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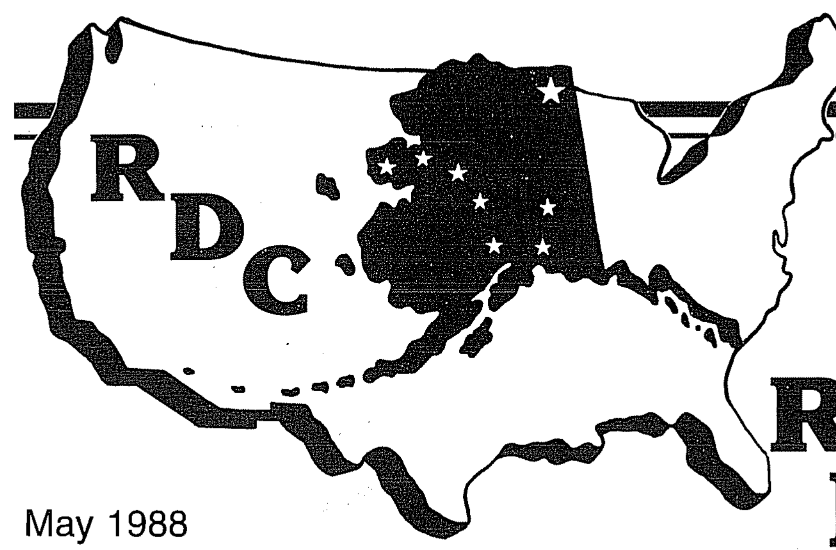
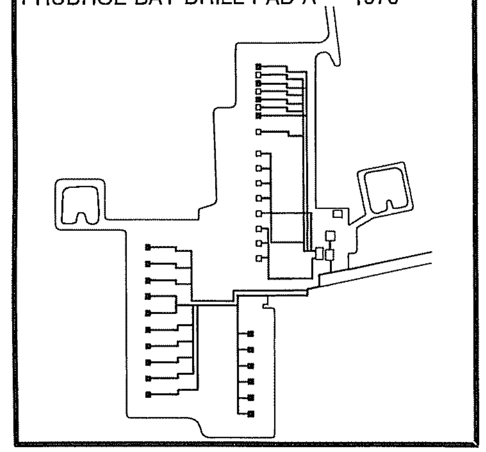


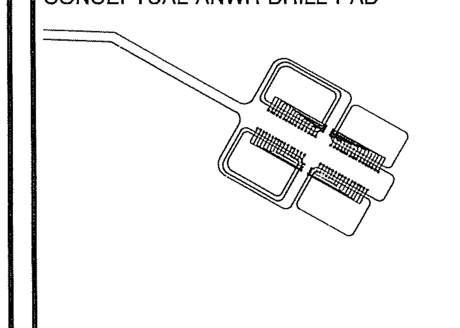
Resource Review

May 1988

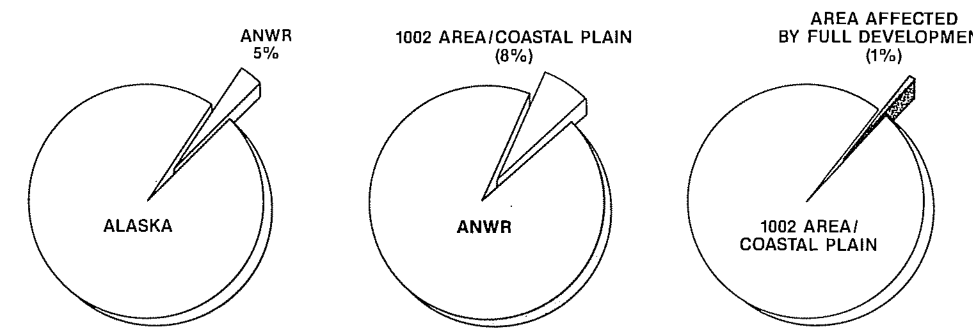
Evolving arctic oil technology

Development footprint becomes vanishingly small in Alaska





The drill pad on the left is designed for 32 production wells. This pad was built in 1970 and covers 49 acres. The smaller pad represents a conceptual design of the type of drill site that could be used in ANWR. This smaller pad contains twice as many wells and covers less than half the acreage. Similar pads are now in operation in the Kuparuk oil field.



Because of major advances in oil field technology and design, the "footprint" of future energy development in the arctic will become vanishingly small, ensuring that alteration of land will be minimal and disturbances to wildlife can be avoided in almost all cases.

A new brochure released by Standard Alaska Production Company and ARCO Alaska, Inc., details numerous advances in oil field technology and design that will minimize the impact of oil development in frontier areas.

Made possible through the operating experience of the four existing North Slope oil fields, the footprint of future development in the arctic is expected to be drastically smaller than in the Prudhoe Bay region, an area accounting for 25 percent of domestic oil production.

"Over the years, important strides have been made in drilling and production technology that have reduced the amount of land needed for oil field facilities," the brochure says. "This evolution in technology minimizes the 'footprint' of oil activities and is important as we look to the future and consider development on the Coastal Plain of Alaska's Arctic National Wildlife Refuge (ANWR)."

