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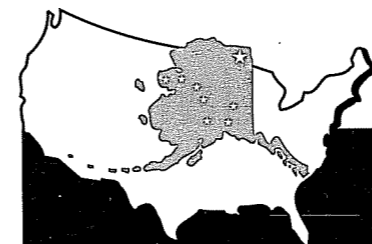
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Resource Review

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Prospects for Arctic oil development look good

Alaskans working hard to convince Congress to open AOR

With the risks low and the benefits to the nation high, there appears to be enough votes in Congress this fall to open the Coastal Plain/Arctic Oil Reserve of the Arctic National Wildlife Refuge to oil and gas exploration and development.

Instead of fighting the inevitable, the Department of the Interior should be helping craft rules and regulations for the AOR's orderly development, advised Senator Bennett Johnston, the

ranking Democrat on the Senate Energy and Natural Resources Committee, at an

cent of the Arctic refuge.

Interior Secretary Bruce Babbitt, however, intends to

ANWR facts, call to action ... Pages 4-5

ANWR hearing in August. With the politics increasingly aligning behind development, Johnston said it's time for the Clinton administration to talk about terms and conditions for leasing the Coastal Plain/AOR, which accounts for about eight per-

cent of the expected congressional budget measure authorizing development. But most Washington insiders don't believe the ANWR measure will derail the pending budget bill since it is perceived as a relatively minor aspect of the budget package.

"The budget might be vetoed for other reasons, and the Coastal Plain obviously will be a added lure, but a budget veto in this country is politically a very hot potato to handle, especially if you're up for election within a year," said Roger Herrera, an Arctic Power advisor and RDC board member. "There will certainly be a degree of pressure on Congress to button up the budgetary process, including all the highly controversial aspects that are in it."

But Herrera expects the Clinton White House will do everything in its power to avoid a veto, which would not only put Coastal Plain development in jeopardy, but the administration, too. When President George Bush vetoed the budget, his popularity ratings dropped 15 percent in four days when federal salaries were not forthcoming.

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The Inupiat Eskimo village of Kaktovik, located directly adjacent to the AOR, supports oil and gas exploration and production in the oil reserve. Kaktovik residents, like their Gwich'in neighbors far to the south, also subsistence hunt caribou. (Photo by Carl Portman)

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AWC makes Alaska's case on wetlands before congressional subcommittee

Editor's Note: The following is a condensed summary of testimony presented in Washington, D.C., earlier this month by Becky Gay for the Alaska Wetlands Coalition. The testimony was given before the Subcommittee on Clean Air, Wetlands, Private Property and Nuclear Safety of the Senate Environment and Public Works Committee.

Chairman Faircloth, thank you for the opportunity to submit comments in support of S.851, the Wetlands Regulatory Reform Act of 1995, and the provisions that specifically address Alaska's uniqueness.

The Alaska Wetlands Coalition was formed in 1989 to work on federal regulations and to bring community perspective and balance to wetlands regulation in Alaska. AWC strives to educate policy makers and regulators about the uniqueness of Alaska and to help guide national wetlands policy in Alaska.

Resolutions of support for Congressional change to the wetlands regulatory program in Alaska have been passed statewide, by the cities of Kenai, Craig, Nome, Wasilla, Fairbanks, Wrangell, the Municipality of Nenana, and the Boroughs of the Aleutians East, Sitka, Fairbanks North Star, Ketchikan Gateway, Kodiak Island and Matanuska-Susitna, and were submitted for the hearing record by Senator Murkowski.

Just as scarcity is an overriding concern elsewhere in the nation, the sheer abundance of wetlands in Alaska is an important element which is unaccounted for in current regulatory schemes.

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Writer & Editor
Carl Portman

According to the U.S. Fish and Wildlife Service (USFWS), wetlands total 43.3 % of Alaska's surface area. What that statistic doesn't tell you is, practically speaking, unless you are on a glacier or a mountain, you are in wetlands! It's not Waterworld, but in Alaska, we live surrounded by a sea of wetlands, interspersed with millions of acres of inhospitable terrain covered by a variety of conservation designations.

