

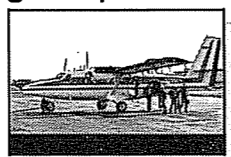
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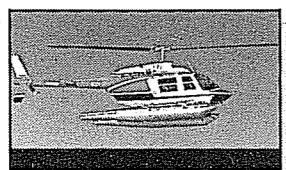
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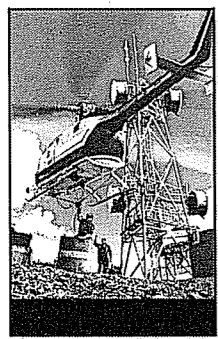


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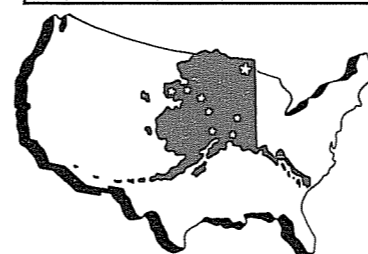


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ADDRESS CORRECTION REQUESTED

November 1989

Resource Review

Wetlands

Alaskans unite to shape emerging federal policy



In temperate wetlands, habitat losses can result in corresponding losses to animal populations, but there is no shortage of habitat in Alaska's vast wetlands where many species of nesting birds tend to be highly dispersed. Other factors like predation and weather are the major elements limiting wildlife populations in Alaska, not available habitat.

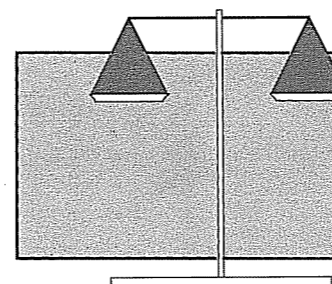
In a sign of unity, community, native and industry leaders throughout Alaska are urging President George Bush and other decisionmakers in Washington, D.C., to shape an emerging federal wetlands policy to conform to the realities and needs of Alaska and its citizens.

The proposed "no net loss" policy, designed to stop the sharp decline in the nation's remaining wetlands base, has taken on special significance for Alaska communities which see the policy as a serious threat to development necessary to support present and future populations. Industry, local government and native leaders in Alaska have also expressed alarm at the emerging federal policy which has the potential to block development of the state's vast and varied natural resources, even on private lands.

The Southeast Conference, an organization comprised of both large and small communities throughout Southeast Alaska, recently passed a resolution requesting that President Bush "avoid subjecting Alaska to a blanket policy which portends so much harm to its local communities." The Municipality of Anchorage and the Northwest Arctic Borough have passed similar resolutions. Other resolutions are forthcoming.

Approximately 99 million acres remain of the 215 million acres of wetlands

(continued on page 4)



Alaska:
Playground, Park
And Production State
"A Question of Balance"

Pages 2-3

See you at RDC's 10th Annual Conference

RDC's 10th Annual Conference



Message from the Executive Director

by
Becky L. Gay

Thank you to all of our Sponsors and Patrons of RDC's Tenth Annual Conference!! Their support and action makes the conference possible. It is this supportive attitude of taking part and working together that will allow us to obtain our mutual goal of sound resource development for the well-being of all Alaskans, producers and consumers alike. Please recognize these sponsors and patronize them whenever you can.