Representing five percent of the state of Alaska, ANWR covers some 19 million acres. Only eight percent of the refuge, the Coastal Plain, is being considered for oil and gas leasing. Of that small part, less than one percent of the surface area would be affected by development.

For some 30 years, the oil industry has been exploring and operating on Alaska's oil-rich North Slope. For the most part, state and federal regulators believe the industry has conducted responsible, environmentally-sound operations. In fact, some call

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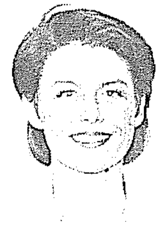
15th Alaska Legislature falls short . . . Page 2

Message from the executive director



By
Becky L. Gay

This month marks the end of the 1987-88 term of RDC's statewide board of directors. RDC's 13th year of doing business in Alaska is being commemorated in a special trip to Valdez for the annual meeting and election of the new 1988-89 board.

The past 12 months have been an eventful period for our organization. RDC weathered the storms of the economy along with our membership, tightened our belt and maintained a strong sense of purpose advocating and educating on resource issues. Doing more with less has been a conscious effort by all.

RDC has flourished under President Joe Henri's robust and able leadership. In his one-year term, Joe has traveled across America speaking on behalf of RDC, including appearances before Congress on ANWR and Tongass. Media interviews, conference presentations, public hearing testimony, op-ed articles, letters-to-the-editor and even more letters to the Legislature and Congress were all forms of the pro-development offensive RDC waged for its membership. Joe Henri has led this charge fearlessly and we have much to thank him for, including the behind-the-scenes work of RDC's gracious first-lady, Aletha, who at Joe's side has charmed many RDC guests and visitors.

Despite the exasperating lack of positive legislative action on pro-development issues during this period, RDC advanced its goals in other ways. The 1988 conference was a bright success with an uplifting tone and a macro-mandate of "What Alaska Can Do for America." RDC's Thursday breakfast forums continued in excellence and the *Resource Review* expanded its circulation to include key members of Congress and Outside business and media interests. RDC's effectiveness in national press relations and communications grew. RDC also expanded its schedule of speaking engagements and testimony with the help of its active board members.

There are not many organizations which can claim their goals will do so much for so many, if successful. RDC can. The resource industries of Alaska offer the brightest hope for a strong, lasting economy. Resources are our undisputed wealth, to use wisely and develop soundly.

Why is this so hard for so many to understand or accept? An overwhelming ignorance and apathy about Alaska's fundamental economic options is pervasive in the rush to preserve, regulate, stipulate, designate and stop development in the name of bad deeds elsewhere or long ago. To say we are swimming upstream in our efforts to educate is putting it mildly.

There is such a thing as sound resource development. But the burden is on us to prove it. Advancing resource development is an uphill battle. Nowhere is this more evident than in the legislative arena, although the educational system offers another great

(Continued on page 5)

15th Legislature ends with little accomplished

Economic development bills fail

By Mike Abbott, Projects Coordinator

Despite a generally perceived mandate for economic development legislation, the 15th Alaska legislature passed virtually no legislation that would have allowed for major new resource development activity. The vast majority of the legislative proposals, generated as a result of the publication of RDC's *New Strategies for Advancing Alaska's Economy, 1986-90,* either failed to reach the floor of both houses or were rendered ineffective before passage.

There were few highlights in the 1987-88 sessions. In 1987 legislation allowing AIDA to take part in import/export ventures did pass. RDC's International Trade and Industrial Development Division initiated this concept and was instrumental in securing its passage. 1988 saw the first successful attempt to reform the Workers' Compensation issue to the benefit of employers and employees. After inordinate delay the legislature also passed joint resolutions in support of reasonable positions on the **Arctic National Wildlife Refuge** and **Tongass National Forest.**

These, however, were either relatively minor modifications of existing support programs or advisory comments for the U.S. Congress. When the legislature had the opportunity to take bold action and give Alaskans an opportunity to lead the state into new markets and development strategies, it failed miserably.

Mariculture is perhaps the greatest single economic development failure of the 15th Alaska legislature. Farmed seafood products are clearly going to increase their already significant international market share of important Alaska commodities such as salmon and shellfish. Instead of supporting the participation of Alaskans in this dynamic industry, the Alaska legislature has made it illegal to farm *all* finfish and commercially unworkable to farm other seafood species. Alaska, through its primary political organ, has made a conscious decision to ignore the same international marketplace it so often claims interest in.

An equally frustrating issue revolved around Forest Management Agreements (FMAs). These are simply agreements that allow the state to contract with private operators for various forest land management responsibilities, including harvest on state land. For two years this bill made slow progress, only gradually evolving into a form that satisfied everyone willing to be satisfied by any timber management proposal. Then the bill died in the last week because of a personal feud between a few legislators. The House of Representatives never did vote on this bill; it languished in the House Finance Committee where it did not receive a single hearing.