By any standard, a person would be hard-pressed not to find Alaska a state with substantial conserved wetlands. Over 99% of intact historical wetlands is a formidable record. Yet Alaska faces a unique dilemma — trying to be part of the national solution, when we are not part of the problem.

For instance, no matter how much we want to help, Alaska is not wintering habitat for migratory waterfowl. Besides providing resting and nesting habitat, Alaska also wants to allow its people to have an economy where they live, whenever possible.

Wetlands are distributed most abundantly where Alaskans live, along the rivers, interior and along the coast. Some 400 miles of rail and a very limited highway system serve urban Alaska, but rural Alaska relies primarily on transportation by water and air. In Alaska, every port and harbor uses wetlands and every airport is built on wetlands and fill.

The facts show a variety of good reasons to treat Alaska differently in national wetlands policy:

- Overall development in Alaska has been minimal.
- Alaska has 174,683,900 acres of wetlands intact.
- More than 200 villages still reflect third world living conditions with regard to water and sewer facilities.
- Much of the 44 million acres conveyed to Alaska Natives is considered wetlands. As such, compensatory mitigation constitutes a taking of Native lands, which were exchanged for aboriginal claims in 1971 and are analo-

gous to private lands in Alaska.

Alaska has an outstanding conservation record, contributing millions of acres to the national conservation inventory, notably 67% of all national parks are in Alaska. Also, 90% of all national wildlife refuges and 62% of all federally-designated Wilderness areas are located in Alaska.

Additionally, Alaska has unique state set-asides which protect the most valuable areas, from critical habitat designations to state Wilderness and Trustee Council land acquisitions. Some examples include:

- Special protection is provided to anadromous stream corridors, from buffer zones to fishing regulations and building setbacks. Coastal salt marshes are also generally protected as critical habitat.
- Riparian zones are protected by the Alaska Forest Practices Act, with 66-foot buffers on private lands and 100-foot buffer zones on public lands.
- The Alaska Coastal Management program spans Alaska's huge coastal zone with upland jurisdiction and consistency review requirements.

S.851 provides the necessary tools to ensure future wetlands regulation in Alaska is commensurate with the abundance of wetlands, the vast wetland acres in conservation and the low historic loss of wetlands in Alaska. S.851 will eliminate compensatory mitigation requirements for Alaska and remove the burden of proving the "non-existence" of an upland alternative. It provides for the issuance of general permits for Alaska and for rural villages. It allows for special considerations for state and native "economic base lands."

And most importantly, S.851 gives recognition to "states with substantial conserved wetlands," which not only recognizes Alaska's abundance and conservation efforts, but rewards that performance.

The growing jurisdictional grasp of the 404 program and the uncertainty
(Continued to page 7)

Caribou, Arctic oil debate ...

(Continued from page 6)

and as recently as 1984 were still actively inviting oil companies to explore their reservation. They didn't find oil." However, they were to collect approximately \$2 million from Rougeot Oil and Gas Corporation of Tulsa for leases.

The U.S. Fish and Wildlife Service hasn't helped resolve matters either. Over the years, it has issued contradicting reports about the significance of the 1002 area -- depending on who happens to be its boss at the time.

For example, compare their September 1988 Final Comprehensive Conservation Plan with their earlier January 1988 draft plan. The draft version stated that only 28 percent of the "concentrated calving areas are within the 1002 area." Furthermore, the draft also noted variable use of the core area, ranging from a low of 35% in 1984 to a high of 82% in 1985. Yet the Fish and Wildlife Service's final version admits of no such significant variables.

Topping all this, the agency explained that part of the Central Arctic herd uses some of the same calving area as the Porcupine herd. This becomes significant through a comment made by Fairbanks BLM biologist Dave Yokel in an Anchorage Daily News article (August 1992): "There is no way to biologically tell the difference between a Central Arctic and Porcupine caribou."

