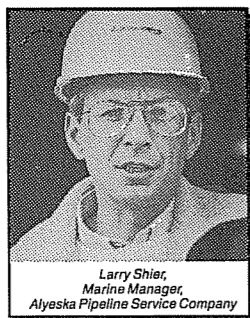




“Our Ballast Water Treatment System has been almost 99 percent efficient over the eleven years of operation of the trans Alaska pipeline. That’s a pretty remarkable record.”



Larry Shier,
Marine Manager,
Alyeska Pipeline Service Company

Tankers sailing to the pipeline’s Marine Terminal at Valdez carry sea water in their oil cargo tanks for weight and added stability while on the high seas.

This water becomes mixed with the residue of the oil previously carried in the tanks, and must be pumped out and treated to remove the oil before it can be finally discharged. This treatment process occurs at the Ballast Water Treatment Facility.

The facility is operated in accordance with strict standards for the quality of the treated water. Alyeska technicians have operated the facility to meet those standards nearly 99% of the time.

The ballast water is first pumped to gravity separation tanks, where most of the oil rises to the top. That oil is not wasted; it is pumped back to the Terminal’s large oil holding tanks with other oil from the pipeline. It goes to refineries in the Lower 48, and eventually to help satisfy U.S. energy needs.

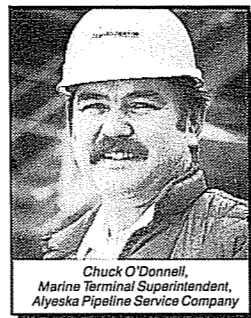
The water goes to Dissolved Air Flotation chambers, and then to biological treatment ponds, where the residual oil components are further reduced before the treated water is released into Port Valdez.

It’s a system of natural processes, but a team of people makes it work . . . a team of Alaskans who operate and maintain the trans Alaska pipeline.

**We’re Alyeska Pipeline Service Company. . .
The Pipeline People.**

Alyeska pipeline
SERVICE COMPANY

“We’ll make permanent repairs to the vapor recovery incinerators. That will keep the system operating without interruption. And that’s what we’re working for.”



Chuck O'Donnell,
Marine Terminal Superintendent,
Alyeska Pipeline Service Company

When you fill your car with gas, you smell the vapors escaping to the atmosphere. Similar vapors are a natural product of the crude oil in the tanks which are a part of the trans Alaska pipeline. But the pipeline system includes a vapor recovery system, where large quantities of crude oil are held in tanks, to draw the vapors off and keep them from escaping.

Some of the collected vapors are used to generate power for pipeline facilities, an energy saving measure. The excess is consumed in a flare stack at Pump Station 1, and in three incinerators, or thermal oxidizers, at the Marine Terminal.

But the system doesn’t run by itself. A team of Alaskan technicians give it the care and attention it requires.

And, because of the environment in which it operates, the system has required a lot of attention. We’ve sometimes had to shut it down for maintenance.

We rebuilt the flare stack at Pump Station 1 in 1986 to eliminate those maintenance shutdowns there. And we’re preparing to make permanent repairs to the thermal oxidizers at the Marine Terminal, to keep those units operating, as well.

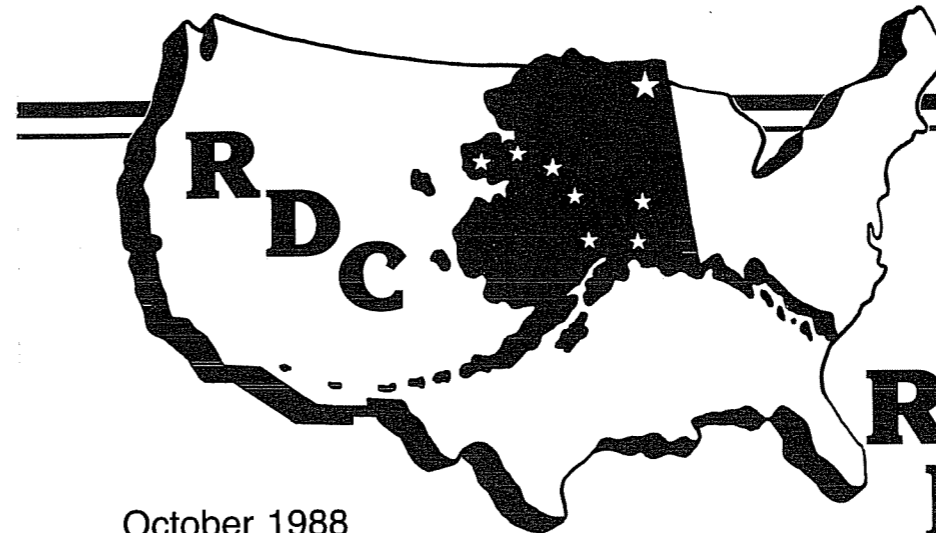
We’re working to keep our vapor recovery system working. We’re a team of Alaskans, who operate and maintain the trans Alaska pipeline.

