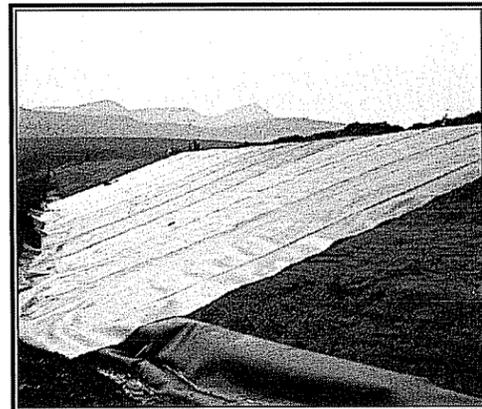
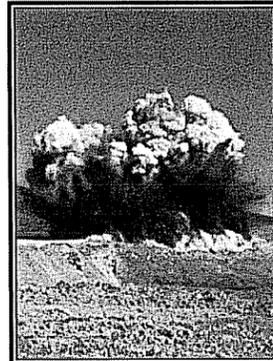


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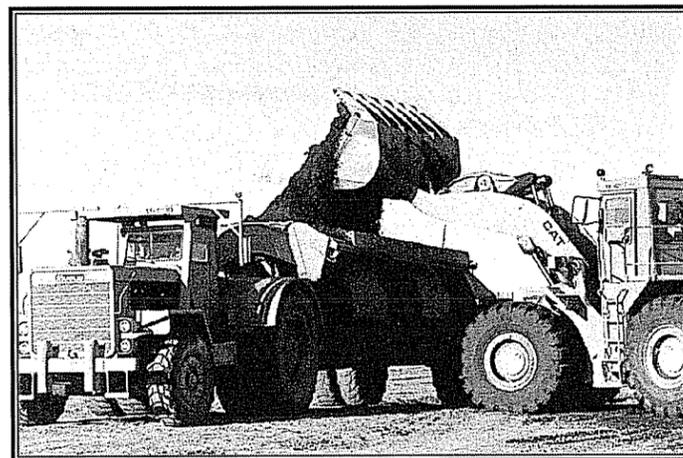


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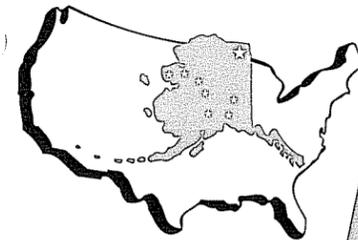
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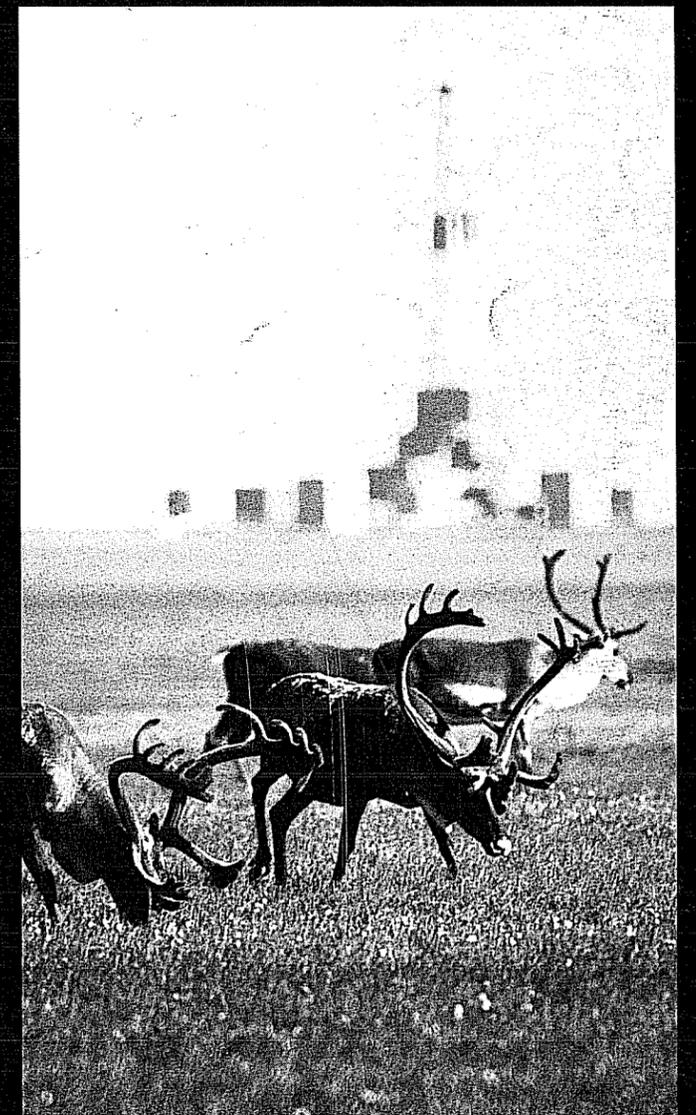
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Resource Review