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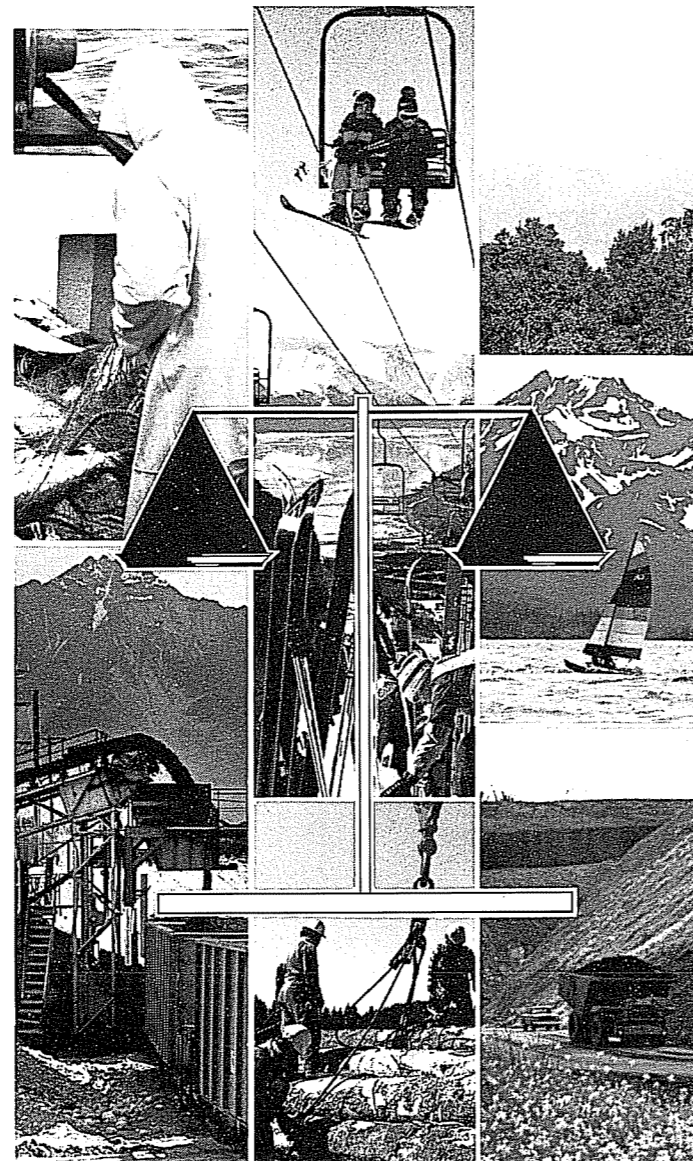
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Alaska: Playground, Park and Production State

"A Question of Balance"



Americans far removed from production process

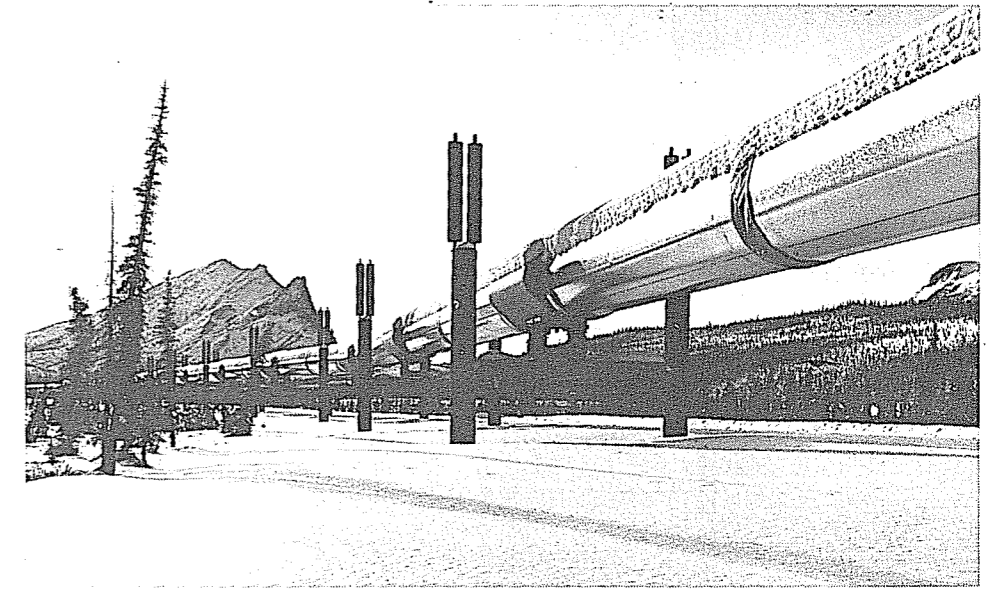
By John Merrick

Over a relatively short span of fifty years or so, most of us in the United States have undergone a noticeable change in where we live, how we live and how we work. There has been a shift from a rural population to a largely urban/suburban population. Along with that demographic trend, there has also been a corresponding economic change. We have moved from family farming to an agricultural industry that is high-tech, computerized and large scale in nature. The manufacturing sector that once was a basic foundry-type industry has also become high-tech, yet as a percentage of the total economy it is decreasing, as we become a more service-oriented society.

