

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
4855 HRES ANSWR: BACKGROUN/HISTORY (SEE ALSO SJR 7)

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Koyukuk basin. Other chapters contain descriptions of the Nanushuk Group, which is the reservoir horizon at the Umiat oil field on the North Slope; the Fortress Mountain Formation, which was the drilling objective of two deep test wells on NPRA and has produced gas on tests of industry wells in the Brooks Range foothills; the Shublik (Oluk) Formation, considered by some to be the source of some hydrocarbons in the Prudhoe Bay oil field (it may also be the reservoir for gas in the Kavik gas field in the Brooks Range foothills); the Echooka Formation of the Sadlerochit Group, which is present in the Prudhoe Bay field; and the Lisburne Group, which is one of the major reservoir horizons in the Prudhoe Bay oil field. These strata are also present in the subsurface of the Arctic Slope and correlate with strata in the Prudhoe Bay area and the Arctic National Wildlife Refuge. These chapters represent the most up-to-date compilations of geologic data for the study area and contain discussions of the relationships between the structure and stratigraphy of the Brooks Range and the Arctic Slope. Chapters on the geologic evolution of the Brooks Range and the origin of and deposition into the Colville basin complete the detailed geologic discussions.

Also included in the report are a generalized geologic map of northern Alaska, a regional cross section of the Brooks Range and Arctic Slope, a generalized structure map of the Prudhoe Bay field, and the only seismic section available in the public record for the area between the Colville and Canning Rivers. In addition to the technical discussions, four chapters summarize the physiography, vegetation, climate, glacial geology, permafrost, and history of oil exploration in the Prudhoe Bay area. The volume contains 227 illustrations, including 137 photographs and 64 line drawings and generalized maps. The road log includes 26 geologic strip maps (in color) that cover the Dalton Highway.

Unfortunately, DMGGS does not presently have the resources to complete the final edit of the volume or to cover printing costs. Because the state budget process does not allow us to collect receipts from the sale of reports, it is particularly difficult to publish sizeable documents such as the aforementioned volume (printed copy about 250 pages). To date, the State of Alaska has contributed approximately \$175,000 in personnel costs to prepare the report. Ninety percent of the artwork is complete, and some revisions (based on peer reviews) have been made to the manuscript and maps. I will have a copy of the report with me when we meet on November 21.

It would appear that the document could be published jointly under the Memorandum of Agreement. Receipts from sale of the report will more than cover final editorial, typing, and printing costs and (per the MOA) could be used to fund other joint projects.

Projected costs to publish the document are listed below:

Geologist VI (3 wk)	\$ 6,000
Editor (2 mo)	10,800
Clerk-typist (2 mo)	5,200
Student intern to finalize drafting and copy edit text (2 mo)	5,200
Printing (2,500 copies)	45,000
Mailing	<u>7,500</u>
Total cost	\$ 79,700

Projected receipts:

2,500 volumes @ \$45/volume

\$112,500

Should DOE decide to fund the project, the volume would be print-ready four months from receipt of funding. Production of the document will not interfere with completion of work specified in the ANWR data-base proposal of November 12, 1986. In fact, the information presented in this report compliments that of the ANWR project.

Thank you for your consideration of this additional cooperative effort.

Sincerely,

Cheri L. Daniels, Chief
Resource Information Section

cc: Keith Fry ✓
Carolyn Klym
Laura Jones
Joseph Lagler
Dick Nève
Laurel Murphy
Rich Kornbrath
Wyett Gilbert
Dick Reger
Gil Mull

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

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ANCHORAGE, ALASKA 99510
PHONE: (907) 561-2020
 794 UNIVERSITY AVENUE, BASEMENT
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PHONE: (907) 474-7147

November 12, 1986

Joseph Lagler
Deputy Associate Director
Office of Technical Management
U.S. Department of Energy
Morgantown Energy Technology Center
P.O. Box 880
Morgantown, West Virginia 26505

Keith Frye

Dear Joe:

Enclosed is the implementation plan for the Arctic National Wildlife Refuge on-line data base and folio. This project is being proposed as a joint effort by the U.S. Department of Energy and the State of Alaska under the Memorandum of Understanding signed in August 1985. The project specifically addresses Annex V, 'Assessment and characterization of Alaskan fossil energy resources.'

Pursuant to our meeting on October 9, 1986, I have outlined a plan to compile an on-line nongraphic data base, a graphic data base, and basin analysis folios for the Arctic National Wildlife Refuge (ANWR). The objectives of the plan will be met by four subprojects; timelines and approximate costs are included.

<u>Subproject</u>	<u>Cost</u>	<u>Timeline</u>
1. On-line North Slope bibliography	\$ 50,200	3 months
2. On-line ANWR nongraphic data base	\$ 28,900	9 months
3. ANWR graphics data base	\$161,100	12 months
4. Basin analysis folios	\$148,700	12 months/volume

All subprojects can be accomplished simultaneously; specified timelines designate time to on-line capability after acquisition of the necessary equipment. Subproject 4 includes production of annual 'Accomplishments' volumes that will consist of topical studies on ANWR and several detailed geologic maps (in color).

During the 1985 and 1986 field seasons, the State of Alaska spent approximately \$400,000 in direct field support of ANWR studies. To date, \$154,000 has been expended to process analytical data. Personnel costs (field time only) total \$691,000, including \$557,000 at the Senior Geologist level and \$134,000 at the Geologist level. During 1985, a crew of 39 (with two helicopters) spent 45 days on ANWR-related studies. During 1986, a crew of 50 (with one helicopter) spent 45 days in the field. Approximately \$1,245,000 has been

spent by the State of Alaska to collect geologic data related to ANWR. As mentioned above, personnel costs are for field-time only; this figure could easily be quadrupled if year-round personnel costs are included.

Collection and analysis of data from ANWR is presently the highest priority project for DMGGS. We envision a 45-day field season for a helicopter-supported crew of 20 to 30 geologists during the summer of 1987. Prospects for post-1987 field work are promising but will depend on priorities set by the Legislature and Governor.

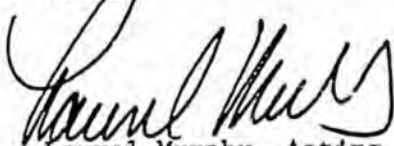
Per Annex V, proceeds of the sale of the on-line data and documents will go into a 'joint fund' especially designated for use in future mutually beneficial and agreed-upon joint projects. Revenues to the cooperative project will be realized through user charges and subscription fees for the on-line data bases and sale of the maps and 'Accomplishments' volumes. User charges and subscription fees for the on-line data bases will produce estimated revenues of between \$20,000 and \$40,000 per year. From experience with potential users over the past 2 years, we anticipate a user group of between 150 and 250 subscribers. A yearly subscription fee of \$120 would allow on-line access of 720 minutes per year. Additional on-line time would be charged at \$0.10 per minute. Pricing of the 'Accomplishments' volumes and detailed geologic maps (see Implementation Plan) is comparable to that of similar documents published by other organizations. Any profit that is realized will help defray unexpected expenses and pay for initial equipment costs.

I look forward to meeting with you in mid-November. As I mentioned to Laura Jones, I will be in the Washington, D.C. area from November 17-21, and available to meet with you late that week, perhaps November 20 or 21. Please don't hesitate to contact me about the attached implementation plan.

Sincerely,



Cheri L. Daniels, Chief
Resource Information Section



Laurel Murphy, Acting Director
Alaska Division of Mining and Geological
and Geophysical Surveys

CLD/ram

Enclosure

cc: Keith Frye
Ruth Fry
Dick Nève
Rich Kornbrath
R.L. Reger
John Decker
W.G. Gilbert

IMPLEMENTATION PLAN
ARCTIC NATIONAL WILDLIFE REFUGE ON-LINE DATA BASE AND FOLIO

OBJECTIVES

Consolidate relevant geological, geochemical, and nonproprietary geophysical information bearing on the development of oil-and-gas resources in the Arctic National Wildlife Refuge (ANWR).

Develop a graphic and on-line nongraphic ANWR data base for use by developers, investors, government decisionmakers, scientists, and private-interest groups.

Produce an annual 'Accomplishments' volume for ANWR that will include geologic reports and color maps in a saleable form.

CONTENT

The compilation will include an on-line nongraphic data base, a graphic data base, and an annual edition of a basin analysis folio that will consist of two detailed geologic maps and an 'Accomplishments' volume for the Arctic National Wildlife Refuge. The computerized data base will consist of (but not be limited to) the following items:

1. Bibliography of geologic references
2. Microfossil data
3. Megafossil data
4. Petrographic data
5. Porosity and permeability data
6. Thermal-maturation data
7. Geochemical data
8. Radiometric age data
9. Oil and gas well locations
10. Well-log data
11. Facies and basin evolution models
12. Preliminary reports
13. Digitized products
 - a. Detailed geologic maps
 - b. Isopach maps for reservoir units
 - c. Depth-to-basement and depth-to-reservoir maps
 - d. Pre-Mississippian basement lithofacies map
 - e. Net sand maps
 - f. Gravity maps
 - g. Aeromagnetic map(s)
 - h. Detailed structure maps and sections
 - i. Other derivative maps
 - j. Regional correlation diagrams
 - k. Time-temperature diagrams
 - l. Paleogeographic reconstructions
 - m. Thermal evolution models
 - n. Correlation diagrams and isopach maps that integrate ANWR, Prudhoe Bay, and Canadian stratigraphy
 - o. Measured stratigraphic sections

An annual edition of the basin analysis folio will include two detailed geologic maps (in color) and an 'Accomplishments' volume. An appendix to the folio will include selected stratigraphic sections, isopach maps, summaries of fossil data and chemical analyses, and RASP (Resource Assessment Simulation for Petroleum) evaluations.

PRODUCTION

The objectives described in this plan will be met by four subprojects:

1. On-line North Slope bibliography;
2. On-line ANWR nongraphic data base;
3. ANWR graphic data base; and
4. ANWR basin analysis folios (produced annually) that consist of an 'Accomplishments' volume and two detailed geologic maps.

SUBPROJECT I. On-line North Slope bibliography

Task:

Revise and update present Division of Mining and Geological and Geophysical Surveys North Slope bibliography so that it is available in a standard format that is easily indexed and readily available via modem to call-in users.

Time:

3 months

Equipment:

Compaq 386 microcomputer	
130 megabyte internal hard drive	
Color graphics monitor with EGA	
8 megabytes of memory	
2 floppy drives	\$ 10,000
Multitasking operating system	100
20 + 20 megabyte Bernoulli Box	3,000
Laser printer with graphics capabilities	4,000
2400 baud auto-answer modem	1,000
dBase III Plus	500
Microsoft Word	400
Communication software	1,000
Uninterruptible powersupply	1,000
dBase class	1,000
Optical disk on-line mass storage system	2,500
9 Bernoulli 20 megabyte cartridges	700
	\$ 25,200

Personnel:

Geologist IV to coordinate implementation (1 mo)	6,400
Analyst Programmer for installation, maintenance, and upgrade of system (2 mo)	7,800
Student Intern for data entry (3 mo)	7,800
Data-entry clerk to answer requests (1 mo)	3,000
Maintenance and upgrade in succeeding years (per year)	7,800
Data-entry clerk in succeeding years (per year)	3,000

Total initial cost	<u>\$ 50,200</u>
Cost to maintain (per year)	<u>\$ 10,800</u>

SUBPROJECT II. On-line ANWR nongraphic data base

Task:

To develop and update an on-line nongraphic data base for ANWR that will include (but not be limited to) microfossil data, megafossil data, porosity and permeability data, thermal-maturation data, geochemical data, radiometric age data, well-log data, petrographic information, and oil and gas well locations. This data base will be readily available via modem to call-in users.

Time:

9 months

Equipment:

Equipment to complete this project is included in Subproject I.

Personnel:

Geologist IV to coordinate implementation (1 mo)	\$ 6,400
Analyst Programmer for installation, maintenance, and upgrade of system (3 mo)	11,700
Student Intern for data entry (3 mo)	7,800
Data-entry clerk to answer requests (1 mo)	3,000
Maintenance and upgrade in succeeding years (per year)	7,800
Data-entry clerk in succeeding years (per year)	3,000

Total initial cost	<u>\$ 28,900</u>
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Cost to maintain (per year)	<u>\$ 10,800</u>
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SUBPROJECT III. ANWR graphics data base

Task:

To develop and update a graphic data base for ANWR that will include (but not be limited to) the following digitized products. Graphic files will be installed on the on-line data-base computer for public access on an experimental basis.

1. Detailed geologic maps
2. Isopach maps for reservoir units
3. Depth-to-basement and depth-to-reservoir maps
4. Pre-Mississippian basement lithofacies map
5. Net sand maps
6. Gravity maps
7. Aeromagnetic map(s)
8. Detailed structure maps and sections
9. Other derivative maps

10. Regional correlation diagrams
11. Time-temperature diagrams
12. Paleogeographic reconstructions
13. Facies models
14. Correlation diagrams and isopach maps that integrate ANWR, Prudhoe Bay, and Canadian stratigraphy
15. Measured stratigraphic sections

Time:

12 months

Equipment:

Compaq 386 microcomputer	
130 megabyte internal hard drive	
8 megabytes of memory	
2 floppy drives	\$ 10,000
High resolution graphics monitor with EGA	3,500
Multitasking operating system	100
20 + 20 megabyte Bernoulli Box	3,000
Auto Cad System	2,500
PC Arc GIS system	8,000
Graphics laser printer	4,000
2400 baud auto-answer modem	1,000
Large format flat-bed plotter (Hewlett Packard)	5,000
Large format digitizing tablet	3,500
Section balancing program	12,000
Contouring program	500
Optical scanner	500
9 Bernoulli 20 megabyte cartridges	700
dBase III plus	500
Lotus 1-2-3	500
Communication software	1,000
Uninterruptible power supply	1,000
	<u>\$ 67,300</u>

Personnel:

Geologist IV to coordinate implementation (2 mo)	\$ 12,800
Two Analyst Programmers for installation, maintenance, and upgrade of system (6 mo each)	46,800
Two student interns for data entry (12 mo each)	31,200
Data-entry clerk to answer requests (1 mo)	3,000
Data-entry clerk in succeeding years (per year)	3,000
Maintenance and upgrade in succeeding years (per year)	15,600

Total initial cost \$161,100

Cost to maintain (per year) \$ 18,600

SUBPROJECT IV: Basin analysis folio for ANWR

Task:

To compile and print an annual 'Accomplishments' volume and two detailed geologic maps (in color; scale 1:63,360). An appendix to each volume will include selected stratigraphic sections, isopach maps, summaries of fossil data and chemical analyses, and RASP evaluations. The documents will be published in the DMGGS Professional Report series in cooperation with the U.S. Department of Energy.

Time:

12 months per volume (includes two maps)

Equipment:

Compaq 386 microcomputer	
70 megabyte internal hard drive	
Color graphics monitor with EGA	
3 megabytes of memory	
2 floppy drives	\$ 10,000
Multitasking operating system	100
dBase III Plus	500
Desktop publishing software	2,500
Laser Printer with graphic capabilities	4,000
Uninterruptible power supply	1,000
2400 baud auto-answer modem	1,000
20 + 20 megabyte Bernoulli Box	1,000
Communication software	3,000
	<u>\$ 23,100</u>

Report and map preparation:

Personnel:

Geologist IV to prepare report and maps (4 mo)	\$ 25,600
Geologist I to assist with report and map preparation (3 mo)	11,000
Editor (2 mo)	10,800
Cartographer to prepare maps (5 mo)	24,000
Clerk-typist to type manuscript and map explanations (2 mo)	5,200
	<u>\$ 76,600</u>

Cartographic supplies:	\$ 7,000
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Printing:

Two color maps (3,000 copies each)	\$ 12,000
Text (250 pages; 6 sheets; 3,000 copies each)	\$ 30,000

Total cost	<u>\$125,600</u>
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Sales per year

Accomplishments volume (\$30 each)	90,000
Color maps (\$8 each)	48,000
	<u>\$138,000</u>

100-100000

PROPOSED
Resolution of the Interstate Oil Compact Commission
regarding the
Arctic National Wildlife Refuge

WHEREAS, the U. S. Congress has reserved the right to permit further exploration for, and development and production of, oil and gas within the coastal plain of the Arctic National Wildlife Refuge, Alaska; and

WHEREAS, the oil industry, the State of Alaska, and the Department of the Interior consider the coastal plain to have the highest potential for discovery of very large oil and gas accumulations on the North American continent; and

WHEREAS, a decision to permit oil and gas exploration development and production on the coastal plain will increase the value and facilitate development of highly prospective state owned tidelands and federally owned OCS lands offshore of the Refuge; and

WHEREAS, facilities developed to transport petroleum resources discovered on the coastal plain to the Trans-Alaska Pipeline System (TAPS) may allow marginal discoveries located between the Refuge and TAPS to be developed and produced and may prolong the economic life of TAPS; and

WHEREAS, oil and gas exploration and development of the coastal plain and adjacent lands could result in major discoveries that could reduce our nation's future needs for imported oil, help balance our trade deficit, and significantly increase the national security; and

WHEREAS, the 1.5 million acre coastal plain comprises only eight percent of the 19 million acre Refuge, and development of any oil and gas reserves subsequently discovered will affect an even smaller percentage of the coastal plain; and

WHEREAS, the oil industry has shown at Prudhoe Bay, as well as at other locations along the Arctic coastal plain, that it can safely conduct oil and gas activity without adversely affecting the environment or wildlife populations;

NOW, THEREFORE, BE IT RESOLVED that the Interstate Oil Compact Commission urges the Congress of the United States to open the Arctic National Wildlife Refuge (ANWR) Coastal Plain to environmentally responsible oil and gas exploration, development and production.

BE IT FURTHER RESOLVED that the Interstate Oil Compact Commission recommends that each of the member states urge their Congressional delegations to support the opening of ANWR.

BE IT FURTHER RESOLVED that the Executive Director is hereby directed to furnish a duly certified copy of this resolution to the Secretary of Interior, the Chairman and ranking member of the Committee on Energy and Natural Resources of the Senate, and the Chairman and ranking member of the Committee on Interior and Insular Affairs of the House of Representatives, and the Governors of the Compacting States.

DRAFT

RESOLUTION ON THE ANWR COASTAL PLAIN

- WHEREAS, Alaska's Arctic National Wildlife Refuge includes more than 19 million acres of land, amounting to approximately five percent of the entire state landmass, and
- WHEREAS, the Coastal Plain is approximately eight percent of the refuge, it is considered to be highly prospective for the discovery of large quantities of oil and gas; and
- WHEREAS, Congress has reserved the discretion to decide if the 1.5 million acres will be opened to further exploration, development and production; and
- WHEREAS, the petroleum industry has consistently demonstrated its ability to operate in conditions similar to those found on the coastal plain in a safe, responsible manner without significant adverse environmental impacts, and
- WHEREAS, the United States must prepare to develop domestic petroleum resources if it is to preclude overwhelming dependence on foreign petroleum sources in the 21st century; and
- WHEREAS, the value and development potential of state-owned tidelands and federally-owned OCS lands offshore of the ANWR Coastal Plain would be enhanced by a Congressional decision to open the coastal plain to further exploration, development and production; and
- WHEREAS, facilities developed to transport petroleum resources on the coastal plain to Pump Station One may allow marginal discoveries between the ANWR Coastal Plain and Prudhoe Bay to be developed; and
- WHEREAS, national energy security depends on the development of domestic oil and gas resources to replace depleted U.S. reserves; and
- WHEREAS, the nation stands to derive revenues including portions of bonuses, royalties and rents from oil and gas development; and
- WHEREAS, opening the ANWR Coastal Plain to further exploration, development and production will generate increased employment and business opportunities for all Alaskans and all Americans;
- THEREFORE BE IT RESOLVED THAT the 15th Alaska Legislature strongly urges the Congress of the United States to open the ANWR Coastal Plain to environmentally responsible oil and gas exploration, development and production.

Draft
for
NCSL
rewritten
by
Stamm

PROPOSED
RESOLUTION REGARDING THE
ARCTIC NATIONAL WILDLIFE REFUGE

WHEREAS, the U.S. Congress has reserved the right to permit further exploration for, and development and production of, oil and gas within the coastal plain of the Arctic National Wildlife Refuge, Alaska; and

WHEREAS, the oil industry, the state of Alaska, and the Department of the Interior consider the coastal plain to have the highest oil and gas potential of any onshore area in North America; and

WHEREAS, the proximity of the coastal plain to the Trans-Alaska Pipeline System enhances both production in the coastal plain and nearby areas and the longevity and usefulness of the pipeline; and

WHEREAS, oil and gas exploration and development of the coastal plain and adjacent lands could result in major discoveries that could reduce or nation's future needs for imported oil, help balance our trade deficit, and significantly increase national security; and

WHEREAS, the value of federally-owned Outer Continental Shelf lands offshore the coastal plain would be enhanced by a decision to open the coastal plain to further exploration, development and production; and

WHEREAS, the nation stands to derive revenues including portions of bonuses, royalties and rents from oil and gas development; and

WHEREAS, the 1.5-million-acre coastal plain comprises only 8 percent of the 19-million-acre refuge, and development of oil and gas will affect an even smaller percentage of the coastal plain; and

WHEREAS, the oil industry has shown at Prudhoe Bay, as well as other locations along the Arctic coastal plain, that it can safely conduct oil and gas activity without adversely affecting the environment or wildlife populations; and

WHEREAS, after fully assessing the environmental resources, the oil and gas potential, and the effect of development on the coastal plain, the Department of the Interior has determined that development can be achieved in an environmentally sound manner and has recommended full leasing;

THEREFORE BE IT RESOLVED THAT the Committee on Energy, Natural Resources and Environment recommends to the NCSL and to Congress that ANWR be opened for oil and gas leasing.