May 1991

Caribou and arctic oil development

The Spotted Owl was the environmentalists' surrogate of 1990. It was used to destroy the Pacific Northwest timber industry. Will the plentiful caribou that roam the Alaska arctic be used to block exploration of the nation's greatest oil prospect?



See pages 4-5

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ANWR lobbying grows more intense

Forces clash over national energy strategy

Congressional approval of legislation to open the Coastal Plain of the Arctic National Wildlife Refuge to oil and gas development must come by early next year, before the 1992 election season begins to dominate Congress' agenda, Washington, D.C. lobbyists warn.

Lobbying on the issue is growing more intense as pro-development forces and preservationists clash over a national energy strategy of which ANWR is the centerpiece. Without ANWR, the energy strategy is likely to go nowhere, according to inside observers.

President Bush has made oil and gas exploration on the Coastal Plain the key production component of his energy bill. It is also the heart of the energy bill Senator Bennett Johnston is pushing in the Senate Energy and Natural Resources Committee. Johnston's bill represents a more comprehensive energy strategy, containing provisions for conservation, alternative energy and an increase in the motor vehicle fuel efficiency standards.

The Johnston plan would use ANWR lease revenues to pay for various conservation programs and alternative energy research and development projects. Without ANWR, Johnston and the President would have no major production source, and proponents of alternative fuels and conservation programs would have no fund for their proposals.

Johnston had planned to gain approval of his bill in the Senate energy committee in early May and the full Senate before the Memorial Day recess, but that timetable was set back by the Committee's slow examination of provisions applying to hydroelectric and nuclear power, natural gas distribution, the streamlining of electric utility systems and fuel efficiency standards for automobiles. The Committee was expected to approve Johnston's bill later this month. The bill would then head to the Senate floor where a final showdown is likely this summer.

While Senate floor action approaches, the House Merchant Marine and Fisheries Committee has scheduled a series of hearings on Chairman's Walter B. Jones' ANWR bill (H.R. 1320) to be held in the Fisheries and Wildlife Conservation and the Environment Subcommittee. The Subcommittee hearings on H.R. 1320 will be held in June and July in Washington, D.C., and in August in Alaska.

The Subcommittee, chaired by Representative Jerry Studds, held its first hearing on the bill on May 1. Environmentalist Mike Matz attacked the oil industry at the hearing, saying exploration on the Coastal Plain would be like building a dam in the Grand Canyon.

BP Exploration's Roger Herrera said Matz was exaggerating the beauty and special characteristics of the refuge in an effort to convince Congress to block energy development.

"To suggest it is a virgin, untouched eco-system is an exaggeration," Herrera said.

The BP executive said the Coastal Plain can be devel-

oped in an environmentally-sensitive manner and that its characteristics are found widely on the largely undeveloped North Slope.

Environmentalists claim the Coastal Plain is America's last great wilderness and therefore should not be developed. But most of the Alaska arctic is wilderness and will remain so despite the proposed development.

Existing North Slope oil fields, which generate up to 25 percent of America's domestic production, occupy less than 9,000 of the 56 million acres which comprise the arctic coastal plain.