Because of this urbanization process and the changes in work orientation, we now have several generations of individuals that are increasingly far removed from any involvement in, or basic knowledge of, the processes involved in producing goods and products that have become "necessities of life." Our basic industries may be computerized and mechanized but even so, pigs and cows are still slaughtered to produce those appealing plastic-wrapped pork chops in the supermarket and hamburgers from fast food restaurants. Trees must be felled in the forest to make lumber for our homes or chipped to make pulp, paper or plastic. Minerals must be wrestled from the earth to make the steel and aluminum for our automobiles and aircraft. Similarly, the concrete and stone for our buildings and the oil, gas, coal and uranium for the energy to drive the entire process, must be extracted from the ground.

Some of the aforementioned generation of urban people, on the one hand, are increasingly calling for more Wilderness designations, the protection of endangered animals and plants, preservation of tropic and temperate rain forests, animal rights and similar causes (as long as it does not personally or directly affect them). On the other hand, they do not effectively move to dissuade population growth and freely use energy-intensive transportation and other natural resources. Seemingly, this usage is without regard to the interrelationships and contradictory nature of their actions.

While there are some efforts to populate and consume less, how many Wilderness Society, Sierra Club, Audubon members and the like, feel so strongly that they do not freely drive autos (or drive under the



Nearly two million barrels of oil flow daily through the trans-Alaska pipeline to markets in southern states, fueling the American economy. Products made from oil include clothing, ink, heart valves, parachutes, telephones, deodorant, pantyhose, carpets, upholstery, hearing aids, cassettes, tape recorders, motorcycle helmets, pillows, shoes, electrical tape, tires, toothbrushes, toothpaste, tents, fishing rods, fishing lures, hip boots, combs, hair curlers, lipstick, nail polish and ice cube trays. Other products made from oil include eye glasses, aspirin, golf balls, credit cards, soft contact lenses, shampoo, cameras, bandages, artificial limbs, skis, nylon rope, luggage, footballs, movie film and many more items.

55 mph speed limit to conserve on fuel), fly on airplanes, read newspapers, consume wood in their homes, or use extractive energy to heat their homes? Thus to the extent such individuals use these amenities of our modern civilization, they are guilty of hypocrisy.

Increasingly in Alaska, those involved in the service economy and those farthest removed from the production of materials and goods, such as government employees, doctors, dentists, lawyers, teachers and remote lodge owners, are often the same individuals who are in the forefront of the so-called conservation movement. These same individuals are the ones calling for saving the old growth timber in the Tongass, Susitna and Tanana Valley forests in some sort of an ecologically improbable "frozen-in-time" museum status.

Elements of this same elitist group would have the Coastal Plain of the Arctic National Wildlife Refuge (ANWR) designated Wilderness so that they never have to see an oil derrick on the horizon as they hike down onto the Coastal Plain from the nearby wilderness of the Brooks Range. Also, these same sorts of people are now attempting a draconian revamping of the Alaska Forest Practices Act, designed to make any tree cutting difficult, in the name of conservation. And similar anti-development actions take

place on a daily basis.

So, as all these basically negative actions coalesce to stifle the production of natural resources, at some point, it is inevitable that the service sector of the economy, of which they are a part, will also eventually suffer.

Government is after all, dependent upon what it can extract from the economy in the form of taxes on property, resource production and value addition. As production falls, so do taxes and so eventually must the governmental hierarchy that is dependent upon these taxes. As production, value addition, and government all contract, so also will the number of people affording doctors, dentists, lawyers, teachers and the like.

If this all sounds familiar, it should, since the above process is symptomatic of most of the Alaska economy. So far, with one exception, much of the governmental side of the Alaskan economy escaped its share of the contraction thanks to a voting block that is close to half of the entire Alaska economy, among other factors. If this governmental block succeeds in tapping into the Permanent Fund nest egg it may last a bit longer, but sooner or later, the arithmetic is inevitable.

John Merrick is Manager of Lands and Resources for Koniag, 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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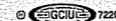
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Writer & Editor
Carl Portman



Wetlands:

National approach makes little sense in Alaska

(continued from page 5)

cifically for development purposes in partial compensation for the extinguishment of their claims to aboriginal title, and to ease the transition from subsistence to a cash economy. A "no net loss" wetlands policy applied to these lands would restrict both native community development and economic opportunities associated with resource development.