PRESIDENT
Jacob Adams

VICE PRESIDENTS
Oliver Leavitt
Andrew Tooyak, Sr.
Roosevelt Panek

SECRETARY
Jeslie Kaleak

TREASURER
James Stotts

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313 E STREET, SUITE 5
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TELEPHONE: (907) 278-1552
TELECOPIER: (907) 278-4213
TELEX: 090 25168

Arctic Slope Regional Corp.
P.O. BOX 129 BARROW, ALASKA 99723
PHONE (907) 852-8533 OR 852-8633
PANAFAX TELECOPIER (907) 852-8733

PRESS RELEASE

Jacob Adams, President of the Arctic Slope Regional Corporation (ASRC), a corporation owned by the Eskimo people on Alaska's North Slope, stated today that "the Federal Government's estimates of the crude oil potential of the 1.5 million acre Coastal Plain constitute the most significant energy development in this country since the discovery of Prudhoe Bay in 1968."

"The potential reserve estimates contained in the Department of the Interior's draft report on the Coastal Plain of the Arctic National Wildlife Refuge (ANWR) have major significance for our Nation's national security and economic well-being," Adams said. "These estimates, if proven true by a program of commercial exploration and development, will enable the Nation to maintain a reasonable level of domestic crude oil production and to avoid excessive and growing reliance on insecure sources of imported oil from the Middle East."

"This development could also," Adams said, "enable the 3,700 Eskimo shareholders of ASRC for the first time to derive direct economic benefit from crude oil production on Alaska's North Slope." ASRC, together with the Eskimo Village of Kaktovik, owns 92,000 acres of prime oil and gas lands both within and adjacent to the 1.5 million acre Coastal Plain.

Adams warned the Nation's oil companies, the Federal Government and the national environmental organizations that "all decisions on the future of ANWR's Coastal Plain, whether for crude oil development or the preservation of fish, wildlife or environment, must include full consultation with the Eskimo people on their vital interests."

"We are the stewards of the lands of the North Slope. We are the users of the land's subsistence resources. This is our ancestral home. The North Slope and the Coastal Plain will be our land long after the oil is gone. We want the land to remain productive for fish and wildlife and for our culture and traditions."

"The draft report indicates that the Coastal Plain may contain Middle East-class, giant reserves which could far exceed Prudhoe Bay's original ten billion barrels of reserves. I have been deeply concerned," Adams said, "that the national environmental organizations, which have advocated locking up the 1.5 million acre Coastal Plain by designating the area as "Wilderness", would persuade Congress to do so without full and careful consideration of this matter. The magnitude of the draft report projections of potential crude oil reserves gives me confidence that Congress will fully and carefully consider the benefits of development."

Adams said that "the crude oil potential of the Coastal Plain can and should be developed. This must, however, be done with the best Arctic planning, engineering and technology available. I am confident, based upon my careful observations over the past twenty years, that the Coastal Plain can be explored, developed and produced in a manner fully compatible with the use of the same area by the caribou and other fish and wildlife which my people depend upon for subsistence purposes."

Adams said that "the Congress now faces an extremely important decision on opening the Coastal Plain to development. This decision must be balanced and rational. It must be made with full appreciation of the major national security consequences involved."

I also call upon the Administration and the Congress to carefully consider the human element of this decision. Development will benefit the Eskimo people of the North Slope. Protection of the fish and wildlife resources of the Coastal Plain through appropriate regulation will also benefit my people. Impact aid will be essential to our local governments -- the Village of Kaktovik and the North Slope Borough -- to properly control development and to preserve the quality of Eskimo life."

Local Contact:

Bill Van Ness or Alan Mintz
202/331-9400

Standard Oil
Production Company
5151 San Felipe
P.O. Box 4587
Houston, Texas 77210
713 552 8500

**STANDARD OIL
PRODUCTION**

FOR IMMEDIATE RELEASE

Contact: Brian Coughlin
(713) 552-8738

Washington, DC Contact:
Mark Schneider
(202) 785-4888

Houston, Texas, November 24, 1986--The U. S. Department of Interior's recommendation that the Coastal Plain of the Arctic National Wildlife Refuge (ANWR) be opened for oil and gas exploration is a significant step for the U. S. oil industry, William J. Johnson, president of Standard Oil Production Company said today.

Commenting on the release of the draft report on ANWR, Johnson said: "The ANWR Coastal Plain is undoubtedly one of the best oil prospects on the North American continent."

"The U. S. oil industry has already demonstrated its ability over the last 20 years to explore and develop oilfields in environmentally-sensitive Arctic areas," Johnson said.

"We have yet to review this draft report in detail, but it would be unfortunate if it contains excessively restrictive conditions which could make economic exploration and production for oil and gas unfeasible," Johnson said.

The Arctic National Wildlife Refuge is located in the northeast corner of Alaska and is approximately 60 miles to the east of the largest oilfield in North America, the Prudhoe Bay oilfield, which currently supplies approximately 20 percent of U. S. domestic crude oil production. The Coastal Plain, which is the subject of the report, accounts for only 3 percent of the 19 million-acre refuge. Almost half, (about 44 percent) of ANWR is already set aside as permanent wilderness.

"The ANWR Coastal Plain is of critical importance to the U. S.," added Johnson. "Since it takes 12 to 15 years to bring new Arctic discoveries into production, it is unlikely that any ANWR discovery could contribute to U. S. crude supply before the year 2000."

"At the same time, production from currently developed U. S. oilfields will have dropped from almost 9 million barrels a day to less than 4 million barrels a day, as currently producing oil fields are depleted. Unless we find sizable new oil reserves, we will have no alternative but to increase crude oil imports significantly," Johnson said.

Standard Oil Production Company is the wholly-owned oil and gas exploration and production subsidiary of The Standard Oil Company.

To: I. TAPIA

From: M. KELLEY

Petroleum Institute
Northwest
20005



news release

For Immediate Release

WASHINGTON, November 24 -- The American Petroleum Institute today released the following statement about the Interior Department's draft report on the Arctic National Wildlife Refuge and its oil and natural gas potential:

"We are pleased that the Interior Department has taken the first important step toward opening the coastal plain of Alaska to oil and natural gas exploration and development.

"This area of the Arctic National Wildlife Refuge offers the brightest prospect on the North American continent for the discovery of substantial new domestic reserves of crude oil because of favorable geological conditions and proximity to the giant field at Prudhoe Bay. This is our best hope for additional giant new fields which are needed if U.S. oil production is not to decline dramatically by the turn of the century.

"Experience has shown that exploration, production and transportation of oil from Alaska can be carried out safely and with minimal disturbance to the environment and the wildlife. The development of Prudhoe Bay, construction of the Trans-Alaskan pipeline and other petroleum-related activities are examples. We are confident that operations in the coastal plain could be conducted in a way compatible with the natural values of the area.

"Careful and orderly development of the coastal plain is in the nation's economic and energy security interests. We must take the steps now to assure adequate and secure oil supplies in the future, and this project presents the opportunity to do so."

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11/24/86(F)

NORTH SLOPE BOROUGH**OFFICE OF THE MAYOR**

P.O. Box 69
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Ahmaogak, Sr., Mayor



**Policy Statement From the North Slope Borough Mayor's Office
On Oil Exploration and Development on the Coastal Plain
of the Arctic National Wildlife Refuge**

Legislation currently in the U.S. Congress would designate the 1.5 million acre Coastal Plain of the Arctic National Wildlife Refuge as wilderness. All oil and gas exploration and development activities would be prohibited. The Mayor of the North Slope Borough, George N. Ahmaogak, Sr., recognizes the potential economic and social benefits development in this region could bring to the North Slope Borough and its residents.

Based primarily upon tax revenues on property in the Prudhoe Bay, Kuparuk River, and other oil fields, the Borough has in the past decade built a comprehensive network of schools, roads, housing and facilities and services of many kinds in all of its villages. A strong, secure tax base is necessary to support these facilities in the future, including during that time when production at Prudhoe Bay begins to wind down. Oil exploration and development within the ANWR Coastal Plain would provide a significant portion of that tax base.

Many residents of the North Slope Borough are shareholders in Native regional and village corporations owning surface and subsurface rights within the ANWR Coastal Plain. Oil development within the ANWR Coastal Plain would provide these corporations with their first opportunity to profit from oil development of their own lands. The corporations and their individual shareholders stand to reap substantial benefits from such development, which would be positive for the Borough as a whole. It is the feeling of the North Slope Borough Mayor that legislation preventing the Native shareholders from developing their own lands and resources would constitute a grave injustice.

The State of Alaska has built an economy largely dependent upon oil, and stands to suffer when Prudhoe Bay goes into decline. The Coastal Plain of ANWR holds the only real potential for another oil and gas discovery of reserves comparable to Prudhoe Bay. The State and all of its citizens stand to benefit greatly from the finding and development of such reserves, and to suffer if these reserves are locked up.

ANWR Policy Statement
Page 2

Oil production in the United States has been declining even as oil consumption has risen. The percentage of oil produced domestically drops smaller and smaller, worsening the balance of trade, and placing the energy security of the Nation ever more into the hands of other nations, such as the member-states of OPEC. The Coastal Plain of ANWR has greater potential than does any other on-shore region in the United States. In fact, estimates of potential reserves in ANWR indicate they could exceed one third of all current U.S. reserves, and are likely greater than were the reserves at Prudhoe Bay when first discovered. The development of oil and gas reserves in the Coastal Plain is vital to U.S. energy security.

In light of all of this, it is the policy of Mayor George N. Ahmaogak, Sr., and his office, to fully support the future exploration and development of the Coastal Plain of ANWR.

The Mayor is deeply concerned that North Slope residents who will feel the impacts of this development most strongly, namely the residents of the village of Kaktovik on Barter Island, be fairly included in revenue sharing to offset these impacts and to enhance the quality of village life. The Mayor and his office will strive to see that an equitable method of sharing the pre-determined percentages of federal mineral receipts with affected local governments, and of allocating these funds to them, is in place prior to any federal lease sales. This will require close work with both State and federal governments.

The Mayor is also deeply concerned with the wildlife and natural resources of the Coastal Plain. The Borough will undertake whatever steps are necessary to ensure that development takes place in an ecologically sound manner, resulting in minimal effects upon the wild resources of the ANWR Coastal Plain.



Parker Drilling Company
P.O. Box 112070
Anchorage, Alaska 99511
907 / 349-1591

Gary McCarrell
Division Manager
Alaska Division

December 1, 1986

Congressman Sam Cotton
P.O. Box 770296
Eagle River, Alaska 99577

Re: ANWR Leasing and Exploration

Dear Congressman:

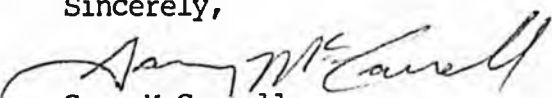
I am writing to you on a very significant issue--the opening of the Coastal Plain in the Arctic National Wildlife Refuge (ANWR). Probably no resource development issue will occur in Alaska in the next decade that is as important to Alaska and the United States as opening the ANWR Coastal Plain. Development of the ANWR Coastal Plain can mean the creation of thousands of jobs and the expenditure of billions of dollars--not just in Alaska, but also nationwide. Since 1975, oil development on Alaska's North Slope has produced \$24 billion of activity, with 37,000 vendor companies located in 49 states. Major activity on this scale can be expected to continue as a result of development in ANWR. Jobs in manufacturing, engineering, agricultural, shipping and technical fields will be created by developing the ANWR Coastal Plain. There is no more significant issue in Alaska.

The attached briefing paper outlines the significant facts relating to ANWR--that it is the single most likely oil exploration target in Alaska, that development there can occur promptly, and that development does not pose significant environmental risks because of the oil industry's proven track record on the North Slope.

Alaskans have been working hard on this issue. Now, YOU need to take the initiative--it is important that we have YOUR active assistance NOW in getting Congress to open ANWR. Not only should you contact Senators and Representatives, we need you to inform your friends and business associates in Alaska and in the Lower 48 so that we can get the story out, and so that those persons can contact their Congressmen to encourage the passage of legislation opening ANWR.

This issue will come before Congress in the next six months. We need your assistance. Please read the attached "Ten Questions About ANWR," and then copy that document and send it to interested persons, companies or organizations in Alaska and in the Lower 48. With your help, we can be successful.

Sincerely,


Gary McCarrell
Division Manager
Alaska Division

GMC/pb

TEN QUESTIONS ABOUT THE ANWR COASTAL PLAIN

1. What is ANWR? What is the ANWR Coastal Plain?

ANWR (Ann' - Wahr) is the Arctic National Wildlife Refuge, located in the northeastern corner of Alaska. The ANWR Coastal Plain is the relatively small part of ANWR lying north of the Brooks Range along the shores of the Beaufort Sea. ANWR covers 18 million acres, an area about the size of South Carolina; the ANWR Coastal Plain covers about 1.5 million acres, or about 8% of the total.

2. What is the issue?

Whether Congress will open the ANWR Coastal Plain to oil and gas exploration and development. In 1980 Congress closed the ANWR Coastal Plain to oil and gas exploration and development until the Secretary of the Interior completed a report on its oil and gas potential and its compatibility with such development. That report is being finalized now; Congress will decide whether to open the ANWR Coastal Plain in early 1987. Congress also faces an alternative proposal to designate the Coastal Plain as wilderness.

3. Why Explore ANWR?

ANWR has the highest oil and gas potential of any unexplored region in the U.S.

4. How Much Potential for Oil and Gas Does ANWR Offer?

An almost unprecedented potential. ANWR lies between the giant Prudhoe Bay and Kuparuk oilfields, on one side, and large oil discoveries in the Canadian Arctic on the other; the same hydrocarbon-bearing geologic strata of the Prudhoe Bay oilfield and the Point Thompson gas/condensate field are believed to occur in the subsurface of the ANWR Coastal Plain.

Geologists agree that the hydrocarbon potential of ANWR is exceptionally high: the United States Geological Survey (USGS) mean estimate for oil resources in the ANWR Coastal Plain is 6.9 billion barrels of oil in place. That is an extremely large potential accumulation of oil, large enough to serve the national interests and the interests of the State of Alaska.

5. How Will National Interest be Served by ANWR Exploration and Production?

By reduced dependency upon foreign oil, by producing federal revenues and producing jobs nationwide.

(a) Reduced Dependency on Foreign Oil.

Preventing disruption of oil supplies is a key factor in the national interest. The U.S. is vulnerable to serious economic and security dislocations if it allows itself to be unnecessarily dependent on unstable sources of foreign oil. Also, at this time 1/3 of the nation's trade deficit results from imported oil (net payments for imported oil amounted to almost \$53 billion in 1984).

Our dependence on foreign oil is increasing: an American Petroleum Institute (API) survey indicates that domestic crude oil production would fall 25% by 1991 if oil prices remain at \$15 per barrel. Domestic production is forecast to fall at least 60% by the year 2000, the earliest any ANWR discovery is likely to be produced.

(b) Enhanced Federal Revenues

Oil production from the ANWR Coastal Plain would also serve the national interest by providing revenues to the federal government and thus reducing the federal deficit. Leases on federal lands are a major source of revenue for the government; in 1984 the federal government received \$1 billion in oil and gas lease bonuses, rentals, and royalties, as well as about 25% of the revenues generated by North Slope State leases through federal excise and federal income taxes.

(c) Jobs Will be Produced Nationwide.

Since 1975, oil development on Alaska's North Slope has produced \$24 billion of activity, with 37,000 vendor companies located in 49 states. Major activity on this scale can be expected to continue as a result of development in ANWR. Jobs in manufacturing, engineering, agricultural, shipping and technical fields will be created by developing the ANWR Coastal Plain.

6. How Will the State of Alaska's Interest be Served by Opening ANWR?

By providing jobs and revenues.

(a) Revenues.

The state of Alaska derives about 90% of its revenue from oil and gas activities related to the North Slope. The state spends much of this money in the State and Federal economy. The State faces severe revenue shortfalls in future years. Oil and gas activities in ANWR would be subject to State severance taxes, corporate income taxes, and property taxes. In addition, Alaska presently receives a share of federal bonus and royalty revenues. Such payments from ANWR may provide additional revenues to the State. This would significantly increase the amount invested in the Permanent Fund.

(b) Jobs.

Exploration and production activities provide jobs. Thirty percent of Alaska households have members holding jobs in the oil and gas industry; decline in Cook Inlet and North Slope construction work will significantly affect statewide unemployment levels; opening additional lands to exploration and potential development will have an important positive effect on employment in the State.

7. This is a Game Refuge: Is Oil and Gas Development Appropriate?

Yes. Oil and gas exploration, development and production are now occurring in the Swanson River Field in the Kenai National Wildlife Refuge in southcentral Alaska and many other refuges in the United States; production has continued in the Kenai refuge since 1962 without adverse impacts to moose that browse throughout the Refuge and to salmon that spawn in the Swanson River and its tributaries.

Many of the same species found in ANWR now utilize habitats in the Prudhoe Bay and Kuparuk oilfields west of ANWR, where crude oil has been produced since 1977. Such species include migratory waterfowl and caribou. The Central Arctic Caribou herd, whose summer range includes the Prudhoe Bay and Kuparuk fields, has approximately tripled—it has grown from about 3,500 animals in 1975 (before oil production began) to about 13,000 in 1985.

8. Is Oil and Gas Development Safe in the Arctic?

Yes. The ANWR Coastal Plain is very similar to the Prudhoe Bay and Kuparuk areas. There is an unprecedented record of safe and environmentally harmonious operations in those areas. Application of forty years of engineering experience in Arctic Alaska culminating in developments in the Prudhoe Bay and Kuparuk oil fields demonstrate that oil development can and does exist in harmony with the environment.

For instance, directional drilling techniques have been developed that allow consolidation of facilities to minimize the amount of surface area impacted by exploration and development facilities, and developers routinely consider wildlife habitat, drainage, and wildlife usage in selecting sites for production facilities, roads and pipelines.

9. Why Must the Decision to Open the ANWR Coastal Plain be Made Now?

Lead times are long in frontier Alaska regions—at least 10 years from discovery to first production, and sometimes 15 years. If a sale in ANWR were held today, oil would probably not be produced until the year 2000. Without significant new discoveries, our nation could be dependent upon foreign sources for 60% of its demand by the year 2000.

The argument has been presented that present depressed oil prices will result in bids at less than fair market value for oil and gas leases in ANWR. However, this argument ignores that the federal government can and does reject bids of less than fair market value, and that royalties, not bonuses provide the major source of revenues over time.

10. What Can I Do?

A lot.

(a) Contact Your Congressman.

Contact your Senators and Congressman and tell them you favor opening the Coastal Plain of the Arctic National Wildlife Refuge to oil and gas exploration and development. Also tell them you oppose legislation that would lock this area up as wilderness.

(b) Contact Other Interested Parties.

Contact others in Alaska and the Lower 48 and tell them about the significant economic effects that ANWR will have on jobs, on federal and state revenues, on the Permanent Fund, and on national security, and encourage them to contact their Senator or Representative.

(c) Write the Alliance.

Write to the Alliance, P.O. Box 100100, Anchorage Alaska, 99510 for further information, and to tell us of others who should receive this information. A wide variety of information is available for groups: we can help you by providing speakers, slide shows, and video programs.

fall 1986

DRAFT

by
Resource
Development
Council

to
state
legislature

RESOLUTION ON THE ANWR COASTAL PLAIN

- WHEREAS, Alaska's Arctic National Wildlife Refuge includes more than 19 million acres of land, amounting to approximately five percent of the entire state landmass, and
- WHEREAS, the Coastal Plain is approximately eight percent of the refuge, it is considered to be highly prospective for the discovery of large quantities of oil and gas; and
- WHEREAS, Congress has reserved the discretion to decide if the 1.5 million acres will be opened to further exploration, development and production; and
- WHEREAS, the petroleum industry has consistently demonstrated its ability to operate in conditions similar to those found on the coastal plain in a safe, responsible manner without significant adverse environmental impacts, and
- WHEREAS, the United States must prepare to develop domestic petroleum resources if it is to preclude overwhelming dependence on foreign petroleum sources in the 21st century; and
- WHEREAS, the value and development potential of state-owned tidelands and federally-owned OCS lands offshore of the ANWR Coastal Plain would be enhanced by a Congressional decision to open the coastal plain to further exploration, development and production; and
- WHEREAS, facilities developed to transport petroleum resources on the coastal plain to Pump Station One may allow marginal discoveries between the ANWR Coastal Plain and Prudhoe Bay to be developed; and
- WHEREAS, national energy security depends on the development of domestic oil and gas resources to replace depleted U.S. reserves; and
- WHEREAS, the nation stands to derive revenues including portions of bonuses, royalties and rents from oil and gas development; and
- WHEREAS, opening the ANWR Coastal Plain to further exploration, development and production will generate increased employment and business opportunities for all Alaskans and all Americans;
- THEREFORE BE IT RESOLVED THAT the 15th Alaska Legislature strongly urges the Congress of the United States to open the ANWR Coastal Plain to environmentally responsible oil and gas exploration, development and production.

THE
COASTAL PLAIN
AND
FORMATION
OF THE
COALITION FOR AMERICAN ENERGY SECURITY

A New Coalition of Member Organizations Dedicated To Seeing
That Public Lands on Alaska's North Slope Containing The
Nation's Most Valuable Prospects For Major New Oil and Gas
Discoveries Are Opened To Exploration and Development Under
Proper Environmental Regulations

1. Introduction and Summary

One of the most significant energy policy and national security issues of recent decades will be decided in the remaining months of this Congress or in the next Congress. At issue is whether 1.5 million acres of the nation's most highly prospective oil and gas lands, located on Alaska's North Slope near Prudhoe Bay and the Trans Alaska Pipeline, will be legislatively opened to exploration and development or, on the other hand, designated as "Wilderness" and, therefore, permanently closed.

This issue will see many national environmental organizations strongly advocate Wilderness designation for this area. Presenting the case for orderly development, with prudent environmental regulation, of the Coastal Plain's potentially huge oil and gas resources will be an Eskimo owned corporation which owns substantial private property within the area and a new Coalition -- the "Coalition for American Energy Security."

The Coalition will advocate opening this small (by Alaska standards) extremely promising area to oil and gas exploration and development. The Coalition urges national associations, labor unions, companies, governmental organizations and other groups who are concerned about America's growing dependence on insecure sources of foreign crude oil to join the Coalition for American Energy Security.

Set forth below is background information about the Coalition, its objectives, and its organization.