This edition sponsored by: **Alyeska Pipeline Service Company**

Bulk Rate
U.S. Postage
PAID
Anchorage, AK
Permit No. 377

Resource Development Council
Box 100516, Anchorage, AK 99510

ADDRESS
CORRECTION
REQUESTED



Resource Review

October 1988

Wilderness

Part III

Federal withdrawals endanger future U.S. energy supplies

by
Carl Portman


Approximately two out of every five barrels of oil consumed in the United States are imported, a portion of which comes from the highly unstable Persian Gulf region. Unless new domestic oil supplies are discovered and placed into production, the United States could be dependent on foreign sources for two-thirds of its energy needs by the end of the next decade.

The nation’s increasing dependency on foreign sources of oil will make it more vulnerable to petroleum price increases and oil supply disruptions. The inherent risks will only grow larger with the continued withdrawal of hundreds of millions of acres of federal lands from petroleum exploration and development.

America’s oil industry is struggling to replace the petroleum now being produced from domestic oil and gas fields. Most of these fields are in a declining state of production and require new technology to enhance recovery. Land withdrawals are

(continued page 4)





Message from the Executive Director

By
Becky L. Gay

Beyond the call of duty

It's people working hard that make RDC so effective. RDC appreciates the ongoing membership support and individual effort from so many Alaskans, boardmembers and staff. This last month has been a real whirlwind of activity for the good of the cause. A special thank you for effort above and beyond the call of duty is due the following people:

President Shelby Stasny for giving testimony to the Alaska Land Use Council in Fairbanks recommending "no more federal Wilderness."

Vice President Pete Nelson for her rousing speech before the national Desk and Derrick Club annual meeting in Anchorage.

New staffer Debbie Reinwand for making sure the Seattle and Portland delegations were well informed and wearing ANWR buttons at the Alaska State Chamber meeting in Sitka.

Pacific Legal Foundation's new attorney Kathy Weeks for meeting with the Portland delegation on RDC's behalf while all other staff were at other functions on the same night.

Carl Portman, RDC's public relations director and lifetime Alaskan, for valiantly flying all over the North Slope and back (two times) in bad weather attempting to get into ANWR with a national magazine writer.

Jim Drew, Dean of the School of Agriculture and Natural Resource Management at UA Fairbanks, for inviting RDC to participate in the faculty retreat at Chena Hot Springs for curriculum review.

Former Governor Bill Sheffield for speaking at an RDC breakfast and proving he is a resource developer after all.

Mayor Jerome Selby and the Kodiak Chamber of Commerce for inviting RDC to advocate for ANWR in Kodiak's booth at the Fish Expo in Boston.

All the citizens who responded on behalf of the Niakuk project, even though the Corps refused the permit in the face of overwhelming public support.

Staffers Anne Bradley and Kim Duke who cheerfully have "held down the fort" while the rest of us were on these outreach efforts all around the state!

Keep up the good work, fellow citizens.

RDC opposes changes to forest act

The Resource Development Council has told the state that any revisions to the Forest Practices Act could very well hinder the development of a wood products industry in Alaska.

In a letter to Tom Hawkins, Assistant Commissioner of the Department of Natural Resources, RDC Executive Director Becky Gay said sweeping amendments to the Act would only serve to strike yet another blow at efforts to diversify the state's industrial base. She said the amendments cannot be justified at this time since the Act has hardly been enacted.

There is an overwhelming consensus among leaders of Alaska's timber industry that widespread changes to legislation and its attending regulations would have the net result of inhibiting timber harvests.

The Forest Practices Act regulates timber harvesting, thereby greatly influencing operating costs of timber operations, the ability of the resource to compete in the world markets and the net stumpage value of timber to the landowner.

Non-development groups are the prime movers behind the movement to mandate legislative changes to the Act. These groups have been highly critical of Alaska logging operations and have been ice-cold toward a state plan to harvest timber in the Susitna Valley. RDC believes the process to revise the Forest Practices Act merely gives the groups a new vehicle to advance "their self-serving, emotionally-based, non-development agenda."

"While RDC is encouraged by Governor Steve Cowper's recently adopted timber policy, we are quite set back with the plans

to amend the Forest Practices Act," said Gay. "On one hand the Governor's policy provides a good foundation from which to move forward in developing vibrant wood products industry, but on the other, revisions to the Forest Practices Act could annul any benefit gained from the Governor's new policy," Gay said.

The process of revising the Act is underway with the formation of a steering committee to review changes in the logging regulations.