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Resource Development Council, Inc.

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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Resource Review is the official monthly publication of the Resource Development Council, Box 100516, Anchorage, Alaska 99510 — (907) 276-0700.

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Carl Portman
Editor & Advertising Manager

The Economic Limit Factor

Trickle-down theory at work

Guest Opinion

By
Randy Goodrich
RDC Board Member

There has been a lot of talk about the 'big' profits the oil companies take out of Alaska. Mr. Erickson of the State's Office of Management and Budget spoke of this at a recent RDC breakfast forum on the ELF. As I listened I could not help but feel he was not telling the whole story. I believe the full story involves more than just the oil companies profits and their direct investment into the Alaskan economy. It is the effect that their presence, investment, involvement and their purchasing has on the hundreds of companies and thousands of citizens in Alaska. The positive effect has been felt by every sector of our economy.

This "trickle-down" effect can be seen with our company, Executive Travel Service. We handle travel arrangements for oil companies, oil field contractors and hundreds of other Alaskan businesses. In 1986 we were among the first to feel the slow down in activity caused by the decrease in oil company investment. Not only did contractors reduce their travel, but we saw nearly all other clients reduce their activity. This experience made us realize that we feel we can be an early indicator of economic activity. We felt the downturn early and watched it affect nearly every layer of our economy.

For the last year we have watched the travel activity increase as the oil companies increase their investment in Alaska. From the start of new drilling to the increased maintenance activity on the North Slope, we have seen not only increased oil company spending but also increases by many of our clients. Our business is up a whopping 43% in the first quarter of 1988, compared to 1987.

We can see the "trickle-down" effect at work. The economy is rebounding and many companies are feeling the effect of the oil companies' renewed investment, brought about in part by the ELF. Although, not all companies have felt this effect yet, let us remind them that **they also did not feel the downturn as soon as some of the rest of us.** When Executive Travel was watching its sales dive, many of these companies had not yet been affected. The various layers of our economy will be affected at different times.

It was a good thing that the Senate was able to prevent the repeal of ELF. We believe it is critical not to upset this 'rebound' by changing the rules. A change in the tax structure (ELF) would upset this cycle. To leave it alone and allow the system to work will lead to increased activity at all levels of the economy. The "trickle-down" theory does work. When times are good, the harvest is enjoyed by everyone — when not so good, we suffer together. Temporary "bailout" schemes and other "unnatural acts" will not lead to any permanent rebound. Only changes in the market factors affecting our primary industry along with a stable and fair tax and regulatory environment will bring about a revitalization of our economy.

Finally, Alaska is a resource state. Anytime we can help the resource industries to develop the resources in a responsible manner, it will not only increase their activity but also the activity of most other Alaskan companies. This "trickle down" effect equates to more jobs and that is good for ALL ALASKANS!

15th Alaska Legislature falls short ...

(continued from page 2)

Oil and Gas Incentives were received very poorly. Although the Senate was able to prevent the repeal of the Economic Limit Factor (ELF), there was no effort made to consider other means of encouraging either exploration or production. RDC's suggestions, including the reinstatement of a discovery royalty incentive and other relatively modest proposals, were greatly overshadowed by RDC's efforts to maintain the important ELF incentive. Despite low oil prices and a virtually non-existent exploration sector, Alaska's oil and gas industry narrowly escaped an increased tax burden this session.

RDC's proposals to implement statutory teeth to enforce a strong constitutional *multiple-use* mandate for state land management ended up without many teeth left. RDC proposed legislative review of large mineral closures and a better, more descriptive definition of "multiple-use." As they travelled through the process, these proposals became so watered down they hardly mattered and even then they didn't pass.

Water Quality, one of the big issues from 1986, never received serious attention in the House. Placer mining apparently dropped from the list of industries meriting legislative concern. RDC's proposal, designed to satisfy the critics of earlier legislation, asked only for consistency with federal regulatory requirements. Even this was unpalatable to legislators bent on providing no flexibility for the Alaska placer mining industry.

State funding for tourism-related capital projects was generally supported, but generally unfunded. State funding to match federal spending for South Denali development was not fully funded. It is unknown if the less-than-complete state effort will jeopardize the federal participation or not.

RDC saw a number of other pieces of pro-development legislation fail in various stages of the legislative process. Everything from oversight of the CZM program to royalty relief for coal mines to streamlining the state's tax collection process failed to pass the legislature this year. No matter how often you hear a legislator tell you how smooth the session was this year and how simply the adjournment process was handled, remember that it was possible only because so little was accomplished.

Budget and revenue issues completely dominated these two legislative sessions. Policy considerations, especially new or innovative ones, were avoided as often as possible. Unfortunately for RDC, our agenda has historically asked the state to take certain calculated risks in order to improve its economic station. Pro-development legislation has been thwarted again — does this surprise anyone?

Tongass negotiations continue

Alaska Congressman Don Young has vowed to continue working on negotiations regarding the Tongass National Forest after the House Interior Committee narrowly blocked a Young-backed proposal to resolve land management issues in the Tongass.