Now if biologists can't tell the difference, then how do the poor caribou figure out which herd they belong to? Seriously, if that is true,

then how can biologists measure population fluctuations if they can't tell the difference between the animals of those two herds?

Now why would a Catholic priest be interested in following all this confusion and debate about the Porcupine caribou herd?

As a former citizen advisor to the now defunct Alaska Land Use Council, I learned there was something less than honest in this public debate.

For example, at one council meeting, the assistant Regional Director of the Fish and Wildlife Service explained that the Canadians had drilled more than 80 wells on their side of the coastal plain. Oil companies did not find economically viable reserves, so they moved offshore and found what they were looking for in the Mackenzie River Delta.

It wasn't until after Canada determined their equivalent of Alaska's ANWR had no oil did they deem it fit for a park for the caribou. Canada's Northern Yukon National Park, renamed Ivavik, came into being only after it was explored for oil. This is not a history that doomsayers of ANWR, including a number of Canadian officials, wish to acknowledge.

As Congress begins the long-overdue national debate on whether to open the coastal plain for oil and gas development, all these facts should be laid on the table. The public, and the arctic caribou, deserve an honest discussion and a responsible public policy decision.

Bristol Bay nets record, Inlet catch among lowest in decade

Fishermen caught a record 43 million red salmon in Bristol Bay this year, a record catch for the century-old fishery, but the Upper Cook Inlet commercial salmon harvest this season was the second lowest in 10 years.

The Bristol Bay red salmon catch netted fishermen about \$120 million. This year's catch exceeded the previous record catch of 41 million reds in 1993.

While it was another big year for salmon harvests in Bristol Bay, Kodiak, Prince William sound and some areas of the Kuskokwim River, Cook Inlet catch came in at 2.9 million reds, which make up 90 percent of the fishery's value. The commercial harvest for upper Cook Inlet totaled just over \$20 million this season.

Meanwhile, salmon markets in Japan have crashed to their lowest levels in recent history, resulting in low demand for the record haul of Bristol Bay reds. Prices are more than 40 percent lower now than in August 1994, stunning the state's salmon processing industry.

The crash is most pronounced for red salmon, but markets are also weak for chum, pink and even foreign farmed salmon.

Wetlands testimony ... (Continued from page 2)

abounding in the ability to use wetlands, especially on private property or for community needs, is expensive and wasteful for the American people. No net loss is a "zero sum" approach which in Alaska, doesn't work. It results in society's scarce dollars being spent regulating low value, abundant and/or non-traditional wetlands. And the policy actually punishes the state that has the best conservation record, which is an inappropriate public policy outcome.

The problem is not only with the administration of the law, but with the law itself. Congress needs to specify which wetlands to regulate because both the administrative and judicial approach have failed to reflect common sense, predictability or balance.

Eliminating low value and abundant wetlands from Section 404 requirements means that jurisdictional wetlands will become more sensible. It means the agencies will have more resources to make the permitting process more efficient and predictable. The AWC believes wetlands programs handled at the state and local level do a good job protecting important wetlands while accommodating quality of life and community growth.

The regulated community is under distress about wetland regulation. Court decisions have added new hurdles, with lawsuits being threatened and filed. Uncertainty about the future of land use permeates discussions at the local government level, particularly in Alaska where the National Wildlife Federation is suing the Corps of Engineers over general permits right now.

Wetlands reform is needed to consolidate agency responsibility, to expedite routine permitting, to increase flexibility in the program and to provide greater predictability across the nation, not just Alaska.



Guest Opinion
by Father Michael Hornick

Editor's Note: Father Mike Hornick, a priest of the Archdiocese of Anchorage for 26 years, was an active member of the Citizens Advisory Committee of the Alaska Land Use Council until it expired in December 1990. The Council was mandated by the same Federal law which created ANWR. A version of the following Guest Opinion appeared in *The Voice of the Times*, August 2, 1995.

Porcupine caribou herd is a political pawn



At Prudhoe Bay, the caribou population has increased six-fold since development began.