The Committee is composed of three representatives of private timber landowners, one representative of a municipality with timber ownership, four representatives of users of public resources affected by forest practices (environmental groups, fishing groups, etc.), and one representative each from the state departments of Fish and Game, Environmental Conservation, Division of Governmental Coordination and Natural Resources.

Notably missing from the committee are loggers, processors and the state Department of Commerce and Economic Development. RDC views this failure to include representatives of these groups as a serious flaw in a premature process. The Council suggested the Department of Commerce and Economic Development be given a direct role in any process directed at revising timber regulations.

RDC believes that if substantive change in the Forest Practices Act is to be considered, then economic factors should be properly evaluated and included in the review. An economic analysis of the

(Continued on page 3)

<p>Resource Development Council, Inc.</p> <p>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.</p>		<p>Executive Committee Officers</p> <p>President J. Shelby Stasny Vice President Ethel H. "Pete" Nelson Vice President John Forceskie Secretary Stephen Ellis Treasurer Larry Laughman Past President Joseph Henri</p>	<p>Resource Review is the official monthly publication of the Resource Development Council, Box 100516, Anchorage, Alaska 99510 — (907) 276-0700.</p> <p>The RDC business office is located at 807 G Street, Suite 200, Anchorage.</p> <p>Material in the publication may be reprinted without permission provided appropriate credit is given.</p> <p>Carl Portman Editor & Advertising Manager</p>
<p>Staff</p> <p>Executive Director Becky L. Gay Public Relations Director Carl Portman Member Services Director Anne M. Bradley Projects Coordinator Debbie Reinwand Staff Assistant Kimberly R. Duke</p>			

Alyeska tells its side of the story

Those who toil in the oil industry have learned to expect the occasional incoming brickbat of allegations from the other side of the fence. There doesn't seem to be any defensible reason for it, or any reasonable defense against it. It just goes with the territory. But we at Alyeska Pipeline Service Company have been, it seems, the strategic focus in recent years of a veritable barrage of accusations, from "dumping" tons of sludge into the bay at Valdez to pouring more pollution into the air there in a single day than is generated by the sprawling city of Los Angeles in an entire year.

The federal and state government oversight agencies, when the allegations began, instituted investigations, and we have cooperated fully with those agencies. As you might expect, this has not been inexpensive. We have conducted numerous tests and studies and produced thousands of pages of detailed technical and scientific data for the government agencies, in response to the allegations. Those efforts have cost more than \$11,000,000.


It has been heartening through all of this to learn, through our public opinion surveys, that most Alaskans still believe we are doing a good job of operating the pipeline and protecting the environment. But, predictably, the brickbats we have endured over four years have begun to chip away some of that confidence. Partly for that reason, but also to re-enforce the trust in Alyeska most Alaskans still express, we have in the last few months, and for the first time in our history, instituted an advertising campaign. You'll see part of that campaign on the outside back cover of this newsletter. If you watch television, you may have seen one or more of the short commercials we have produced.

This campaign also has not been without cost. But the price is small next to the expense of responding to the inquiries of the government agencies. And it is virtually insignificant if compared with the hypothetical cost of giving exposure to the allegations against us, through the same medium, i.e., paid advertising. Of course, those making the allegations were not required to buy advertising space and time. Offensive brickbats, it seems, are free. Defensive bricks and mortar are not.

In all of this there are real issues: **Issue.** Has Alyeska complied with the government permit for operation of our Ballast Water Treatment facility at the Marine Terminal at Valdez? The unqualified answer is "yes." **Issue.** Has the marine environment of Port Valdez been damaged as a result of our operations there? All available evidence, from scientific studies over the last 20 years, says "no." Another challenge to this conclusion has arisen recently. But the data which might support the challenge have not yet been produced. It is not yet possible, therefore, to evaluate the claim. **Issue.**

Guest Opinion

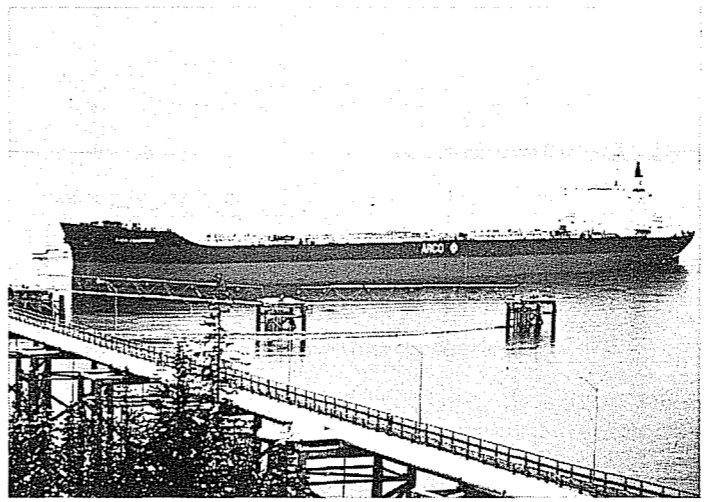
by
George M. Nelson
Alyeska Pipeline Service Co.