Some 1.5 million acres of coastal area inside ANWR has been proposed for oil leasing, but actual development is projected to impact less than 12,000 acres, according to the Department of Interior. Nearly half of the 19-million acre refuge is designated Wilderness, including 400,000 acres on the coast. All of the Wilderness areas, including those on the coast, will remain closed to development.

Overall, Alaska contains over 57 million acres of federally-designated Wilderness. In addition, millions of acres of other federal and state lands have been placed in highly-restrictive conservation categories.

Herrera urged the Committee to see the Coastal Plain before voting on whether to preserve it as Wilderness or open it to development. Chairman Studds, an opponent of development, said the Committee will visit ANWR in early August.

In other recent testimony, Congressman Richard Gephardt (D-MO) indicated that he would consider supporting measures to open the Coastal Plain.

"I'm not unwilling to vote for ANWR," Gephardt told a House Energy and Commerce Subcommittee hearing on corporate average fuel efficiency standards. "I see the need here for compromise."

Fairbanks rally...

(Continued from page 3)

areas. It would no longer guarantee tenure for persons locating minerals.

"We in Alaska have seen Congressional attempts to lock up the state by land use designations," said Steve Borell, Executive Director of the Alaska Miners Association. "This is a continuing effort in that same direction."

The Alaska Miners chief warned that Rahall's bill, if enacted into law, would drive up the cost of mining to a point beyond what many operations can bear, resulting in fewer mines on federal lands.

"I am convinced that this is Mr. Rahall's objective—to limit public use of the public lands, not only in Alaska, but throughout the West," Borell said.

An alternative to "no net loss" of wetlands



Thoughts from the President

by
William E. Schneider

Congressman Don Young may have found a solution to Alaska's wetlands problems. The issue is complex and one, but Young's bill (H.R. 1330) just might be the answer.

In the last two years, the Environmental Protection Agency and the Corps of Engineers have attempted to quietly implement a "no net loss" policy for wetlands regulation under Section 404 of the Clean Water Act. Without any public or congressional input, these two agencies implemented the infamous and controversial Memorandum of Agreement, going beyond Congressional mandate.

The result has been a bureaucratic quagmire. Little did they know that the regulated community and many members of Congress would not stand still for this gross over extension of agency authority. The public outcry from Alaska was loud and clear, and rightly so since the future of our state, its local municipalities and private land owners is at stake.

Some areas of the Lower 48 have legitimate concerns about loss of wetlands—more than 50 percent of the 215 million acres of wetlands have been lost due to human development and Mother Nature. Here in Alaska, however, of 170 million acres of wetlands at the time of Statehood, less than one-tenth of one percent have been used to build homes, schools, highways, airports, hospitals and resource development infrastructure, even when the North Slope oil fields and the Trans-Alaska Pipeline are included.

A national solution designed to curb the loss of wetlands in the Lower 48 could seriously jeopardize future development in Alaska. A "no net loss" policy would require the

creation or rehabilitation of degraded wetlands, acre for acre, and in some cases, 3 acres for every acre used for development. The Lower 48 may need to add more wetland acres to its inventory, but does Alaska? In Alaska, where 70 percent of the non-mountainous areas are wetlands and over 61 million wetland acres are currently stored in federal and state conservation units across the state, a requirement to create new wetlands in order to get a permit just doesn't make sense.

Already the effect of "no net loss" is being felt in the growing communities of Alaska. Juneau was forced to scrap its preferred site for a \$19 million middle school when the Corps designated the hillside land as wetlands. After costly delay that has pushed back the school's planned 1993 opening, the Juneau School District settled on an alternate site on privately-owned lands. Perhaps most frustrating for the Juneau officials is that they have been engaged in an EPA-sponsored advanced identification process to classify local wetlands, and the original school site was not included in any of the areas under study for wetlands classification.

Congressman Young has joined a bi-partisan coalition of congressmen in drafting and introducing legislation that would give Lower 48 states flexibility in saving their vanishing wetlands while recognizing conditions such as those in Alaska where wetlands are abundant.