The committee voted 18-22 to defeat a substitute bill sponsored by Young and Congressman Jerry Huckaby to alter the timber management provisions of the Alaska Lands Act of 1980. Instead it passed a bill sponsored by Congressman George Miller that aims to get rid of the 1980 compromise guaranteeing the U.S. Forest Service at least $40 million a year to administer Tongass timber sales. The bill also calls for the Agriculture Department to renegotiate the long-term contracts with Ketchikan Pulp Corp. and Alaska Pulp Corp. in Sitka.

The bill basically strips the timber industry of the pro-development elements it won in the 1980 ANILCA compromise. Environmentalists agreed to the compromise after it secured from Congress a decision to set aside 5.4 million acres of new wilderness in the Tongass National Forest. Over 1.6 million acres of prime commercial forest lands were included in the huge wilderness block. The annual $40 million appropriation to manage the remaining timber land was suppose to make up for the timber producing capabilities of the land that went into wilderness.

The Miller legislation was approved as a substitute bill for Tongass legislation introduced by Congressman Robert Mrazek. The Miller bill will now go before the House Agriculture Committee for further review while the Mrazek package is dead.

Young criticized the legislation as unnecessary and a breach of previous agreements in that it repeals the timber production section of ANILCA without any review of the wilderness provisions of Southeast Alaska.

"It's too bad that we are back here again fighting over Alaska," Young testified. "I thought that the residents of Southeast Alaska had given their pound of flesh in 1980 when the Alaska Lands Act passed and carved the Tongass up by adding over 5 million acres of wilderness in return for a promise that they could continue to live and work there."

Young said the current legislation threatens people's lives and property, throws an area three times the size of Massachusetts into economic disarray and uncertainty and it breaks the faith with the people of Alaska.

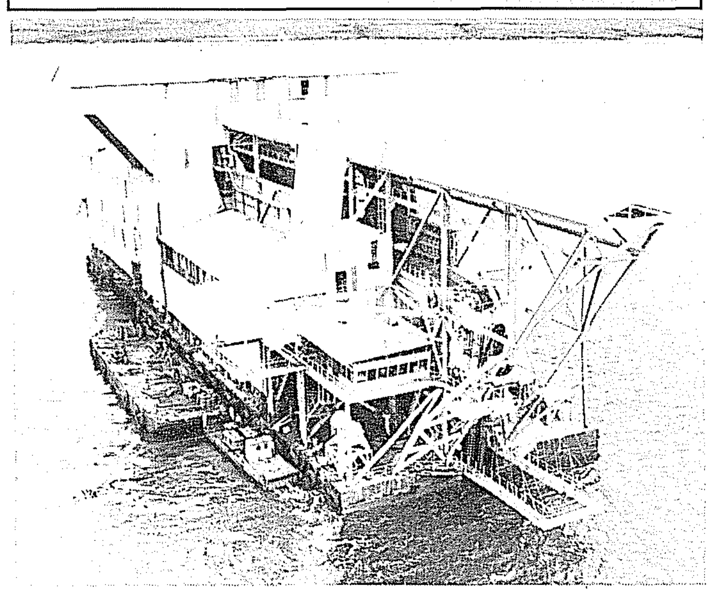
"I'm talking about a conscious effort by this committee to take actions designed to throw people out of work," Young said.

However, Young said he was pleased that he received assurances from Chairman Morris Udall and Miller that negotiations on the Miller bill would continue before a bill went to a vote before the entire House. He said a series of meetings with Miller, Udall and Alaska Senators Ted Stevens and Frank Murkowski may be scheduled to negotiate a compromise bill which is acceptable to Alaska.

"Mr. Miller knows that this bill as passed by the committee will not become law this year. If he wants me to help secure final Congressional and Presidential approval, he knows his bill must change. Conversely, we know that Mr. Miller will need our commitment of support before he can reach a final accommodation."

RDC urges its members to write members of the House, especially Miller and Udall and let them know we need to stick to the deals made in 1980, especially the ones that generate jobs and economic development.

Gold mining off Nome



Western Gold Exploration and Mining company, Limited Partnership owns and operates the Bima, the world's largest offshore mining vessel and a self-contained gold processing and mining unit. The Bima, which is 14-stories high, 525-feet long and 140-feet wide, operates every day around-the-clock from approximately June to November. The Bima resumed operation off Nome on June 16, 1987 and by mid-November had recovered over 36,000 ounces of gold. The area it mined in 1987 was located about 4 miles west of Nome and from 2,000 to 5,000 feet offshore in water ranging from 20 to 40 feet in depth. The vessel can successfully mine in 150 feet of water.

coal royalties . . .

(Continued from page 3)

he said an increase of this magnitude could discourage investment throughout the industry.

Until last year, Usibelli had been paying a fixed rate. This rate was set when the land was owned by the federal government. The area was subsequently selected by the State of Alaska with the original royalty rate retained until renewal of the lease.

The 1982 regulations adopted by DNR required a minimum of 5% of adjusted gross value. When DNR renewed Usibelli's two main leases in mid-1987, the royalty rates jumped ten-fold.