Should the permit restrictions of the BWT permit be made more stringent when the permit is renewed? Reasonable people can disagree about whether this is necessary. Ultimately, the federal government will decide, and the state government must concur in the decision. Finally, Alyeska will have to consider whether to accept or, in good faith, to challenge the decision.

On air quality: **Issue.** Has Alyeska's vapor recovery system complied with government requirements? To the best of our ability, "yes." The system has required extensive maintenance, especially in the marine environment at Valdez. Maintenance has meant shut-downs, always with notice to the government regulators, sometimes for extended periods. But we have spent several millions of dollars to keep the system operating to the maximum extent possible. To reduce or, hopefully, eliminate the maintenance shut-downs, we installed a new flare in the system at the pipeline's Pump Station 1 several years ago, and we are currently initiating a thorough overhaul of the facility at Valdez. **Issue.** Is the air quality at Valdez significantly altered by our operations? In response to the understandable concerns raised by the allegations, we are beginning voluntary, comprehensive air quality tests at our Marine Terminal and in the City of Valdez. These will not be the first such tests. Required air quality testing at the Marine Terminal at the beginning of our operations there were discontinued, with the approval of the government, after consistently revealing air quality within government standards. The results of the new tests will be compared with those early findings.

"Through our commercials and advertisements we hope to directly address Alaskans who may not previously have heard our side of the story."
— George Nelson



Some 25% of America's domestic oil production flows through the trans-Alaska pipeline to Valdez where tankers transport it to energy-hungry markets in the lower 48 states.

Perhaps there is some reason to hope for a conclusion to all of this. I recently sent a letter to several Alaskans, including many members of the Resource Development Council, expressing our gratification with the conclusion of the Environmental Protection Agency's investigation of the allegations regarding our BWT facility. The EPA also has issued a draft BWT permit for our operations, to replace the expiring permit. The final permit is promised in the next several months.

Meanwhile, we are continuing to respond to the allegations as they arise, in detail to the government agencies, in cooperation with their investigations. And through our commercials and advertisements we hope to directly address Alaskans who may not previously have heard our side of the story.

To Alaskans who have continued through it all to believe in Alyeska, who have kept an open mind or even given us the benefit of the doubt, we owe a debt of gratitude. We have pledged to faithfully discharge our responsibilities as individual and corporate citizens of Alaska, for efficient operation of the trans-Alaska pipeline and protection of the environment. I am confident that when all is said and done, you will know we have been faithful to that pledge.

The Resource Development Council Education Foundation, Inc., will present **Development of Alaska's Boreal Forest Industry**, a symposium directed at pioneering the development of a boreal forest industry. The symposium, to be held **December 8-9** at the **Sheraton Anchorage Hotel**, will consider the latest technology in developing positive timber projects based on forest management that is productive, not destructive.

Some 18 speakers from across North America and Europe will join Alaska forestry experts in outlining new techniques, forest management programs and market opportunities that have brought great progress in advancing positive timber projects in northern lands similar to Alaska. These Outside and local specialists will help Alaskans lay the foundation for a wood products industry that has fewer environmental implications than farming, urbanization or from deliberately leaving the land in wilderness.

Other topics to be addressed include tenure systems, multiple use, biology and wildlife impacts, land management from an industrial view, the tree farm program, development and recreation, and the utilization of boreal forest resources, including pulp and paper, small diameter timber and panels. The role of suppliers and processors will also be discussed as well as the marketing of boreal forest products.

"**Development of Alaska's Boreal Forest Industry** promises to guide the way and set an example of how to run profitable wood operations in northern-latitude forests without sacrificing environmental values," said Joe Henri, President of the RDC Education Foundation, Inc.

Henri pointed out that throughout the northern forests of Europe and Canada, trees are replanted immediately following harvesting. He said new strains of birch and spruce have been developed to reach maturity twice as fast as trees growing in the wild.

"Clear-cutting in compact patches occurs with no apparent erosion or water contamination," Henri said of new high-tech timber operations. "Care is taken not to damage the forest floor and little wood is wasted," Henri added. "Plywood, pulp and cardboard plants don't pollute the water or air, toxic chemicals are recycled rather than emitted."

Utilizing the latest technology and ever-evolving forest management techniques, Europeans and Canadians are prospering from profitable wood operations in their northern-latitude forests without sacrificing environmental values. Meanwhile, the vast Alaska boreal forest sits unmanaged. Tree growth is a fraction of what it could be, and in the desirable tree size, trees are dying faster than growing.

Alaska is the prime repository of boreal forests in the United States. Yet less than 10% of the state's yearly sustainable yield of timber is harvested. In the Susitna Basin, the boreal forest is being harvested at less than 2% of its sustainable yield.

