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Resource Review

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November 1987

Washington holds the key

Congress urged to unlock ANWR

RDC testifies in Washington

Speaking before a joint committee of Congress in Washington, D.C., November 17, Resource Development Council president Joseph R. Henri urged America's top lawmakers to unlock the awesome potential of Alaska for its strategic location and immense and nationally important resources.

In the latest round of congressional hearings focusing on energy development in the Arctic National Wildlife Refuge, the outspoken RDC president stressed that America must not turn its back on Alaska's vast resource potential.

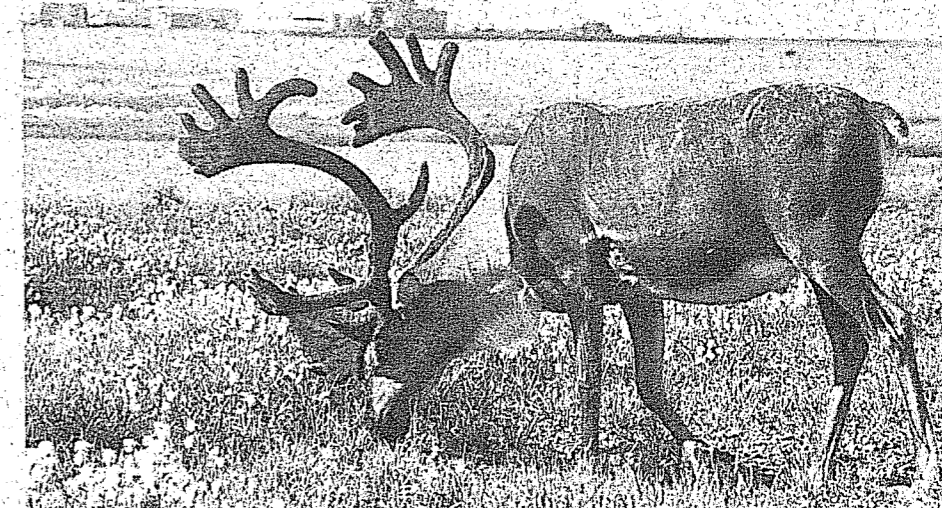
"Alaska is not just another star on the flag — it is a living, breathing contributor to the strength of America," Henri told a joint meeting of the House Interior and Insular Affairs Committee and the House Merchant Marine and Fisheries Committee.

In light of the national interest and the oil industry's proven ability to operate in an

(continued to page 4)

The Central Arctic caribou herd, which continues to calve across North Slope oilfields, has tripled in size over the past ten years. In the past year, a majority of the Porcupine herd calved outside of its American range; most animals calved in Canada on the Canadian coastal plain. Nearly half the time since 1970 the herd has calved outside what some have termed the "core" area.

RDC is confident of industry's ability to comply with the extensive network of state and federal regulations and permit requirements which will ensure wildlife protection.



— INSIDE —

- ANWR 2-4-5
- Boreal forest seminar 3
- Endicott study 6
- ARCO report 6
- Tongass bills 7

Message from the executive director

By
Becky L. Gay



Why do you think they call them "No-growth" groups?

During my attendance at the Alaska Logger's convention in Sitka last month, where the epidemic onslaught against harvesting timber in the Tongass National Forest was colorfully discussed, a few thoughts came to mind.

Interestingly, judging by the ocean of paper used in the anti-Tongass campaign, most no-growthers support the timber industry **reams** at a time. Although some non-development folk will admit to using toilet paper, disposable diapers, chopsticks, and wood stoves, some even live in wooden houses and wear clothes made with rayon in their quest for "natural" fiber. It sure would be helpful in their messages to Congress if they would point out that it takes trees to produce these products. Perhaps a reality check is in order, like trying to live without wood products for a while.

Re 50-year timber contracts: Does Congressman Mrazek really expect to legislate the abortion of the only two 50-year timber contracts in Alaska, 35 years into the deal, without compensation to the investors and expect Alaska to play dead? Sorry, Congressman Mrazek, I don't know about New Yorkers, but Alaskans honor contracts and promises. Those contracts were made in good faith with our trading partners and international neighbors years ago. Financiers have long memories regarding breaches of contract and you can bet Alaska will bear the brunt of the pain when our investment reputation is wrecked by such action.