The legislation is called "The Comprehensive Wetlands Conservation and Management Act of 1991," and it's designed to provide a framework to resolve the complex issues relating to wetlands conservation and management. Most importantly, the bill acknowledges that all wetlands are not created equal and establishes a classification system for wetlands into three types based on habitat value and regional abundance. The most valuable class would be more strictly regulated than it is under current law. The middle category would be treated similarly to current law, but with a more balanced approach to permitting decisions. For the private land owner, the bill provides a mechanism for compensation in cases where property is classified as most valuable.

While the bill no doubt will undergo significant fine tuning, it offers the best legislative solution to the controversy surrounding wetlands protection.

Miners to rally at Fairbanks hearing

Alaska miners and others who support multiple uses on the public lands in the 49th state will hold a rally in Fairbanks May 25 in conjunction with a congressional hearing on legislation that would replace the federal Mining Law of 1872.

The rally will be held from 1:00 p.m. to 4:00 p.m. at the Fountain Plaza on the University of Alaska campus. The location is outside Schaible Auditorium, the site of the hearings. Over 500 miners and other advocates of multiple use are expected to attend the Fairbanks rally. A variety of contests for the children are planned.

Earlier rallies in Reno, Nevada and Santa Fee, New Mexico were very successful in drawing attention to the miners plight. Over one thousand people attended each of

the southern rallies, which were called to show support for the mining industry and the Mining Law of 1872.

Approximately 40 people have been invited to testify at the Saturday hearing on H.R. 918, the Minerals Exploration and Development Act of 1991. The bill was introduced by Rep. Nick Rahall, Chairman of the House Interior and Insular Affairs Subcommittee on Mining and Natural Resources. Rahall is a Democrat from West Virginia, a state with no public lands available for mineral entry under the existing federal mining law.

Rahall's bill would remove and replace the existing federal mining law and impose significant new costs in many

(Continued to page 6)

Caribou and arctic oil

Animals thrive amid North Slope production facilities

For hundreds of years, caribou by the thousands have roamed Alaska's windswept and bitterly-cold North Slope. The most studied herd, the Central Arctic, has spent its summers grazing and calving in an area that now produces 25 percent of all U.S. oil production -- Prudhoe Bay.

When America's largest oil field was discovered in 1968, Eskimos and other residents of the North Slope feared for the caribou, an animal they depend upon for various uses, including food. Yet the Central Arctic herd has thrived in the midst of oil development. Since 1973, it has grown from 3,000 animals to about 18,000 — a fact often ignored or down played in reports about the possible impact of oil development on the Porcupine caribou herd.

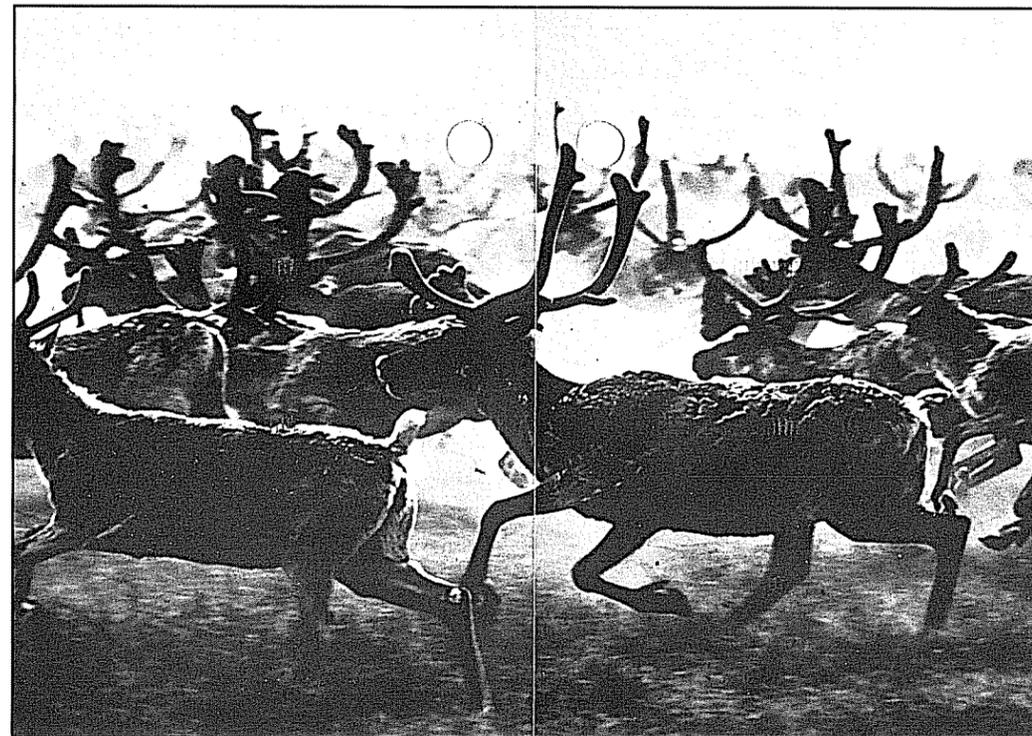
"Before oil production began, we were very concerned about the impact of oil development on caribou," said North Slope Inupiat Eskimo Jacob Adams. "Our people have since carefully observed oil and gas development at Prudhoe Bay and its impact on the fish and wildlife resources we use," Adams continued. "It is our judgment, based upon close personal experience, that we can have balanced and carefully regulated oil development and preserve the environment and the wildlife resources."