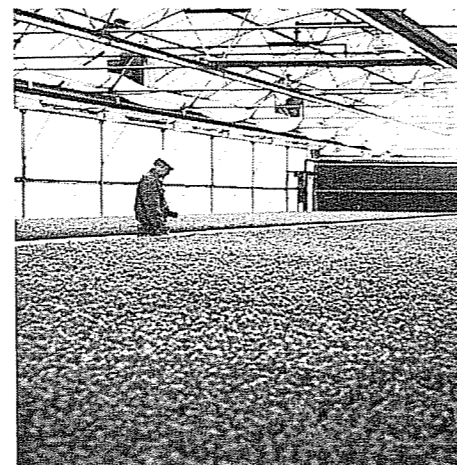
With innovative, modern management practices, the output of the forest industry could more than double within five years on less than 50 percent of the state's yearly sustainable yield of timber, contributing over \$1 billion annually to the economy.

Join professional resource managers, scientists, resource developers and legislators in planting the seed for a new Alaska industry that uses timber harvesting as a tool to improve the quality of our forest environment while at the same time realizing economic gain from a renewable resource.

The registration fee, which includes two lunches, a dinner banquet and conference materials, is \$75. For additional information, call RDC at 276-0700. Brochures are now available for distribution.

Boreal forest development is topic of symposium

Meeting is set for Anchorage Sheraton



In Europe and Canada, trees are replanted immediately following harvesting. New strains of birch and spruce have been developed to reach maturity twice as fast as trees growing in the wild.

November election brings critical choices



Thoughts from the President

by
J. Shelby Stastny

Frequently in these pages we express our dismay with the administration or the legislature when they fail to act in the manner we believe is appropriate in making the best use of Alaska's resources. Historically, Alaska has been burdened with either an administration or a legislature that has not been an enthusiastic supporter of the economic development we believe is so important. The plain truth is, those folks have been elected by the citizens of the state and if we really want changes made in administration or in the legislature, it is imperative that we take an active part in the process by which our elected officials hold their offices.

November 8 will be an important day in the lives of Alaskans and in the direction Alaska will take in the future. Not only will the elections determine the makeup of our state legislature, the choice for President of the United States is probably one of the most important we will see in our lifetime as far as the future of Alaska is concerned. We need to know where the presidential candidates stand on the issue of oil and gas development in the Arctic National Wildlife Refuge. We need to make sure our friends know where each candidate stands and the effect that stance can have on the

outcome of this important project. It is important that our friends know a national administration that is not in favor of developing these resources could very well mean a long wait for a new administration or a national energy crisis before development will occur. It is a critical choice.

Closer to home is the makeup of our state legislature. Recently the Resource Development Council sent a questionnaire to each of the legislative candidates to determine their position on important economic and resource development issues. Hopefully each of you have received, in a separate mailing, the summary which has been prepared by our staff of those questions. This is our chance to give serious thought to those whom we send to the Legislature.

Help us make these questionnaires a tool for a thoughtful political process. Study the answers and give your vote, your financial support, your time and efforts to those candidates who believe the future of Alaska lies in our ability to utilize precious resources. We need to be the ones to step forward and assist our friends. Our ability to change the status quo will never change until we are willing to get the message out.

While I am certain the philosophy we espouse is that of the majority, it seems those who espouse a different philosophy are more successful in electing candidates that feel the way they do. They are willing to devote the time and effort to see their candidates get elected, while we are too busy doing what we do best — keeping the wheels of economic development turning. It's time to realize the need to rest from turning the crank long enough to make sure the churn is large enough to make enough butter for all of us.

Candidates respond to RDC survey

Ten topics are covered

by
Debbie Reinwand

Candidates and issues. We always seem to have plenty of the former and too few of the latter.

As part of an ongoing political education process designed to ensure that RDC's positions are known and its membership is informed, a 10-issue questionnaire was distributed to all 115 Alaska House and Senate candidates in August.

The goal of the survey was to present the candidates with some of the issues deemed important by RDC, and to elicit the positions of future and current legislators on resource development-related items. Although the survey was sent out prior to the primary election, candidates were informed that the results would be compiled and distributed before the general election on November 8.

Bi-partisan response to the questionnaire was good, with more than 70 candidates answering. Originally, RDC had planned to include a condensed version of the responses in the Resource Review. After reviewing the well-thought-out answers, it was determined the most effective use of the survey was to distribute the 23-page synopsis directly to RDC members through the mail. Many candidates chose to make detailed comments on various resource issues, and RDC thought those answers might be valuable and useful to its members.