Alternatives for accommodating Alaska's unique position

With definitive action expected on the wetlands issue within the next six months, the Resource Development Council is spearheading a multi-tiered effort to convince Washington decisionmakers to accommodate the concerns raised by Alaska communities and industries. The adoption of a threshold approach, favored by the Municipality of Anchorage, is one possible alternative means to respond to Alaska's unique position. The threshold approach would allow states in which cumulative wetlands losses are less than 5% of the state's total wetlands to be excluded from provisions of a national "no net loss" policy until the 5% threshold has been met and exceeded.

Another approach would be to redefine wetlands, distinguishing between "high value" and "low value" wetlands. A resolution passed at the Northwest Alaska Mayors' conference in Noorvik early this month called on the federal agencies to revise their wetland protection programs for Alaska by concentrating on classification and protection of productive wetlands that actually provide vital fish and wildlife and water

quality benefits. This approach recognizes fundamental differences which set Alaska wetlands apart from those in other states.

Alaska wetlands different

Wetlands throughout most of Alaska's vast arctic and subarctic regions are fundamentally different from the freshwater marshes and tidelands elsewhere. Much of Alaska's wetlands are underlain by permanently frozen ground that makes it impossible for these lands to provide most of the functions for which wetlands in the Lower 48 are valued. Important functions relating to flood control, ground water recharge and water quality maintenance are largely absent from permafrost wetlands. Fish and wildlife habitats also function differently in arctic wetlands.

In temperate-zone wetlands, habitat losses can result in corresponding losses to animal populations. Wildlife in these areas are clearly limited by wetland availability. However, there is no evidence that arctic wildlife populations such as caribou and migratory waterfowl are limited by the availability of arctic habitat.

Many assume that the arctic is saturated with nesting birds during the summer so that any loss in habitat will result in a loss of productivity. This assumption is in error since many species of nesting birds tend to be highly dispersed in their vast arctic habitats. Other factors like weather and predation are the major elements limiting wildlife populations in Alaska, not available habitat.

After nesting and rearing their young during the brief arctic summer, migratory waterfowl and shorebirds fly south to vanishing wintering grounds in the Lower 48 states and Central and South America. Along the way, these birds endure crowded conditions in staging areas where they stop to rest and feed. These staging areas include the wetlands in the Lower 48 that have declined sharply. As a result, the birds are forced into relatively small areas of undisturbed wetlands.

In these locations, the birds are highly vulnerable to hunting and transmission of infectious diseases, aggravated by the crowded conditions. These mortality factors outside Alaska are what probably control the population sizes of many bird species nesting in the arctic. There is no evidence that the amount of available summer habitat in Alaska controls their abundance. The evidence does show that the limited use of wetlands in Alaska for resource production has not caused any measurable effect on the wildlife populations.

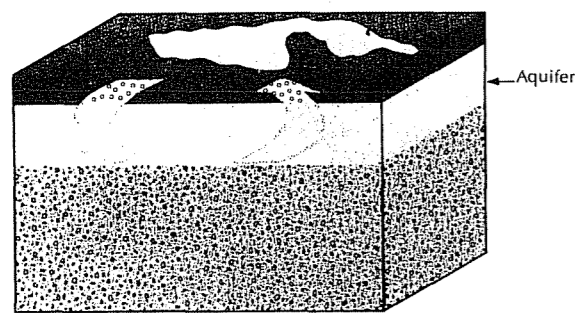
Alaska wetlands strictly regulated

Through the creation of vast national conservation system units across Alaska and a comprehensive set of local, state and federal laws and regulations, wetlands are strictly regulated and protected in Alaska. The existing regulatory framework does and will ensure that wetland loss does not become a problem here. Adding another layer of regulatory control through the "no net loss" concept would accomplish little but to stifle economic growth throughout the state.

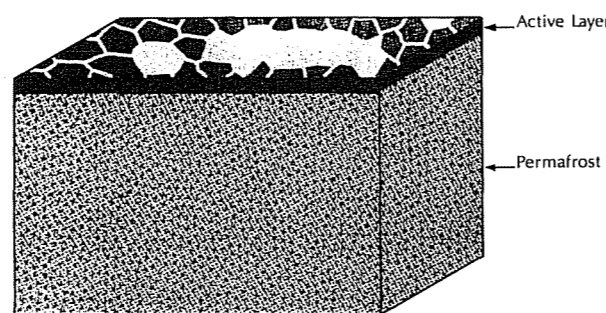
While the Council is committed to protecting and enhancing those wetlands in Alaska of greatest productivity and highest value, it believes a "no net loss" policy is not appropriate for Alaska. Such a policy in Alaska would accomplish nothing to slow wetlands losses in the contiguous U.S. where the root of the problem exists.