Re Wilderness additions: Alaska has already had the honor of providing 55 million acres to the wilderness system of America. This is similar to carving a state (Utopia?) out of Alaska's land mass which would be bigger than 39 other states. Thanks to the Alaska National Interest Lands Conservation Act (ANILCA), most of the Tongass is forever off-limits to timber harvest. Remember, the Tongass is the **largest national forest in the United States**. Congress made it so and Congress can continue to add more wilderness. On the other hand, Congress could also lift wilderness classifications enabling Alaskans to work on their land, sustaining the renewable resource economy of Southeast Alaska. Does it seem naive to think it could work both ways? Of note is a bill rearing its ugly head in Congress which urges only more wilderness designation for the beleaguered area!

Re Tongass Supply Fund: Is a compromise forgotten by one side still a compromise? Next time (if there is one) developers compromise with no-growthers, make sure the money gets named for the non-development side. Just think, if the Tongass Wilderness Subsidy was on the books under that name instead of the Timber Supply Fund and recognized as the **real cost of Wilderness** in the Tongass rather than a subsidy to the timber industry, the compromise would be respectfully remembered. More realistically, if there was no Wilderness nor primary-processing restrictions deemed socially preferable by the nation, the Fund would not have been necessary to begin with. With Congress attacking only one side of the compromise (the money and not the Wilderness trade-off), they will effectively hamstring Alaskans from producing any timber from those federal lands. It's a rotten deal coming and going.

Re working in the woods: Don't tell me the sound of machinery in the woods is an anathema to everyone. To the kids studying in J.R. Gildersleeve's school, playing in the gym or among the houses and gardens on the floating camp, logging noise means the family is earning a livelihood nearby. Quiet, in many instances, can be more disconcerting than noise when it means your machinery is down in the field, or worse.

Re renewable resources: No-growthers preach against Alaska's dependence on non-renewable resources to fuel our economy. Why do they then attack the use of one of Alaska's prime renewable resources — trees? No-growthers are guilty of too much of a short term outlook, especially when compared to foresters.

I guess that's one reason they are called "No-growthers." They can't even imagine a tree growing back.

RDC increases *Resource Review* circulation

RDC has increased the circulation of its monthly publication, the *Resource Review*, to include members of Congress and their key staff.

"RDC is on the frontlines of major national development issues and through our *Resource Review* we deliver the latest accurate information on Alaska's vast resource base and the accomplishments of Alaskans as a productive citizenry," said executive director Becky Gay. "RDC's pro-development viewpoint highlighting Alaska's comparative

advantage in resource development will be a ray of light shining through the cloud of anti-development rhetoric. Through enhanced communication, we hope Congress will come to recognize and embrace the reality of Alaska's vital economic contribution to the well-being of the United States."

Additionally, the circulation of the *Resource Review* is growing to include new pro-development contacts, expatriated Alaskans, corporate officials and media across America.

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.		Executive Committee Officers President: Joseph Henri Vice President: Shelby Stastny Vice President: John Forcaskie Vice President: John Renne Secretary: Stephen Ellis Treasurer: Larry Laughman Past President: Boyd Brownfield		Resource Review is the official monthly publication of the Resource Development Council, Box 100516, Anchorage, Alaska 99510 — (907) 276-0700.
Executive Director: Becky L. Gay Public Relations Director: Carl Portman Projects Coordinator: Mike Abbott Member Services: Anne M. Bradley		The RDC business office is located at 807 G Street, Suite 200, Anchorage. Material in the publication may be reprinted without permission provided appropriate credit is given. Carl Portman Editor & Advertising Manager		

Farmers celebrate harvest

Farmers, stockgrowers, miners, businessmen and legislators celebrated Alaska's proud and persevering agriculture industry by feasting on a wide variety of Alaska grown products at the Third Annual Harvest Supper, sponsored by the Alaska Farmers and Stockgrowers Association, the Alaska Farm Bureau and the Resource Development Council.