The 10 topics covered in the survey included the use of incentives to encourage oil and gas development; funding a national

public relations campaign to promote the opening of the Arctic National Wildlife Refuge; consideration of Forest Management Agreement legislation; mariculture; changes in the Economic Limit Factor; revising the Department of Fish and Game's permit process; broadening the definition of multiple-use lands; levels of timber harvesting in Alaska; implementation of the Mineral Policy Act; and the structure of the state's rent/royalty on mining claims.

To further buttonhole candidates on the various issues, RDC asked whether they would sponsor, co-sponsor or vote for the legislation in question. RDC hopes to use the information garnered from the survey as it works on its 1989 and 1990 legislative agenda.

All subscribers to the Resource Review will be receiving a copy of the questionnaire results compiled by projects coordinator Debbie Reinwand. The original responses are on file at RDC's Anchorage office.

Forest Practices Act...

(Continued from page 2)

various single and multiple uses for timber lands is vital and must be made available for consideration, RDC told the state. Otherwise, RDC warns Alaska will continue seeing the promulgation of regulation without respect to economics.

"Instead of nurturing a new and developing industry, a wise action during times of great economic turmoil, the state may actually make conditions even more difficult for industrial development," Gay said. "Instead of going forward with the Governor's agenda to encourage a wood products industry, RDC is concerned that DNR is opening the door to tougher regulations which serve to suffocate an emerging and very promising industry with all of its attendant jobs and positive economic spinoffs."

Getting the most from RDC

By
Anne M. Bradley



In 1988, RDC renewed its commitment as a statewide organization. In his tenure as President this year, Shelby Stastny has travelled extensively throughout the railbelt for RDC. RDC's past president Joe Henri travelled to Bethel, Nome, Fairbanks, and Sitka promoting sound resource development. In one week alone, RDC staff were in Prudhoe Bay, Sitka, and Chena Hot Springs carrying on our mission for you.

1988 was also the year that RDC responded to all of the Wilderness proposals put forward by federal agencies as required by

ANILCA. It took the efforts of all staff, board members, division directors and other volunteers we were able to recruit to comment on the draft EISs.

I could go on but the point is well summed up by our fearless leader Becky Gay who says that no job is too big or small for RDC. We're a workhorse organization where you really get mileage from your contribution.

In the coming year RDC's workplan is even more ambitious. We're in the midst of planning our annual conference (all I can say now is that 1989's theme will be multiple-use), an industrial forestry symposium, condensing RDC's legislative agenda, as well as a host of other projects. Wouldn't you like to give a year-end bonus to an organization which does all this, successfully, on a shoe string budget?

To give us a running start and spring RDC into 1989 in robust financial health, RDC invites you to make this one time special gift. Double your contribution and RDC will triple it's effectiveness. Small or large, RDC members are the lifeblood of our vital cause.

The well-funded groups we battle will be looking over their shoulder if RDC's financial strength comes even close to the strength and passion of its membership. Thanks for all you give. Our work is never done and it helps knowing your support is there.

Withdrawals may lock-up 60% of America's oil reserves

(continued from cover)

limiting new operations to areas that have already been heavily worked over. Bans on petroleum leasing, administrative decisions and other government actions are preventing exploration on federal acreage with high oil and gas potential.

While American consumers may look upon the worldwide oversupply of crude and tumbling oil prices with a smile, most are unaware of an accelerating domestic energy crisis which could leave America at the mercy of foreign producers. The best opportunity for reversing the nation's increasing reliance on foreign oil is finding more domestic oil. But only a fraction of federal lands are being leased while millions of acres are being withdrawn into federal designations prohibiting development.

Federal government is largest landowner

Onshore, the federal government owns some 727 million acres nationally, approximately 32 percent of America's total land mass. In Alaska, the federal government owns some 220 million acres, a 60 percent chunk of the state. These federal lands in Alaska alone are comparable in size to the combination of 15 Northeast and Mid-Atlantic states stretching from Maine to South Carolina, including all of New York, Ohio and Pennsylvania. A large portion of this federal block in Alaska has been withdrawn into conservation system units (CSUs) which severely restrict or prohibit development activity of almost every human kind.

Offshore, the federal government has jurisdiction over 1.4 billion acres of land. Those federal offshore tracts comprise almost 98 percent of the lands the government considers as potentially leasable for oil and gas operations.

According to the U.S. Department of Energy, federal onshore and offshore lands together may contain as much as 85 percent of the nation's remaining oil reserves. Yet only 93 million onshore acres are opened to oil leasing, about 13 percent of the federal lands. The situation offshore is even more grim with only 30 million acres opened to leasing, representing a mere two percent of the offshore acres. Moreover, proposals in Congress would significantly reduce the leasable acreage by "temporarily" deferring leasing in some areas and by permanently withdrawing tens of millions of additional acres from resource exploration and development.

Approximately 15 billion barrels of oil lie beneath 261 million acres of land that is already off-limits to development. Some 60 percent of all known U.S. oil reserves may lie beneath closed areas.