DNR can reduce royalties if it is necessary to promote coal development or if the lease cannot be operated profitably at present royalty levels.

This is the first time the state has dealt with a request for a coal royalty reduction. Although no language exists in law for coal royalty reductions, DNR does have the authority by regulation.

State officials say they turned down Usibelli's request because the company failed to tie its argument to the economics of the specific leases involved, and only used an argument that the reduction would promote development.

Sims has vowed to work through the state's appeal process to turn the decision around. He has gained the support of the Resource Development Council, which believes an increase of such magnitude in royalties will not only discourage new development opportunities at the Usibelli mine, but threaten existing contracts crucial to the mine's vitality.

The Council believes a smaller increase such as that petitioned by Usibelli should be granted and remain in effect for several years to demonstrate stability in government royalty charges. The lower rate, the Council argues, would allow Usibelli and others to pursue export sales. It may very well be the key to Usibelli getting extensions of its existing contract with the Korea Electric Supply Company, which would be in the best interest of the state.

Thoughts from the President

by

Joseph R. Henri

A recipe for resource development

Kenichi Ohmae, prominent Japanese industrial policy consultant and business strategist, in his book, *Triad Power,* lays out the principles for the development of "Third World Countries." For the most part, the advice can apply equally to Alaska, Uncle Sam's undeveloped stepchild, a so-called sovereign state.

Mr. Ohmae is wise in the ways the world works. His list of general directions can well serve as guidelines for developing the 49th state:

"1. Emphasize education above all, but do not treat the educated as a special privileged group. Teach them to become leaders rather than elites.

"2. Select only several priority industries with which to establish global preeminence. Build the entire supporting infrastructure sequentially over time, encompassing both downstream and upstream operations.

"3. Separate import-substituting industries from export-building ones, and do not regulate the latter in the same way as the former.

"4. Remove complex licensing processes and regulations on industries because these tend not only to stifle entrepreneurship, but also to become sources of corruption.

"5. Use taxpayers' money for building a [statewide] infrastructure for industrialization, such as providing low-cost commodities and raw materials, utilities, communications, and transportation. Conversely, leave the development of the industrial sector to private enterprise.

"6. Encourage indigenous entrepreneurs, because the long-term health of a [statewide] economy really depends on its people's ability to reinvest for growth in their own [state] . . ."

We need a few industrial strategists and global thinkers such as Ohmae and such as some of our own American universities have produced, to assist a local cadre in planning a program of development for Alaska — to plan the priority industries and to get about the building of the requisite infrastructure on a strict and reliable schedule.

The public works involved in constructing this infrastructure would cure our depressed economy. We must be masterful. We must be imaginative. We must be bold. We must have confidence in ourselves and in our land.

Paying for the infrastructure for industrial development would be easy in our state, if only we would substantially divert the earnings of the Permanent Fund toward this purpose. A series of development bonds could be sold; the Fund's income stream could serve as security. Most of the infrastructure would be revenue producing, and those receipts would be used for actual bond repayment.

The ill-named "dividend" from the Permanent Fund, is a curse in our relations with the Congress. Besides, it squanders, dribbles and dissipates the great power of the Permanent Fund's earnings. Citizens are not stockholders. The State of Alaska is not a corporation. The law requires that public funds be spent for public purposes. An aliquot apportionment of half the annual earnings to every living Alaskan does not meet the test of "public purpose." The purpose of the dividend is to destroy the constructive power of the earnings.

This is my last column to you as president. I thank those of you who have labored through these columns for the past 13 months. The task before us is large, but Alaska can have a vibrant economy in which willing and able Alaskans can realize a good income doing worthwhile, rewarding tasks. The future is bright, but it will not come to us without hard work. Three cheers for RDC.

Usibelli faces large hike in royalties

Alaska's only coal exporter is now facing a whopping ten-fold increase in royalties to the State of Alaska after a bill that would have provided for a much smaller increase died in the House Resources Committee.

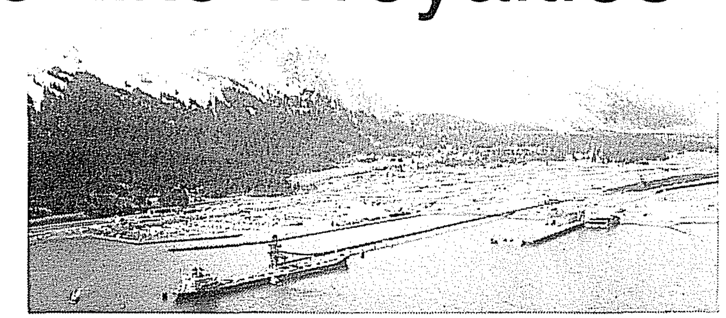
The legislation, sponsored by Fairbanks Senator Bettye Fahrenkamp, would have set a maximum royalty of 30 cents per ton on state coal production, which is about the level suggested by Usibelli Coal Mine (UCM) in its petition for royalty relief. Usibelli has been paying an average of 7.5 cents per ton while the state's new structure demands about 96 cents per ton.

