Limited exploration approach could prevent discovery of ANWR oil

Thorough exploration required

A limited exploration approach for new domestic energy resources, as envisioned by compromise legislation before Congress, would impede and possibly prevent the discovery of a super-giant oil field in the Arctic National Wildlife Refuge (ANWR), America's greatest onshore energy prospect.

Oil production from the ANWR Coastal Plain, which comprises under ten percent of the northeast Alaska refuge, could provide up to 22 percent of the U.S. domestic production by 2007, at a time when the nation might otherwise be dependent on unstable foreign imports for a staggering 75 percent of its oil consumption. The frigid, wind-swept Coastal Plain area proposed for leasing, which covers only eight percent of the massive 19 million-acre refuge, may contain the largest pools of oil beneath the North American continent.

However, an environmental lobby is applying enormous pressure on Congress to prevent leasing in any area of ANWR, despite an excellent environmental record and thriving wildlife populations at neighboring Prudhoe Bay, America's largest oil field.

Meanwhile, the State of Alaska and the petroleum industry, concerned about projected steep declines in Prudhoe Bay production — which currently accounts for 24 percent of the nation's domestic energy supply — are stepping up efforts to gain access to the ANWR Coastal Plain.

As Congress considers new arctic oil and gas exploration, a flurry of bills affecting ANWR leasing has been introduced. But a limited exploration proposal that specifies the drilling of only four wells is doomed to failure given the geological complexity of ANWR which will require thorough exploration.

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RDC Board advances legislative priorities in annual Juneau foray

By Becky L. Gay

RDC had an impressive contingent of board members to advance RDC’s legislative priorities in our annual foray to Juneau. The two-day visit to the capital city was jammed with meetings with Governor Cowper, Senator President Jan Fai, Speaker-of-the-House Ben Grussendorf, the Resource Committee Chairmen of both Houses, many other legislators, Mayor Polley and the Juneau Borough Assembly and Commissioner Judy Brady. Leading the charge were President Joe Henr and Vice-President Shelby Steen. Other Anchorage board members making the trip were Rex Bishop, Don Cornett, Paul Glavinovich, Al Hastings, Chris McAfee, Steve Rehnberg, Dick Tindall, and Chuck Webster. Statewide members attending included Roy Ewan (Copper Center), Jon Hallivill (Haines), Karen Hofstedt (Petersburg), Joe Usibelli, Jr. (Healy), Lyte Von Bargen (Vaildez) and, of course, our wonderful long-time resource expert, lobbyist and board member Phil Holdsworth (Juneau). Mike Abbott, RDC’s Project Coordinator/lobbyist and myself provided staff support. As the diversity of RDC was evident in those who attended, so was the range of issues in the legislative priorities we tackled. Although an ANWR resolution was the major priority, other issues and legislation included mariculture, forest management agreements, the Densal South visitor facility, water quality, coastal zone management review, multiple use of state lands, recreational rivers, stable taxes, tourism, capital projects, the Alaska Minerals Policy Act, and oil and gas incentives. Add a little membership work, community relations and private meetings and you can see the board members had a relentlessly full schedule which required an incredible amount of stamina. Although the trip was filled with the birth of meetings, debate and discussion of RDC’s legislative priorities and social business such as the Alaska State Chamber’s breakfast table, our board managed to spend quality time with each other in a variety of ways. It was a pleasure and an honor to be in the company of these outstanding Alaskans who display such energy, intelligence and good humor.

Of course, that’s what RDC is all about ... Alaskans, working with Alaskans to improve the quality of life through sound resource development. A public thank-you to those who attended. Juneau felt our presence.

Discover The Excitement!

RDC’s Eighth Annual International Conference on Alaska’s Resources
February 26-27, 1988 
Sheraton Anchorage Hotel
Can Alaska, America’s most easterly, most westwardly and most northerly frontier, become a leader of modern enterprise with an expanded resource economy, providing the most civilized benefits ever enjoyed at these northern latitudes? Can we show that Alaskans have the wit and stamina necessary to create an outstanding American civilization in the Arctic? Will our exports and our industries enrich the federal treasury and reduce trade imbalance? Will this frontier serve as a sentinel for the American continent’s defense? What can Alaska do for America?

Program Topics

- Alaska’s Geopolitical Imperatives: National Security and Foreign Policy
- Alaska’s Strategic Allegiance to America
- Alaska’s Natural Resource Wealth: So Near and Yet So Far
- Development in Alaska: Wealth, Security and Jobs for America
- Domestic Energy Policy: Where Alaska Fits
- Warehouse Mentality: Retarding Alaska Development
- Long-term Solutions to Fundamental Problems
- Enriching the Federal Treasury While Slashing Trade Imbalances

Key Speakers

Governor Steve Cowper, Juneau, AK
Mayo Tom Fink, Anchorage
Robert B. Horton, Chairman, BP America, Cleveland, Ohio
David Wigg, Deputy Assistant Secretary of Defense for Policy Analysis, Wash., D.C.
Dr. John Boden, Director, McAuline Oil and Gas Institute, Southern Methodist University, Dallas, Texas
Dr. Charles Ehinger, Senior Associate, Center for Strategic and International Studies, Washington, D.C.
John Spellman, Executive Vice President and Chief Financial Officer, W.R. Grace Company, New York
Steve Lovett, Director, International Trade Division, National Forest Products Association, Washington, D.C.

Capture the Opportunity

RDC’s 8th Annual International Conference on Alaska’s Resources, “What Alaska Can Do For America,” promises to be provocative and educational. The conference will focus on what Alaska can do for America with its strategic location, its people, front-line defense, basic industries and sound resource management. Our purpose is to explore solutions, new concepts and different avenues to secure the public policy decisions necessary to transform Alaska’s awesome potential into great wealth for the nation. In fulfilling this purpose, the conference will put in motion various techniques to elevate Alaska’s national standing and convince decisionmakers in Washington that Alaska has great potential for making a contributing difference to the nation’s economic and security future.