2. Background

During Congressional consideration of the Alaska National Interest Lands Conservation Act of 1980 (ANILCA), one of the significant issues considered was the creation of the 18 million acre Arctic National Wildlife Refuge (ANWR) on Alaska's North Slope and the designation of some areas of ANWR for "Wilderness" management. Congress resolved this issue, in part, by creating an 18 million acre Refuge and designating 8 million acres of the Refuge as Wilderness. These designations were primarily in areas that were considered to be of low, moderate or moderate-high interest for oil and gas potential.

3. The Coastal Plain Study

Congress also provided in 1980 that a 1.5 million acre area of ANWR known as the "Coastal Plain" be made the subject of a special in-depth study of its fish and wildlife resources and of its promising oil and gas potential by the Department of the Interior. This study is known as the ANILCA "Section 1002(h)" study and report. It was designed to provide Congress with all relevant information necessary to make an informed decision on the future management status of the 1.5 million acre Coastal Plain. This area has the very highest interest for major new oil and gas discoveries of any frontier area in the nation. In general, the alternatives available to the Congress for the Coastal Plain are: (1) to open the area for oil and gas exploration and production; (2) to close all or part of the area to any exploration or development by designating it for Wilderness management; or (3) to designate some other status for the area with defined permissible uses.

The Section 1002(h) report was scheduled for delivery to the Congress together with the Secretary of the Interior's recommendations by September 2, 1986. The report, however, has been delayed by litigation brought by a number of national environmental organizations which is now pending in the Ninth Circuit Court of Appeals.

4. H.R. 4922 - Wilderness Legislation

On June 3, 1986, Congressmen Udall and Seiberling, together with 25 cosponsors, prior to the release of the Section 1002(h) report which Congress mandated, introduced H.R. 4922. This bill would designate the whole 1.5 million acre Coastal Plain of ANWR as Wilderness and prohibit all oil and gas exploration and development. Subsequent to its introduction, 30 more cosponsors have been added to H.R. 4922.

5. What Is At Stake?

The 1.5 million acre Coastal Plain is regarded by all knowledgeable observers as the nation's highest and best prospect for discovery of one or more Middle East class oil and gas fields of Prudhoe Bay dimensions. A 1980 USGS open file study of the Coastal Plain estimates a 5 percent probability that the area may contain up to 17 billion barrels of crude oil and 34 trillion cubic feet (tcf) of natural gas. This is 70 percent more than the 10 billion barrel reserve discovered at Prudhoe Bay in 1968. The USGS also estimated a 50 percent probability of up to 4.85 billion barrels of crude oil and 12 tcf of natural gas in the Coastal Plain. Again, this is one-half the original reserves of Prudhoe Bay, the nation's largest oil field ever discovered.

The Department of the Interior's Section 1002(h) study and report when finally released will contain up-to-date estimates of the Coastal Plain's huge potential for new oil and gas resources. The new estimate will be based upon two years of very active seismic and geophysical work conducted since 1984 by Geophysical Sciences Inc. under contract to a consortium of oil companies and under the supervision of the Department of the Interior. It is anticipated that the new estimates in the Department's report will be significantly higher and more reliable than those in the 1980 USGS report.

Today Prudhoe Bay and Alaska's North Slope provide more than 20 percent of the nation's total domestic crude oil production. These resources are now in significant decline and are not being replaced. In the future, the 1.5 million acre Coastal Plain has the potential, if it is opened, for enabling Alaska's North Slope to continue to provide a major alternative to imported oil and a very substantial contribution to national petroleum needs.

6. The Issue

The issue the Coastal Plain presents to the Congress and the American people is straight-forward: Should the 1.5 million acre Coastal Plain, an area of significant fish and wildlife values and an area of immense potential for major new oil and gas resources, be:

- a) designated as "Wilderness" and permanently closed any to oil and gas exploration and development? or
- b) opened to oil and gas exploration and development under prudent environmental regulations similar to those which govern the

successful relationship between oil development and prospering fish and wildlife resources at the nearby Prudhoe Bay oil fields?

7. Formation of Coalition

A broad-based Coalition -- the "Coalition for American Energy Security" -- is being formed to educate the Congress and the public on the significance of the future status of ANWR and the Coastal Plain to the nation's national security and energy independence. The Coalition will consist of companies, associations, labor unions, consumer groups, concerned State and local governments and others who support the opening, by appropriate legislative action, of the highly prospective 1.5 million acre Coastal Plain to oil and gas exploration and development. The Coalition will operate informally and will be loosely organized and ad hoc in nature.

8. Coalition's Purpose

The primary purpose of the Coalition will be to secure Congressional enactment of legislation which will authorize and direct that all of the 1.5 million acre Coastal Plain of ANWR be opened for oil and gas exploration, development and production. The Coalition will seek to achieve this purpose by developing objective factual information, by coordinating member activities, and by serving as a central point for developing and sharing relevant information on the status of the Coastal Plain decision among Coalition members and supporters.

9. Nature of Coalition

Arctic Slope Regional Corporation, a North Slope based Corporation with 3700 Eskimo shareholders, has taken a lead role in calling for the formation of the Coalition. The Corporation owns substantial private lands within the boundaries of ANWR and within and adjacent to the Coastal Plain. Wilderness designation would prevent the development of these private Eskimo owned lands. The corporation's Washington, D. C. law firm of Van Ness, Feldman, Sutcliffe & Curtis has agreed to provide office space, conference rooms and other facilities for the Coalition's use. The law firm will also provide secretarial services and a full-time dedicated paralegal to serve as the Coalition's Executive Coordinator. The Executive Coordinator will keep Coalition Members fully and currently informed of developments and to assist coordinating efforts undertaken by the Coalition to achieve agreed upon objectives.

10. Coalition's Budget

Commitments by ASRC and other founding members have been made to cover the Coalition's expenses, on a minimal budget basis, through the balance of calendar year 1986. This budget will cover the Coalition activities discussed above. Once the Coalition is formed and active, other companies, associations and groups may wish to contribute toward meeting some of the Coalition's operating expenses for the balance of this year and into the next Congress. Such contributions are welcome. It is assumed that major contributions to the effort for calendar year 1987 will continue to be made by ASRC, other founding members, and other interested companies, associations and groups.

11. Coalition Offices

The Coalition for American Energy Security has offices at 1050 Thomas Jefferson Street, N.W., Sixth Floor, Washington, D.C. 20007. The Coalition's telephone number is (202)333-7484. Ms. Isabelle Tapia serves as the Coalition's Executive Coordinator.

COALITION FOR AMERICAN ENERGY SECURITY
COORDINATING COMMITTEE MEETING

Tuesday, 2:00 p.m.
November 25, 1986

AGENDA

1. Reports and developments
 - (a) Documents and Projects
 - (b) New Projects (no change as of 10/31/86)
 - (c) Materials Ready for Coalition Use
(no change as of 9/18/86)
 - (d) Hill Developments
 - (i) House and Senate Committees
 - (a) Senate Energy Committee
 - (b) Senate Environment and Public Works
2. DOI 1002(h) Report Released on November 24
 - (a) DOI Press Release and Executive Summary
 - (b) Press Release Responses to Report by
Coalition Members
 - (c) Press Stories on Draft Report
 - (d) Op-ed piece
 - (e) Editorial Boards - Mailing
 - (f) Environmental Organization Report
3. Hearings on Draft LEIS
 - (a) Federal Register
 - (b) January 5, 6 and 9, 1986
 - (i) Kaktovik
 - (ii) Anchorage
 - (iii) Washington, D.C.
4. Budget 1987
 - (a) Timing
 - (b) Public Relations and Grassroots capacity
 - (c) Other Contributors
5. D.O.E. Interagency Review of U.S. Energy Policy and
National Security
 - (a) Meeting with William Martin, Deputy Secretary DOE
 - (b) Coordinate responses to reference ANWR issue

6. DOE December 1986 NEP Report
 - (a) Draft testimony to submit
7. State of Alaska role and involvement
 - (a) Draft State Report on ANWR
 - (b) Computer file and Publications
 - (c) North Slope Geology Update Publication
 - (d) Conferences
8. North Slope Borough Policy Statement
9. Coalition Committee Status
 - (a) New Members?
 - (b) Monthly Meeting of Coalition Members
 - (i) 12/4/86 Coalition Meeting at NAM
 - (c) Coalition Membership Status
10. Other matters
 - (a) Report on AEI Conference (Publication)
 - (b) Nat'l Leagus of Cities (11/29-12/3/86 - San Antonio)
 - (c) U.S. Conference of Mayors (6/13-17/87 - Memphis, TN)
 - (d) Alaska Coalition
 - (i) Seattle Chamber of Commerce
 - (ii) Portland Chamber of Commerce
11. Status Report on Caribou Treaty Deliberations
12. Legislative Strategy for 100th Congress
 - (a) Status of Draft Bill language for Alaska delegation
 - (b) DOI Proposed Bill

COALITION FOR AMERICAN ENERGY SECURITY

November 25, 1986

CURRENT STATUS REPORT ON ASRC, AOGA, API AND COALITION RELATED DOCUMENTS AND PROJECTS

Set forth below for your use and information is a report on the status of a variety of different documents and projects which ASRC, AOGA, API or the Coalition have underway or have recently completed.

An asterik (*) by an item indicates that a new document or project has been undertaken or that a new development has occurred with respect to the document or project since the last meeting.

1. Background Papers on Environmental/Cultural Issues

An advocacy paper and supportive background papers on the following topics have been prepared by AOGA and are in final form. They have been approved by the AOGA Executive Committee and approved for use by the Committee in connection with the Coalition advocacy efforts. The papers cover the following subjects:

- A. AOGA Advocacy Paper
- B. Briefing and Background Papers
 - 1. Petroleum Potential of ANWR
 - 2. Protecting the Natural Environment: Minimizing Impacts to Arctic Coastal Plain Vegetation, Soils, Water Bodies and Streams in the Course of Oil and Gas Exploration and Development
 - 3. Wildlife and Habitat Protection During Petroleum Exploration and Development
 - 4. History and Culture of ANWR's Native Inhabitants
 - 5. Resource Exploration and Aesthetic Values in ANWR
 - 6. Compatibility of Oil and Gas in and Adjacent to Wildlife Refuges and Conservation Units

This information is available in notebook form from AOGA and from North Slope Task Force members.

(Status as of July 31, 1986)

2. Advocacy Paper

A draft position paper advocating the opening of the Coastal Plain has been prepared by AOGA for approval by the AOGA Executive Committee.

(Status as of July 31, 1986)

3. Coastal Plains Slide Show

The slide show presentation prepared by AOGA is complete and has been approved for use by AOGA. Copies have been made available to the API committees and individual companies. Additional copies are available from AOGA. The format was expanded for presentation to IOCC Convention attendees at Prudhoe Bay on June 29, 1986. The text of the presentation to the IOCC Convention attendees can be modified for presentation to other groups.

(Status as of July 31, 1986)

4. ANWR Bibliography

A consultant's draft is complete and is currently under review by environmental experts serving on the AOGA Task Group.

(Status as of July 31, 1986)

5. Bird Impact Study

Fourteen companies have committed \$162,000 toward an approved budget of \$170,000. Field work is now underway. Standard Alaska Production Company will formalize an agreement with AOGA setting out their responsibilities as operator of the study.

(Status as of July 1, 1986)

6. Preparation of Film

A draft script has been submitted for review by the AOGA Task Force. On July 7, 1986, the script will be submitted to the Executive Committee for review and approval. The project is on schedule and should be complete by early September.

(Status as of July 1, 1986)

7. Field Guide Book

The field guide Book on the geology and petroleum potential of the Coastal Plain is complete. One thousand

copies have been printed. The AOGA Task Force has requested the approval of the AOGA Executive Committee to use the Guide Book in the advocacy effort.

AOGA has made copies available for use in the Washington, D.C. advocacy effort.

(Status as of July 31, 1986)

8. ANWR Report

A privately sponsored Report on ANWR and the Coastal Plain has been prepared by Arctic Slope Regional Corporation. The Report was publicly released in Alaska on July 18, 1986. Copies are available from the Coalition and from ASRC.

Jacob Adams, President of ASRC, is sending a letter and copies of the Report to every Member of Congress, to members of the Administration, to the national press and to prospective Coalition members.

(Status as of July 31, 1986)

9. ANILCA Legislative History

API has had a legislative history of ANILCA prepared and has made a copy available for the use of the Coalition. The document is very useful for seeing what members said about the Coastal Plain during the ANILCA debate and how they voted.

(Status as of August 7, 1986)

10. ANWR Visits and Briefings

On June 23 and 24, 1986, Under Secretary Ann McLaughlin was provided a tour of Prudhoe Bay and the ANWR Coastal Plain.

On June 29, 90 IOCC Convention attendees were briefed on the Coastal Plain issue and asked to support AOGA's efforts with their Congressional delegations.

On July 8, 1986, AOGA Task Force members participated in a briefing for DOE Secretary Herrington and Senator Murkowski.

On July 11, House Members of the Energy & Commerce, Interior and Insular Affairs, Armed Services and Appropriations Committees toured the North Slope, ANWR and the Coastal Plain.

On July 19-20, 1986 Congressman Ralph Regula (R OH) visited Alaska.

On August 18 the House Merchant Marine Committee visited ANWR.

On August 20 Administration officials visited ANWR.

The late August tentative trip planned for a group of Senators to visit ANWR was postponed.

On September 2 the National environmental organization leadership visited Alaska, ANWR and the Coastal Plain.

(Status as of September 3, 1986)

*On November 18, 1986 Americans for Energy Independence hosted a Congressional Conference on the Coastal Plain of ANWR.

*On November 24, 1986, DOI released Draft LEIS recommending that Coastal Plain of ANWR be opened to oil and gas exploration.

*12/4/86 - Coalition "Membership" meeting at offices of NAM (2:30 p.m.).

*12/11/86 - API-AOGA meeting in San Francisco, California.

COALITION FOR AMERICAN ENERGY SECURITY

DRAFT

November 12, 1986

Coalition Membership

Set forth below is the current status of the Coalition membership campaign.

1. Organization Granting Permission to Go on Letterhead

Alaska Oil & Gas Association

AMOCO Corporation (awaiting confirmation)

American Petroleum Institute

Americans for a Rational Energy Policy

Arctic Slope Regional Corporation

Association of American Petroleum Landmen

✓ BP Alaska

✓ Chevron U.S.A. Inc.

*Dresser Industries

Highway Users Federation

*Independent Petroleum Association of American
(awaiting confirmation)

International Association of Drilling Contractors

*International Association of Geophysical Contractors

*Joint Maritime Congress

*Marine Engineers Beneficial Association

*National Association of Manufacturers

National Tour Association, Inc.

National Ocean Industries Association

*Rocky Mountain Oil and Gas Association

✓ The Standard Oil Company

*Sun Company

The National Grange

*U.S. Chamber of Commerce

Western Oil and Gas Association

2. Organizations Active in Coalition Efforts, But Not on Letterhead

Alaska Coalition for American Energy Security

3. Organizations Cooperating and Assisting with Coalition's Efforts

State of Alaska

Americans for Energy Independence

which supports gas development in the ANWR, told OILGRAM: "The understanding we got in dealing with Interior on ANWR was that the Administration would be leaning more to recommending oil and gas activities at the refuge."

The coastal plain is the main calving area for a large herd of caribou, and Adler said he has yet to see any possible stipulations that would provide adequate protection for the herd.

which supports gas development in the ANWR, told OILGRAM: "The understanding we got in dealing with Interior on ANWR was that the Administration would be leaning more to recommending oil and gas activities at the refuge."

The coastal plain is the main calving area for a large herd of caribou, and Adler said he has yet to see any possible stipulations that would provide adequate protection for the herd.

WATCH THE RAILROADS, GASLINES TOLD

Washington 11/13—U.S. interstate gas pipeline industry should look to federal regulation of railroads for lessons on how to operate in a newly deregulated market, a study commissioned by the Interstate Natural Gas Assn. of America says.

National Economic Research Assoc. said in its study that pipelines should take full advantage of their newly acquired rate flexibility in order to compete with alternative fuels. This rate flexibility should enable pipelines "to respond to rapid changes in market conditions and peak-load problems." However, the study notes that judging from the Interstate Commerce Commission's trouble with setting rate guidelines for captive customers, the Federal Energy Regulatory Commission is likely to find setting rate boundaries under Order 436 "arduous and controversial."

The report, "Lessons for the Interstate Gas Pipelines from Railroad Deregulation," notes that take/pay obligation "won't be remedied easily through government intervention. The lesson for pipeline regulators is that government involvement, even the possibility of involvement, can have an important, but-not-necessarily positive, effect on contract disputes."

The report also notes that:

- Increased competition may cause pipeline-distributor relationships to evolve from seller-buyer to joint ventures offering bundled services to the end-user;
- Network access problems could occur as competition increases for the transportation business because disincentives will exist to continue pipeline-to-pipeline exchange systems; and
- Service obligations should be revised to reflect changing market conditions with pipelines recognizing the opportunity costs of existing residual obligations and pressing for their removal, relaxation or "at least improved rate treatment."

EPA HAS CHANGE OF HEART ON CONDEMNING RECYCLED OIL AS HAZARDOUS

Washington 11/13—The Environmental Protection Agency has decided not to list recycled used oil as a hazardous waste requiring expensive controls. The agency had originally proposed last Nov. 29 to list used oil, including crankcase oil from automobiles, but changed its mind after deciding that such a move would "seriously discourage" recycling.

EPA estimates that if it had listed recycled used oil as a hazardous waste 61- to 128-million gal of used oil would have been dumped into U.S. waterways. Of the 1.1-billion gal of used oil consumed annually, nearly 700-million gal are recycled.

The agency is proceeding with development of standards to ensure safe management of the recycling process, but firm rules aren't expected for several years. The agency also is considering regulating used oil that isn't recycled.

ITA: OIL IMPORT PRICE DROP WON'T RESULT IN LIKE DROP IN DEFICIT

Washington 11/13—Declining imported oil prices won't result in an equivalent reduction in the U.S. trade deficit because key U.S. export markets in Mexico, Venezuela, Canada and the Mideast will have less ability to buy imports, the International Trade Administration reports.

ITA says, in "U.S. Trade: Performance in 1985 and

Outlook," that reduced oil prices will "after some delay" improve U.S. economic growth and the growth of other oil-importing nations, thereby providing inroads for reducing the trade deficit. ITA cautioned, however, the "net effect on the U.S. trade balance of these various crosscurrents is difficult to project."

ITA estimates that for each \$1/bbl reduction in crude prices, the trade deficit will decline by about \$2-billion/yr. But even with the benefits of price reductions, "U.S. oil import bill will stay very large." ITA noted that if crude prices stabilize at \$20/bbl, the U.S. oil bill would still be about \$43-billion annually.

ITA explains that one cause for the large oil import bill and lack of a matching decline with crude price drops is that more expensive oil products are being brought in.

Copies of the report (stock number: OCS-009-00481-1) may be ordered for \$8.30/copy from the U.S. Government Printing Office, Washington, D.C. 20402.

FINANCIAL REPORTS

(Total Net Figures in Million \$)

	1986	1985
Occoco		
3rd qtr net	(18.38)	(7.1)
Net per share	(\$2.17)	(\$1.06)
9 mo net	(49.13)	(53.75)
Net p. share	(\$6.22)	(\$7.60)

Corrections & Clarifications

The CN 11/13 story on DOE's contract to buy oil from Mexico for the Strategic Petroleum Reserve should have said that the department does intend to exercise an option to buy an additional 6,500 b/d from Mexico, above the contracted 65,000-b/d.

LATE NEWS

KHASHOGGI SELLS EDGINGTON TO SKYHIGH IN DEAL THAT MAKES HIM SKYHIGH'S CHIEF

San Francisco 10/13—Skyhigh Resource Ltd. of Vancouver has purchased Long Beach-based Edgington Oil Co. from Triad Energy Corp., subsidiary of Adnan Khashoggi's Triad Holding Corp. Skyhigh, originally a mining company which wants to diversify into oil, bid in excess of \$100-million for the asphalt and aviation fuels company, beating out about six others for the sale.

Triad will receive \$35-million in cash and \$45-million in debentures. It will also receive 2.8-million shares of Skyhigh stock giving Khashoggi about a 14% stake in the company. Khashoggi, who is already on the Skyhigh board, will now become Skyhigh chairman, although company officials say Skyhigh and Triad Holding will remain totally independent.

Triad Energy had put Edgington on the market in October, arranging the sale through First Boston. Edgington, with \$780-million sales in 1985, has a 41,600 b/d asphalt refinery in Long Beach and is said to be the leading supplier in the Southern California region. It also has the Triad Aviation fuel wholesaling business and is building a 35-million gal/yr ethanol plant for gasoline blending in Iberia Parish, La.

Skyhigh officials say their company, which also has computer holdings, is looking for further oil refining and production investments.

#

at 18.7-million b/d in first-quarter 1987, up from 18.6-million b/d in fourth-quarter-1986.

This higher demand figure for the first quarter and the fact that the oversupply should be absorbed by then could give OPEC a chance to increase the production ceiling and members' quotas in the first quarter. However, that could be threatened "if markets fail to stabilize and prices erode," triggering increased stockdraw and hitting demand.

COME BY CHANCE BUYER CAN ONLY SELL PRODUCTS IN NEWFOUNDLAND AND U.S.

Montreal 11/13—Petro-Canada's agreement last week to sell its Come by Chance oil refinery to U.S.-owned Newfoundland Energy Ltd. (ON 10/28) is conditioned on NEL's only being allowed to sell products to Newfoundland and the U.S.

However, the Combines Investigation Branch in Ottawa said it will investigate the deal once consummated in case it restricts competition in the Canadian market.

International Items

CANADA: Mobil Oil Canada says it will spend C\$12-million developing a heavy oil steam stimulation pilot project in the Cold Lake area of northeastern Alberta. The company says the 160-acre pilot, consisting of 23 directional and slant wells, will provide it with technical information needed for potential full-scale development of its Cold Lake resources. Mobil says it plans drilling and construction in 1987 and expects the pilot will produce 1,450 b/d of oil when operations begin in 1988.