Usibelli had lobbied heavily for the bill after the Department of Natural Resources turned down the company's request for reduction of state coal royalties on production from the company's mine at Healy. DNR Commissioner Judy Brady has agreed to a two year phase-in for an increase in Usibelli's royalties required under 1982 DNR regulations.

The DNR decision and the bill's failure could make it difficult for Usibelli to renegotiate a vital export coal sales contract with the Korean Electric Power Company, the South Korea Utility that buys a minimum of 650,000 tons of coal annually from UCM.

Usibelli has pass-through provisions in its sales contracts, so any royalty increase is automatically passed along to the customer, including Fairbanks rate-payers. To the extent that Alaska coal is made more expensive, the Koreans have less incentive to renew quantity and price terms in their contracts with Usibelli and its partner in export sales, Suneel Alaska.

The tremendous royalty increase could be the death knell in Usibelli's efforts to conclude an export coal sales agreement with Taiwan Power Company. Unlike its competitors in the Pacific,



Coal from the Usibelli Coal Mine is transported by the Alaska Railroad to the Port of Seward where it is loaded aboard large carriers for the journey to Korea.

Usibelli Coal Mine is a small operation and lacks size to achieve economics of scale.

This extra government layer of cost doesn't encourage company efforts to expand production and secure new export sales, according to John Sims, Vice President of Marketing at UCM. Instead, Sims said it could price the company out of the fragile export markets which have earned for Alaska a total of $78 million since exports to South Korea commenced in 1985.

Sims said the company is pursuing an administrative appeal to gain relief from the steep royalty hike. He noted the royalty increases are in addition to rental on acreage, mining license tax and corporate taxes paid by UCM to the State of Alaska. In addition,

(Continued on page 6)

Advances in Arctic petroleum development

(Continued from cover)

the North Slope oil fields a model of careful development and an example of evolving arctic technology.

Numerous studies have enhanced industry's understanding of the arctic, and show no conclusive evidence of significant impacts. The industry is heavily regulated and has shown a serious commitment to continue research and monitoring activities of its operations.

New Technological Advances

As a result of improved drilling technology, the size of new well pads can be dramatically reduced. In the arctic, wells and facilities are placed on gravel pads to insulate the permafrost from thawing.

Through the use of directional drilling, many wells can be drilled at high angles from a single pad with hundreds of wells reaching out in all directions from just a small number of pads. Drilling technology continues to be refined with an ever increasing number of wells on a single small pad.

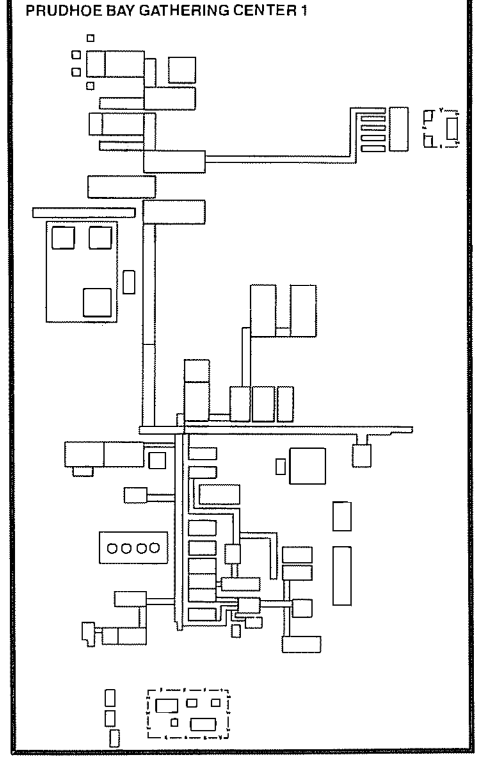
Other major advances include new drilling rigs which have cut the space required for drilling operations in half. When Prudhoe Bay was first developed, well spacings of 120 feet or more were common. When the nearby Kuparuk field was later built, wells were initially drilled 60 feet apart. With directional drilling, high-angle wells and newly-designed rigs, wells can be drilled as little as 10 feet apart on some pads.

As a result of the new technology, pads containing twice as many wells and covering less than half the acreage can be constructed in field development.

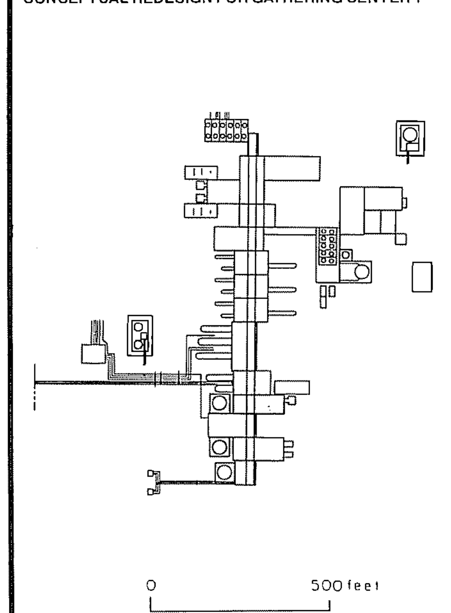
As with drilling technology, a decade of production experience has led to the development of new equipment and refinement of facilities. Recently, efforts to redesign the production facilities at Prudhoe Bay showed the same facilities could be built today using half the surface area.