The Veterans Day event acknowledged the contributions of state legislators, the Resource Development Council and others to an industry that is harvesting progress from the seed of experience.

In addressing the gathering, RDC president Joseph Henri spoke of Alaska's strategic position and the state's resource potential to contribute to the economic well-being of the nation and the Pacific Rim. A number of RDC members attended the dinner which was held at the Palmer Moose Lodge.

All of the food for the celebration was produced and prepared by local farmers. After a wide assortment of hors d'oeuvres, the main course of roast baron of beef and roast pork was served. Other main course items included broccoli, cole slaw, cooked carrots, baked potato, and bread and dinner rolls. Dessert consisted of carrot cake, ice cream and Mat-Maid dairy products.

World Trade Center is new business link

Through the new World Trade Center, Alaska has become a member of an international commercial system which provides a direct link to 160-plus cities and nations.

Located in the Tudor Centre, the World Trade Center represents a service available to large and small entrepreneurs in Alaska. Products can be marketed to 1,000 address codes via an electronic bulletin board system called World Trade Centers Association Network. This system handles everything from petroleum to fiber optic fishhooks. In addition to trade leads, the Anchorage center provides telex and fax communications, temporary clerical services and a Class A temporary office facility.

The World Trade Center's executive officer, Cindy Roberts, says "now Alaskan businesses of all sizes can receive international clients economically and offer a high-tech communications base while sales negotiations are in progress."

For more information, call 561-1615.

ATTACK ON THE TONGASS



Well-established second growth trees thrive in the Hollis area of the Tongass after a major harvest.

Rash of bills threaten harvest

A grass roots campaign against logging in the Tongass National Forest is fueling attempts in Congress to cancel two 50-year timber contracts with pulp mills in southeast Alaska.

In the past two months, congressmen have apparently been flooded with letters from Alaskans calling for an end to the Tongass harvest. Meanwhile, a rash of bills pending in Congress threaten various components of the Tongass timber management program. One bill wipes out the annual federal appropriation for the timber harvest while another would create **additional** wilderness areas. Still another bill cancels the only two 50-year harvest contracts in Alaska.

The wilderness bill, being developed by Rep. George Miller of California, is strongly opposed by Congressman Don Young.

The Tongass is the nation's largest national forest, spreading over 17 million acres of Southeast Alaska. The Alaska National Interest Lands Conservation Act (ANILCA) placed most of the forest off-limits to woodcutters, stripping the commercial timber base to only 1.7 million acres while designating over 5 million acres as wilderness.

Only eleven percent of this massive forest is scheduled to be logged over the next 100 years. Fifteen million acres will never be cut.

Mitigation measures have been successfully implemented throughout the region by the forest industry. No instances of irreversible damage have occurred from logging. While Alaskan loggers have increased forest land productivity, fishery harvests have grown to record levels and hunting quotas have increased as deer populations have proliferated.

Environmental groups have attacked the Tongass timber management program as destructive and uneconomical. They claim that for every dollar the federal government invests in the Tongass, only a few cents are returned to the federal treasury through timber receipts.

It should be recognized, however, that programs ranging from recreational enhancement and wildlife studies to public information and fish ladder construction have been charged against the harvest. To Alaska's benefit, some roads have been incorporated into the state highway system, opening new commerce and tourism opportunities at forest harvest expense.

Many of the expensive infrastructure charges are applied against single timber sales, making it virtually impossible for the individual sale to cover expenses.

The forest products industry has a long term horizon and contributes to the economic stability in Southeast Alaska. It accounts for over one-third of the basic economy, and forest-related jobs are now rebounding due to a turn in market demand. The industry now accounts for about 40 percent of the region's employment in the natural resource sector.

RDC is asking its members in Alaska and elsewhere to write their representatives in Congress and ask them to support the Tongass timber management program.

Endicott study assesses impacts

No significant changes detected from development.

A multi-year study in the coastal waters near Standard Alaska Production Company's Endicott project has revealed there has been no significant change in fish movement or water quality in the Sagavanirktok River delta.