CHINA: The first Chinese-designed-and-built offshore production platform will go into service this month in Beibu Bay, South China Sea, the China Daily reports. The platform can produce up to 4,000 b/d of crude and 40,000 cu meters/d of gas. It was built to standards of the American Petroleum Institute, the American Welding Society and the American Bureau of Shipping, and will be operated by the Chengbei Oil Development Corp. of Japan. It sits above 23 wells sunk 1,680 meters into the bed of Beibu Bay. The platform was built in Dalian shipyard under supervision of the China Offshore Platform Engineering Corp. and was designed by the Shanghai Offshore Engineering Corp. Chinese authorities now want to sell similar platforms internationally.

SPAIN: Spanish refiner Explosivos Rio Tinto has decided to go ahead with plans to convert its ammonia plant at Palos de la Frontera in southern Spain to LNG at a cost of US\$22-million using basic technology provided by M. W. Kellogg. The company will install a radial synthesis converter, molecular sieve driers and a high pressure condenser-stripper. A LNG terminal will also be built. A spokesman for ERT said energy costs will be reduced by 15% and the company hopes to be able to compete with products from EC countries.

USSR-UK: The UK Dept. of Energy's Offshore Supplies Office (OSO) and the Soviet State Committee for Science & Technology will shortly convene the first meeting of a joint Oil & Gas Working Group, following the signing last April of a memorandum of understanding. UK Energy Minister Alick Buchanan-Smith said today. He said although significant offshore work is unlikely to emerge in the USSR until the 1990s, "limited opportunities" for the UK supply industry already exist under the present Soviet five-year plan. He urged UK offshore supply companies to counter the present crisis by looking "beyond the North Sea." The best immediate opportunities lie in Alzola, he said, noting the country's low-cost reserves, its deeper water potential and its impending loss of U.S. export credit. He also cited Canada, Brazil, India and China as prime markets for UK offshore technology.

UNITED STATES

COASTAL DROPS SUIT AGAINST PDVSA

Houston 11/13—The Coastal Corp. withdrew its \$450-million damage suit against Petroleos de Venezuela on the grounds that it was primarily a dispute over crude supply for Mobile Bay Refining, whose assets Coastal acquired last month (ON 10/6).

"We have no further interest in the suit, so we dropped it," a Coastal spokesman said, adding: "We're looking forward to a profitable business relationship with those people now."

The suit was filed jointly by Coastal and Mobile Bay in September 1984 in U.S. District Court in Beaumont, Tex. (ON 9/13/84). It accused PDVSA of reducing Coastal's 30,000-b/d contractual crude liftings by over 50% from Oct. 1, 1980, to the date of the suit. It also alleged violation of U.S. antitrust laws, racketeering and inducement to breach contracts under Texas common law.

PDVSA countered that the suit was groundless and was filed after "numerous fruitless efforts to obtain additional volumes of Venezuelan heavy crudes, which were not available, due to our level of production under national policy and our OPEC obligations."

AMOCO DRUG-TESTING AT UTAH REFINERY HALTED PENDING ARBITRATOR'S RULING

Denver 11/13—The Oil, Chemical & Atomic Workers Union said a federal judge enjoined Amoco from implementing a drug and alcohol testing program at its Salt Lake City, Utah, refinery until an arbitrator can consider if the new policy violates the union contract.

U.S. District Judge J. Thomas Greene granted the injunction on OCAW's motion, which asked only a stay of the program until the grievance/arbitration procedure outlined in the contract is completed. A union spokesman said it will be several weeks before an arbitrator is selected to consider the case.

DOI TO RELEASE DRAFT RECOMMENDATIONS ON ANWR DEVELOPMENT FOR PUBLIC COMMENT

Washington 11/13—The Interior Dept. is planning to release a draft report containing recommendations about oil/gas development on the Alaska National Wildlife Refuge coastal plain, OILGRAM NEWS learns, even though its appeal of a federal court order directing release of such a report is still pending.

The report is scheduled to be released for public comment Nov. 24. A U.S. district court directed the department to receive public comments before it submits a final report to Congress on whether to open the area for development (ON 9/2). Interior appealed the ruling and maintains that the Congressional debate would provide a "full and open forum for public participation."

The appeal is before the U.S. Court of Appeals for the Ninth Circuit in San Francisco. An attorney for the department said that while the release of the draft report "commences procedures laid out by the district court, that is not to say the department would recommend withdrawal of the appeal." There are requirements in the court order "we don't feel are required by law," and several issues still need to be resolved.

Development Go-Ahead Seen Likely

There reportedly will be a 30-day period for public comment after the report is issued. Robert Adler, an attorney for Trustees for Alaska, one of several parties suing the department, said 30 days is simply not enough time to respond to such a "complex issue," and he hopes for at least 60, if not 90, days.

Both Interior Secretary Hodel and Energy Secretary Hargett have cited the immense hydrocarbon potential of the ANWR, and Adler said that given the philosophy of the Reagan Administration, "it's a fair assumption the report will recommend either exploratory drilling or full-scale oil exploration and development."

Jacob Adams, president of Arctic Slope Regional Corp.,

3500

SENATE ENERGY COMMITTEE

Democrats

J. Bennett Johnston
Dale Bumpers
Wendell H. Ford
Howard M. Metzenbaum
John Melcher
Bill Bradley
Jeff Bingaman
* Conrad
* Fowler
* Wirth

Republicans

Have not made
announcement

Energy

Alaska Coalition for American Energy Security

P.O. Box 10-1515 Anchorage, Alaska 99510-1515 (907)561-8641

As Chairman of the Alaska Coalition for American Energy Security, I am asking for your help in developing grassroots support for opening the Coastal Plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration, development and production. ANWR's Coastal Plain is the nation's best oil prospect, yet a strong environmentalist movement is underway to close the Coastal Plain to exploration, development and production.

On November 24, 1986, the Department of the Interior released its long-awaited report on the Coastal Plain as required by Section 1002(h) of the Alaska National Interest Lands Act. This report confirms the very high potential of the Coastal Plain for holding giant reserves of petroleum with a mean estimate of 13.8 billion barrels of oil in-place. The report contains an assessment of the Coastal Plain's wildlife and environmental resources and the possible impact of oil and gas exploration, development and production on these resources. Most importantly, the report contains the proposed recommendation of the Secretary of the Interior that the Coastal Plain be opened to oil and gas exploration, development and production under appropriate measures to assure the protection of the environment.

Ultimately, this issue will be decided by the Congress of the United States. However, before final report and recommendation are submitted to the Congress, the Department of the Interior will receive public comment on the report. Hearings are being held in Anchorage, Kaktovik, and Washington, D.C. in January. Written comments on the report will be accepted until January 23, 1987.

Your expression of support for the opening of the Coastal Plain at the Anchorage or Washington, D.C. hearings would help counter the expected opposition from the environmental organizations. I would also appreciate your writing to the Department of the Interior expressing your support for opening the Coastal Plain. Letters of support must be received in Washington, D.C. on or before January 23, 1987.

A sample letter showing the proper address for the submittal of your letter is shown on the reverse side of this letter.

Your support on this important issue will help strengthen Secretary Hodel's recommendation to open the Coastal Plain to oil and gas exploration, development and production. It is expected that the final report and recommendation will be submitted to the Congress during the Spring of 1987. At that time, your support will also be needed.

If you desire further information on this important issue, please contact the Alaska Coalition for American Energy Security.

Sincerely,



Boyd Brownfield
Chairman, Alaska Coalition for
American Energy Security

News
Jan 7,
1987

ment unhappy with lack of consultation by U.S. on oil and gas development plan

WHITNEY
news reporter

WASHINGTON — The Canadian government, upset with a lack of consultation by the U.S. Department of the Interior on development in the Arctic National Wildlife Refuge, has asked for a Jan. 23 meeting with department officials in Ottawa.

Interior Department officials say they recognize the requirement for consultation in the 1980 Alaska National Interest Land Conservation Act. But interviews with Interior Department and Canadian Embassy officials suggest the two governments have

different ideas about how the consulting should be done.

The Canadians believe their views about the refuge's development can only be discussed in private government-to-government meetings. The Interior Department wants the Ottawa government to state its views during the department's public-comment process, so that it can publicly respond to them.

These differences indicate how controversial oil and gas exploration in the refuge is in Canada and the delicacy with which the Canadian government is playing its role in a domestic U.S. issue.

The 1980 lands act requires consultation with the Canadians on wildlife issues involved in opening the refuge's 1.5 million-acre coastal plain to oil development.

The Interior Department's draft report, which recommended leasing of the coastal plain, was released Nov. 24. Canadian officials were not consulted before its release.

In a Dec. 4 meeting with U.S. Energy Secretary John S. Herrington and Interior Secretary Donald Hodel, Canadian Energy Minister Marcel Masse expressed, according to the Canadian Embassy, his "unhappiness" that the

Canadians were not consulted before the draft report was released.

The department's final recommendation will not come until after the close of a 60-day comment period Jan. 23. The department's recommendation would have to be approved by Congress.

Janet Davies, first secretary for the environment at the Canadian Embassy here, said the Canadian government also complained in a December letter to the Interior Department that it had been denied an opportunity to

See Back Page, REFUGE

REFUGE: Canadians want meeting

Continued from Page A-1

consult on the draft recommendation.

"There were no consultations about the specific draft report," she said. "We have noted the section (of the 1980 law requiring consultation) and drawn it to the attention of the United States government."

But Bill Horn, deputy Interior undersecretary, said the Interior department has been engaged in prolonged negotiations with the Canadians on a Porcupine caribou agreement, initialed last month in Seattle.

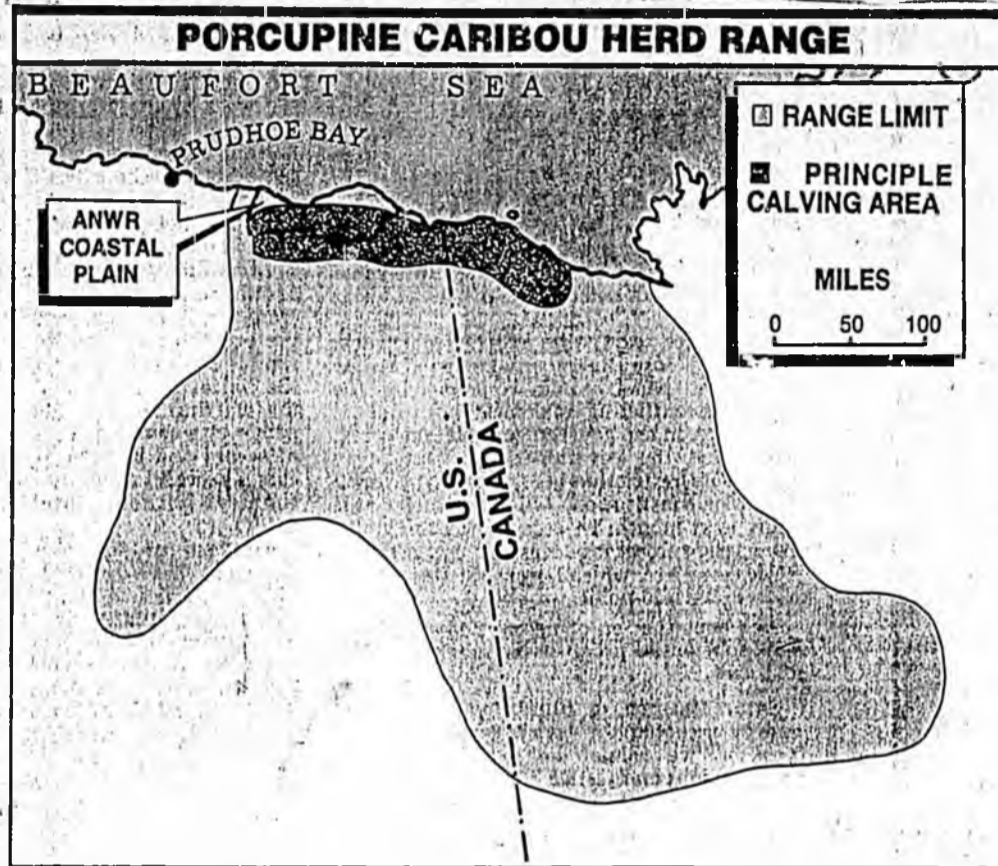
The 1980 act specifies that the department's wildlife consultations with the Canadians should include special attention to the migratory caribou herd.

The herd, upon which Canadian Natives subsist, uses the refuge's coastal plain as its calving grounds. Environmentalists are seeking a wilderness designation for the area, in large part because of their belief that any development activity would necessarily diminish the herd.

"There was some concern about the nature of the consultations," Horn said. "But we've been consulting with them on the Porcupine caribou herd."

"The question is, should we have done more before we put our draft out on the streets?" Horn said. "We're involved in the public comment period now. This is an appropriate time to do the consulting process as well."

Susan Recce, deputy assistant interior secretary, said she has no idea why the Canadians weren't consulted before the draft report was



Source: Arctic Slope Regional corporation

Anchorage Daily News/Peter Dunlap-Shohl

released.

"I have the feeling that people (here) wanted to have a report to send out first," she said. "If there are substantive issues to be discussed, that's what we want to hear."

But Recce also said that because Congress will have to make a final decision on the refuge's development, she thinks Congress is the "final forum" for the consultations.

"It would be a different story if we had the final decision," she said of the Interior Department.

"If the Canadians feel they've been excluded, all we can say is, we're sorry they feel that way but they won't lose any time," Recce said.

"What we'd be looking for-

ward to is that if they have official comments, that they be submitted as part of the official public-comment record so that we can respond to them," she said.

But Davies said that the policy of the federal government of Canada is not to comment at U.S. government hearings.

On Monday, officials with the Government of the Yukon, one of the Canadian provinces, testified at an Interior Department hearing in Anchorage. The Yukon government said it opposed development of the refuge because of the potential for harm to the caribou, among other things.

Davies said that her government expects to issue its

comments as part of the consultation process.

"What we expect from a meeting is what we would properly describe as consultation — how they arrived at their conclusions, a full briefing at which we'd offer our advice," she said.

Another sign of how strongly the the Canadians feel about the consultation controversy is that the embassy's political minister, rather than its environmental officials, sent a letter to Horn Dec. 30 requesting the Jan. 23 meeting in Ottawa.

Recce said that the Interior Department has yet to respond to the meeting request, although she said she expects a series of meetings to be held in the coming months.

By DAVID WHITNEY
Daily News reporter

WASHINGTON — After eight years of negotiations, the United States and Canada have initialed an agreement to protect the Porcupine caribou herd that migrates across the international border north of the Arctic Circle.

The agreement, when signed, will create a two-nation advisory board to oversee the herd. Potentially, that board may become involved in the controversy about whether — and under what controls — the United States

should permit oil exploration and development in the coastal plain of Alaska's Arctic National Wildlife Refuge.

The herd, vital to Native populations — especially in Canada's Yukon Territory and Northwest Territories — uses the 1.5-million-acre coastal plain as its calving ground in the spring.

Environmentalists maintain that the coastal plain should be designated as wilderness by the Congress to prohibit development. Many oil-lease proponents agree that development would have

at least some detrimental effect on the Porcupine herd.

The agreement, initialed in Seattle Dec. 3, has touched off a debate about what it means to the future development of the coastal plain. In a preliminary report, the U.S. Department of Interior has recommended the coastal plain be opened to immediate leasing and oil exploration.

William Horn, assistant Interior secretary for fish and wildlife, said the coastal plain could become another Prudhoe Bay.

Alaska Sen. Frank Mur-

kowski, who has asked President Reagan to mention the need for the reserve's oil in his State of the Union message to Congress, sees the proposed agreement as a detriment to getting to the oil.

"I am concerned about the agreement being used potentially as a tool to have Canadian influence on whether or not we should develop ANWR," Murkowski said.

But an oil-company executive involved in the negotiations said he has been led to believe that the agreement "would put to bed the caribou

controversy."

"It's legitimate for us proponents of leasing to wave this (agreement) and say, 'Hey guys, there's no problem with the caribou. This has been solved,'" said Roger Herrera, explorations manager for Standard Alaska Production Company, a subsidiary of Standard Oil of Ohio.

The views of Herrera, one of 17 on the U.S. negotiating team led by Deputy Assistant Secretary of State Richard D. Smith, may help persuade development interests to go along with the proposed

agreement. But they do not reflect the views of others inside or outside of government.

"This agreement is working toward solving a problem but it is not the solution," said State Department spokesman Ed McKeon.

"Herrera is way out of line," said Randall Snodgrass, Alaska Program Director for the Wilderness Society. "From what I know of what was stripped out, this agreement in no way protects

See Page B-3, CARIBOU

Continued from Page B-1

the calving grounds of the herd."

Canada had been under great pressure from its northwestern territories to enter into an agreement. The Yukon Territory legislature, for example, passed a resolution Dec. 3 — the same day the agreement was initialed — urging Ottawa to stress the importance of an agreement before any decisions were made concerning development of the coastal plain.

The reason for this pressure is in part the great reliance of Canadian Natives on the herd, which has grown to about 180,000 animals.

Unlike the Kaktovik Natives in the Arctic refuge, who kill and use marine mammals as well as Porcupine caribou, the Inuit Eskimos and Dene-Metis and Council of Yukon Indians historically have relied virtually exclusively on the migrating herd for food.

But in reaching the tentative agreement, the Canadians and the United States rejected stronger language on protecting the caribou habitat damage in the arctic refuge or the herd's wintering grounds in Canada.

"There was a lot of careful wordsmithing to make this (agreement) compatible with the on-going public process (in the ANWR-development debate)," Herrera said. "The Canadians wanted stronger habitat language. There was a difference of opinion, no doubt about that."

Smith declined to discuss

the intricacies of the negotiations, other than to say that various viewpoints were represented on both sides, and that the Canadian and U.S. delegations both tried to avoid any interference with domestic land-use processes.

"I think the agreement is fair and balanced in that it recognizes the legitimate interests of the two countries and the users of the caribou without sweeping aside other interests as land-use decisions are made," Smith said.

Bob Childers of Anchorage represents the Alaska section of the International Porcupine Caribou Commission made up of Natives and is on staff of the State Working Group helping to form the state's position on the caribou issue.

He accused the U.S. Interior Department, which was involved peripherally in the talks, of "gladhanding" to oil-industry interests.

"We're disappointed, but we still want it," Childers said. "We got basically what we wanted — except what we wanted most."

What he most wanted was a specified commitment of both countries that no development would be permitted using less than the most up-to-date technology, and a commitment that developers would be strictly liable for any loss of caribou or access to them.

"The Interior Department wasn't prepared to do that," Childers said. "They kept out any prescriptive or performance standards. They removed any reference to Fish and Wildlife Service mitiga-

tion policy."

Lack of such provisions cuts both ways, Childers said. While it would have had an effect on the Arctic refuge's development, it would have protected Alaskan Natives' interests in case of development in Canada's caribou range.

Nonetheless, the agreement could add another voice in the debate over the impact of Arctic refuge development on the herd.

Childers said that oil potential is subject to overstatement, and the panel will be under the administration of the Interior Department's Fish and Wildlife Service. "Our concern will be to keep it independent," he said.

In its preliminary recommendation on the refuge last month, the Interior Department said that any development along the southerly reaches of the Jago River should be delayed, because its studies indicate that area is the most heavily used during the caribou calving season.

But the department said that even with that and other recommended mitigation procedures, the animals would unavoidably lose the use of 242,000 acres in their core calving grounds.

This is precisely the kind of issue the advisory panel would be empowered to comment on.

The United States and Canada each would appoint four members to an International Porcupine Caribou Board, which would "make recommendations and provide advice on those aspects of the conservation of the Porcupine

caribou herd and its habitat that require international cooperation."

Among the areas of involvement assigned to the board are review of "actions that are necessary or advisable to conserve the Porcupine caribou herd and its habitat," and "identification of sensitive habitat deserving special consideration."

Environmentalists say the coastal plain of the Arctic refuge is sensitive because the calving females separate and spread throughout its reaches to give birth privately when the herd arrives in May. The herd then gathers within the plain in June before it begins its migration back into Canadian territory.

They say any disturbance in the area will upset the natural calving process and interfere with the herd's ability to reach the cooler coastal area, where the caribou escape the oppressive pursuit of insects.

Although the board's recommendations would be only advisory, the proposed agreement commits the two countries to support the panel and to provide it with written reasons for rejecting its recommendations.

The tentative agreement has been submitted for comment to both governments, the Canadian territories, the state of Alaska and user and special-interest groups.

Smith said that unless there is a last-minute hitch, he expects the agreement can be signed in a month or so.

Because it is an agreement and not a treaty, no congressional approval is required.

~~MEMORANDUM OF UNDERSTANDING~~
AGREEMENT
BETWEEN
THE GOVERNMENT OF CANADA
AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ON CONCERNING THE CONSERVATION OF THE PORCUPINE CARIBOU HERD

The Government of Canada and the Government of the United States of America, hereinafter called the "Participants":

Recognizing that the Porcupine Caribou Herd regularly migrates across the international boundary between Canada and the United States and that caribou in their large free-roaming herds comprise a unique and irreplaceable natural resource of great value which each generation should maintain and make use of so as to preserve them for future generations;

Acknowledging that there are various human uses of caribou and that for generations certain people of the Yukon Territory and the Northwest Territories in Canada have customarily and traditionally harvested Porcupine Caribou to meet their nutritional, cultural and other essential needs and certain rural residents of the State of Alaska in the United States of America have harvested Porcupine Caribou for customary and traditional uses and will continue to do so in the future, and that these people should participate in the conservation of the Porcupine Caribou Herd and its habitat;

Recognizing the importance of conserving the habitat of the Porcupine Caribou Herd, including such areas as calving, post-calving, migration, wintering and insect relief habitat;

Understanding that the protection of the Porcupine Caribou Herd and its habitat requires goodwill among landowners, wildlife managers, users of the caribou and other users of the area;

Recognizing that Porcupine Caribou should be conserved according to ecological principles and that actions for the protection of caribou to the long-term detriment of other indigenous species of wild fauna and flora should be avoided;

Recognizing that the participants wish to establish cooperative bilateral mechanisms to coordinate their activities for the long-term conservation of the Porcupine Caribou Herd and its habitat:

Grin and ignore it.