Other design features would further reduce the surface area affected by oil development in ANWR. For example, gravel roads were often used to build pipelines during development of earlier fields. The latest Endicott pipeline was built entirely from an ice road in the winter. When the ice road melted, there were no visible signs of its presence. This technique, which avoids both wildlife and habitat disturbance, would be used in ANWR.

PRUDHOE BAY GATHERING CENTER 1



CONCEPTUAL REDESIGN FOR GATHERING CENTER 1

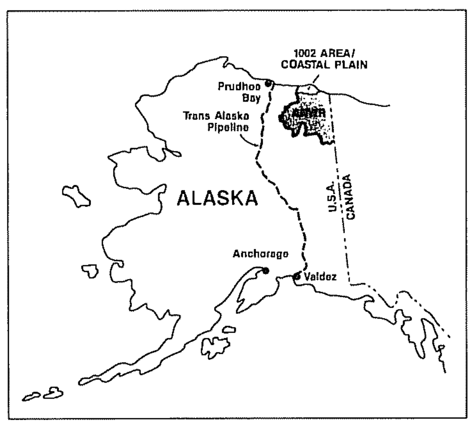


Oil production facilities in the ANWR Coastal Plain would look very different than the existing ones at Prudhoe Bay. Using today's technology, which evolved from experience at Prudhoe Bay, these facilities would require less than half the surface area they did when Prudhoe Bay was constructed in the early seventies.

Source: Arco Alaska/Standard

Industry has also made great strides in consolidating support service centers. The existing service area at Prudhoe Bay covers over 1,000 acres, but the new service center for the Kuparuk field (the second largest oil field in the U.S.) occupies only 55 acres. In ANWR, support services could also be limited, greatly reducing the footprint as was done at Kuparuk.

As a result of new technology, the visual impact of oil development on the broad, flat treeless Coastal Plain will be extremely small. By drilling many more wells from much smaller pads, consolidating support services and using the latest production equipment, the area required for well pads, production facilities and service centers will be reduced by at least 50 percent over those in operation at Prudhoe Bay.



Environmental Considerations

This is good news for a nation seeking desperately-needed new supplies of domestic crude in an expansive wildlife refuge. Each summer, thousands of shorebirds, waterfowl and caribou migrate to the arctic where they feed, reproduce and rear their young in both developed and undeveloped areas of the North Slope.

To minimize wildlife and habitat disturbance from oil development, industry is required to incorporate environmental considerations into facility planning, design, construction and operations. Before facilities are built, many environmental studies are conducted. Maps are prepared showing drainage, soil types and vegetation, and bird and caribou studies are performed. This information is used to ensure that areas of high value to wildlife are avoided.

Studies show that negative effects on wildlife have been minimal. Positive effects are documented. For instance, since the early 1970s, the caribou population in the Prudhoe Bay region has increased fivefold. Birds continue to feed and nest within developed areas. Constant monitoring and research have provided no evidence that oil field activities have produced any but positive changes in size of any North Slope wildlife population at any time of the year.

ANWR spans just 5 percent of the state of Alaska. Only eight percent of ANWR is being considered for oil and gas leasing. Of that small part, less than one percent of the surface area would be affected by development.

ANWR bill passes, but battle looms

Alaska's struggle to open a tiny fraction of the Arctic National Wildlife Refuge (ANWR) to oil and gas leasing is now shifting to the House Interior and Insular Affairs Committee after the House Merchant Marine and Fisheries Committee voted 28-13 to open the refuge to development.

The committee not only rejected pleas to wait for a new president and Congress, it also beat back a series of amendments to postpone development until the administration taking office next year can formulate a new national energy policy that emphasizes strict conservation measures. Had the amendments passed, a congressional decision on leasing within the refuge would have been put off until the early 1990s. Drilling advocates stress that conservation alone cannot solve the nation's domestic energy shortcomings and that new oil from ANWR will be needed in any case.

The legislation to open ANWR to oil drilling, crafted by House Merchant Marine & Fisheries Committee Chairman Walter Jones, is now before the Interior Committee, where environmentalists have their best chance of derailing the bill. That panel, chaired by Representative Morris Udall of Arizona, plans a round of public hearings tentatively set for June 6, 7 and 9 in Washington, D.C.

The House legislation would split the royalty revenue evenly between the state and federal government and designate the 23 million-acre National Petroleum Reserve west of Prudhoe Bay a wildlife refuge.

Most of the federal revenues would be allocated to various environmental and wildlife programs that may otherwise go unfunded.

The bill would lift the ban on oil development and require initial leasing 21 months after congressional approval. Up to 300,000 acres of the Coastal Plain could be leased within 21 months with additional leasing every two years.