"Data shows there has been no significant change in sediment deposition around the Endicott project area," said SAPC environmental scientist Pam Pope. "The two causeway breaches are accommodating the coastal water mass and providing for fish movements."

The three-year monitoring program was a stipulation in the Endicott construction permit issued by the U.S. Army Corps of Engineers. It is one of the most extensive programs of its kind ever conducted in Alaska's arctic. At a cost of \$5 million per year, it is also one of the most expensive.

Although the monitoring program is focused on the Endicott project area, fish and physical environmental studies encompass a coastal area of about 40 miles. Some regional fish studies in the Colville River delta and the MacKenzie River expanded the study area to about 420 miles.

"If the causeway or gravel islands were going to make an impact on fish movements, I suspect we would have detected it during those initial study years, particularly 1985 when the temporary bypass structures were present before the permanent breaches were installed," said Standard's Deb Slaybaugh, Senior Environmental Scientist. During 1985, there was a total of 318 feet causeway opening, compared to the permanent 700 feet.

In addition to fish studies and oceanographic profiles, SAPC is responsible for monitoring snow geese and caribou near the Endicott project. Howe Island, a one-mile-long island about one mile to the west of the Endicott causeway, is the nesting site for the only established colony of snow geese in Alaska. Snow geese overwinter

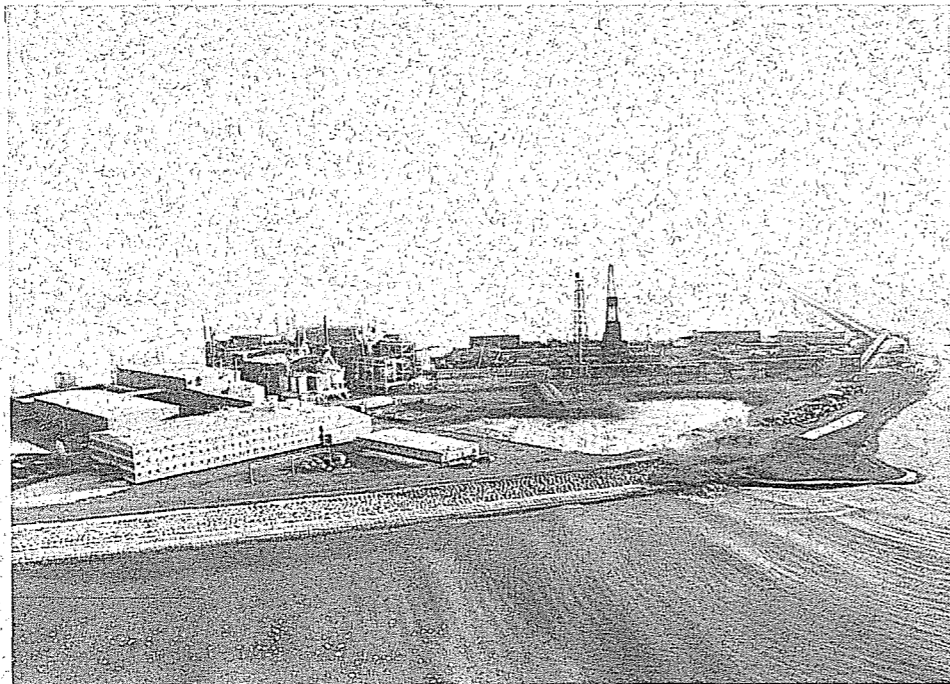


Photo by Frank Baker

Production start-up last month at the new Endicott oilfield 10 miles northeast of Prudhoe Bay culminated a five-year effort that cost a little more than \$1 billion, about 40 percent under budget. The Endicott reservoir contains an estimated 350 million barrels of recoverable oil and 1.5 trillion cubic feet of natural gas. About 100,000 barrels of oil a day is being produced at the facility, which features two offshore gravel islands linked to shore by a gravel causeway and an elevated pipeline. More than 6.5 million cubic yards of gravel were used to build the islands, causeway and a 10-mile access road to Prudhoe Bay. Standard's Endicott is the first operating oilfield in the U.S. Beaufort Sea, a feat of which we can all be proud.

in central California, eastern New Mexico and Mexico. An estimated 450 adults return to the Alaskan arctic each spring to nest on Howe Island to raise their broods in the Sagavanirktok River delta area.