The relatively small 1.5 million-acre Coastal Plain of the 19-million acre Arctic National Wildlife Refuge (ANWR) has been identified as the nation's best prospect for a giant, onshore oil discovery. Government and industry scientists believe that carefully-regulated oil development should not have a significant impact on the 180,000-animal Porcupine caribou herd that travels into the area.

Since the Interior Department released a study in 1987 recommending the Coastal Plain be opened to drilling, the fate of the caribou has been a central concern. However, James Eason, Director of the state Oil and Gas Division, said continuing studies and North Slope experience suggest the caribou will not be bothered by development. He said effects on the herd can be minimized by building crossing ramps, locating roads away from pipelines and perhaps by imposing seasonal restrictions on activities during the herd's spring migration.

Canada has opposed opening the Coastal Plain to development on the grounds that drilling might disturb the herd and alter its migration patterns, thus affecting native villages in the Northwest Territories that depend on the animals for food. The Gwich'in Indians in Alaska also oppose drilling for the same reason.

But full development would involve less than one percent of the ANWR Coastal Plain, so habitat would not be a limiting factor. Millions of acres in and outside



The caribou is a surrogate for the fight to establish more federally-designated Wilderness in Alaska, a state that already bears the economic burden of 57 million acres of this off-limit designation. Alaska has 62 percent of the nation's federal Wilderness. Environmentalists would like to designate the 1.5-million acre Coastal Plain of ANWR Wilderness, forever closing it to oil and gas development.

ANWR would remain undisturbed for the Porcupine herd to continue to range and be hunted by the indigenous people.

The Prudhoe Bay experience

When oil was discovered at Prudhoe Bay, steps were taken to ensure that subsequent development would not deprive the Central Arctic herd of continued access to its summer range. The industry carefully evaluated wildlife use, habitat and drainage in selecting sites for production facilities. Migration routes and feeding areas used by caribou were carefully mapped. Technological advances allowed for the consolidation of facilities, preserving vast areas within the oil fields for wildlife habitat.

The Central Arctic herd has grown more than six-fold since the North Slope oil fields were brought on line.

"The caribou of the Central Arctic herd haven't been displaced by oil development," said Mike Joyce, an environmental scientist with ARCO Alaska, Inc. "We still see caribou everywhere we used to, and they still use the same

areas for the same reasons."