The Jones legislation would provide for strict environmental standards protecting the wildlife, air and water quality. It establishes a protective management zone banning activities on that part of the Coastal Plain identified by some as the "core-calving area" for caribou. A 1.5-mile buffer would be created around the zone where drilling would be allowed, but where non-essential facilities would be prohibited. A three-mile buffer along the coast would also be created, but pipelines essential for development would be allowed.

Controversial amendments to the bill which address union-wage and early-exploration issues are said to have greatly enhanced the chances of the legislation moving forward in the House.

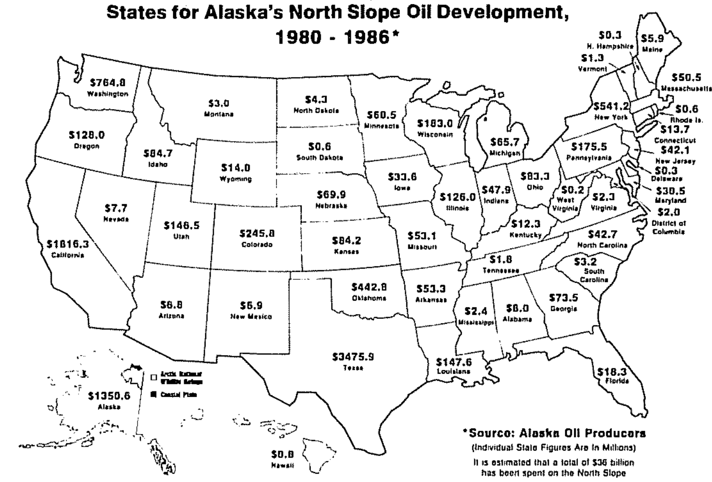
House Speaker Jim Wright has indicated he wants the legislation on the floor no later than mid-June. However, Democrats remain deeply divided over the development issue with many observers predicting a real donnybrook on the floor if and when it gets that far.

Although great progress has been made on the movement of the pro-development compromise bill in the House, drilling advocates are facing a serious race against the clock as the House and Senate move to within eleven weeks of their long summer recess. The Senate is expected to take no further action on the issue until the House passes the bill.

In preparation for last minute Senate action, Alaskans are working hard to convince about a dozen undecided senators to support ANWR drilling. There are about 43 sure votes in the Senate now to open the Coastal Plain to development.

If the legislation emerging from the House is passed, and if it's similar to an earlier bill passed by the Senate, a conference committee may be able to work out a compromise bill before Congress adjourns.

$10.5 Billion was Spent in all 50 States for Alaska's North Slope Oil Development, 1980 - 1986*



Executive Director's Message

(Continued from page 2)

challenge. These formidable hurdles cost dearly to overcome, and even more dearly if we ignore them.

As we turn to the 14th year of RDC operations on behalf of sound resource development in Alaska, I hope each of you will reflect on what you do to be part of the solution — or the problem.

Help RDC flourish. Our strength is our membership. To the extent you can help that membership grow, our political and working capital will be greatly expanded. RDC fills a void in Alaska political economics and resource education. Our work is before us and your support, financial and otherwise, is vital to our success.

Send a letter

Urge key congressmen to open ANWR to development

House Committee on Interior and Insular Affairs

Mo Udall, Chairman

Rep. Richard Baker (LA)
Rep. Ben N. Campbell (CO)
Rep. Tony Coelho (CA)
Rep. Ron De Lugo (VA)
Rep. Jaime Fuster (PR)
Rep. James Hansen (UT)
Rep. Peter Kostmayer (PA)
Rep. Meldon Levine (CA)
Rep. Edward Markey (MA)
Rep. Austin Murphy (PA)
Rep. Nick Rahall II (WV)
Rep. Phillip Sharp (IN)
Rep. Mo Udall (AZ)
Rep. Barbara Vucanovich (NV)
Rep. B. Garrido Blaz (Guam)
Rep. Richard Cheney (WY)
Rep. Larry Craig (ID)
Rep. Peter Defazio (OR)
Rep. Elton Gallegly (CA)
Rep. Thomas Huckaby (LA)
Rep. Robert Lagomarsino (CA)
Rep. John Lewis (GA)
Rep. Ron Marlenee (MT)
Rep. Wayne Owens (UT)
Rep. John Rhodes III (AZ)
Rep. Denny Smith (OR)
Rep. Bruce Vento (MN)
Rep. Don Young (AK)
Rep. Beverly Bryon (MD)
Rep. James Clarke (NC)
Rep. George Darden (GA)
Rep. Bill Emerson (MO)
Rep. Samuel Gejdenson (CT)
Rep. Dale Kildee (MI)
Rep. Richard Leman (CA)
Rep. Manuel Lujan, Jr. (NM)
Rep. George Miller (CA)
Rep. Chas. Pashayan (CA)
Rep. Bill Richardson (NM)
Rep. Fofo Sunia (Am. Samoa)
Rep. Peter Visclosky (IN)