A study is also underway to assess what impacts, if any, the Endicott pipeline will

have on caribou movements. The 24-mile line has three gravel caribou crossings.

According to permit stipulations, the Endicott Environmental Monitoring Program will be continued for the life of the oilfield operations, with the exception of the fish study, which was slated to last seven years.

ARCO report focuses on factual information

(continued from page 5)

Veronica Dent, a public relations specialist with ARCO, said the industry realizes its massive investment in environmental protection is not an optional expense, but is a cost of doing business in a modern society. Dent noted industry continues to improve on its environmental record.

"Second and third generation oil fields on Alaska's North Slope, such as the Kuparuk, Lisburne, and Endicott fields, have been built with the benefit of the Prudhoe Bay experience," Dent said. "Prudhoe Bay field operations have been improved as new ways of doing things are applied there."



The "boreal" or northern forest is circumpolar, stretching across North America, Northern Europe and the Soviet Union. It is predominantly a coniferous forest, comprised of true firs, pines and spruce, though deciduous species such as birch, aspen, cottonwoods and willow are important components. Alaska is the prime repository of the boreal forest in the United States.

RDC Foundation is set for forestry symposium

Keyed to renewable resources

The Resource Development Council Education Foundation is gearing up for a two-day international forestry symposium directed at boreal forest management.

Featuring technical experts from Canada, Finland and the United States, **Management of the Boreal Forest** will be held December 3-4 at the Anchorage Clarion Hotel. The program is keyed to Alaska's renewable forest resources and their economic and entrepreneurial potentials.

The program will open Thursday with a presentation by Alaska State Forester John Galea. Other speakers include Dr. Edmond Packee, Assistant Professor of Forest Management at the University of Alaska Fairbanks, Kenneth A. Armson, Ontario Provincial forester, Dr. Aarne Nyyssonen, Director of the Finnish Forest Research Institute in Helsinki and Forester Dick Herring of Vancouver, B.C.

Dr. Stewart Bledsoe, Executive Director of the Washington Forest Protection Association, will deliver a keynote address, "Timber, Fish and Wildlife: Solving a Political Dilemma."

Other speakers include Dr. Douglas Rideout, Professor of Forest Economics at Colorado State University and Nick Salterelli of Abitibi-Price Company of Ontario.

The symposium continues Friday with Commissioner Judy Brady of the Alaska Department of Natural Resources, Commissioner Dennis Kelso of the Department of Environmental Conservation and Commissioner Don Collinsworth (not confirmed) of the Department of Fish and Game. Other speakers include Senator Jack Coghill, Rep. Sam Cotten, Senator Jalmar Kerttula, Rep. Nilo Koponen, and Rep. John Sund.

The registration fee is \$60. Call 276-0700 to register.

Thoughts from the president

by Joseph R. Henri



The Permanent Fund — a golden calf, or an engine for development

Two points are becoming clearer to the majority of Alaskans.

1. The State's depression is very serious, very deep and most likely very long lasting; which has caused and will continue to cause grief, anguish and economic annihilation for large numbers.

2. A judicious use of the financial strength of the Permanent Fund could ameliorate and reverse these dire economic consequences by giving Alaska the infrastructure necessary for resource development, thereby creating jobs and a good economy. On November 10, William Winpisinger, International President of the Machinists and Aerospace Workers Union, addressing Commonwealth North, had this to say about the Permanent Fund:

"The Permanent Fund, itself, grows each year, but you have no industrial development strategy to put it to work for you. The Fund is an asset in and of itself. I see no reason why that Permanent Fund cannot be utilized to spread its bread around to selected and targeted businesses and industries so that they can start-up, expand, form exporting companies, diversify, or go out and seek new markets. It could be guaranteed by the State's full faith and credit. And it may even be possible to get federal legislation that would back your own State guarantee. After all, Chrysler was a private corporation and received such a federal guarantee. Surely the Congress would do as much for the people of Alaska.