RDC, with extremely professional and high-level speakers to help us expand our horizons, this conference is designed to serve as a platform for the vital interaction necessary to build a national consensus favorable to Alaska development.

- Alaska Industrialization: A Scientific, Defense and Resource Orientation
- Who Owns Alaska?
- The Real Cost of Public Land in the 49th State
- Potential Capital Sources in a Capital-shy State
- Realities of Importing Money in Changing Times
- What Alaska Forests Can Yield for America
- Arctic Science Policy: How Can Alaska Lead the Way?
- Who Owns America? The Effects of Legal Precedents in Alaska

David Heatwole, Vice Pres., External Affairs, ARCO-Alaska, Inc.
Jim Campbell, Chairman, North Pacific Fisheries Mgt. Council
Robin Rivett, Environment Law Section, Pacific Legal Foundation
Joe Usibelli, Sr., Chairman, Usibelli Coal Company
Byron Mallott, Chief Executive Officer, Sealaska Corporation, Juneau, AK
Morris Thompson, President, Doyon Ltd., Fairbanks, AK
George Ishiyama, President, Ishiyama Company, Tokyo, Japan, President, Ishiyama International, California
Senator Jan Fai, President, Alaska State Senate

*To be confirmed
**Video presentation

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A delegation of Matanuska-Susitna Borough officials toured forests, timber mills and other facilities in Finland last month and returned more convinced than ever that establishing a large-scale timber industry in the Susitna basin makes good sense.

The Mat-Su delegation consisted of three assembly members (representative of all of the borough districts) and three borough development services director Ric Davidge. While in Finland, the group met with companies that have expressed an interest in building wood processing plants in the Mat-Su Valley. The delegation said expansion possibilities from Talarik Creek to Matanuska are large.

The delegation members said the Finns have set an example of how to run profitable wood operations in northern-latitude forests without sacrificing environmental values.

They saw forests where trees are replanted immediately following harvesting. They saw new patches of birch and spruce which have been developed to reach maturity twice as fast as trees growing in the wild. And they witnessed clear-cutting in small patches, with no apparent erosion or water contamination.

The delegation was impressed in that care is taken not to damage the forest after harvesting. Today, little land is wasted. Plywood, pulp and cardboard plants don’t pollute the water or air, toxic chemicals are recycled rather than emitted.

RDC board member Terry Brady noted that Finland uses timber harvesting as a tool to improve the quality of a forest environment by the same time realizing economic gain from a renewable resource.

With the construction of modern, efficient and clean manufacturing plants comes hundreds of jobs and millions of dollars in annual salaries for a region which measures unemployment in double digits. More benefits would come from an increase in the local tax base, reduced fire danger, new services, and a healthy second crop of trees and roads which would open other resource and recreational-rich lands. Tourism does not preclude other opportunities such as timber. It is done correctly.

RDC believes the Alaska public must be willing to accept small risks in return for all the great rewards the forest offers — not just accept those benefits accruing to a minority of the population.

**ARR expansion . . .**

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Turgin said the railroad is also considering an extension from either Willow or Houston to a proposed port facility at Point MacKenzie. The Matanuska-Susitna Borough wants to use the railroad to ship timber, coal, salt and limestone to its port. Not a port, a project borough officials believe will rejuvenate the local economy.

The Nenana-Tanana link would cost about $200 million and extend the Yukon barge season by nearly two months.

A major key to the Nenana-Tanana extension is that it dovetails with the current rail corridor which is being extended to the newly purchased Alaska and Kobuk, an area rich in mineral resources. These extensions would bring a new gold crop of trees and roads which would open other resource and recreational-rich lands. Tourism does not preclude other opportunities such as timber. It is done correctly.

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nation of federal lands, without the government having to take the high-risk associated with finding and producing oil on those lands. The federal oil and gas leasing program has brought into the federal treasury more than $9 billion in royalties, rents and bonuses and has resulted in the production of more than 14 billion barrels of oil.

Private industry has the necessary skills, equipment and manpower to safely explore for oil and gas in ANWR. America needs and now has the most promising oil and gas province to explore. If industry was given the green light for exploration, leaving ample time for the discovery of a major field in ANWR, America would be able to tap oil resources with speed and efficiency. The federal government would receive over $700 million in royalties and bonuses and would result in the discovery of a major oil field which could easily miss a very large reservoir.

The exploration proposals as outlined in compromise legislation would only impede and prevent further development of energy resources rather than expedite the development of new, secure domestic energy supplies. Despite 37 years of inefficient "on-again, off-again" drilling, government drilling programs in the National Petroleum Reserve west of Prudhoe Bay ended in failure. Of the 17,000 acres explored between 1974-1981, the last government program to acquire a pipeline system, the Arctic National Wildlife Refuge Environmental Assessment Plan for future growth. If Yukon Pacific is to take the 36-mile pipeline and Valdez liquefaction plant are estimated to cost $8.64 billion. Another $2.37 billion would be needed for the purchase of tankers to transport the gas across the Pacific. Once in operation, the gas line would add up to $3 million each day to the state treasury. Over 10,000 construction jobs and 550 permanent jobs would be created by the project. In addition, the gas line would likely spur other development in Alaska, especially the refining of petroleum products.

The project would produce $3 billion annually in exports and dramatically impact the existing trade imbalance between Japan and the U.S. Over a 20-year period, the export of liquefied natural gas would be worth approximately $80 billion. Alaska, especially the refining of petroleum products.

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