

RESOURCE

R E V I E W



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ALASKA WILDERNESS

THE POLITICS OF ENERGY AND THE ENVIRONMENT

Who owns Alaska? Of the 365.5 million acres that make up Alaska – from the lush rain forests of the southeast panhandle to the flat, barren tundra of the Arctic – federal agencies currently lay claim to 235 million acres – 64 percent of the 49th state.

Alaska Land Facts See Page 3

To put Uncle Sam's share in perspective:

- Federal lands in Alaska alone are much larger than the entire state of Texas.

- Federal acreage in Alaska is larger than the combination of 15 eastern states stretching from Maine to South Carolina.

- Federal ownership in Alaska is larger than Oregon, Washington and California combined.

Also of note, Alaska's 58 million acres of "official" federal Wilderness account for

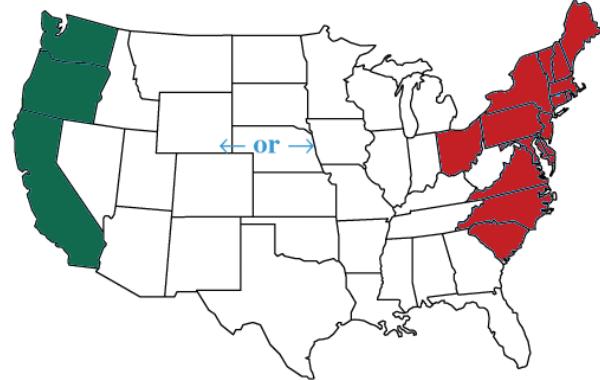
56 percent of the nation's total. In fact, if combined, federal Wilderness in Alaska would create the 11th largest state in America. To put the 49th state's federal Wilderness into another light:

- It is larger than each of the following states: Florida, Illinois, Minnesota, New York and Washington.

- It is bigger than the combined size of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware and Maryland.

What's left over outside this massive federal enclave? The state itself owns 90.3 million acres and is entitled to an additional 14 million acres under the Statehood Act. Native corporations own 37 million acres and will receive an additional 7 million acres through federal conveyances.

Once all federal conveyances are completed, the state will own 28.6 percent of Alaska while Native corporations will hold title to 12.2



The 235 million acres of federal lands within Alaska, much of it closed to development, is considerably larger than the entire state of Texas, more than the total combined size of California, Oregon and Washington, and bigger than the combination of 15 eastern states as shown below: (States listed in millions of acres)

Maine (21.2)	Pennsylvania (28.9)
New Hampshire (5.9)	Ohio (26.4)
Vermont (6.1)	Delaware (1.3)
Massachusetts (5.3)	Maryland (6.7)
Rhode Island (.7)	Virginia (26.1)
Connecticut (3.2)	North Carolina (33.7)
New York (31.4)	South Carolina (19.9)
New Jersey (4.9)	

percent, leaving 58.6 percent to the federal government and 0.7 percent in conventional private ownership.

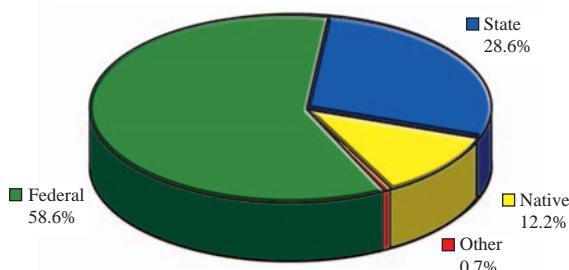
Forty percent of the federal share is set aside in conservation system units -- national parks, refuges and forests. These units account for 70 percent of America's national park lands and 85 percent of its wildlife refuge acreage. Unlike Lower 48 parks and refuges, the vast majority of the Alaska units have no road access and few visitor facilities such as campgrounds, visitor centers and hotels. Economic development is either severely

restricted or prohibited and public access is difficult.

In addition, Alaska itself has a vast state park system, the largest in the nation.