"But to leave that pool of money idle in a time of economic depression seems to me to be penny-wise and pound foolish. Right now that money is being shipped outside of Alaska as investment in other businesses and enterprise in other states.

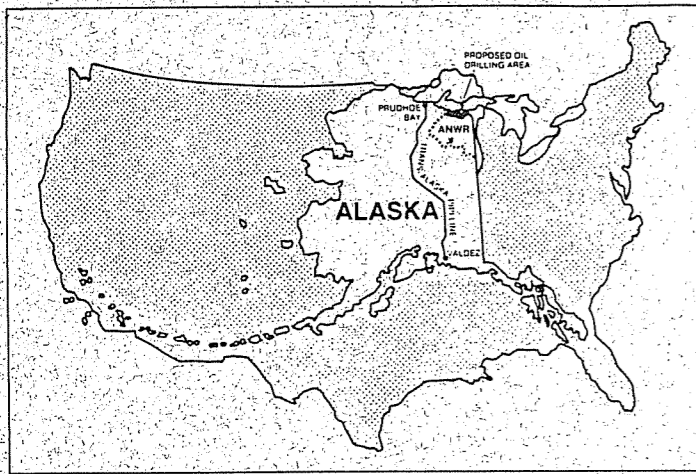
"Should the economic recession continue, you may well be asked to make a choice by the citizenry: Which do you value the most, the Fund or jobs? Jobs make everything else possible in a market economy. Case closed."

Amen.

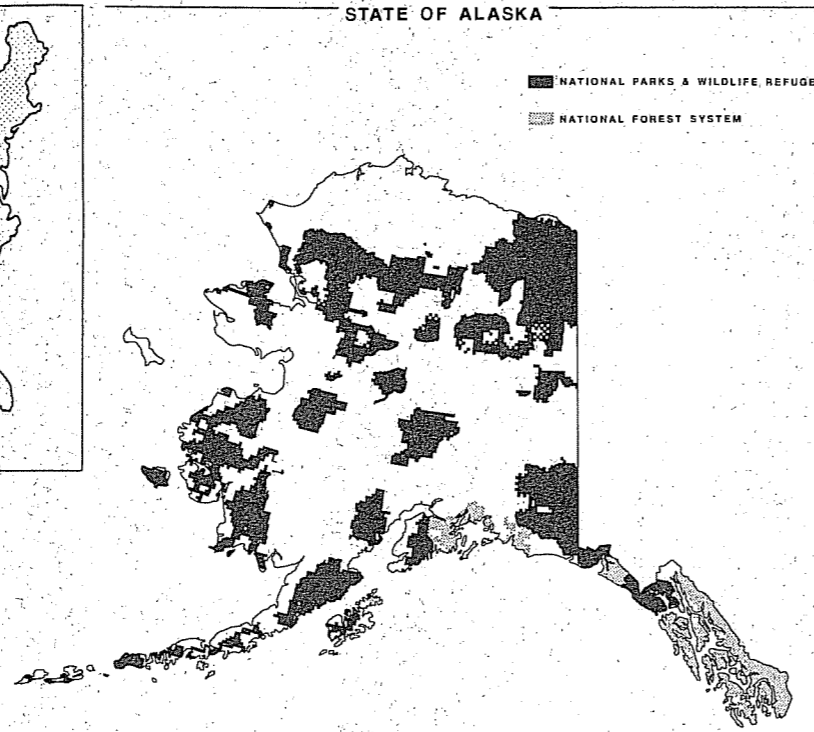
Mark your calendar

RDC's 8th Annual International Conference on Alaska's Resources
What Can Alaska Do for America?

February 26-27, 1988



Over 60 percent of Alaska land belongs to the federal government and produces little revenue to support state and local services. 220 million acres of federal lands within Alaska alone would comprise the second largest state in the union. Much of this land is forever off-limits to resource development.



ANWR: Congress holds the key ...

(continued from page 1)

environmentally-sound manner in the arctic, Henri strongly supported full leasing along the Coastal Plain of ANWR.