Instead, RDC favors an approach stressing *avoidance* and *minimization* of wetlands disturbances. Such an approach has worked well on the North Slope where the oil industry has successfully mitigated wetland losses by avoiding critical habitat and reducing the number and size of facilities. Despite the fact that oil exploration and development on the North Slope have resulted in 25% of the nation's daily domestic oil production, only 0.05% of the wetlands on the Slope have been disturbed. The impact of development has been minimal with no reduction in wildlife population.

Arctic wetlands are different



In temperate-zone wetlands, there is free exchange of surface and subsurface water.



In spite of sparse precipitation which would classify Alaska's Arctic as a desert, the presence of permafrost prevents the downward movement of water and creates wetlands quite different in character from wetlands in temperate zones.

The critical question of balance

The Resource Development Council's Tenth Annual Conference on Alaska's Resources is dedicated to achieving a balance between competing interests to produce policy that protects Alaska's environment while providing access to jobs and economic opportunity.

In Alaska, private sector industries that develop the state's vast resources form the cornerstone of the economy and fund 85% of state government operations. The challenge is to ensure that our policymakers balance environmental protection with other needs.

Unfortunately, there are some who fail to recognize or accept the fact that Alaska's economy is greatly dependent on development of its natural resources. There are individuals and organizations out there attempting to close millions upon millions of acres of land in Alaska from multiple uses, despite the fact that a great amount of our lands have already been closed to development through massive land withdrawals.

Overall, 158 million acres in Alaska have been set aside into federal conservation units. These units, which nearly equal the combined size of California and Oregon, comprise 70% of America's national park lands and 90% of its wildlife refuges. Alaska contains over 62% of all federally designated Wilderness in the United States, enough to cover the entire state of Utah. And millions of additional acres are under Wilderness consideration.

The remaining state and federal lands in Alaska opened to development, are managed to very high standards to protect the environment. Yet new restrictive land designations are constantly being advanced by national environmental groups seeking to "save"



Thoughts from the President

by
Pete Nelson

Alaska for future generations. Completely ignored is the fact that vast portions of the state have already been closed to development and that the land base opened to multiple use is getting smaller with every additional designation.

If Alaska is to continue to develop its private sector and support its population base in the face of rapidly declining oil revenues, reasonable expansion of the state's infrastructure and development of its natural resources must proceed.

Without a proper balance, Alaska's economy will crumble and the state will lose much of its population. Parents will see their children seeking jobs Outside and the remaining citizens will be faced with overwhelming tax burdens to support facilities and programs built over the past 15 years.

It's all a matter of balance and RDC's annual conference should provide extremely worthwhile insights into this critical question of balance.

Conference to open November 29

Speakers from across Alaska and the Lower 48 will address the controversial issue of balancing environmental protection with the need for new jobs and economic diversification when the Resource Development Council's 10th Annual Conference opens in Anchorage Wednesday, November 29.

Entitled, **Alaska: Playground, Park and Production State, A question of Balance**, the two-day conference and associated All-Alaska Holiday Expo, will be held at the Sheraton Anchorage Hotel.

The conference opens with presentations on maintaining wildlife values in developing areas, balancing development and preservation in parks and refuges and America's perception of Alaska in light of the Valdez oil spill. The Wednesday keynote luncheon will feature General Richard Lawson, President of the National Coal Association. Lawson will address the question, "How Will Future U.S. Energy Demand Be Met?"

The Wednesday afternoon segment will highlight key energy issues, including Alaska's role in future national energy policy, the costs and risks of American energy scenarios and harnessing alternative energy sources. In addition, the economic and social costs of environmental protection will be discussed.

Thursday morning's session will open with an analysis of a proposed national wetlands policy and its economic effects. Balancing world-class mineral development with environmental concerns will also be explored. Other presentations will follow on shore-based processing and timber harvesting. The Thursday keynote presentation, entitled "America's \$80 billion Opportunity," will be delivered by William McHugh, President of Yukon Pacific Corporation.

