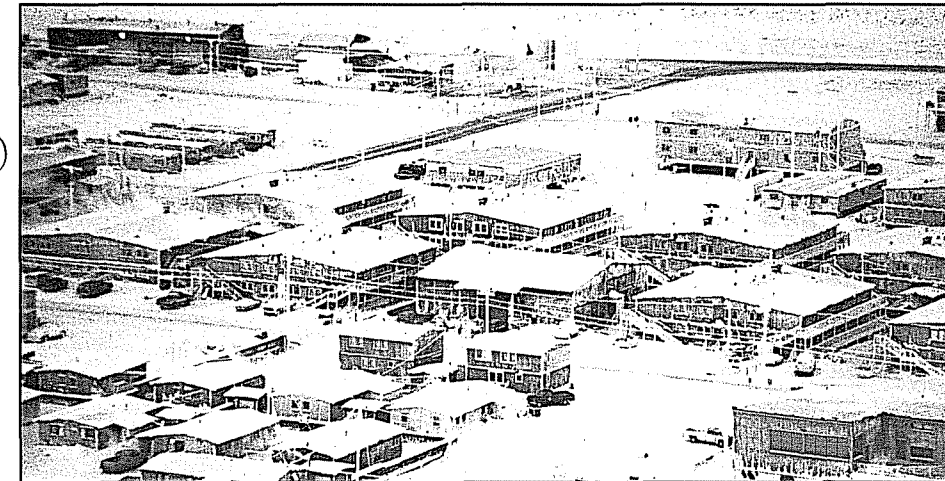
These documents are very important to us, and we think you may find them useful. They represent a great effort by my people to find a sensible way to cope with all this interest of other people in our homeland.

We are neither for nor against oil development. Neither position makes any sense to us, to be for or against something not yet defined. We have taken a third position: that you may come into our country and look for oil provided you do it the way it should be done and provided we may be certain no damages are done to us or to our country. It has been done elsewhere. We note and like the Shetland Islands model, parts of which we think could be useful here.

We must point out that damages are already taking place here, damages we intend to stop. We are deeply hurt by the way federal agents treat our people and our fellow creatures. We think the so-called research they do here is barbaric, destructive and unnecessary. Many of the people who visit our country are disrespectful and destructive.

We are insulted by those who would

(Continued to page 7)



Oil revenues from Prudhoe Bay production has brought tremendous progress to the North Slope Borough. New schools, modern housing, health care facilities and a variety of services have been built and provided through oil revenues. Pictured above is a new housing project in Barrow, America's most northern community.

Oil development brings North Slope Natives into 20th Century

Editor's Note: The following is an excerpt taken from testimony presented by the North Slope Borough before the House subcommittee hearing on ANWR August 7.

By Jeslie Kaleak, Sr.
Mayor of North Slope Borough
Barrow, Alaska

The North Slope Borough is the largest municipality in the United States. Our people live in eight villages spread out over an area of about 89,000 square miles — about the same size as the state of Minnesota. The village populations range from about 160 to 3,000. Most are Inupiat Eskimos, like myself, whose families have lived here for thousands of years.

The North Slope Borough supports efforts to open the ANWR Coastal Plain to competitive oil and gas leasing and has so testified on numerous occasions in the past. As you know, Mr. Chairman, the Section 1002 area of ANWR offers Alaska and the nation its single most promising onshore area in which to develop major new sources of oil.



North Slope Borough Mayor Jeslie Kaleak, Sr., is a strong supporter of opening the ANWR Coastal Plain to drilling.

The development of oil resources has been a vital part of the Borough's economic and social growth. In that sense, we are a product of our times. We do not apologize for that fact. Other communities in other parts of the nation grew and flourished as other economic sectors and industries, such as silver, gold, timber, mining or steel developed.

With property tax revenues generated from production facilities in the Prudhoe Bay, Kuparuk River and other North Slope oil fields, the Borough has built basically all the schools, roads, housing and municipal facilities, and

provides municipal services in our eight villages.

The conveniences you and people in the Lower 48 take for granted have come to our people only during my lifetime. Oil revenues have helped our

"In our view, legislation that prevents the Native shareholders from developing their own lands and resources would constitute a grave injustice. How ironic that it took an Act of Congress to gain title to our lands, and now it takes an Act of Congress to develop those lands."

communities develop and have helped bring us into the 20th Century. Before oil development, our people were ignored by both the federal and the state government. Life in the Arctic was like life in a



Oil development has brought needed jobs and a higher standard of living to residents of the North Slope Borough.

third-world country.

The transition is not complete. We have made tremendous progress and changes to improve our standard of living, but there is more to be done. Unfortunately, the existing facilities at Prudhoe and elsewhere are entering their inevitable phase of decline. As a result, the Borough's property tax revenues will begin to decline soon.

Development of the Section 1002 area will provide the necessary source of revenue to both extend and replace the tax revenues from Prudhoe Bay. Section 1002 development will allow our

(Continued to page 7)