While portions of the federal domain are considered among the "crown jewels" of America's wild lands, beneath some of these conservation units lies much of the future wealth and security of Alaska and the nation. Although the estimates vary according to the source, Alaska could hold 30 percent of America's oil reserves and nearly 20 percent of

Alaska Land Status (Pending Full Federal Conveyance)



(Continued to Page 2)

ALASKA WILDERNESS PERCEPTION DRIVES FEDERAL DECISIONMAKING

(Continued from Page 1)

its natural gas. Its coal resources are immense and other mineral deposits such as zinc and gold are world class.

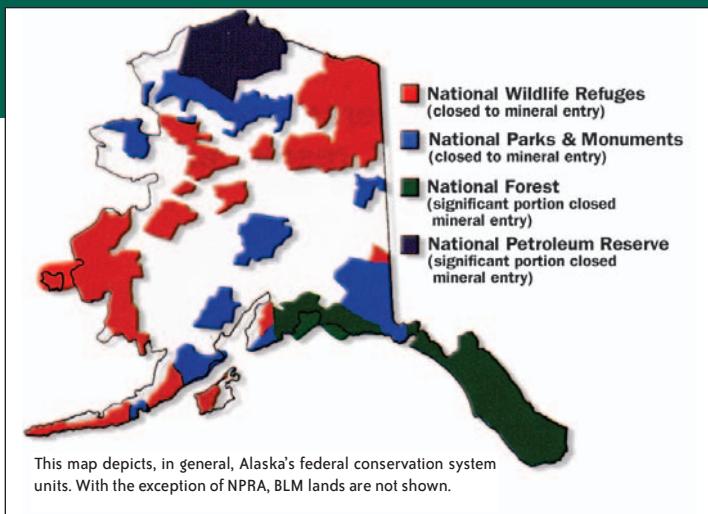
With such a rich endowment of natural resources comes great potential and opportunity for Alaska and its economy. However, remoteness, climate, and tremendous geological diversity translate into high costs for industries trying to tap the massive resource deposits of the last frontier. Moreover, political considerations pose an even greater challenge.

Alaskans strongly support resource development and expanded access opportunities, but Washington calls the shots on nearly two-thirds of Alaska's lands. And even with Republicans in control of Congress and the White House, a powerful national environmental lobby continues to dominate congressional proceedings on Alaska resource issues. Key decisions on the biggest issues, such as oil development in the arctic and logging in the Tongass National Forest, have been driven largely by mis-perception.

Wilderness

The average American is likely to define wilderness as land in which one can enjoy natural conditions and leave

the concerns of city life behind. However, few are aware that most human activity is virtually eliminated in areas that are formally designated as federal Wilderness. Formal Wilderness bans not only all types of resource development, it prohibits the construction of public and private recreational facilities, including campgrounds, backcountry lodges, visitor centers and motor tours. With few exceptions, roads,



places that are easily accessible and useable by the general public, but most are just as inaccessible as those areas with the official designation.

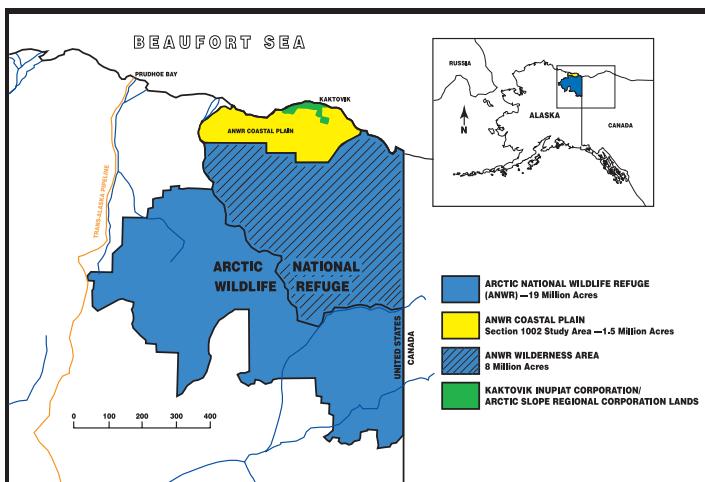
With the exception of the narrow trans-Alaska pipeline corridor, it is impossible to cross the vast Alaska mainland without entering at least one restrictive conservation unit. While the extensive network of conservation units has preserved a great portion

opposition from national environmental groups to expand it is likely to keep a heavy cap on a seasonal tourism industry.