The concluding segment of the conference will feature Alaska mayors addressing the community stake in resource development. Highlights include fiscal realities and the tax base, how national policy affects local communities, balancing competing interests, and transportation's role in local economic expansion.

In addition to Lawson and McHugh, speakers include Gomer Jones, President of the National Institute for Urban Wildlife, Columbia, Maryland; Percy Payne, General Manager of Production, Shell Western E & P, Houston, Texas; Dr. Henry Schuler, Director of the Energy Security Program at Georgetown University, Washington, D.C.; Robert Gentile, Consultant on Fossil Energy to the Secretary of Energy, Washington, D.C.; Frank Joklik, President, Kennecott Corporation, Salt Lake City, Utah; Vicki Masterman, Environmental Affairs Attorney, Jones, Day & Pogue, Chicago, Illinois, and James Wickwire, a Seattle attorney and internationally-known mountaineer.

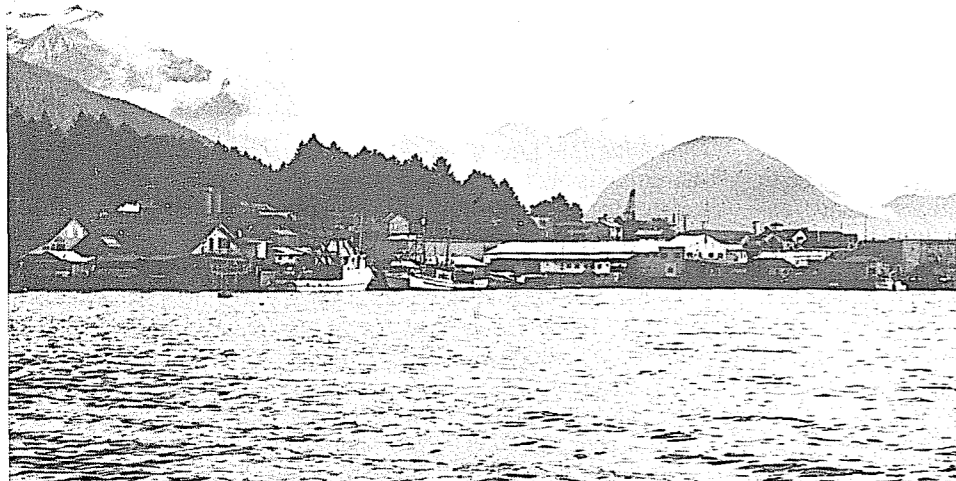
Alaska speakers include Wayne Ross, Vice President of the National Rifle Association, Neil Johannsen, Director of Alaska State Parks, Gunnar Knapp, Associate Professor of Economics, Institute for Social and Economic Research, Jacob Adams, President of Arctic Slope Regional Corporation and John Sturgeon, President of Koncor Forest Products.

Also addressing the conference are Paul Dale, President, Cook Inlet Processing in Nikiski, Mayor Jerome Selby, Kodiak Island Borough, Mayor Lynn Chrystal, Valdez, Mayor Bruce Botelho, City and Borough of Juneau, Mayor Ralph Gregory, Ketchikan Gateway Borough and James Skogstad, President of the Kenai Peninsula Borough Assembly.

To register, call RDC at 276-0700.

"No net loss" concept may be solution to wetlands problem in Lower 48, but makes little sense here

(continued from cover)



All of Sitka's fishing district is built on coastal wetlands. Most Alaska communities rely heavily upon the use of coastal and inland waterways, requiring the use of surrounding or adjacent wetlands for infrastructure and other support facilities ranging from schools to airports.

that originally existed in the contiguous United States. Wetlands are being filled, drained or altered at the rate of at least 275,000 acres per year in those contiguous states. Consideration of a new federal wetlands policy has merit for states where the majority of the wetland base has been significantly altered or destroyed by erosion, settlement, agriculture, urban and/or industrial uses.

Support for a national wetlands policy has been sparked by wetlands losses in the Lower 48, not in Alaska, according to RDC Executive Director Becky Gay. She explained that Alaska's wetlands are not endangered from a quantity or quality perspective.

"The absolute prohibition of further loss or use of wetlands is inappropriate in Alaska where 99.95% of our wetlands remain intact, despite world-class energy and minerals development on the North Slope and elsewhere in Alaska," Gay said. "Even while producing 25% of America's domestic oil supply, Alaska has used less than five one-hundredths of one percent of its total wetlands," Gay continued. "Minimizing loss of high-valued wetlands is certainly a better and more realistic approach."