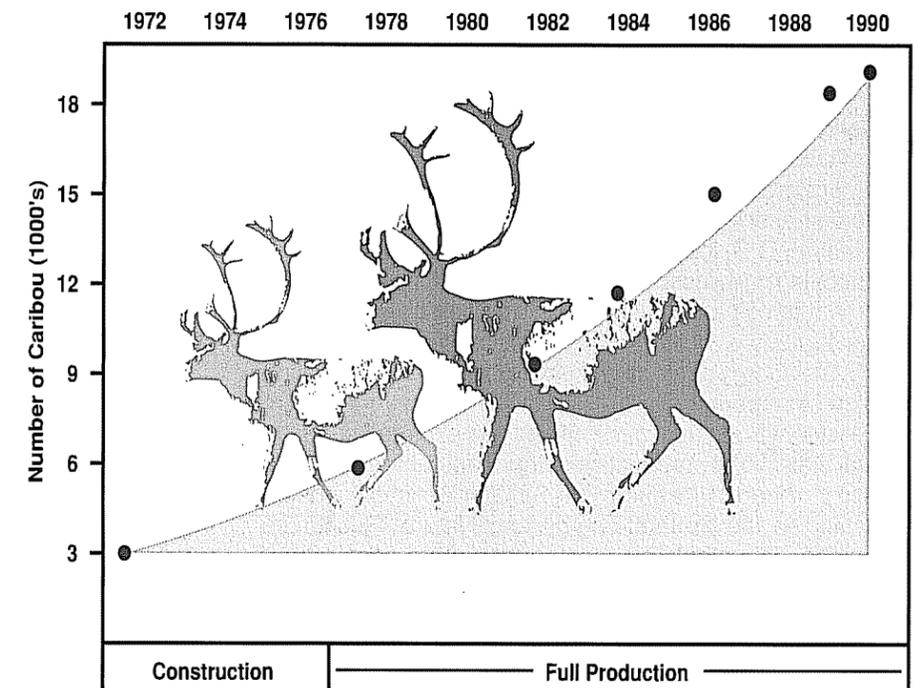
When possible, pipelines are now built 400 to 1,000 feet from the nearest road, and roads are built parallel to known caribou migration routes, minimizing the need for animals to cross them. Pipelines are built high enough for caribou to easily walk under them. (The animals are known to use pipelines for shade in the treeless arctic.)

"Elevating pipelines and separating them from roads works like a charm," said Joyce. "Crossing success rates are high. In fact, studies comparing elevated pipelines to control areas bounded by imaginary lines show that properly designed oil field structures have no effect on ultimate crossing success."

Because the Porcupine caribou herd is much larger than the Central Arctic, and its summer range is smaller, some critics claim that the industry's experience at Prudhoe Bay and Kuparuk may not be applicable to ANWR.

Joyce, Eason and others disagree. "For the Porcupine herd, we'll have to design crossings capable of handling large groups of caribou," Joyce

Prudhoe Bay Development Timeline and Population Increase of Central Arctic Herd



said. "We should be able to move 20,000 as easily as 6,000."

Migration to the coast

Alaska's arctic caribou have always moved to the coast to calve and escape the predators that stalk them in their inland winter ranges. Few bears or wolves follow the herds north. Most remain behind to tend their own pups and cubs.

The Porcupine herd (180,000) travels from western Canada to northeast Alaska. The largest, the Western Arctic herd (342,000 animals in 1988), ranges from Bettles to Barrow, and the Central Arctic herd (18,000) moves from the flanks of the Brooks Range to the oil fields of Kuparuk and Prudhoe Bay.

All three herds have experienced substantial growth in recent years. Between them there are 540,000 animals. They arrive on the North Slope in late May, give birth in early June and spend the summer feeding on the tundra. The Teshekpuk caribou herd, between Prudhoe Bay and Barrow, adds

an additional 22,000 animals to the healthy arctic caribou count.

Scientists don't know why arctic caribou populations are on the rise. Wildlife populations are affected by many factors, including predation, the availability of food on winter and summer ranges, weather, insects and more. The huge Western Arctic herd suffered an alarming decline in the mid-1970s, but rapidly recovered in the 1980s. Likewise, the Teshekpuk herd doubled in size during the 1980s.

"Natural populations of all kinds are cyclical," said ARCO's Joyce. "There's no doubt that somewhere along the line, the steady growth of the Central Arctic herd is going to cease. The herd is going to peak, and the numbers are going to decline. Our hope is that we know enough about the herd to be able to explain why."

The arctic caribou are definitely not an endangered species in Alaska or Canada. In fact, many are descended from domestic reindeer which were herded as far as the Seward Peninsula near Nome.

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