Are the Porcupine caribou confused? They certainly should be, particularly in regard to all the media reports and debate about where they have their young.

So what's the big deal about where some caribou have their calves? Well, because those who want no oil exploration on the coastal plain of the Arctic National Wildlife Refuge (ANWR) claim the Porcupine caribou have their calves smack dab in the middle of the "1002 area." And this coastal plain area of ANWR was set aside for possible oil development under the Alaska National Interest Lands Conservation Act (ANILCA).

During the late 1980s, the administration of former Alaska Governor Steve Cowper argued that this "core calving area" of the caribou was adequate excuse for delaying oil exploration on the coastal plain of ANWR. This way the Cowper administration could officially say it supported exploration of the coastal strip, or 1002 area, yet at the same time blockade it by calling for a

10-year study of the Porcupine caribou herd.

At the time, there had already been intense study for 13 years by the U.S. Fish and Wildlife Service, but the administration wanted a politically acceptable way to say "yes" when it really intended to accomplish "no."

After much press coverage promoting "the core calving area," consider how embarrassed the Cowper administration may have been when it learned the Canadians had beat them to the punch. In 1984, the Canadian Parliament created the Northern Yukon National Park, of which the primary purpose was to protect "the herds most critical habitat and primary calving area."

The chief warden of the Northern Yukon National

Park, declared the primary calving area for the Porcupine herd was in Canada, while the Cowper administration claimed it was in the coastal plain of ANWR. Was somebody confused or just not telling the truth?

About the same time Gwich'in activists such as Sara James of Arctic Village began to enter the picture. You no doubt have seen her on TV opposing exploration of the coastal plain. I find this curious because her village of 130 people is located on the south border of ANWR, on the opposite side of the Brooks Range, separated by millions of acres of roadless land from the arctic coast. The subsistence use area of the Arctic Village people reaches only as far north as the south face of the Brooks

Range. Yet the coastal plain is James' concern.

Environmental organizations have actively promoted and financed Sara James' and the Gwich'in Steering Committee's cause for blockading coastal plain exploration.

In 1989, Sara James and seven other Gwich'in leaders formed what was called the Gwich'in Steering Committee to organize opposition to exploration of the coastal plain. During 1989 they operated as a project of the Alaska Conservation Foundation. Outside environmental organizations and foundations provided financial backing.

The Gwich'in newsletter for 1989 explained their two-fold goal for the year: sue the Department of Interior and encourage the media to report coastal exploration as a threat to their way of life.

Gwich'in opposition to oil exploration seems a bit two-faced. Chuck Herbert, a former Alaska Commissioner of Natural Resources, a few years ago detailed the village's aggressive search for oil over a ten-year period (Anchorage Times, 12/1/91).

"The Gwich'in recruited oil companies and collected advance royalties in their desire to develop their lands,

(Continued to page 7)



Thoughts from the President
by Elizabeth Rensch

If you've ever had the opportunity to be a judge in the annual essay contest sponsored by RDC, I'm sure you have been as shocked as I was to read some, if not most of the entries. Words like, "destroying," "wiped out," "nothing left for the grandchildren" are terms commonly seen in these essays. Don't get me wrong, I think children should be allowed to voice their own opinion, just as adults should. But, when it is blatantly obvious that their opinions are a result of being exposed only to distorted views dispensed from one-sided environmental curriculum, it makes me sad, and then it makes me angry that, in many ways, we as parents have let this happen.

Your children and mine have been inundated with information on why we must preserve the earth's resources. Until recently and by comparison, very little has been taught about the unique and critical balance between responsible development of our resources and the economy. Lets face it, it's much easier for the environmentalists to prey on the minds of those who can easily be convinced that "Bambi" is at risk than to discuss the reality of what our resources provide and the positive effects responsible development has on our economy. And talk about reality, within five to ten years, these children will be voting adults.