"Prudhoe Bay and more recent North Slope oil production have proved that the extraction of oil on a grand scale can indeed coexist with the environment and wildlife," Henri said. "The stark disaster predicted for the caribou and the arctic ecology never materialized."

However, environmentalists testifying in Washington challenged the industry's record and claimed America doesn't need more Alaska oil, despite ever-increasing oil imports.

If the "crying wolf" claims made by the environmental community were accurate, "Prudhoe Bay, Kuparuk and other North Slope oilfields would be biological wastelands," Henri said. "Those of you who visited the North Slope this summer know this is definitely not the case."

Given industry's ability to confine operations to very small areas and the capability to employ state-of-the-art technology to assure free caribou movement, "the Resource Development Council believes full leasing of the Coastal Plain is the most appropriate alternative, not phased leasing," Henri said. "In addition, the evolution of comprehensive federal and state environmental regulations will guard against detrimental effects."

The RDC chief stressed that phased leasing would needlessly hamstring industry's ability to find and extract oil in an economic, efficient and timely manner. "It would piecemeal planning and potential de-

velopment," Henri said. "A wide range of measures can be employed during full leasing activities to effectively mitigate adverse impacts," he continued. "Phased leasing on the other hand, would prevent long-term, unified environmental protection planning."

An emerging compromise bill calls for phased leasing and the drilling of only four exploratory wells after which the White House would decide whether leasing for development could proceed. The "exploratory-first" policy, unveiled by Rep. Walter Jones, has been termed "unworkable" by development and non-development interests.

RDC supports the present system where the industry leases an area, explores for oil and produces it if the crude is found and judged economic by the companies footing the bill. The Council noted as many as 30 wells could be needed to define the size of any field.

Remember, the super-giant Prudhoe Bay discovery was made after ten dry holes were drilled on the North Slope.

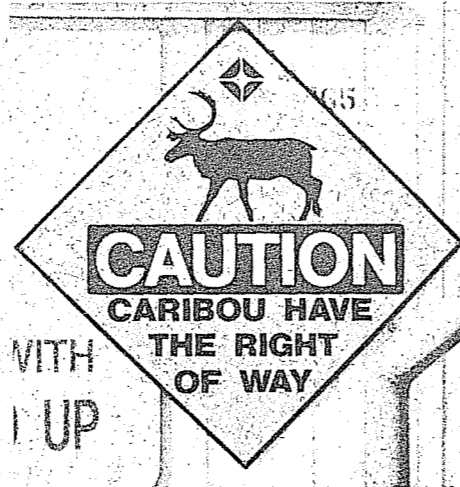
Regarding the permitting process, Henri reminded Washington lawmakers that site-specific environmental studies are conducted for small and large projects on the North Slope. He said various alternatives and modifications are always considered, and many stipulations, including monitoring programs, are required as part of a permit issuance.

More than ever enforcement of regulations and permit conditions is monitored on a continual basis by local, state and federal agencies, many which maintain offices at

Prudhoe Bay to provide constant monitoring capability.

Concerns that the Coastal Plain would lose all its wilderness qualities if full leasing occurred drew a sharp response from Henri.

"It may surprise some, but the majority of the Section 1002 portion of the Coastal Plain would actually remain untouched as most of the land in America's largest oil field to the west," he said. He explained that even under a full leasing scenario and assuming development of several major prospects in the 1002 area, most of the Coastal Plain would remain wild. In fact, less than one percent of the land mass would be affected, Henri emphasized. Even with optimistic full development, 99 percent of the area would remain undisturbed.



Moreover, environmental studies will proceed during the lengthy exploration period, the RDC testimony pointed out. Already, many years of industry-sponsored field research in the arctic have made the North Slope one of the most studied ecosystems in the world. These studies, many of which have been subject to agency participation and review at every stage, have greatly increased America's learning curve in arctic oil and gas exploration and development.

Focusing on Alaska's vast wilderness lands, Henri said that it is wrong for environmental groups to label ANWR as America's last pristine wilderness area. He pointed out that one could take the combined size of nine New England and Mid-Atlantic states and still not equal the amount of land that has been set-aside as designated Wilderness, national parks and wildlife refuges in Alaska.