Sharma -

Here's the Agreement
pls call if I can
help Bob Childers
276-7986 (H&Dk)
279-2511 Rural CAP



Handwritten initials

Handwritten initials

Handwritten initials

Handwritten initials

Handwritten initials

Handwritten initials

Handwritten initials

Agreement

Recognizing that cooperation and coordination under this ~~Memorandum of Understanding~~ should not alter ~~existing~~ domestic authorities regarding management of the Porcupine Caribou Herd and its habitat and should be implemented by existing rather than new management structures;

Have reached the following ~~Understanding~~ Agreement.

1. Definitions

For the purpose of this ~~Memorandum of Understanding~~ Agreement only:

a. "Porcupine Caribou Herd" means the migratory barren ground caribou found north of 64 degrees, 30 minutes north latitude and north of the Yukon River which usually share common and traditional calving and post-calving aggregation grounds between the Canning River in the State of Alaska and the Eabba River in the Yukon Territory and which historically migrate within the State of Alaska, the Yukon Territory, and the Northwest Territories. ~~for the winters~~

b. "Conservation" means the management and use of the Porcupine Caribou Herd and its habitat utilizing all methods and procedures which ensure the long-term productivity and usefulness of the Porcupine Caribou Herd. Such methods and procedures include, but are not limited to, activities associated with scientific resources management such as research, law enforcement, census, habitat maintenance, monitoring and public information and education.

c. "Habitat" means the whole or any part of the ~~Ecosystems~~, including summer, winter and migration range, used by the Porcupine Caribou Herd during the course of its long-term movement patterns, as generally outlined on the ~~attached~~ map attached as an Annex.

2. Objectives

The objectives of the participants are:

a. To conserve the Porcupine Caribou Herd and its habitat through international cooperation and coordination of actions so that the risk of irreversible damage or long-term adverse effects as a result of use of caribou or their habitat is minimized;

b. To ensure opportunities for customary and traditional uses of the Porcupine Caribou Herd by:

(1) in Alaska, rural Alaska residents in accordance with 16 U.S.C. 3113 and 3114, ~~and~~ AS 16.05.940(23), (28) and (32), and ~~AS~~ 16.05.258(c); and

(2) in Northwest Territories and Yukon, Native users as defined by sections A8 and A9 of the Porcupine Caribou Management Agreement (Canada October 26, 1985) and those non-Native subsistence users identified pursuant to the process in section E2(e) of said Agreement.

- c. To enable users of Porcupine Caribou to participate in the international coordination of the conservation of the Porcupine Caribou Herd and its habitat.
- d. To encourage cooperation and communication among governments ^{users} of the Porcupine Caribou and other ~~users~~ to achieve the above objectives.

3. Conservation

- a. The participants will take appropriate action to conserve ~~and manage~~ the Porcupine Caribou Herd and its habitat.
- b. The participants will ensure that Porcupine Caribou, their habitat and the interests of users of Porcupine Caribou are given effective consideration in evaluating proposed activities within the range of the Herd.
- c. Activities requiring participant approval having a potential impact on the conservation of the Porcupine Caribou Herd ~~and~~ its habitat will be subject to impact assessment and review consistent with domestic laws, regulations and processes.
- d. Where an ~~action~~ ^{activity} is determined to be likely to cause significant long-term adverse impact on the Porcupine Caribou Herd or its habitat, the other participant will be notified and given an opportunity to consult prior to final decision.
- e. ~~Participant approval of activities with~~ ^{Activities requiring participant approval having} a potential significant impact on the conservation or use of the Porcupine Caribou Herd or its habitat may require mitigation.
- f. Participants should avoid or minimize activities that would significantly disrupt migration or other important behavior patterns of the Porcupine Caribou ^{Herd} that would otherwise lessen the ability of users of ~~the~~ Porcupine Caribou to use the Herd.
- g. When evaluating the environmental consequences of a proposed activity, the participants will consider and analyse potential impacts, including cumulative impacts, to the Porcupine Caribou Herd, its habitat and affected users of ~~the~~ Porcupine Caribou.
- h. The participants will prohibit the ^{commercial} sale of meat from the Porcupine Caribou Herd.

4. International Porcupine Caribou Board

- a. The participants will establish an advisory board, to be known as the International Porcupine Caribou Board, hereinafter called the Board.
- b. The participants will each appoint four members of the Board within a reasonable period after the present ~~Memorandum~~ ^{Agreement} becomes effective.

[Handwritten signatures and initials]

c. The Board will adopt:

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- (1) rules and procedures for the operation of the Board except that a recommendation will require ~~concurrence~~ concurrence by a majority ~~vote~~ of each participant's appointees; and
- (2) ~~the~~ rules governing the chairmanship of the Board.

d. Handwritten initials: JG, JH

The Board, seeking, where appropriate, information available from management agencies, local communities, users of Porcupine Caribou, scientific and other interests, will make recommendations and provide advice on those aspects of the conservation of the Porcupine Caribou Herd and its habitat that require international coordination, including but not limited to the following:

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- (1) the sharing of information and consideration of actions to further the objectives of ~~the~~ this ~~Memorandum~~ Agreement at the international level;
- (2) the actions that are necessary or advisable to conserve the Porcupine Caribou Herd and its habitat;
- (3) cooperative conservation planning for the Porcupine Caribou Herd throughout its range;
- (4) the review of available data and, when advisable to conserve the Porcupine Caribou Herd, recommendations on overall harvest and appropriate harvest limits for each of Canada and the United States of America taking into account patterns of customary and traditional uses and other factors the Board deems appropriate.
- (5) the identification of sensitive habitat deserving special consideration; and
- (6) recommendations, where necessary, through the participants as required, to other Boards and agencies in Canada and the United States of America on matters affecting the Porcupine Caribou Herd or its habitat.

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It is understood that the advice and recommendations of the Board are not binding on the participants; however, by virtue of this Agreement ~~Memorandum~~, it has been accepted that the participants will support and participate in the operation of the Board. In particular they will:

- (1) provide the Board with information regarding the conservation and use of the Porcupine Caribou Herd and its habitat;
- (2) promptly notify the Board of proposed activities that could significantly affect the conservation of the Porcupine Caribou Herd or its habitat and provide an opportunity to the Board to make recommendations;

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(3) consider the advice and respond to the recommendations of the Board; and

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(4) provide written reasons for the rejection in whole or in part of conservation ~~and management~~ recommendations ~~made by the~~ made by the Board.

5. International Responsibility

The participants will consult promptly to consider appropriate action in the event of:

a. significant damage to the Porcupine Caribou Herd or its habitat for which there is responsibility under international law; or

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b. significant disruption of migration or other important behavior patterns of the Porcupine Caribou Herd that would significantly lessen the ability of users of Porcupine Caribou to use the Herd.

6. Implementation

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Cooperation and coordination under this ~~Memorandum~~ ^{Agreement} will be in accordance with the laws and regulations of the participants and is subject to the availability of funding.

7. Interpretation and Application

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All questions related to the interpretation or application of the ~~Memorandum~~ ^{Agreement} will be settled by consultation between the participants.

8. Effective date; Amendments.

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a. This ~~Memorandum~~ ^{Agreement} will take effect on the date of the signature of the last participant and continue in effect until one year from the date on which either participant has given written notice to the other of its desire to terminate this ~~Memorandum~~ ^{Agreement}.

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b. At the request of either participant, consultation will be held with a view to convening a meeting of the representatives of the participants to amend this ~~Memorandum~~ ^{Agreement}.

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FOR THE GOVERNMENT
OF CANADA

FOR THE GOVERNMENT
OF THE UNITED STATES
OF AMERICA

(Date)

(Date)

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STATE NEGOTIATING POSITION
FOR A
UNITED STATES-CANADA
PORCUPINE CARIBOU HERD AGREEMENT

March 7, 1986

A. GENERAL CONSIDERATIONS.

1. The Porcupine Caribou Herd (PCH) Agreement should not alter existing domestic authorities and responsibilities of the State of Alaska, the United States, or other entity regarding management of the PCH in Alaska.
2. The PCH Agreement would be binding on its Parties.
3. Implementation of an Agreement would be designed to work smoothly with existing management structures. New management structures would not be created by the Agreement.

B. PURPOSES.

1. To Conserve the size, health, and productivity of the PCH and its habitat.
2. To ensure the continued availability of Porcupine caribou for use by Alaska residents and by other user groups consistent with the conservation of Porcupine caribou.
3. To help ensure the continuing health and welfare of local communities significantly dependent upon the PCH for subsistence.
4. To set forth the administrative and procedural mechanisms for ensuring:
 - a. the international coordination of management and conservation of the PCH and its habitat; and
 - b. the cooperation and communication among governments and users necessary to achieve the above purposes.

C. SCOPE.

1. The Agreement would apply to the PCH and its habitat north of 64 degrees 30 minutes North latitude, and north of the Yukon River:
2. The Agreement would be limited to those issues germane to the purposes stated above.

D. GENERAL CONSERVATION STANDARDS.

1. The Agreement would provide for the sound ecological management of the PCH and its environment.
2. Parties should agree to avoid, where possible, activities which may significantly impede, delay or disrupt the migration or other essential behavior patterns of the PCH, or which lessen the ability of Alaska residents to utilize Porcupine caribou.
3. The Agreement should include procedures to ensure that Porcupine caribou and their habitat requirements are given effective consideration in evaluating proposed activities within the range of the PCH.

E. HABITAT PROTECTION.

1. Government approval of activities with potential significant impacts on the conservation or use of the PCH or its habitat would require:
 - a. the use of the best available technology, mitigating measures and methods of operation, so as to avoid adverse impacts where possible and to minimize unavoidable impacts;
 - b. the rehabilitation of disturbed areas; and
 - c. scheduling of activities so as not to interrupt the seasonal patterns of the PCH.
2. The Agreement should address the issues of liability and compensation for significant damages to the PCH, its habitat, or the ability of Alaskans to continue to harvest Porcupine caribou.

F. PORCUPINE CARIBOU HERD ADVISORY BOARD OR COUNCIL.

1. The Agreement would establish an advisory U.S./Canada Porcupine Caribou Board or Council to facilitate its implementation.
2. The Board or Council would fairly represent state, local and federal interests in the PCH.
3. The Board or Council would:
 - a. provide the vehicle for formal sharing of information and consideration of actions that may be taken to further the purposes of the Agreement at the international level;

- b. recommend those actions which are necessary or advisable to conserve the PCH and its habitat;
- c. encourage and make recommendations for cooperative research and management planning for the PCH throughout its range;
- d. review available data and, when advisable to conserve the PCH, recommend an overall herd harvest limit and appropriate harvest limits for the United States and Canada;
- e. identify sensitive habitat components deserving special consideration; and
- f. establish advisory committee(s), as needed, to provide expertise offered by management agencies, user communities, scientific and other interests.

G. GOVERNMENT RESPONSIBILITIES.

- 1. Governments would agree to participate in and support the bilateral PCH Board or Council; and
 - a. provide the Board or Council with data and information regarding the conservation and use of the PCH and its habitat;
 - b. promptly notify the Board or Council of proposed activities which could significantly affect the conservation or use of the PCH or its habitat, and provide an opportunity to make recommendations;
 - c. to give effective consideration to the advice and recommendations of the Board or Council:
 - (1) the Board's or Council's advice and recommendations will not be binding;
 - (2) governments would consider the findings and advice, and respond to the recommendations of the Board or council; and
 - (3) rejection of a recommended harvest quota, caribou conservation measure, or habitat recommendation would indicate the reason(s) why the recommendation was not accepted.
- 2. When evaluating the environmental consequences of a proposed activity, government agencies should consider and analyze potential impacts, including cumulative impacts, to the PCH, its habitat, and affected users throughout the herd's range.

H. OTHER PROVISIONS.

1. The Agreement should recognize the special significance of the PCH for the economic and cultural well-being of local communities within the range of the PCH.
2. The Agreement should provide that subsistence shall be given preference among the beneficial uses of caribou from the PCH.
3. The Agreement should prohibit the commercial sale of meat from the PCH. "Commercial sale" will be defined to exclude traditional barter in accordance with state law.
4. The Agreement should call for subsequent bilateral discussions to consider the future designation of appropriate lands as the Arctic International Porcupine Caribou Range.

State study: ANWR may hold huge oil reserves

By SUE CROSS
The Associated Press

JUNEAU — State geophysicists said Thursday their studies back up the federal government's prediction that the Arctic National Wildlife Refuge could contain huge reserves of oil and gas.

The report by the Alaska Department of Natural Resources says the refuge's coastal plain could contain from 80 million to 45.8 billion barrels of oil.

The state said there's a 5 percent chance the 1.5 million-acre plain holds 26.5 billion barrels of oil, and a 95 percent chance it holds at least 80 million barrels.

"Assuming a recovery factor of 35 percent for oil, up to 16 billion barrels of recoverable oil may be present. This compares favorably with the original recoverable oil reserves of about 10 billion barrels in the Prudhoe Bay field," wrote co-authors and geophysicists James Hansen and R.W. Kornbrath.

The state report is considerably more conservative than federal estimates of the refuge's oil potential, Hansen noted.

A federal report by the Department of the Interior, now under public review, gives a 19 percent chance for finding oil. If there is oil, the federal report said, there's a 95 percent chance the coastal

Comment period extended

The Associated Press

The Interior Department has given the public two extra weeks to comment on the agency's controversial draft report recommending on oil development in the Arctic National Wildlife Refuge.

The Jan. 23 deadline for comments has been extended to Feb. 6, said Robert Gilmore, regional director for the U.S. Fish and Wildlife Service.

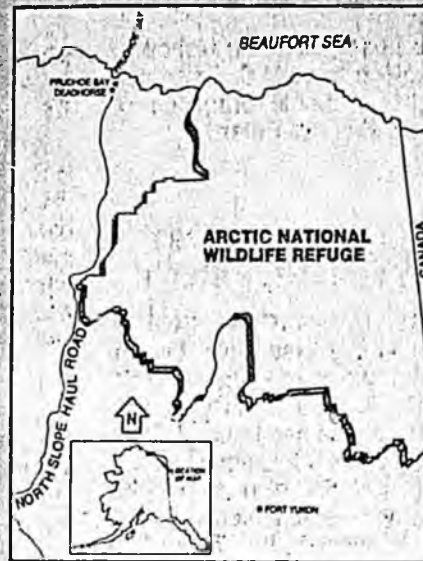
The report "has stirred much interest in Alaska and the Lower 48," Gilmore said Thursday.

Gov. Steve Cowper requested the extension, he said.

Cowper also had asked that the department hold public hearings in Fairbanks and Arctic Village, besides the three held last week.

But Gilmore said no additional public hearings will be scheduled.

Comments should be sent to the U.S. Fish and Wildlife Service, Division of Refuge Management, 2343 Main Interior Building, 18th and C Streets NW, Washington, D.C., 20240.



Anchorage Daily News/Peter Dunlap-Shott

plain contains at least 600 million barrels of recoverable oil, and a 5 percent chance it contains 9.2 bil-

lion barrels.

The state report was finished last March, but its release was

delayed until the Interior Department issued its findings, said Bob Butts, natural resource manager in the state Division of Oil and Gas.

Alaska Oil and Gas Director James Eason said the report is important because it confirms the potential for large reserves of oil.

"Since the probability of finding a commercial discovery in any frontier area is usually small, generally no greater than one in 20 wells, oil companies normally proceed only when there is a chance of finding a lot of oil," Eason said.

The director of an environmental organization that opposes exploration of the coastal plain said the report is significant for other reasons.

"I think the significance is two-fold," said Bob Adler, director of Trustees for Alaska. "One is that the federal government predictions are subject to a considerable amount of uncertainty."

"The second significant thing to me is that the federal government has had this state report since last March, and yet there is absolutely nothing in the draft (federal) report that (says) state geologists have much more conservative projections," Adler said. "I think it was deceptive, to say the least, for the federal government to exclude these lower estimates when it submitted its draft review."

KAKTOVIK RESIDENTS' TESTIMONY, WILDERNESS BILL TIED

Times Business Staff
and Fairbanks Daily News-Miner

Times 1/7/87

While residents of the North Slope village of Kaktovik argued on Tuesday before an Interior Department hearing the pros and cons of oil and gas exploration in the Arctic National Wildlife Refuge, Rep. Morris Udall, D-Ariz., a leading opponent of North Slope development, introduced legislation to bar exploration on the Arctic coastal plain.

The Arizona Democrat and 25 co-sponsors filed House Resolution 39, which would slap a wilderness designation on the

coastal plain to prevent development on the 18-million-acre arctic refuge.

According to the Interior Department, ANWR could be the largest untapped oil reserve in North America, possibly containing as much as 29.4 billion barrels of oil.

Ironically, HR39 was the same number attached to the 1980 Alaska National Interest Lands Claims Act, a bill that saw pro-development forces pitted in a lengthy, bitter battle against environmentalists during the late 1970s.

Environmental groups have pinned

their hopes on Udall, chairman of the House Interior Committee, to stop the development of ANWR. Udall has traditionally backed conservationist efforts in Alaska.

At the same time, the Fish & Wildlife Service, an agency of the Interior Department, has already announced its support of limited exploration on the 18-million-acre plain.

"It's ironic," said Dan Kish, a House Interior Committee aide to Rep. Don Young, of the bill's number. "But the irony has not been lost on us."

"It was deliberately planned irony," Susan Alexander, Alaska director of the Wilderness Society, said today.

"This is certainly the bill we hope to see move," she added. "We hope the coastal plain is designated wilderness. And ultimately, it will be."

Alaska's congressional delegation — Young and Sens. Ted Stevens and Frank Murkowski — favor oil exploration on the coastal plain. The trio and the oil industry will be at odds with a strong coalition of environmentalists.

See Refuge, page A-8

Continued from page A-1

But in Kaktovik, residents of areas most directly affected by proposed development expressed a wide range of views at the Interior Department hearings on Tuesday.

"The City Council of Kaktovik has, after much deliberation, decided to support . . . limited leasing of the ANWR lands," said Kaktovik Mayor Loren Ahlers.

"This support comes with the understanding that certain stipulations be met towards the protection of wildlife, its habitat, subsistence lifestyles, and the social economic future of Kaktovik," he added.

The public hearing was the second of three such meetings. The first was held in Anchorage Monday and the final one will be in Washington, D.C. on Friday.

The testimony will be included in the department's final report and recommendation to Congress.

More than 100 people packed the new community center in Kaktovik, a village of 200 resi-

dents on Alaska's northern coast.

Because some residents do not speak or understand English, almost all testimony taken from the 25 people at the hearing was translated from Inupiat.

Ahlers also said he was concerned that possible impacts on the bowhead whale and offshore drilling were not adequately addressed in the Fish & Wildlife report. He also recommended that potential social problems be headed off before they develop.

"Again, prior to, instead of after, is essential," Ahlers said.

Acting North Slope Borough Mayor Edward Itta said exploration should be reviewed on a case-by-case basis but added that development and preservation of culture are not incompatible. "This opportunity for Native corporations must not be denied," Itta said.

Four residents of Arctic Village, which is just outside ANWR's southern boundary, told the hearing that any impact on the 180,000 animal Porcupine caribou herd would also affect them.

"The reason I'm here is the

studies seem to have forgotten us somehow," said Lincoln Tritt. "Arctic Village was not taken into consideration."

Gideon James of Arctic Village expressed one side of the controversy over the effects oil development has on Porcupine caribou herd. "My people use that herd," he said. "Nobody can tell me nothing will go wrong if development takes place."

But Robert Newell, an Arco-Alaska Inc. employee, said development at Prudhoe Bay has proved that the wildlife, specifically caribou, and development can co-exist. "We do not have to guess," he said. "We should look no further than what has happened 100 miles to the west."

Times Jan 7, 1987

ANWR report said to ignore caribou

By John Fridrich
Fairbanks Daily News-Miner

KAKTOVIK — Some of the people who stand to be hurt the most by oil development of the Arctic National Wildlife Refuge's coastal plain weren't included in a draft report recommending exploration, and they told federal officials Tuesday of their displeasure.

Some residents of Kaktovik, the only village in ANWR and the site of a public hearing Tuesday, were just as concerned that the process leading to a congressional decision was unfolding too rapidly. And a Yukon Territory official, citing provisions in the Alaska lands act that created the arctic refuge, said the United States was required to consult the Canadian government regarding possible development, but so far has not.

At least one government official, meanwhile, praised the draft report, saying it was well-written and precise. Much of the displeasure regarding the report surrounded its assessment of the 180,000-animal Porcupine Caribou Herd, which mi-

grate back and forth across the Alaska-Canadian border. Native peoples on both sides of the border rely on caribou as a staple food source.

Critics said the 171-page document, five years in the making, doesn't address the consequences of the herd's presence in both countries, nor the caribou's passage near Arctic Village, which lies just outside the refuge's southern border.

"The caribou doesn't know there's a border," said Howard Linklater, a resident of Old Crow in the Yukon Territory, "and the best calving grounds are in your country."

Aaron Tritt of Arctic Village said the report "doesn't say anything about migration through Old Crow or Venetie."

Edward Itta, acting mayor of the North Slope Borough, said despite criticism of the report by environmentalists, he found it was a well-written and precise document. Jonathon Solomon, Fort Yukon's mayor, said hearings in Anchorage, Kaktovik and Washington, D.C. were inadequate.

Federal officials hadn't planned on ac-

cepting any public comment, but a successful lawsuit by environmental groups forced the Department of the Interior to allow public input. "Their (villagers) life depends on it (caribou) and they are not being heard at these hearings because they can't afford to attend," Solomon said.

Interior official Susan Reece said several weeks ago when the issue of holding hearings in Fairbanks and Arctic Village came up, that time didn't allow the department a chance to hold additional hearings, since the final report is due to Congress in March. The process is still in the very early stages, she said, and people have until Jan. 23 to submit written comment to the U.S. Fish and Wildlife Service, which coordinated the report.

Should Congress decide to open the area to oil and gas leasing, a series of public hearings and environmental impact statements would be required. Oil industry officials say it could be 10 to 15 years before fields could be brought to production if Congress approves exploration in the coastal plain.

Middle ground scarce on ANWR report

By Harry McFarland
Times Business Writer

The Arctic National Wildlife Refuge can be opened to responsible oil and gas exploration, Dick Lefebvre, a member of both pro-development and environmentalists groups, told a U.S. Department of Interior hearing in Anchorage on Monday.