Common sense and experience suggest Americans must continue to develop its homefront energy resources to maintain a stable supply of petroleum. The economic hardships and gas shortages of the 1970s were clear examples of what can happen when a nation becomes so dependent on foreign oil.

API photo

Onshore land withdrawals

According to the American Petroleum Institute (API), more than 40 percent of federal onshore lands have been placed off limits to energy exploration. Of the remaining lands open to leasing, about 20 percent have been effectively closed by severe operating restrictions which government regulatory agencies have placed on the leases.

The closed lands include some 90 million acres that have been placed in the National Wilderness Preservation System, 43 million acres in national parks, 13 million acres in national wildlife refuges and tens of millions of acres closed by administrative action.

"The petroleum industry recognizes that there are legitimate reasons for setting aside certain lands for special use, and for restricting or preventing petroleum exploration and development in these areas," stated an API "Background Paper." API noted that national parks are a good example of such single-use designation of federal lands where the national interest has been well-served. But not all of the lands set aside by the government have met that national interest test.

The petroleum industry is not seeking to open designated Wilderness areas to oil and gas exploration and development. However, it is deeply concerned with proposals to add millions of acres of federal lands across the western states and Alaska into the wilderness system.

API stressed these lands should be thoroughly inventoried for energy and mineral values to determine their best use be-

fore they are withdrawn from resource exploration and development under such a restrictive status as Wilderness.

Tapping Alaska's vast potential

The powerful national environmental

lobby is applying pressure on Congress to prevent leasing of federal lands in the flat and treeless Coastal Plain of the frigid and remote Arctic National Wildlife Refuge in northeast Alaska. The Coastal Plain, 65 miles east of the huge Prudhoe Bay oil deposit, is considered the most outstanding onshore petroleum prospect in North America. Only this small strip of land along the northern edge of the refuge has the recognized potential for the discovery of new supergiant oil fields.

The Department of the Interior, the State of Alaska and some 80 percent of the state's residents — including Eskimos who live on the North Slope — favor oil and gas exploration and development of the Coastal Plain. They point to a 20-year record of energy exploration and development in the Arctic which has demonstrated that carefully planned North Slope oil operations can exist in harmony with the environment.

Moreover, constantly evolving arctic oil technology has been applied at each new North Slope oil field to improve environmental science and management that most consider quite excellent. Advancing technology and environmental regulations, combined with lessons learned from the pioneering development of Prudhoe Bay, can be applied in ANWR to eliminate harmful impacts.

It would take up to 15 years after a lease

is acquired before an oil field in ANWR's remote environment can be brought into production. During that period, environmental studies would continue and further advances in technology would help ensure development takes a cautious and environmentally-sound approach.

Once the potential energy resources underlying the small Coastal Plain area are brought to market, ANWR could be contributing up to 25 percent of America's domestic oil production. Currently, North Slope operations account for nearly one out of every four barrels of domestic oil production, but the super-producing Prudhoe Bay field is nearing its predicted steady decline.

Delays serve only to make more difficult the complex and time-consuming task of finding the energy reserves the nation needs to help reverse its increasing reliance on foreign oil.

The real issue: Wilderness

Nearly half of ANWR is already closed to development under a Wilderness designation. When combined with similarly managed lands within the refuge, some 92 percent of ANWR is off limits to exploration, production and development. At least one congressional proposal would designate the remaining 8 percent of the refuge Wilderness, including the Coastal Plain oil reserves.

If several major oil fields were discovered in ANWR, petroleum operations would affect fewer than 15,000 of ANWR's 19 million acres, which is less than one-tenth of one percent of the refuge. Development would not occur in existing Wilderness areas.

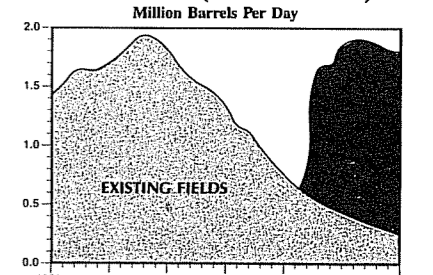
But with as much conviction as those favoring energy development in ANWR, preservationists are fighting to ban oil rigs from what they consider "one of Alaska's last pristine wilderness areas." To some, it doesn't matter whether development can exist in harmony with the environment, the issue is pristine, uninhabited wilderness. Compromise is not an alternative, even though development activity would consume less than one-tenth of one percent of the refuge. The preservationists claim they are making a stand, drawing a line from which no development of any kind may cross.

However, an examination of Alaska land use patterns clearly shows Alaska has no shortage of designated Wilderness, land that is permanently closed to development. In fact, at 56 million acres, Alaska has 62 percent of the nation's designated Wilderness. The state also has 70 percent of America's national parks and 90 percent of its wildlife refuges.