Wilderness and Energy

For more than 20 years, North Slope oil fields supplied America with 20 percent of its domestic oil production. Many of these fields, however, are in steady decline and overall production is less than half of its 1988 peak. The oil industry is struggling to offset the decline with new technology to enhance recovery, and several new smaller fields have helped stabilize production. Today North Slope oil accounts for 17 percent of domestic production.

However, the best opportunity for boosting Alaska production and reversing the nation's increasing reliance on foreign crude lies 65 miles to the east of the giant Prudhoe Bay field – the Coastal Plain of the Arctic National Wildlife Refuge (ANWR). The State and the oil industry are not seeking to open any designated Wilderness areas in ANWR to exploration. In fact, the targeted prospects are all located inside an area set aside by Congress in 1980 for potential oil and gas develop-



as well as new hiking trails and cabins are banned.

In addition to Alaska's 58 million acres of federal Wilderness, millions of other acres are under Wilderness consideration. And tens of millions of acres are wilderness in the general sense, but lack the official designation. Some of these lands are wild

of Alaska, the cumulative overlay of federal and state land withdrawals poses a mounting challenge to efforts aimed at growing the state's economy.

While the parks and refuges have attracted adventure-seekers to the state, an extremely limited road system and fierce

ment. However, that area, known as the "1002" lands, will require congressional authorization before exploration can move forward.

But like other big Alaska resource issues, the perception in Washington and across the Lower 48 is that development would destroy America's "last remaining" wilderness for a "six-month" supply of oil. In reality, not one acre of federal or state Wilderness would be touched in or outside ANWR.

A factual look at the refuge reveals that nearly half of its 19 million acres is permanently closed to development under a federal Wilderness designation. When combined with similarly managed lands inside the refuge, some 92 percent is off-limits to development, leaving the remaining 8 percent - the "1002" coastal lands - available for exploration.

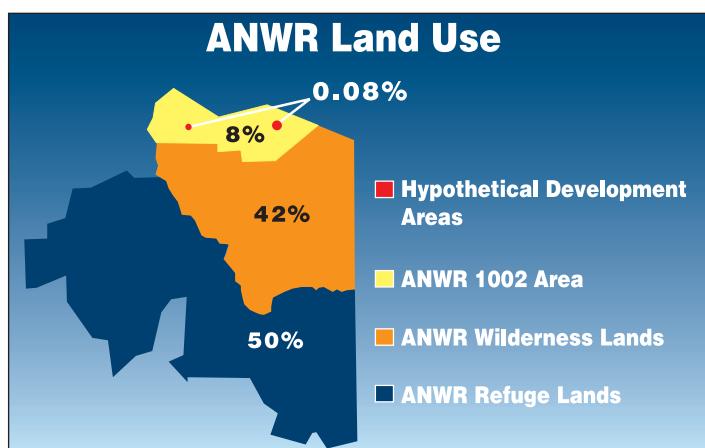
Even under a full leasing scenario and assuming development of several major prospects, petroleum operations would directly affect

assumption. With advances in technology resulting in a smaller development footprint, America can produce perhaps up to one-quarter of

ered, that would be enough to replace imports of Saudi oil at current rates of consumption for nearly 30 years.

While the volume of ANWR's recoverable oil is comparable to the National Petroleum Reserve Alaska (NPRA) west of Prudhoe Bay, ANWR reserves are believed to be concentrated in larger accumulations in an area one-twelfth the size of NPRA, close to existing feeder pipelines.