Approximately 60 percent of Alaska land belongs to the federal government and produces little revenue to support state and local services. Much of this area is forever off-limits to economic development.

A great majority of Alaskans feel that the small area of ANWR proposed for leasing can be developed responsibly and thus help their struggling economy. Such development would also have a positive impact on national security and the economy. A major field on the Coastal Plain could cut America's energy bill for imported oil by \$38 billion annually, making a significant impact on the national deficit. Furthermore, development of a major ANWR oilfield could create as many as 250,000 new jobs nationwide by the year 2005, generating over \$6 billion in annual salaries. Estimates of net national economic benefits range as high as \$325 billion.

However, "Americans live today in a transitory fool's paradise of inexpensive, plentiful gasoline," Henri said.

Domestic oil reserves are at their lowest levels in over 30 years and U.S. dependency on imported oil is rising to record levels. Crude imports in July reached 46.5 percent of domestic deliveries, a seven-year high. By 1990, import levels are likely to exceed 50 percent of our daily consumption.

"While non-development fanatics apply great energy to discourage development of America's most prospective oil and gas region, Americans watch the evening news and read front page headlines of the explosive situation in the Persian Gulf," Henri said. "Environmental groups tell us we don't need Alaska oil, but America and her allies find ourselves increasingly dependent on unreliable foreign sources for oil."

Whether or not the Persian Gulf situation gets out of hand, Henri said it is prudent for America to guard against economic consequences from an interruption in foreign imports. Alaska's potentially awesome ANWR reserves would be a key ingredient in such a plan.

Although ten percent of the U.S. oil sup-



Even under a full leasing scenario and assuming development of several major prospects in the section 1002 area, most of the ANWR Coastal Plain would remain wild. With full development, 99 percent of the area would remain undisturbed. Of the 600,000 acres within the unit boundaries of North Slope oilfields, only 8,160 acres are occupied.

ply comes from the Persian Gulf area today, it has been estimated that by 1995 up to 60 percent of U.S. consumption may come from that unstable region.

Responding to a claim that the estimated 19 percent odds of finding oil in the wildlife refuge are not promising enough to justify the risks, Henri said the stated chances are excellent and among the best in the world. He explained that in frontier areas such as Alaska, a two to four percent likelihood is considered sufficient to justify exploration.

"America must not forget the many dry holes drilled on the North Slope before the

giant Prudhoe Bay discovery was made in 1968. It took nearly ten years of additional hard work, pioneering engineering and environmental studies before Prudhoe Bay was finally brought into production. With six billion barrels of production since 1977, Prudhoe Bay has been a vital part of America's energy equation. If we had given up our search for oil after the first ten dry holes were drilled, where would America be right now?"

In concluding, Henri emphasized that Congress must allow the 49th state to continue to play its pivotal role in providing America's energy needs.

ARCO report highlights environmental record

After twenty years of petroleum exploration and production on Alaska's North Slope, America's oil industry has compiled a sterling environmental record which provides overwhelming evidence development poses no significant threat to arctic ecology or wildlife. As proof of its commitment to environmentally sound operations, the industry has released several reports detailing its environmental record at Prudhoe Bay.

The latest example is a new 28-page full-color booklet produced by ARCO Alaska, Inc. The ARCO report focuses on factual information pertaining to the Prudhoe Bay and Kuparuk fields and measures taken to even improve on the industry's environmental record at the Lisburne and Endicott fields.

ARCO, operator of the eastern half of the Prudhoe Bay field as well as the Kuparuk and Lisburne fields, spends between five and ten percent of its entire annual operating budget on environmental protection. In operating the western half of the Prudhoe Bay field and the new Endicott field, Standard Alaska Production Company also spends millions of dollars annually on environmental measures. In addition, stringent federal and equally strict state regulations have evolved to ensure protection of North Slope natural resources. The ARCO publication noted that three levels of government regulate all North Slope oil field activities. Major development projects may require permits from as many as nine environmental agencies.

(continued on page 6)