I am convinced that successful programs such as AMEREF, the Alaska Mineral and Energy Resource Education Fund, are our only way to promote a balanced understanding of the benefits derived from the development and use of natural resources. Representing a partnership between the state and private sector, AMEREF produces a highly-acclaimed natural resource education program to provide students with the knowledge, skills and attitudes necessary to make informed decisions on resource development issues.

Out of the mouths of babes

At the heart of the AMEREF program is the Alaska Resources Kit. This Alaska-specific work kit, funded by businesses, industry and individuals, provides teachers with lesson plans and student activities designed to "connect the dots" between development and our economy.

The continued popular acceptance of the AMEREF program is a strong indication of its success with teachers and students. RDC commends all of you who have donated many years of your time and the funds it has taken to keep this program alive and strong.

AMEREF is building bridges of understanding between teachers, students and industry. But its success in sustaining and improving the program depends on two factors: the willingness of volunteers from industry and the education community to donate time and talent in updating and improving materials and secondly your support.

Frankly, it is imperative that business and industry adequately fund this

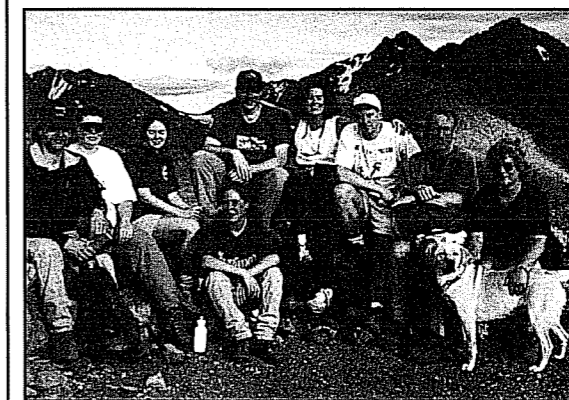
popular and most necessary program. Your commitment to resource education through AMEREF will help ensure that students across Alaska will be exposed to a balanced viewpoint. Your contribution will help AMEREF get new kits into the hands of teachers who want to provide their students with a full range of perspectives.

If you have school-age children, I urge you to get involved, ask them what they are learning and talk to them about responsible resource development. If you don't like what you hear, sit down with their teachers during conference and ask them if they have been informed about the benefits of the AMEREF program. If not, let AMEREF or RDC know and they will take the lead.

Resource education for our children in Alaska is critical and begins where most things should -- at home.

Your individual and corporate support will keep this program and our kids strong growing.

RDC hosts New Zealanders on Flattop Mountain



RDC staff and board members, including President Elizabeth Rensch and Vice President Scott Thorson (center), escorted New Zealand Consul General Terry Baker and his wife, Jan, (far right) to the summit of Flattop Mountain last month. Before the 3,500-foot ascent, Baker briefed the RDC Executive Committee on New Zealand business interests in Alaska.

(Photo by Carl Portman)

Congressional action on ANWR enters final stretch

Call to action

Key Senators to write

Common address: U.S. Senate, Washington, D.C., 20510
 Contact Senator Phone (202) Fax (202)