Alaska wetlands cover more than 170 million acres, accounting for over two-thirds of its non-mountainous land area. The result is that wetlands of many types and descriptions form the bulk of the developable land in the state. Therein lies the problem.

The broad definition of wetlands, combined with the emerging federal policy of "no net loss," would place remaining lands and development projects in a precarious situation. With limited overland transportation routes, most Alaska communities rely heavily upon the use of coastal and inland waterways, requiring the use of surrounding or adjacent wetlands for infrastructure and other support facilities ranging from schools to roads, airports and marine facilities. And in a state that is relatively undeveloped, the potential limitation on construction and/or expansion of these facilities is staggering.

Strict implementation of a federal "no net loss" policy would require that wetlands acreage used for development would have to be compensated for by purchase, restoration or preservation of equivalent wetlands acreage. This is a difficult requirement for Alaska where wetlands predomi-

nate, where the bulk of Alaska is owned by the federal and state governments and where there has been relatively little development.

Since Alaska has almost double the wetlands acreage of the Lower 48 states, application of this national policy would have a disproportionately greater impact on the State of Alaska than on all the Lower 48 states combined. Ironically, the greatest impact of a national "no net loss" policy will be in the one state that does not have a wetlands loss problem. And thwarting development in Alaska wetlands will do nothing toward solving the wetlands problem where it exists — in the Lower 48.

"No net loss" policy is poorly defined

Since the "no net loss" concept is not yet law nor policy, the federal agencies have not formally adopted the policy in their regulations and programs. However, the great fear is that President Bush is going to issue an executive order establishing a "no net loss" wetlands policy. This makes Alaskans nervous since the concept has not yet been thoroughly defined and is open to widely varying interpretation.

U.S. Fish and Wildlife Service officials claim there is nothing in the emerging policy requiring no net loss of wetlands nor creation of an acre of wetlands for each acre that is filled. The agency prefers to describe the wetlands plan as an idea that structures development projects so that they fill in only



Advancing technology has helped minimize the footprint of oil development on the vast North Slope. Facilities have been consolidated to avoid important habitats and minimize wetland reductions.

the least important of the wetlands, causing minimum impact on the environment.

But industry and community leaders across Alaska disagree, complaining that some projects are directly being held hostage through a de facto application of "no net loss," even after they have been designed to avoid and minimize impact to the environment.

Emerging wetlands rules frustrate development

A case in point is the Municipality of Anchorage's frustrated efforts to secure the needed permits to fill in 14 acres of land adjacent to its port for infrastructure expansion. Additionally, the city plans to fill in about 50 acres immediately south of the port. The permits have been pending since last year.



The impact of resource development in Alaska has been minimal. On Alaska's North Slope, home of America's largest oil fields, fish and wildlife populations continue to feed, reproduce and rear their young. The limited use of wetlands for oil development has not caused any measurable effect on the wildlife populations.

The "alphabet soup" of state and federal agencies participating in the exhaustive permit process all agree that use of the land for port facilities is appropriate. However, the U.S. Fish and Wildlife Service, the Alaska Department of Fish and Game, the National Marine Fisheries Service and the Environmental Protection Agency are demanding that Anchorage do substantial offsite mitigation. They all agree that no mitigation is possible within the 14-acre area, but the agencies want the city to spend anywhere from \$200,000 to \$1 million in some other area to create or enhance wetlands.

"If it costs \$1 million to mitigate for 14 acres, what's it going to cost for our 50 acres next to Ship Creek," said Anchorage Mayor Tom Fink. "You can't use a mathematical relationship because the cost of extortion goes up each time extortion money is paid."

Outside Anchorage, other communities and development projects are facing major problems when it comes to wetlands. For example, the U.S. Fish and Wildlife Service and the Environmental Protection Agency have asked North Slope oil and gas operators to rehabilitate wetlands or replace environmentally-sensitive wetlands as a condition for approving permits on the North Slope. The operators note that in lieu of an actual policy, federal agencies overseeing wetlands already have cited the "no net loss" goal in requiring mitigation on a permit by permit basis.

Additionally, native land ownership raises another issue unique to Alaska. Alaska natives received approximately 44 million acres of land from the federal government. These lands were conveyed spe-

(continued on page 6)