Although 74 percent of Alaskans support oil development, Congress will have the final say on ANWR. A decision authorizing development could help revitalize the state and national economy, but the outcome is far from certain as environmental groups, fostering a perception of Alaska far removed from reality, gear up to influence public opinion and the national media.



only several thousand acres, leaving 99.9 percent of ANWR untouched.

As for the perception of a "six month" supply, such an argument is based on a scenario where all oil consumed in America would come from one field - an impossible

its future domestic production from one one-hundredth of one percent of ANWR.

The U.S. Geological Survey estimates ANWR could contain from 5.7 billion to 16 billion barrels of recoverable oil. If a mean average of 10 billion barrels is recov-

Alaska Land Facts

Total Lands In Alaska	365.5 million acres
Federal	235.1 million acres
State	90.3 million acres*
Native Corporation	37.4 million acres**
Conventional Private	2.7 million acres

Federal Lands In Alaska

Bureau of Land Management	85.0 million acres
Department of Defense	2.3 million acres
National Park Service	52.9 million acres
Fish & Wildlife Service	72.4 million acres
Forest Service	22.5 million acres

Federal Wilderness - Alaska

Total Designated Wilderness in U.S.

Total

Designated Wilderness	33.5 million acres
	18.7 million acres
	5.8 million acres
	58.0 million acres
	(56 percent of U.S.)
	105.7 million acres



Photo by Frank Baker

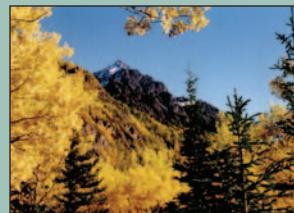


Photo by Carl Portman

- Total Conservation System Units in Alaska: 148,375,000 acres (includes 575,000 acres of BLM WSR)
- More than 60 percent of federal lands in Alaska and 40 percent of total acreage in the state are set aside in Conservation System Units. These lands severely restrict development and public access is minimal.

* Alaska's entitlement under the Statehood Act is 104.5 million acres. After final conveyance, State ownership will increase to 28.6%.

** Total Native allotment under Alaska Native Claims Settlement Act and subsequent amendments is 44.5 million acres. BLM lands will be reduced as the federal government moves to meet its obligations under the Statehood Act. Federal share of Alaska will fall to 58.6%.

Source of land statistics: U.S. Bureau of Land Management, Division of Conveyance Management, September 2001