Lefebvre, an anomaly at the hearing because of his membership in both the Wilderness Society and the Resource Development Council for Alaska, urged the department to recommend to Congress that exploration be allowed in the 1.2-million-acre coastal plain.

"I support the protection of the environment," Lefebvre said, "and I also support the wise use of our resources. I believe that responsible development of

Divisions clear in hearings on development

ANWR is possible."

Most of the 30 organizations and 160 individuals that testified at the hearing at the William A. Egan Civic & Convention Center were either pro-exploration or environmentalist. As the testimony droned on during the day-long hearing, middle ground seemed impossible.

The hearings continued today in the North Slope village of Kakovik and move to Washington, D.C., on Friday. The public comments will be incorporated into the department's final report to Congress, which is expected to vote within the next few years on whether to open the coastal plain to exploration or lock it up as a wilderness.

The U.S. Fish & Wildlife Service, an agency of Interior, recommended in a draft report that a full, but staggered, leasing program be permitted on the coastal plain, which is part of the 18-million-acre refuge. Environmental groups challenge the recommendation, arguing that the area should be left in a pristine state.

Cindy Lowry, Alaska representative of Greenpeace USA, said that both the onshore and offshore ecosystems of the coastal plain would be threatened by development. Oil facilities deplete the water resources, pollute tundra ponds, threaten air quality and negatively affect

the Inupiat Eskimo lifestyle, she said.

Oil industry executives have argued strenuously that operating at Prudhoe Bay has given them the experience and technology to safely explore and develop the coastal plain.

Jamie Linxwiler, representing the Alaska Coalition for American Energy Security, a group of five pro-development groups and the Arctic Slope Regional Corp., focused his testimony on the United States' need to lessen its dependence on imported oil.

"The United States presently imports 43 percent of its daily domestic oil supply," Linxwiler said. "By the year 2000, roughly the time that production from

ANWR would come into the marketplace, the United States will import upwards of 75 percent of its daily supply of crude oil. History is an excellent teacher, and thus we know what the implications are of such a high degree of dependency on foreign oil."

He cited the last 15 years of manipulation by the Organization of Petroleum Exporting Countries, and said the development of the coastal plain would lessen the impact the oil cartel has had on the United States.

John Merrick, representing the Konlag Native Corp., one of several native corporations supporting drilling in the coastal plain, reiterated Linxwiler's point by saying oil exploration "is necessary and essential to the good of the national interest."

See ANWR, page A-1

ANWR: Battle lines drawn

Continued from page A-1

Susan Alexander, Alaska regional director for the Wilderness Society, however, joined other environmentalists who said Interior overemphasized the probability of finding oil and overestimated the amount of reserves in the coastal plain area.

"Only upon delving deep into the 1002 report itself does the reader find that there is an 81 percent chance that no economically recoverable oil at all lies within the refuge," she said.

Alexander also criticized the Interior report for its understating of the impact that oil exploration would have on the 180,000 animals that make up the Porcupine Caribou Herd.

"For example, careful reading of the report reveals such conclusions as 'mitigation' of the loss of caribou habitat in (the core calving area) is not possible," said Alexander, citing from the Interior report. "Furthermore, the report repeatedly cites the lack of information and experience required for an accurate assessment of the impacts."

A representative of the Yukon

Territory joined environmentalists in criticizing the draft report. Steve Fuller, a policy adviser of the Government of the Yukon renewable resources department, also chastised federal officials Monday for claiming they had contacted his government prior to releasing the U.S. Fish & Wildlife draft report.

Fuller said the report refers to communication with Yukon officials. But, he claimed, "there was no direct contact with any group, village or government in Canada."

The lack of communication has now been partially rectified, Fuller said. The two governments have scheduled a meeting for Jan. 23, the last day Interior will accept written public comments on the report.

Yukon officials also are concerned with the impact that oil and gas development may have on wildlife that inhabit the refuge, Fuller said.

Canada several years ago set aside a portion of the area bordering northeast Alaska as a wilderness area. Oil development is specifically barred from the 3 million acres of the Northern Yukon National Park.

"We are concerned there is no adequate treatment of transboundary consequences (of development) in the report," Fuller said. Future population estimates on the Porcupine caribou and other wildlife, such as snow geese and musk oxen, are "solely based" on changes in Alaska.

Fuller said 80 percent of the subsistence use of the Porcupine herd is by the residents of Old Crow, a Yukon village located about 60 miles southwest of the southwestern corner of the arctic refuge. Residents of the Alaskan village of Arctic Village also depend on the herd for subsistence.

Others testifying Monday included Kenai Mayor John Williams, whose city council in December unanimously passed a resolution supporting the opening of ANWR, and Bob Grogan, director of the Office of Governmental Affairs in Gov. Steve Cowper's office.

Grogan said the administration was disappointed that hearings will not be held in Arctic Village and Fairbanks and that Interior has refused to extend the comment period from Jan. 23 to Feb. 15, as requested by the governor.

Groups urge arctic refuge development

Times
Dec. 30, 1986

By Sue Cross
Associated Press

JUNEAU — Oil company officials and pro-development groups are telling Gov. Steve Cowper to press for development of the Arctic National Wildlife Refuge while federal officials are amiable toward the idea.

Cowper met for a half-hour Monday with advocates of a refuge development group "mostly as a courtesy" so they could air their views, said the governor's spokesman, David Ramseur. Cowper supports refuge development as long as it is environmentally safe and Alaskans are hired to do the work.

The governor also on Monday wrote to Interior Secretary Donald Hodel, asking that the federal government hold four public hearings on the issue in Alaska and extend a deadline for public comment from Jan. 23 to Feb. 15.

Cowper's meeting included ARCO Alaska president Harold Heinze, former Gov. Wally Hickel, who's also a former secretary of the Interior, and Max Hodel, representing the Anchorage-based development group Commonwealth North. The president of Standard Alaska Production Co., George Nelson, was weathered out of Juneau and could not attend as planned.

Heinze said oil companies routinely accommodate most of the 30-odd environmental stipulations that the Interior Department attached to a pro-development report, Ramseur said.

Heinze and Hickel told Cowper that in recent visits to Washington, they found sentiment there running for development of the refuge's 1.5 million-acre coastal plain.

"Hickel said 'The wind is with us' in Washington, D.C. He says it looks pretty good," Ramseur said.

But Cowper said he'll need the oil companies' help proving refuge development need not harm the 180,000 animals in the Porcupine caribou herd that lives there. He asked Heinze to provide data on the management of caribou at Prudhoe Bay and around the trans-Alaska pipeline, which was built so caribou could pass over or under the pipe.

The director of an environmental group opposing develop-

ment said the Prudhoe Bay comparison is invalid.

"It's like comparing apples and oranges," said Randy Rogers, director of the Northern Alaska Environmental Center, in Fairbanks.

He said a much smaller number of caribou are affected by the pipeline and Prudhoe Bay, and the refuge development would cut them off not only from migration routes but also from breeding and feeding grounds.

A Cowper administration task force is working on the state's response to the Interior report.

Responses were due Jan. 23, but Cowper is seeking the extension in response to complaints by environmentalists and rural residents that they need more time to comment.

Hearings now are scheduled in Anchorage Jan. 5 and in Kaktovik, an Eskimo village on the coastal plain, Jan. 6. Cowper wants hearings added in Fairbanks and Arctic Village.

"In the event that exploration and development does occur in ANWR, both these communities could potentially be impacted," Cowper wrote.

The Interior report said the plain should be opened to development, but warned it could harm the Arctic ecology and wildlife in the 19 million-acre refuge, located along the Arctic Ocean in northeast Alaska.

The report said the refuge's coastal plain could contain up to 9.2 billion barrels of recoverable oil. Environmentalists say there's only a 5 percent chance the plain contains that much oil. The report pegged the average recoverable amount at 3.2 billion barrels.

The governor has not scheduled a meeting with environmentalists who oppose development, but Ramseur said someone in the administration is sure to meet with them before the state responds to the federal report.

The governor's ANWR task force will recommend policy decisions and come up with a budget for state work on the issue, Ramseur said. The group includes representatives of the governor's office, Lt. Gov. Steve McAlpine, and the departments of economic conservation, natural resources, fish and game, and law.

Canadian

By PATTI EPLER

Daily News business reporter

Oil development in the Arctic National Wildlife Refuge met international opposition Monday from Canadian officials who fear development will devastate an important caribou herd shared by the United States and Canada.

S.P. Fuller, a policy advi-

ser with the the Yukon's sources depai a draft repor gas potentia refuge, sayir "does not at the internati of the ANW. sources."

Fuller was people who o

Continued from Page A-1

The report, more than five years in the making, recommends opening up the coastal plain for oil leasing. It also includes a draft environmental impact statement detailing anticipated effects of oil development and ways to lessen adverse effects.

The Yukon government, for one, believes the environmental study is seriously flawed in several areas, so much so that the U.S. government should "decide in favour of increased and enhanced protection of (the coastal plain)," Fuller testified.

He took exception to a statement in the draft report that said, in part, oil development would "proceed with the goal of no net loss of habitat quality and that unnecessary adverse effects would not be allowed to occur."

"We do not believe... that such a goal is even remotely achievable," Fuller said, "and the statement stands as a poor representation of the reality of the situation."

Fuller also was critical of the report because it considers only effects on the wildlife in Alaska, despite the fact that the Porcupine caribou herd annually crisscrosses political boundaries as it migrates from Canada to Alaska and back. Although the report says the herd could decrease by as much as 40 percent due to oil development, Fuller said, it gives only passing attention to what that would mean in Canada, where the most subsistence hunting of the herd occurs.

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Officials say leave refuge alone

Monday at the first public hearing on whether Congress should allow oil exploration and production in the refuge's 5-million-acre coastal plain. The plain is now off-limits to the oil industry, but Congress is to decide, perhaps later this year, whether to lift its protection of the coastal area.

The oil industry contends the refuge's coastal plain

holds America's last, best hope for large domestic reserves of oil and gas. Oil company officials say development is needed to save the nation from a growing dependence on foreign oil. They point to a good environmental record at Prudhoe Bay as evidence that oil development can be done safely in the Arctic.

Environmentalists are arguing just as strongly that the coastal plain should be protected for its wilderness values and its importance as a calving ground and summer home for one of the world's largest caribou herds. They believe widespread development in the coastal plain will significantly damage the arctic ecosystem, including

bringing serious harm to the caribou herd.

More than 160 people signed up to testify at the Anchorage hearing. The Interior Department is conducting the hearings, which focus on a controversial draft report issued by the U.S. Fish and Wildlife Service in November.

See Back Page, ANWR

morning session" with the warning that a new national report indicates the decline in domestic oil production is more serious than at first thought. The report, by the National Petroleum Council, points out the "national need for ANWR oil," he said.

"We're five years behind where we ought to be," Heinze said.

The oil company president sported a caribou lapel pin on his gray business suit, identical to the one worn by Susan Alexander of The Wilderness Society on her gray business suit.

The entire refuge, including the coastal plain, is big enough for both the oil industry and the caribou, said Heinze. "It's hard for us to see that alternative use in a very small fraction of the coastal plain habitat will have any effect at all," he said.

But the National Audubon Society, which had been hesitant to join other conservation groups in opposing development, said it is now convinced "it is not in the long-term conservation, economic or national security interests of the United States to open the coastal plain to leasing at this time."

Dave Cline, head of the society in Alaska, said his group had wanted to thoroughly review the Interior Department report before taking a stand on oil development. But, he said, "serious shortcomings" in the report and in the way the government is handling the issue have led the group to oppose ANWR development.

Tundra Times, Dec. 25, 1986

ANWR hearings to start Jan. 5

The U.S. Fish and Wildlife Service will hold hearings next month on a draft report on wildlife and oil values of the coastal plain of the Arctic National Wildlife Refuge in northern Alaska.

January hearings have been set for Anchorage and Kaktovik, as well as Washington, D.C., officials said. They noted that persons unable to attend the hearings may send their written comments on the report by Jan. 23. to the U.S. Fish and Wildlife Service — Attention: Division of Refuge Management, 2343 Main Interior Building, 18th and C Streets, N.W., Washington, D.C. 20240.

The meetings include:

- Anchorage, Jan. 5, Egan Civic and Convention Center, all-day hearing beginning at 9 a.m.

- Kaktovik Jan. 6, City Council Building, 7 p.m.

- Washington, D.C., Jan. 9, Interior Building Auditorium, Department of Interior, 18th and C Streets N.W., 1:30 p.m.

Public comments on the report are being solicited to assist the Interior secretary in making his final recommendation to Congress on how the coastal plain of the refuge should be managed.

His comments will be included as a part of the final report and legislative Environmental Impact Statement to Congress.

Court finds refuge report bypassed public comment

A federal appeals court, upholding a district judge's ruling, says the U.S. Fish & Wildlife Service should have sought public comment for its report to Congress favoring oil and gas exploration in the coastal plain of the Arctic National Wildlife Refuge.

The 9th U.S. Circuit Court of Appeals ruling will not affect debate over the arctic refuge, because the agency of the Department of Interior has scheduled three hearings on the report. Those meetings will be in Anchorage on Monday, Kaktovik on Tuesday and Washington, D.C., on Jan. 9. More hearings may be scheduled as Gov. Steve Cowper on Monday asked that

hearings be scheduled in Arctic Village and Fairbanks.

The appeals court ruling, however, could affect future federal reports for areas and activity governed by the 1980 Alaska National Interests Land Claims Act.

Several environmental groups in October 1985 sued the federal government, seeking a court order requiring an environmental impact statement and public comment on any draft report before it was submitted to Congress.

In February, a federal district judge ruled in favor of the environmental groups. The appeals court last week re-

jected the government's argument that public comment was not required on a legislative proposal before it was submitted to Congress.

The court said Fish & Wildlife failed to comply with the National Environmental Policy Act when it decided to submit the report without public comment. The court said Congress intended that the public have a key role in environmental debates concerning public lands.

The Interior agency issued a report last week saying that oil and gas exploration should take place on the 1.5-million-acre coastal plain of the arctic refuge.

Times, Dec. 30, 1986



United Press International
Rep. Morris Udall

Udall tempers view

Congressman foresees oil exploration

By DAVID WHITNEY
Daily News reporter

WASHINGTON — House Interior Committee Chairman Morris Udall, who in the last Congress introduced a bill to designate as wilderness the Arctic National Wildlife Refuge's coastal plain, says he thinks oil development there should be allowed in the future.

But the Arizona Democrat said in an interview this week that exploration and de-

velopment should be delayed, perhaps into the next century, so that drilling technology can be improved to better protect the area's wildlife.

Udall said that while he will reintroduce his wilderness bill in the 100th Congress, there is the possibility of modifying it to "accommodate" future exploration and development.

"At worst, there's a big chunk of oil there and we're going to have to get it out

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hist..... 257-4346
e..... 257-4346
Barrow... 257-4326
cCoy..... 257-4318
257-4337

UDALL: Wilderness bill to be modified

Continued from Page A-1

environmentalists, would prohibit drilling in the area, which the oil companies say is one of the best oil-producing bets in the country.

Several pro-development lobbyists said this week they expected Udall and his Democratic-controlled committee to be the main obstacle to the opening of the coastal plain for oil and gas leasing.

Randall Snodgrass, Alaska program director for The Wilderness Society in Washington, said he saw no change in Udall's position.

"I don't think this is any change from what President Carter or Rep. Udall said when the Alaska lands act was passed," Snodgrass said. "They've always said this is the last place we should go to develop oil and gas."

Udall said he sees his wilderness bill, which he intends to reintroduce after consultation with cosponsors and conservationists, as a "clean-cut forum for debate" rather than his ultimate goal.

"I don't think we're so short of oil and so desperate to find out what's there that we have to do it now," Udall said.

"It's one of the most fragile, important environmental areas in the whole state," Udall said. "I've tried to be honest with myself. I'm not citing excuses to put this off. I just don't think this is the time."

"And when is the time?" he asked. "Well, maybe in this century. But before we get too much further down the road we're going to have to do some drilling and take a look at it."

Udall said there is precedent for his committee to include special exemptions for development in wilderness areas.

"We've worked out some special things, some special deals here and there," he said. He mentioned "curving the boundaries a little bit or making some special provisions."

"That's what I keep hearing that hopefully we would do — is look at the possibilities for accommodation," Udall said. "There are all sorts of concessions that could be made."

Earlier, Udall said that if Congress were to lock up the coastal plain as wilderness, it could "years from now" re-

open it for exploration and development.

"I don't know why we have to have a decision now," he said. "Maybe (development proponents) think this is the best administration they will have to make this decision."

Udall said an Interior Department preliminary recommendation last week that Congress immediately open the coastal plain to leasing was no surprise, given the pro-development attitude of the Reagan administration.

Udall said he will not consider exempting Native-held lands within the coastal plain from wilderness designation in his bill, as some development interests have hoped he might.

The Interior Department is engaged in land exchange negotiations with Native corporations in the coastal plain. That could increase their holdings of subsurface rights beyond their current 92,000 acres, bringing with it additional development pressure.

"I don't think we ought to let the Natives resolve this," Udall said. "These tricky trades and switches always make me a little nervous."

Environmental groups criticize refuge report

Interior accused of misleading public on potential for oil, gas

By GUY DARST
The Associated Press

WASHINGTON — Six environmental groups accused the Interior Department on Monday of misleading the public about the chances of finding oil and gas under the Arctic National Wildlife Refuge on Alaska's northern coastal plain.

Interior Secretary Donald P. Hodel said the accusation was "totally preposterous."

The groups wrote Hodel protesting that a Nov. 24 press release and summary of a draft report on the chances of finding oil did not state there was only a 19 percent chance that an economically recoverable reserve of oil lies under the refuge.

Instead, the press release and summary said there was a 95 percent chance that at least 600 million barrels of oil could be recovered from the refuge, a 5 percent chance that 9.6 billion barrels could be recovered, and a mean estimate of 3.2 billion barrels.

Only in the draft report

itself was it explained that these probabilities apply after the 19 percent cutoff. In other words, there's a 19 percent chance that there's an economically recoverable pool of oil at all and if there is, there's a 95 percent chance that the amount is at least 600 million barrels.

Reporters had to ask for the report, which was not distributed. "I think it was deceitful," said Randall Snodgrass, director of Alaska programs for the Wilderness Society, the organization distributing the letter.

The description of the refuge in the press release as the "most outstanding oil and gas area remaining in the United States" was "misleading to the press and to the American public," the letter said.

The other organizations signing the letter were the Sierra Club, the Natural Resources Defense Council, Defenders of Wildlife and two Alaska organizations, the Trustees for Alaska, an envi-

Continued from Page A-1

ronmental litigation group, and the Northern Alaska Environmental Center.

The refuge is adjacent to the Prudhoe Bay oil field to the west, which supplies about one barrel in five of domestic production.

The Interior Department placed the chance of finding oil in the Mukluk area of the Beaufort Sea off Alaska at 70 percent before oil companies drilled an exploratory well which proved dry, Snodgrass said.

In federal waters off central and northern California, the department puts the chance at 60 percent or better.

An oil company, faced with

a 19 percent chance of finding a giant field, might find the gamble worth taking. The draft report from William Horn, assistant secretary for fish and wildlife and parks, recommended opening the refuge to drilling.

Hodel said in a statement through spokesman David Prospero: "This is totally preposterous. There are people who have sent a clear signal that their intention is to blindfold America as to what resources may exist. . . . It would be better if we could have some genuine discussion and input about what the concerns are rather than red herrings about whether the press release contained every single piece of information."

Dec. News

Unions won't back drilling

The Associated Press

FAIRBANKS — The Alaska AFL-CIO and Teamsters Local 959 say they will support oil exploration in the Arctic National Wildlife Refuge only if the oil industry agrees to hire Alaskans and pay the prevailing wage.

Last week, the U.S. Interior Department released a draft report recommending that the wildlife refuge's 1.5-million acre coastal plain be opened to exploratory drilling. Congress eventually will decide the issue.

In a news conference Monday, the Teamsters and the AFL-CIO said the use of non-resident workers by the oil industry has undercut wages and benefits for all Alaskan workers.

"With this deplorable record, we must resolve that the oil industry must first correct, to the satisfaction of the Alaskan people, the lack of Alaskan hire, and that a fair prevailing wage be established by the State of Alaska for all classifications of workers employed in the region before the industry is allowed to extract Alaskan oil in the ANWR," the unions said in a written statement.

Mano Frey, head of the Alaska AFL-CIO, said he expected some people to be "aghast" over the unions' position. But he said the issue is "a matter of survival to our people."

Frey said the unions will seek support from the Alaska congressional delegation.

Panel may help settle ANWR fight

News

By PATTI EPLER

Daily News business reporter

The U.S. Arctic Research Commission could become a key player in the debate over oil development on the Arctic National Wildlife Refuge.

Commission Chairman James Zumberge said Thursday the panel could serve as a clearinghouse of impartial, scientific research that would help Congress decide the controversial issue of whether to allow oil exploration and production on the coastal plain of the refuge.

Last month, the U.S. Fish and Wildlife Service released a draft report recommending the 1.5 million-acre coastal plain be opened to the oil industry. The report said preliminary studies indicate some 600 million to more than 9 billion barrels of recoverable crude oil could be buried beneath the coastal plain.

Conservation groups strongly oppose development of the refuge because of its wildlife and environmental values.

Both sides — environmentalists and the oil industry — have cited scientific and biological studies that each says support its position. For example, the oil industry says studies of caribou herds show the animals and the industry can easily share the same ground, as they do at Prudhoe Bay. But conservation groups say similar reports warn oil development will harm the caribou.

Zumberge said the commission, whose members are appointed by President Reagan, could easily serve as the entity that recommends research to help answer controversial questions about coastal plain development.

"We want to find out if research needs loom," he said, "if gaps of a scientific nature exist."

For example, Zumberge said, "we'd like to know if the (coastal) plain is a huge maternity hospital for the Porcupine caribou herd."

Zumberge, who has spent years studying the Arctic, said some scientists believe caribou normally calve in areas other than the coastal plain, so oil development might not interfere with the herd's growth.