Sen. Akaka D-HI 224-6361 224-2126

Sen. Bingaman D-NM 224-5521 224-6244

Sen. Bryan D-NV 224-6244 224-1933

Sen. Campbell R-CO 224-5852 224-2523

Sen. Cohen R-ME 224-2523 224-2693

Sen. Dorgan D-ND 224-2551 224-1193

Sen. Ford D-KY 224-4343 224-4212

Sen. Hatfield R-OR 224-3753 224-4212

Sen. Hollings D-SC 224-6121 224-4124

Sen. Heflin D-AL 224-4124 224-5141

Sen. Jeffords R-VT 224-5141 224-3521

Sen. Nunn D-GA 224-3521 224-0072

Sen. Packwood R-OR 224-5244 228-3576

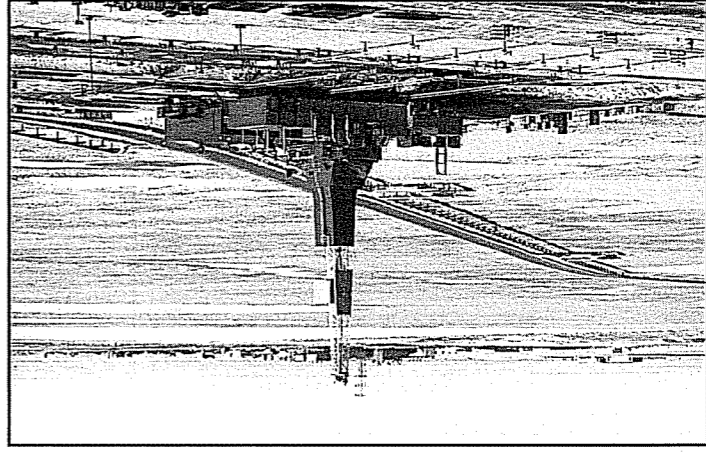
Sen. Reid D-NV 224-3542 224-7327

Sen. Smith R-NH 224-2841 224-1946

Sen. Snowe R-ME 224-5344 224-1946

Sen. Specter R-PA 224-4253 224-8165

It is imperative that RDC members take the time now to write their friends, relatives and business associates in other states and ask them to write their congressmen and senators in support of oil development in the Arctic Oil Reserve. Everyone should also write the key senators listed above.



Since 1977 the North Slope has produced more than 10 billion barrels of oil, but Prudhoe Bay is now in decline. Ask for your own ANWR briefing packets and sample letters of support for oil and gas development at RDC, Arctic Power or other pro-development groups.

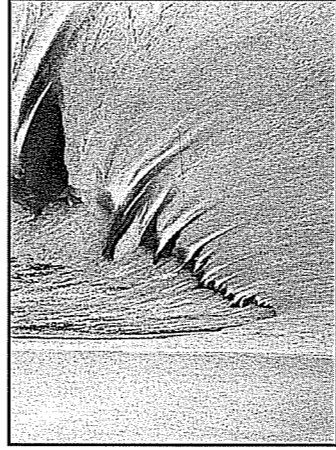
(Continued from page 1)

If the budget is vetoed, Republicans will likely exercise parliamentary maneuvers to force Clinton's hands on some "must-sign" bills to keep the country running. Those maneuvers would include tagging items like ANWR onto critical bills.

Language authorizing the opening of the Coastal Plain to orderly oil and gas development will be written into a budget measure next month for the 1996 fiscal year, which begins October 1. The language will come out of the Senate Energy and Natural Resources Committee, chaired by Senator Frank Murkowski, and the House Natural Resources Committee, led by Congressman Don Young.

Earlier this summer, Congress set the stage for the ANWR measure after the ANWR measure after passed major budget items counting revenues from ANWR lease sales in the federal budget. Since the President cannot line-item veto a budget measure, the best chance environmentalists had to derail the momentum for drilling was in the Senate, but that chamber voted 56-44 to include lease revenues in the budget. Meanwhile, Murkowski and Johnston have been working to craft provisions in the ANWR measure to give added protection for the Porcupine caribou herd and to use a portion of ANWR lease revenues to support parks and refuges.

Herrera emphasized that the next six weeks will



The Arctic Oil Reserve (AOR) is 1.5 million acres, accounting for eight percent of the Arctic National Wildlife Refuge.

be a critical phase in the multi-year effort to convince Congress to open the Coastal Plain.

"It's a 220-yard race and right now we're just coming out of the last bend with just a few seconds to go until we win in this thing," Herrera said. "If you feel strongly on this issue and you think it affects your future and business in Alaska, you don't have much time to take action," Herrera warned. "When it's all over, look into your conscience and ask yourself if you did everything you could during the past six weeks when we were in the last 50-yard sprint to the finish."