In addition, the state has tens of millions of acres of land outside the federal designations which are wild in nature because of their uninhabited status. Most of these lands are unlikely to be developed because of severe access constraints and harsh environmental conditions.

Despite a great deal of opposition from the State of Alaska, its various resource industries and long-time residents, federal

Potential Alaska North Slope Production (With ANWR)



Graph shows the decline of North Slope oil production to about 300,000 barrels per day after the year 2000, and how production of ANWR could potentially offset that decline.

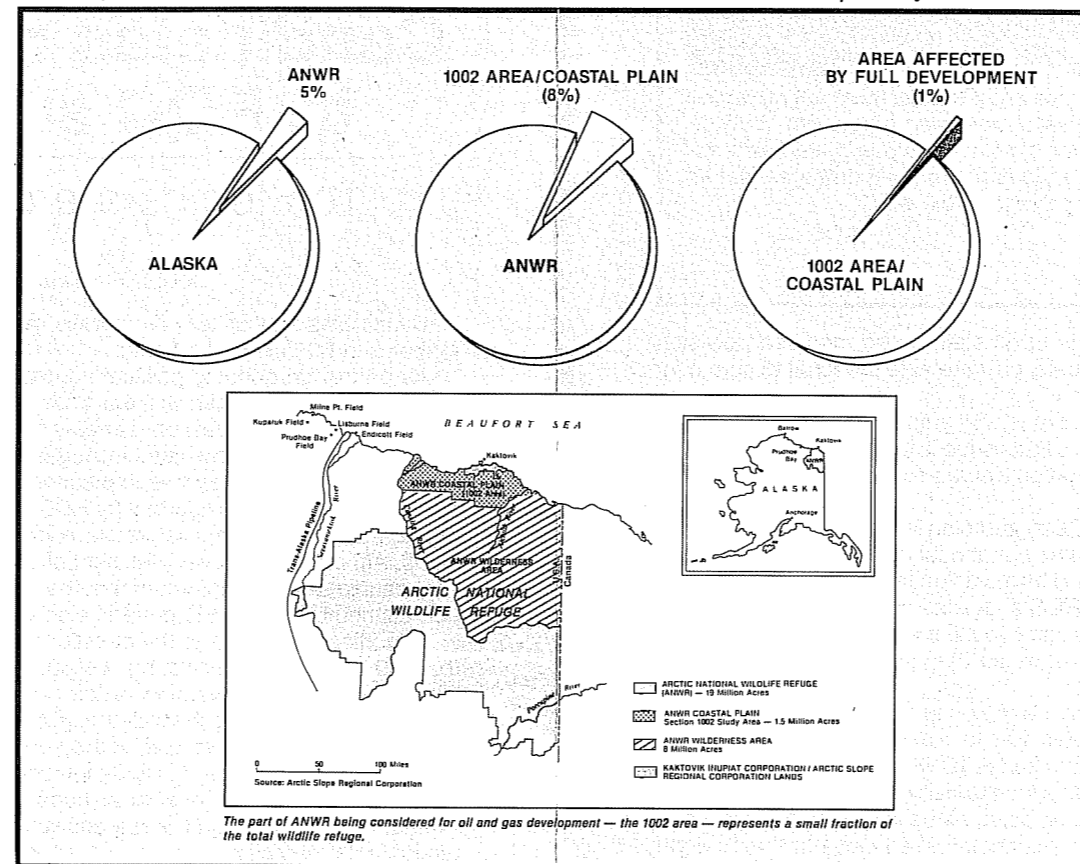
agencies are proposing to declare an additional 12 million acres in Alaska as Wilderness. These new Alaska Wilderness proposals are in addition to the 1.5 million acres of the ANWR Coastal Plain targeted for Wilderness designation by preservationists.

Like a wildfire advancing across drought-stricken Yellowstone National Park, federal Wilderness has consumed massive areas of Alaska to the point where ANWR is far from truly being Alaska's last pristine wilderness area.

Securing new supplies of domestic crude

Although the world markets are awash in oil, it is vital that potential vast oil and natural gas resources underlying federal onshore and offshore lands be explored and developed to reduce the nation's growing dependence on foreign oil. An approach encouraging exploration and development in a timely manner is the only way to ensure environmentally-sound development. Yet government policymakers continue to block some of the hottest prospects for major new oil and gas discoveries.

Granting oil companies permission to drill only in areas that are already explored and developed, while closing new lands with high energy potential, is short-sighted. If the U.S. is to meet more of its own energy needs and avoid the dangers of overdependence on foreign oil, promising areas such as ANWR should be opened to environmentally-sound exploration and development.



The part of ANWR being considered for oil and gas development — the 1002 area — represents a small fraction of the total wildlife refuge.