Official: Expand exploration

12-5-86
Times

WASHINGTON (AP) — Energy Secretary John S. Herrington told leaders of the natural gas industry Thursday they must find more domestic reserves in the face of the nation's increasing dependence on foreign oil and gas.

"This isn't just a problem for domestic energy producers or for Texas, Louisiana and Oklahoma; and it's not just a short-term problem. This is a national problem with potential long-term consequences," Herrington told the annual meeting of the Natural Gas Suppliers Association.

He compared the situation facing the country to that of the late 1970s, when manipulations by a single set of energy suppliers nearly tripled the

price of oil, and promised the administration would press Congress for deregulation to help free the market.

"Our prosperity and security depend on a constant flow of reasonably priced energy from reliable suppliers, and there is a risk that our security could be challenged by growing complacency about our energy future," Herrington said.

Describing the state of the oil and gas industry as devastated, Herrington predicted oil imports, primarily from the Middle East, would rise sharply by the mid-1990s unless more domestic fuel is unearthed.

"There are more than 800 fewer rigs at work than a year ago, and we hit a 46-year low earlier this year. Produc-

tion is flat and falling. Exploration budgets have been cut," the secretary said.

"By the end of the year, it is estimated that this industry will have lost a quarter of a million jobs. Capital expenditure programs for exploration and development have dropped 50 percent since 1981."

He urged further drilling and cited a draft study recently released by the administration that recommends the entire 1.5 million-acre coastal plain of the Arctic National Wildlife Refuge in Alaska be opened to oil and gas leasing.

"This draft study is now in a 60-day public comment period, and I believe it is essential that Congress take a good,

See Energy, page C-5

Continued from page C-1

hard look at opening access to these huge potential oil and gas reserves — which could be much larger than Prudhoe Bay."

Gas is a desirable energy source because 95 percent of what is used domestically is produced in this country, and with

total proven gas reserves of approximately 200 trillion cubic feet, the country has the equivalent of about 35 billion barrels of oil, Herrington said.

"I am here today to tell you that this administration intends to carry into the 100th Congress its commitment to natural gas legislation, including price de-

control, transportation reform and repeal of demand restraints," he said.

Meanwhile, on Thursday, Sen. Lloyd Bentsen, D-Texas, cited a Library of Congress study that projected the nation can expect to lose 232 million barrels of oil production a year by 1990 and 532 million barrels a year by the turn of the century.

Daily News Nov. 25, 1988

Report urges coastal plain development

By DAVID WHITNEY
Daily News reporter

WASHINGTON — Calling it the "most outstanding oil and gas frontier in the United States," the Interior Department on Monday released a preliminary recommendation to open the coastal plain of the Arctic National Wildlife Refuge on Alaska's North Slope for full-scale leasing.

The department believes it

is possible, although unlikely, that the coastal plain may have as much recoverable oil as was at Prudhoe Bay before development there.

Environmentalists noted the report's more pessimistic finding — the 95 percent likelihood of only 600 million barrels of recoverable oil, an amount far smaller than Prudhoe Bay. Such an oil deposit is too small to justify

... See Back Page, **INTERIOR**

Continued from Page A-1

risking the fragile ecosystem through development, they said.

The recommendation, which must be approved by Interior Secretary Donald Hodel after a 60-day comment period, touches off what promises to be a bitter congressional battle between development advocates and environmentalists.

Development forces, including the Alaska congressional delegation, argue that the area should be opened for leasing because the country is growing more dependent on foreign oil while its own reserves dry up, a situation that presents a serious national security problem.

"Without the Arctic National Wildlife Refuge's resources, this nation faces the threat of a precarious future in which OPEC nations would be able to hold another and perhaps more serious oil embargo over our heads," Alaska Sen. Ted Stevens said.

Another catalyst for development is the current economic crisis in Alaska, which is suffering the effects of recent, severe declines in the price of oil. The state could stand to collect billions of dollars in revenues if a major oil field is found and developed.

Environmentalists claim development would endanger the 180,000-head Porcupine caribou herd to reach oil reserves that amount to only a few months' supply for the country.

The Interior report was suspect because "it was compiled in Washington, D.C., by an administration well-known for its policies of resource exploitation and development," said the Alaska Coalition, an alliance of 11 environmental organizations.

The controversy will be decided by Congress, which has sole authority under the Alaska National Interest Lands Conservation Act to permit development or convert the coastal plain into wilderness — the approach favored by Rep. Morris K. Udall, D-Ariz., chairman of the key House Interior Committee.

Based on seismic tests, the Interior Department concluded it is 95 percent certain the 1.5-million-acre plain contains about 600 million barrels of recoverable oil. By comparison, Prudhoe Bay's recoverable reserves at the time of development were figured at 9.6 billion barrels. The report's most optimistic projection — with a 5 percent probability — is that the coastal plain contains as much as 9.2 billion barrels of recoverable oil.

Estimates vary widely because deposits cannot be measured precisely without further exploration.

"We won't know until we drill," said William P. Horn, assistant Interior secretary for fish, wildlife and parks, whose office issued the report. "There's the potential for super giant-sized fields."

If substantial recoverable reserves are found, Alaska and the Native populations with subsurface rights in the area stand to share a financial windfall. The state is entitled to 90 percent of on-shore development royalties, traditionally about one-eighth of the per-barrel price. But its share could



dwindle as the Interior Department negotiates to trade its subsurface rights to Native corporations for Native lands around the state. Critics say this increases the political pressure for development.

It is possible that Congress will act with the state is too generous. The report recommended no formal leasing. Horn said Hodel would make a decision on releasing the final report, probably after hearings in January in Alaska and Washington, D.C.

The Interior Department estimates that 1 billion barrels of recoverable oil from the projects a yield of at least \$79.4 billion.

t urges development of coastal plain



Daily News map

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as \$325 billion if the long-shot projection of 9.2 billion recoverable barrels were sold at \$40 each.

These per-barrel prices, though more than double the current price, are the department's estimate of what oil could sell for in 10 to 12 years — the earliest the coastal plain could be producing if opened for leasing this year.

"I'm not interested in the value of oil, I'm interested in the amount," said Alaska Rep. Don Young. "And the report is just about what I expected. It is one of the largest fields in the free world. The economics is up to the oil companies. If it's feasible, the oil companies will do it."

But Jack Hession, Alaska representative of the Sierra Club, said the report's 95 percent probability of 600 million barrels of recoverable oil may well tilt the development debate in favor of preservation.

"Six hundred million barrels is only about a month and half worth of consumption," Hession said. "There's just no justification for development. I don't think Congress will be stampeded into developing the coastal plain for that."

Feasibility is one issue the oil companies did not discuss in reacting to the report. William J. Johnson, president of Standard Oil Production Co., said one key factor in the economics of exploration and recovery would be the conditions imposed on development.

"We've yet to review this draft in detail but it would be unfortunate if it contains excessive restrictive conditions which would make economic exploration and production for oil and gas unfeasible," Johnson said in a prepared statement.

The report recommends 32 stipulations, some of which appear to be specifically designed to mitigate the effect on caribou, a key concern of environmentalists. One recommendation is that work cease during sensitive times for wildlife, including the May and June calving of the Porcupine caribou.

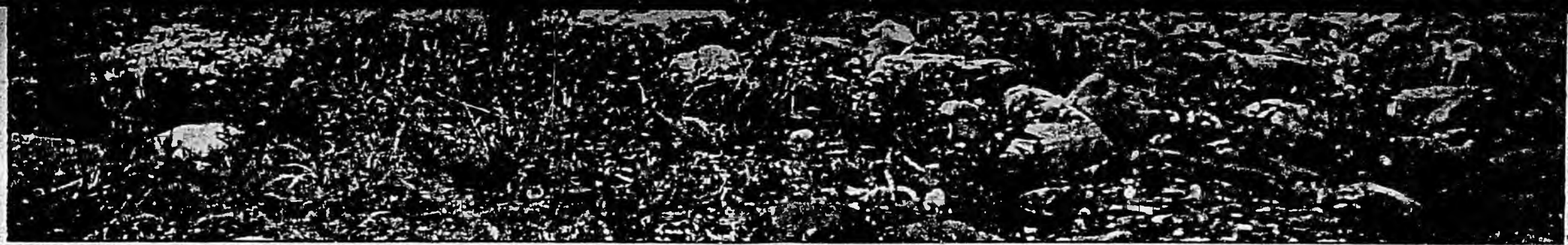
In addition, Horn said, the department would recommend that exploration and development along the upper Jago River, which the Porcupine caribou use most heavily during calving, be stalled as long as possible so that further studies can be done on the herd, which migrates between Canada and the U.S.

According to the report, full leasing in the coastal plain would result in the construction of 100 miles of pipeline, 180 miles of main and spur roads, two large permanent airfields and two small permanent airfields, along with various other facilities.

Environmentalists contend that the Porcupine caribou would be frightened by such development, even if there were no activity during calving.

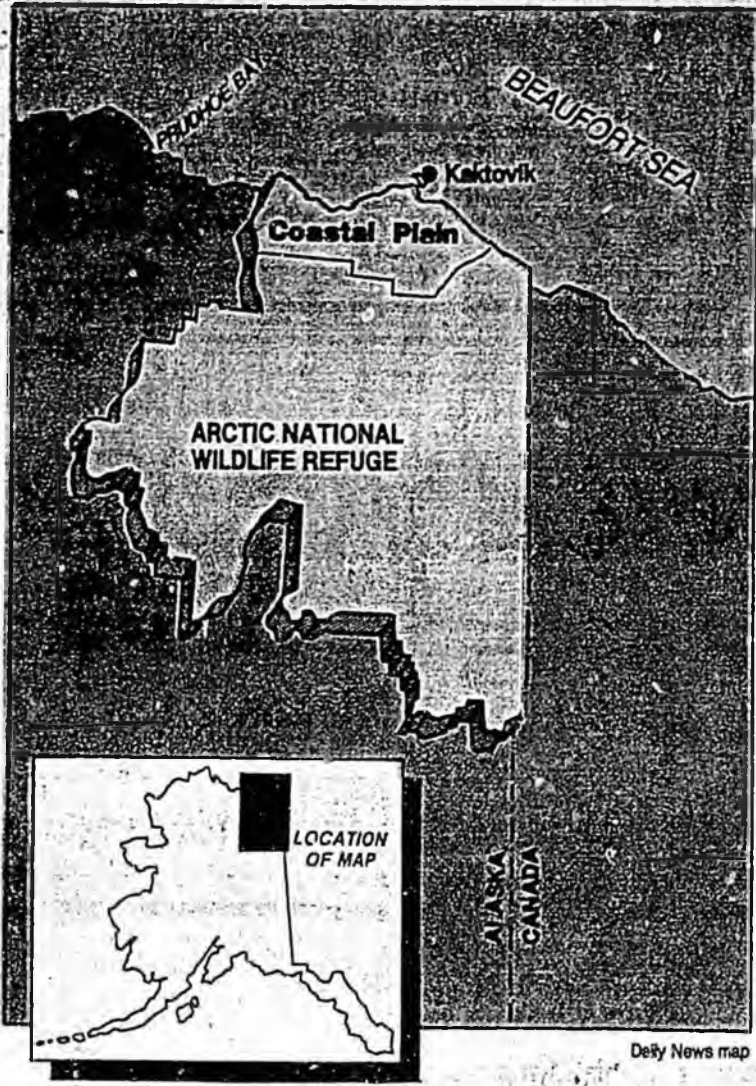
Dave Heatwole, vice president of external affairs for ARCO Alaska Inc., said the report "recognizes the fact that oil and gas development can take place in the Arctic without any detrimental effects."

"I would expect some negative impact," Horn said Monday. "The question is, at what level. We have another 12 or 15 years to develop mitigating technology."



The Associated Press/David Foster

Flowers bloom by the shore of Lake Schrader during the short Brooks Range summer.



LAST CHANCE

The conflict in Alaska's northeastern corner looms as large as the land involved. Should we keep a Delaware-size expanse of tundra pristine or open it to oil exploration? Two participants in the debate, each in his element, tell what they would do. This is the first of three stories on wildlife, wilderness and oil development in the Arctic.

By DAVID FOSTER
The Associated Press

LAKE SCHRADER — Wilderness guide Roger Rom and oil executive Harold Heinze agree on this much: The Arctic National Wildlife Refuge represents a last hope.

The agreement ends there. From where Roger Rom sits — at the moment, on a lichen-covered rock in the heart of the refuge — this cold and lonely corner of Alaska has value as the nation's northernmost tract of wilderness. It is a home for polar bears, waterfowl and 180,000

caribou; a place where visitors can soak up the undiluted essence of nature.

From where Harold Heinze sits — 600 miles to the south in an office atop the tallest building in Anchorage — the beauty of the refuge lies beneath the surface. Its coastal plain may hold the continent's best and last chance for a major oil discovery.

For years, environmentalists like Rom have wanted Congress to make the refuge's Delaware-size coastal plain an official wilderness area, closed to roads, settlement and oil exploration. Heinze



The Associated Press/David Foster

Wilderness guide and coastal plain defender Roger Rom

and others in the oil industry have wanted it opened to drilling.

Congress put off the issue in 1980 by ordering a study of the area's oil potential and wildlife resources. But now that study is nearly finished, the debate has revived, and

the lobbyists have not melted with age.

The conflict's grand scale has made it a top concern of national groups on both sides of the wilderness-development debate.

See Page D-2, ARCTIC

ARCTIC: Future debated

Continued from Page D-1

One side wonders if it's worth endangering a wildlife treasure for the chance of finding a few years' supply of oil. The other asks why oil and wildlife can't mix, and questions whether the nation needs to expand a wilderness system that has increased nearly tenfold in the last two decades.

The answers, of course, depend entirely on where one sits.

□

"This would be the only protected wilderness on the arctic coast," says Roger Rom, still perched on his rock. "They can drill on just about the entire coastline of Alaska. We're not trying to lock it up. We're just trying to stop development in one area that we believe is so special it shouldn't be developed."

The Arctic National Wildlife Refuge is the largest in the country's refuge system, occupying 18 million roadless acres of taiga, tundra and gravel-domed mountains in Alaska's northeastern corner. Nearly half the refuge is already designated wilderness, and Rom is deep within it.

It is late July, the height of the brief arctic summer, and he is leading nine people on a backpacking trip in the mountains of the Brooks Range, at the coastal plain's southern edge. A reporter has flown in to join them for a few days at Lake Schrader, a sparkling alpine lake swimming with trout and arctic char.

Alone on the wind-combed tundra, the hikers seem to have all 18 million acres to themselves. They almost do. Natives from two small villages hunt and fish on the refuge, and recreational use is limited to about 600 people a year, refuge managers say.

Cost and cold keep down the crowds. A traveler from Anchorage can spend \$1,500

on scheduled and chartered flights to reach the refuge, where even in July the average temperature is only 41 degrees.

Rom loves the solitude of the northern places, where he figures he spends 100 days a year "on the trail." He migrated from northern Minnesota to Alaska in 1980 and now runs Alaska Wilderness Inc., a guiding business he says has never made a profit. By his own account, Roger Rom is more a poet than a businessman.

At 31, the brown hair that once reached his waist now just grazes the collar of his pile jacket. A compact man, he can walk, and talk, all day without tiring.

This day, Rom and the reporter have left the others in camp and are hiking the length of Lake Schrader. They follow trails carved in the waterlogged tundra by the hooves of caribou.

Rom says he led the group up a north-facing ridge a few days earlier.

"I wanted people up on the ridge so they could envision the coastal plain with big trucks and a pipeline on it," he says. "That's just totally alien to wilderness."

They saw a 1.5 million-acre expanse of tundra — rolling hills in the foreground, a river-sliced plain near the coast. There, each June when the snow finally melts, the Porcupine caribou herd's 180,000 winter-wearied animals gather and the cows give birth.

Environmentalists say the herd's annual migration between Canada's Yukon Territory and the coastal plain is one of North America's most spectacular wildlife events. They fear that oil development, with its noise, pipelines, roads and construction camps, would disrupt the caribou's calving.

See Page D-3, COASTAL

NEED CASH?

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COASTAL PLAIN: Bot

Continued from Page D-2

"Caribou are the main focus of the argument," Rom says. "But there are probably a hundred other arguments for preserving the wilderness. Aesthetics, recreation, the importance to the polar bear, the brown bear, musk ox, Dall sheep, snow goose. This is an extremely important habitat area for animals."

An example soon presents itself. Cresting a small ridge, the hikers come upon a grizzly bear prowling the tundra. A small bear, Rom says, not

created.

Some clues about the plain's geology have been provided recently by surface samples and seismic testing, a stethoscopic thumping of the land that produces a rough sketch of rock layers below.

The clues have been positive, Heinze says. But the proper reservoir rock may not be present, or the oil may have migrated away. Such factors are elusive. As Heinze says: "You don't get a handle on them until you put it to the drill."

Drilling doesn't have to

6 This concept that Alaska needs to be preserved as wilderness for visitors is a crock. Most visitors want to have some reasonable access. 9

— Harold Heinze

more than 300 pounds. Rom's companion deems it large enough, here where the nearest climbing tree is 50 miles south.

The bear spots the two humans and dashes away, up the mountainside. It watches as they pass, then lopes in closer. For more than a mile, it follows about 100 yards behind.

Roger Rom is unconcerned. "He's just going the same way we are," he says.

Wilderness may put the romance in Alaska, but oil fills its bank accounts.

Anchorage sprawls at the feet of high-rise office buildings built by oil companies — and the highest of all belongs to Arco Alaska Inc.

There, in a many-windowed suite on the 21st floor, company president Harold Heinze is holding forth on the coastal plain's amazing geology.

"This is not a boring area of rock," Heinze says, his feet propped up on a glass coffee table. "There are oil seeps on the surface. There are outcrops that, if you smell them, you get the smell of methane."

Heinze, 43, has dark, slicked-back hair. His speech combines the refinement of a Long Island upbringing with an aw-shucks casualness born of years working in the Western oil capitals.

Schooled as a petroleum engineer, he speaks with animation about the coastal plain, and with frustration at not being allowed to explore its potential.

Geologists started finding the refuge's more obvious signs of oil 70 years ago. But exploratory drilling has been banned since 1960, when the refuge's precursor, the Arctic National Wildlife Range, was

harm wildlife, he says, noting Arco's operation at Prudhoe Bay. There, 60 miles west of the wildlife refuge, America's largest oil field produces 20 percent of the nation's domestic oil. But waterfowl still nest on the lake-dotted tundra, and the resident Central Arctic caribou herd has tripled in size during the past 10 years.

A Prudhoe Bay-size oil field would cover about 10 percent of the coastal plain, and less than 1 percent would be covered by roads or structures, he says.

"Prudhoe Bay is a huge development, but on the scale of the coastal plain, it is nothing. There will be plenty of room for caribou and waterfowl on the North Slope."

Alaska has more than enough designated wilderness, Heinze says. It is beautiful land, he says, but accessible only to those with money for air charters and with energy to hike in primitive conditions.

"Backpackers are not representative of the U.S. population," he says. "This concept that Alaska needs to be preserved as wilderness for visitors is a crock. Most visitors want to have some reasonable access."

The feet are off the table now, as Heinze leans into his subject. He says nearly all Alaska is wilderness, without need of congressional mandate, simply because so few people inhabit so much land.

"Alaskans have a better understanding of wilderness. We know that you can go over a hill and be away from the presence of man. I don't have to go 200 miles away from people to be in wilderness. It's OK for me to go two miles and not see them."

Harold Heinze is no backpacker, but he enjoys the out-

Two sides in debate say area represents last chance



Arco Alaska President Harold Heinze says development of the coastal plain could be as safe as that at Prudhoe Bay.

doors. He owns a rustic cabin a few hours' drive north of Anchorage.

"I can drive to it. But I can get out of my car and I can be in a place that's as pristine as any other place in this state. It's pristine enough that I worry more about the bears than about other people."

□
It is Roger Rom's turn to be frustrated. He has heard oil companies vaunt the potential of other areas that turned up dry — the Atlantic coast, the Gulf of Alaska.

"How many times are they going to cry wolf?" he asks. "We keep blundering blindly

ahead. We need to expand our vision."

He says Congress showed such vision when it passed the Wilderness Act of 1964. For the first time, a nation vowed to preserve some lands as nature had made them; in the words of Congress, as areas "where the Earth and

its community of life are untrammelled by man, where man himself is a visitor who does not remain."

The nation's wilderness system started 22 years ago with 9.1 million acres. It has grown to 88.5 million acres, or 3.8 percent of the country's total area. Two-thirds of the wilderness is in Alaska.

Some suggest that is enough, but Rom sees it differently.

"Every time we set a block of concrete, we should set a block of wilderness. Every time we develop, we should counteract it."

Wilderness provides a reference point that may prove useful if manmade developments change the world in unexpected ways, he says.

"We have to realize that man is not the king of the hill. We are part of a larger community. People like Harold Heinze will never understand that. They want to stand alone on the horizon and be masters of the landscape, and the rest of us will suffer for it." □

They may be representative, but Rom and Heinze are not the only voices crying in, or about, the wilderness.

The Group of 10, a coalition of national environmental leaders, made the refuge one of its first stops on a recent tour of Alaska's environmental hot spots. Most politicians in this oil-powered state, meanwhile, support opening the refuge to exploration.

Each side of the debate accuses the other of not waiting for the U.S. Fish and Wildlife Service's report on the refuge, which is expected out next spring.

The oil industry says wilderness advocates have jumped the gun by supporting a U.S. House bill that would designate the coastal plain a wilderness. The House has not acted on the bill.

The Fish and Wildlife Service, meanwhile, is negotiating with Alaska Native corporations about land swaps involving the coastal plain. Wilderness supporters say the agency cannot conduct an objective study while trying to trade off the plain to parties interested only in its oil potential.

Whatever Congress finally decides, one thing is certain. Someone will not be happy.