Herrera expects the House and Senate energy and natural resource committees to pass the ANWR measure in September with a floor vote in both chambers on the budget package by the end of October. Although law dictates the budget is to be complete by October 1, Herrera said political realities will throw it back to later in the month. But when it does finally come to a vote, the budget requires only a 51-vote majority for passage in the Senate with no opportunity for filibuster. What should Alaskans be doing to encourage Congress to encourage Alaskans

gress to open the Coastal Plain? Herrera suggests Alaskans become more proactive and write a brief handwritten letter to key senators and representatives (see accompanying list) urging them to support the opening of the Coastal Plain to oil and gas exploration and development. Economic benefits should be stressed, Herrera advised, since Congress now considers ANWR an economic, budget, jobs and deficit-reduction issue.

"If anything is read in an and deficit-reduction issue.

letter, ideally from a constituent, but any identification one may have with a particular member is important and should be pursued," Herrera said. "Handwritten letters are an exception these days, certainly in congressional offices where 90 percent of the correspondence are form letters or post cards."

Herrera also suggested people consider spending some time in Washington visiting their senator or congressman.

Meanwhile, Arctic Power, in an coordinated effort with the State of Alaska, is hosting congressional tours of North Slope oil facilities and the nearby ANWR Coastal Plain throughout August. In September, teams comprised of well-informed Alaskans, including RDC board members, legislators and state officials, will be visiting targeted congressional districts to brief business leaders on the benefits Alaska oil development has on their communities.

A similar grass-tops effort was launched by Arctic Power's predecessor, the Alaska Coalition for American Energy Security, spearheaded by Joan McCoy and Easy Gilbreth, and continued in the state campaign led by RDC's Becky Gay, when the issue was previously before Congress.

Arctic Oil Reserve (AOR) Facts-at-a-Glance

• **ANWR = Arctic National Wildlife Refuge**, a 19 million acre area designated by Congress in the Alaska National Interest Conservation Act (ANILCA 1980.) ANWR, roughly the size of South Carolina, spans northeast and parts of interior Alaska and consists of the following:

1. **ANWR Wilderness** = 8 million acres of federally-designated Wilderness not under consideration for any development. This one Wilderness area is larger than the combined size of Massachusetts, Rhode Island and Delaware, covering 40% of ANWR.
2. **Arctic Oil Reserve (AOR)** = the 1002 study area, 1.5 million acres reserved to be studied for its wildlife values and oil and gas potential, about 8% of ANWR.
3. The rest is general refuge lands not considered for oil development.

• **Caribou** across the arctic are vast in numbers. In 1995, the Alaska Department of Fish and Game estimates the **Western Arctic** herd at 450,000 animals. The **Central Arctic** herd has grown from 3,000 to 23,400 during the last 20 years of industrial activity at Prudhoe. The **Porcupine** herd numbers 152,000 animals of which migrate between Alaska and Canada and are hunted by native people of both countries.

• **The Inupiat Eskimos** live and hunt north of the Brooks Range, as they have for many generations, in what is now known as ANWR. The Eskimos **continue to support onshore oil development** on their own adjacent lands and in the AOR.

• **The Gwich'in Indians** traditionally live in Canada and Interior Alaska, south of the Brooks Range, with millions of Wilderness acres between them and the AOR. **More than 70%** of all Alaskans favor exploration and production on AOR.

• **Advancing technology** has made the "footprint" of arctic oil development much smaller in the last two decades. Future AOR development is estimated to encompass between 2,000 and 10,000 acres under full development.

• **AOR is America's best bet** for an on-shore discovery of a giant "Prudhoe Bay-sized" oil and gas field in North America. AOR is 65 miles east of Pump Station One where the trans-Alaska pipeline begins.

• **At least 250,000 jobs** could be created through AOR development, according to the U.S. Department of Energy. Private forecasters estimate up to 735,000 jobs could be gained by Americans from full development of a giant field.

• **Total North Slope production** has passed the 10 billion barrel mark. Currently, Alaska accounts for approximately 25% of domestic production.

• **In 1994, the U.S. spent \$50 billion on oil imports**, which accounted for 51% of the nation's petroleum requirements. (Facts compiled by RDC for public use)