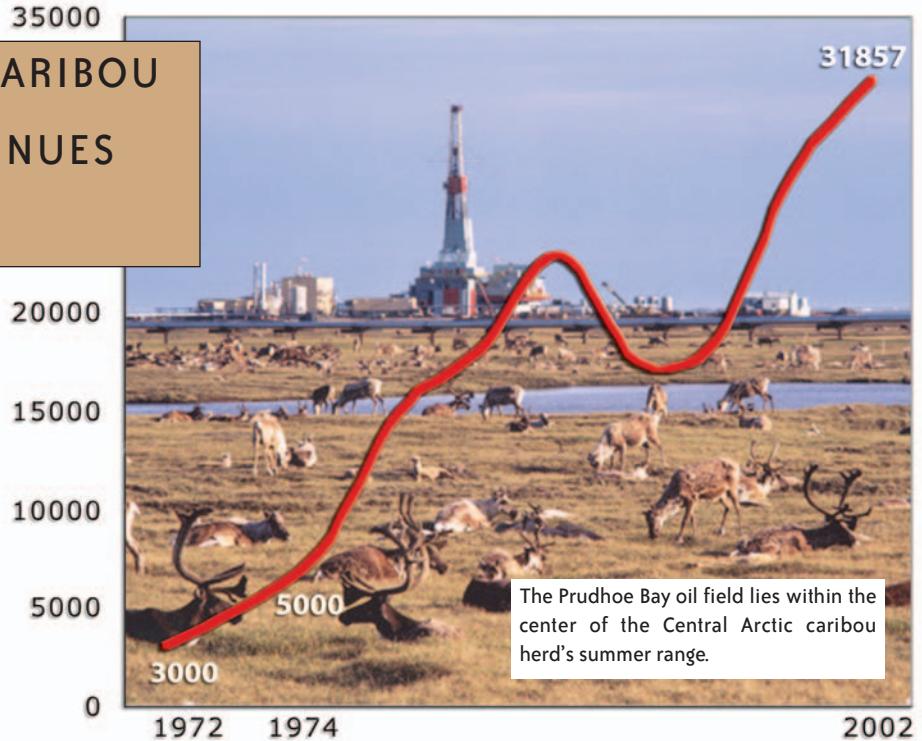
CENTRAL ARCTIC CARIBOU POPULATION CONTINUES STEADY CLIMB

The Central Arctic caribou herd that spends much of the summer grazing and feeding in the Prudhoe Bay oil fields continues to thrive, according to the latest annual survey of the Alaska Department of Fish and Game.

The 2002 survey estimated the herd has grown to 31,857 animals, an increase of 17 percent from the 27,128 counted in 2000. The survey is taken in July, the climax to the short Arctic summer when the caribou bunch into huge groups along the Arctic coastal plain seeking relief from pestering swarms of insects. In the winter the herd migrates to the south side of the Brooks Range.

Most operating North Slope oil fields are within the range of the Central Arctic herd. The trans-Alaska oil pipeline and the Dalton Highway servicing the oil fields snake southward through the center of the herd's range.

Biologists reported that a healthy pregnancy rate and high calf survival contributed to the herd's healthy population increase. The greatest challenges the herd faces on the



The Prudhoe Bay oil field lies within the center of the Central Arctic caribou herd's summer range.

North Slope are bugs and an occasional bear, but inland they face predation from wolves.

The herd has grown from 5,000 animals in 1974, when oil development was just getting underway on the North Slope, to nearly 32,000 today -- an increase of 537 percent.

Although oil field infrastructure is spread out over a wide area of the central North Slope, industry has designed roads, pipelines and facilities to minimize impact on wildlife and allow for free movement of caribou.

While wildlife habitat in the oil fields is no longer wilderness in the general sense, the undeveloped areas between facilities are commonly used by caribou and other animals. In fact, research has provided no evidence that oil field activities have produced any measurable change in population of any fish or wildlife species using the North Slope.

Today there are more caribou in Alaska than people.

LOWERING AMERICA'S RELIANCE ON FOREIGN OIL

Foreign oil accounted for 55 percent of total U.S. oil demand in 2001, up from 37 percent in 1980 and 42 percent in 1990. Total imports in November 2002 climbed to 58 percent. Domestic production in November was 5,742,000 barrels per day (b/d) of which nearly 1 million b/d came from Alaska.

To stem the rise in oil imports, the U.S. must find more domestic oil supplies, launch serious conservation initiatives and put more emphasis on alternative energy sources. All three approaches must be embraced as each by itself will not significantly reduce America's reliance on foreign oil.

This chart depicts American oil imports from selected regions during the first eleven months of 2002. The chart also shows current North Slope production, potential daily production from ANWR and the impact conservation could have in the equation. For example, raising CAFE standards on new vehicles by 5 percent annually until 2012 could save 1.5 million barrels of oil per day by 2010. But, that is no reason not to increase domestic oil production.

Conservation and new energy production from ANWR are not mutually exclusive. Since conservation itself is not an energy source, America must pursue new energy production to limit its reliance on foreign sources of oil. However,

new conservation measures would lead to the more efficient use of energy, allowing Americans to get more out of every barrel of oil -- whether it comes from Alaska or elsewhere. As shown at left, conservation, combined with ANWR production, could offset imports from the Persian Gulf region.

Over the long term, alternative energy will play an increasingly important role in the energy mix, however, every energy source has its own set of impacts on the environment.

Meanwhile, ANWR is this nation's best onshore prospect for increasing domestic oil production. No where else in North America is there believed to be so much recoverable oil concentrated in a small area. With the world's most stringent environmental regulations and standards, coupled with advanced technology, the development footprint can be confined to one one-hundredth of one percent of ANWR.