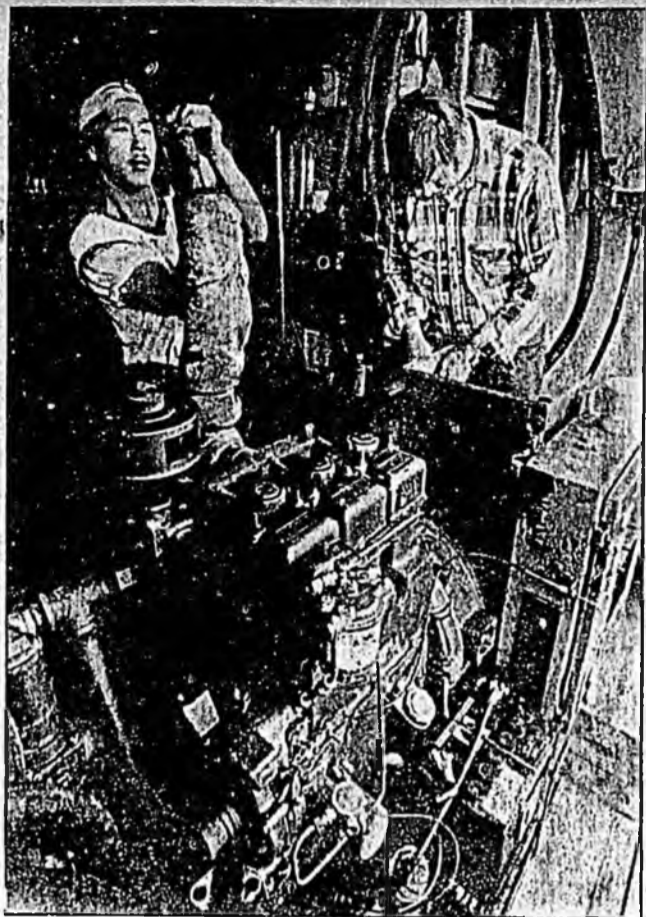
Harold Heinze:

"We've horsed around so long we're in trouble. We had better get going, or figure out how to make Saudi Arabia the 51st state. Lacking that, I think we had better get with the program."

Roger Rom:

"Are we going to burn up all the Earth's resources until we have to come up with alternatives, or are we going to have the guts to make a stand before we run out? If there's a will, we can develop alternatives to oil and gas, and we can keep treasures like this."

Anchorage Daily News/Erik Hill



Joe Soplun, left, and Mayor Loren Ahlers attend broken water pump.

Kaktovik, at the edge of the Arctic National Wildlife Refuge, could see great change if the refuge's coastal plain is opened to oil development. Much of that change could be beyond the village's power to control. This is the last of three stories on wildlife, wilderness and oil development in the Arctic.

By DAVID FOSTER
The Associated Press

KAKTOVIK, Alaska — A chilling fog blew in from the pack ice offshore, shrouding the quonset hut that serves as this village's community hall.

It was a Tuesday night, and the city council was meeting — time, once again, to knock against the limits of how much control a village of 200 on the Arctic coast has over its own destiny.

"The meeting is called to order," announced Loren Ahlers, clutching a coffee cup in work-thickened hands. He is Kaktovik's full-time utility manager and part-time mayor.

The heater behind him rumbled to life. A fluorescent light glared down from the arched ceiling. Most of the dozen people crowded around the table were familiar: council members, the fire chief, a whaling captain.

But there were visitors, too. A man from Chevron USA Inc. wanted to tell of his company's plans for more offshore seismic testing. A scientist wanted to explain a government-funded study on bowhead whales and oil development.

Kaktovik, a speck of civilization on the vast, uninhabited tundra of Alaska's northeastern cor-

nar, has found itself amid a growing debate. The oil industry says the coastal plain this village clings to may hold the continent's last chance for a major oil discovery. Environmentalists say the wide-open tundra south of Kaktovik should remain free of oil development, preserved as part of the Arctic National Wildlife Refuge.

Sometimes, villagers complain; the tug of war by outsiders neglects those who will be stuck with the decision — the people who live here.

John Richardson, representing Ecological Research Associates, told the council about his company's study of bowhead whales off Kaktovik, paid for by the federal Minerals Management Service.

The government is interested in the whale because it is an endangered species. Kaktovik residents are interested for another reason. The annual late-summer hunt for bowheads is the highlight of village life.

"By studying these areas, we'll help determine whether oil drilling would have an effect on bowhead whales," Richardson said. He pulled out a radio transmitter attached to an arrowhead and said scientists would go out in power boats, then dispatch two people in a kayak to sneak up and dart the whale.

Nolan Solomon, whaling captain, had a question. "First, you say boats wouldn't bother the whales, now you say a boat would be by them. Wouldn't that hurt our whaling?"

See Page C-2, KAKTOVIK

KAKTOVIK: Trying to deal with future

Continued from Page C-1

Richardson assured him the researchers would leave the area if villagers' whaling boats showed up.

Kaktovik's uneasy relationship with oil development started in the early 1970s with establishment of the Prudhoe Bay oil fields, 120 miles to the west.

Oil money — channeled through the North Slope Borough, the Arctic Slope Regional Corp. and the state — has given villagers new jobs, new homes, a huge new school, a fire station and a medical clinic.

They like the new wealth. But they don't want to sacrifice the old wealth — the land and sea that yield caribou, whale, fish and waterfowl for their tables.

"We're trying to preserve

our ability to travel across the country, to be able to hunt in the areas where we know are the best hunting," Ahlers had said before the meeting. "It's the freedom to do what you want."

A 1977 survey conducted by the state Institute for Social and Economic Research showed that Kaktovik residents tended to think health care, schools, shopping and homes were better than they were in 1970, before oil money started flowing. But villagers perceived a change for the worse in hunting and fishing, helping and sharing, and overall village life.

The Arctic Slope Regional Corp., representing Inupiat Eskimos across the North Slope, vigorously supports opening the coastal plain to oil development. But Kaktovik residents appear more

ambivalent.

Fire Chief George Tagarook, for example, appreciates his new fire station but would like to keep development at arm's length.

"We don't need another Prudhoe Bay here," he said — after the meeting. For now, he listened politely to Richardson.

Tom Cook, from Chevron, was next on the agenda. The oil company drilled an exploratory well last year 14 miles southeast of Kaktovik, on lands owned by the village and regional corporations. It was now disassembling the drilling platform. The next step, Cook said, would be seismic testing of the ocean floor off Kaktovik.

Ahlers thanked him for the presentation and opened the meeting to village concerns. The big topic was culverts.

Many in town weren't working, and new ones needed to be installed. Ahlers told the public works man he should get going, despite foot-dragging from borough offices in Barrow.

"You have the authority to do it, if it's needed," Ahlers said. "Just do it and say 'I did it, it's done, it looks good.'"

The meeting lasted two hours. It was typical, Ahlers said. The council had made no decisions after the visitors' presentations.

"We're not in a position to say yes or no," Ahlers said. Outside forces bring change to Kaktovik as surely as the pack ice grinds in to shore each fall. To many villagers, political activism seems as foreign as challenging the wind, or the cold, or the snow.

LAST CHANCE ON THE NORTH SLOPE

How have caribou fared?

This is the second of stories on wildlife, wilderness and oil development in the Arctic.

By DAVID FOSTER
The Associated Press

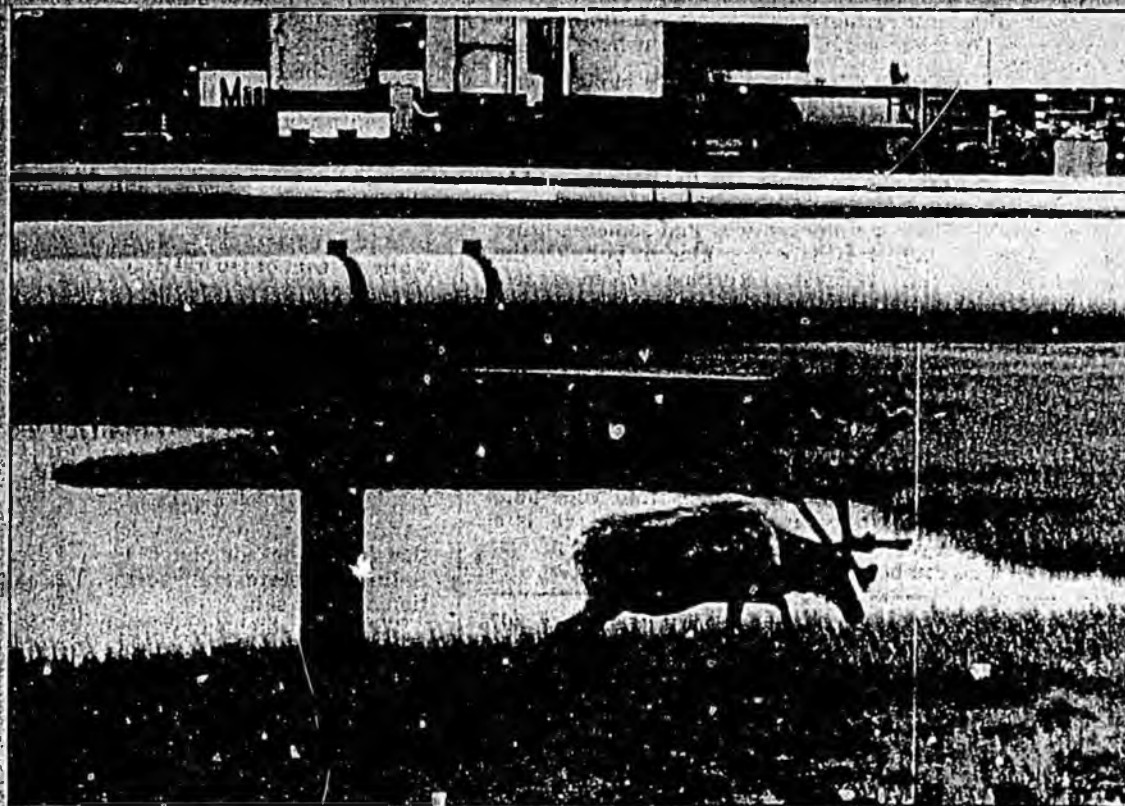
PRUDHOE BAY — Fifteen years ago, the predictions were dire: Oil development in the Arctic could devastate the caribou, blocking ages-old migration routes of an animal dependent on wide-open tundra for survival.

Despite those concerns about one of Alaska's most valued game animals, the wells were drilled. Roads and pipelines were stretched across the tundra, and Prudhoe Bay became the largest producing oil field in the nation.

Today, as policy-makers consider letting development spread eastward to the coastal plain of the Arctic National Wildlife Refuge, the question remains — how have the caribou fared?

The oil industry says it has spent millions reducing development's impact on caribou, apparently with good results — the Central Arctic caribou herd around Prudhoe Bay has tripled in size since 1975. But other biologists, claiming the oil field has disrupted the herd's instinctive movements, question how much more development the North Slope's caribou can stand.

"Ooh, look at that!" exclaimed Robert Newell, a wildlife biologist for ARCO Alaska Inc. He had scrunched his truck to a halt on the gravel road connecting the Prudhoe Bay and Kuparuk oil fields. Ahead, dozens of caribou were crossing the road and ducking under an elevated pipeline nearby.



A caribou forges beneath a pipeline at the Kuparuk oil field near Prudhoe Bay. The oil industry says such scenes and the herd's rapid growth prove that oil development does not harm caribou.

Some animals crossed hesitantly. Others dashed right across. A large bull with towering antlers trotted toward the pipeline, then crouched and twisted his head to the side, passing easily under the pipe. Newell could hardly control his excitement.

"That teaches you something about caribou-pipeline interaction," he said. "Here's an animal that lives out on the tundra, has never seen a tree in his life, but knew enough to turn his head so he wouldn't hit his antlers."

Above all, he said, caribou are adaptable. They survive winter's biting cold and summer's biting insects. They migrate hundreds of miles each year through a gauntlet of predators, including human hunters. The calving ground used by one of Alaska's

28 caribou herds is a military bombing range. Still they survive.

Newell believes the caribou of the Central Arctic herd are resilient enough to weather a few hundred miles of pipelines, roads and gravel drilling pads. He points to the numbers to prove it. In 1975, the herd had about 5,000 animals. Today it numbers at least 15,000.

"No one has documented any negative effects of the oil field on caribou," he said. "It starts out that simple. From there on, the arguments get really subtle."

Not that subtle, countered Ray Cameron, a wildlife biologist with the Alaska Department of Fish and Game. He disagrees with many of Newell's conclusions.

"The suggestion is that animals have totally accommodated to the development up there. We don't think that's the case," he said.

Cameron, who has studied the interactions of caribou and oil development since 1974, said studies have shown that the Prudhoe Bay complex has blocked some of the caribou's movements and pushed them out of part of their summer feeding and calving grounds. Wary cows with calves avoid pipelines and roads, he said.

The animals crossing in front of Newell's truck were not representative of the herd, he added.

"You probably noticed that very few of the animals had calves with them," he said.

See Page B-7, CARIBOU

CARIBOU: Biologists debate future

Continued from Page B-4

"Cows with new calves are the most sensitive, and some of that sensitivity persists throughout the summer."

Caribou populations fluctuate widely as part of their natural cycle, and some biologists believe that the Central Arctic herd's population increase, rather than exonerating oil development, may actually be hiding harmful effects.

Cameron said calf production has recently declined in the Central Arctic herd. It may be the start of a trend.

"By no means am I saying that oil development is responsible," he said. "But it makes the industry's arguments a little shaky. They can't have it both ways."

One of Cameron's biggest concerns involves the bane of the caribou's existence: swirling clouds of mosquitoes that can suck a quart of blood each week from one animal.

On calm summer days, when insects are thickest, the caribou take to the coast, loping along the shore into prevailing breezes. When the wind picks up, dispersing bugs, the caribou trot inland to feed.

"The Prudhoe Bay complex has become a virtual barrier to east-west movement of caribou along the coast," Cameron said. "The industry says changes in wind direction explain that. We don't think so."

"To us, it's a reflection of sub-optimal use

of range. The animals do not get to where they apparently would like to be."

He said the caribou, especially cows weakened by pregnancy and the lean winter, may lose precious energy in detouring around manmade obstructions.

Newell becomes frustrated with such concerns, saying the oil industry has worked hard to avoid interfering with caribou. He said ARCO has reduced traffic during calving and periods of insect harassment. Many stretches of pipe are buried, or elevated so caribou can duck under. Gravel ramps have been built so animals can cross over pipelines.

Cameron said he hopes to answer some questions with a proposed research project that would monitor animals' energy losses by measuring body weight.

Other questions may be harder to answer. How many Prudhoe Bays can the caribou tolerate? And can the lessons learned here be applied to the Arctic National Wildlife Refuge? There, more than 10 times the caribou crowd onto a coastal plain that's much narrower than it is around Prudhoe.

In a 1983 report, Cameron wrote that nearly 60 percent of the Arctic coast has been identified as having oil potential. While it's unlikely all of it would be developed, it's also unrealistic to assume development "will be fortuitously in harmony with caribou," he wrote.



The New York Times/Nov. 25, 1986

Area proposed for oil development covers 1.5 million acres.

U.S. Proposing Drilling for Oil In Arctic Refuge

By PHILIP SHABECOFF

Special to The New York Times

WASHINGTON, Nov. 24 — The Interior Department, setting the stage for a battle with conservationists, tentatively proposed today to allow oil drilling in a huge wildlife refuge on Alaska's Arctic coast.

A draft report made public by the Department's Fish and Wildlife Service recommended that all of the coastal plain within the Arctic National Wildlife Refuge be opened for oil and gas development.

William P. Horn, Assistant Interior Secretary for Fish and Wildlife, said at a news conference that the Arctic wildlife refuge offered the possibility of "a supergiant oil field that does not exist anywhere else in the United States."

National Security Interests Cited

The draft report said the large oil and gas potentials of the field were needed for the country's economic well being and for national security.

"The numbers say that there is a good prospect here of another Prudhoe Bay," Mr. Horn said. Prudhoe Bay, on the coast just to the west of the Arctic Wildlife Refuge, now supplies about 20 percent of domestic oil production in the United States.

The 1.5 million-acre Arctic plain is

Continued on Page A23, Column 1

U.S. Proposes to Open Arctic

Continued From Page A1

the calving ground of North America's largest herd of migratory caribou and contains large populations of polar and grizzly bears, musk ox, wolves, arctic foxes and, in warmer weather, millions of nesting birds.

Conservationists said oil drilling would unnecessarily threaten the existence of the great Porcupine caribou herd, which now numbers 180,000 animals, along with other wildlife.

The recommendation must be approved by Interior Secretary Donald P. Hodel and then by Congress. Mr. Hodel, a former Secretary of Energy who is an advocate of domestic energy development, is expected to back the plan. But it faces a stiff battle in Congress, where there is considerable backing for turning the entire refuge into a protected wilderness area.

The public has 60 days to comment on the proposal. The Interior Department intends to send its formal recommendation to Congress in March.

The draft report quotes estimates that 800 million barrels to 9.2 billion barrels of oil under the refuge are "recoverable," given economic and technological restraints. The "mean" estimate, the report said, was that there are 3.2 billion barrels of recoverable oil in the area. At today's price of \$15 a barrel, the oil would be worth \$48 billion.

The oil potential of Prudhoe Bay is usually estimated at nine billion barrels.

Mr. Horn noted that oil production from Prudhoe Bay had peaked and that the Arctic Wildlife Refuges offered a chance to make "substantial additions to domestic reserves" at a time when the nation's known reserves elsewhere

were declining.

Mr. Horn said that the oil industry had demonstrated that it could minimize damage to the environment as a result of oil and gas drilling. He also said the department was asking for authority to place any restriction on oil and gas operations that would be needed to avoid "unnecessary adverse effects."

Under the plan, the "core calving area" for caribou would be the last area to be leased, in order to have time to determine the impact of oil and gas activities on the animals, he said.

But his assurances were hotly disputed by environmentalists.

Susan Alexander, Alaska representative for the Wilderness Society, said the plan "would destroy America's Serengeti" for a few weeks' supply of oil. The Serengeti plain of East Africa is one of the world's great wildlife regions.

Leasing the Arctic National Wildlife Refuge for the oil and gas drilling, Ms. Alexander said, "would be like melting down the Statue of Liberty for the copper in its body and the gold in its torch."

Ms. Alexander also accused the Reagan Administration of "hypocrisy" for asserting it needed to drill for oil in the refuge because of national security interests. She noted that President Reagan had vetoed a bill requiring efficiency standards for electrical appliances that would have saved the equivalent of more than a billion barrels of oil through the year 2000.

Ecological Damage Is Feared

Conservationists said the building of roads and pipelines would cut off the caribou from calving areas and from areas where they could escape insects that are rife on the plain. They also warned that continuing oil operations would erode the fragile ecological systems that support wildlife on the tun-

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TUESDAY, NOVEMBER 25, 1986

to Oil Drilling

ment for the discovery of substantial new domestic reserves of crude oil."

Senator Ted Stevens, Republican of Alaska, said the nation's reliance on imported oil had risen substantially with the current world oil glut.

"Without the Arctic Wildlife Range resources this nation faces the threat of a precarious future in which OPEC nations would be able to hold another and perhaps more serious oil embargo over our heads," the Senator said, referring to the Organization of Petroleum Exporting Countries.

The Interior Department's estimate that the recovery of oil from the coastal plain would be economically beneficial is based on the assumption that oil will be selling at \$33 a barrel, after adjusting for inflation, 10 to 15 years from now, when the oil would be put on the market. World oil prices have been less than half that level in recent months.

Interior Officials Recommend Allowing Oil, Gas Exploration in Arctic Refuge

By ROBERT E. TAYLOR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Top Interior Department officials recommended that the entire coastal plain of the Arctic National Wildlife Refuge be opened to oil and gas exploration and development.

The recommendation came in a draft report forwarded to Interior Secretary Donald Hodel by William Horn, assistant secretary for Fish, Wildlife and Parks. After considering public comments, Mr. Hodel is expected to make a formal recommendation next spring to Congress, which will decide the area's future.

The release of the department's analysis is the opening salvo of a major battle between advocates of energy development and environmental protection. The stakes are inflated by the area's high resource potential and its fragile ecology.

The report called the 1.5 million-acre area in northeast Alaska the most promising unexplored onshore oil prospect in the U.S. It estimated there is a 5% chance of finding reserves even larger than the Prudhoe Bay field, which currently contributes about 20% of U.S. oil production. The potential for harm to wildlife is unclear, the report said, but it noted that any negative effects on wildlife are outweighed by the potential energy benefits and could be reduced by careful planning.

Though expected, the agency's stand drew strong opposition from several environmental groups. These critics fear irreparable harm to wildlife, especially a herd of 180,000 migratory caribou that produce calves in the area during the arctic summer.

Amy Skilbred, chairman of the Alaska Coalition, an association of Alaskan and

national environmental groups, called the coastal plain "a national treasure." She said it "should be the last place to go for oil and gas."

The oil industry welcomed the report. The American Petroleum Institute expressed confidence that petroleum development "could be conducted in a way compatible with the natural values of the area."

Oil executives have been expressing growing eagerness to explore the area, which lies between a cluster of oil fields around Prudhoe Bay to the west and several large discoveries of natural gas near the Canadian coast to the east. Oil seeps to the surface in areas of the coastal plain and is found in surface rock outcroppings there.

"This is our best hope for additional giant new fields, which are needed if U.S. oil production is not to decline dramatically by the turn of the century," said the petroleum institute, an industrywide trade group.

The department said the odds are even of finding 3.2 billion barrels of recoverable reserves, more than one-third of Prudhoe Bay's original reserves of 9.5 billion barrels. And there is a 95% chance of finding more than 600 million barrels, it said.

The 1980 Alaska Lands Act established the 19-million-acre Arctic National Wildlife Refuge, reserving almost half of it as wilderness. But the law called for the department to recommend and Congress to decide whether to develop the refuge's coastal plain.

The Interior Department is negotiating to trade subsurface rights on the plain to some of the Alaskan native corporations in exchange for title to other lands. This "megatrade" won't be consummated, Mr. Horn said, without congressional approval.

But environmentalists worry that this trade will reduce environmental protection and will steer the native Alaskans into supporting development in the area. One of the 13 native corporations, the Arctic Slope Regional Corp., already has endorsed development of the coastal plain.

Environmentalists warn against arctic air pollution and the spread of toxic drilling muds. Biologists warn about harm to various wildlife, including musk oxen, migratory birds, bears and caribou.

Interior Department biologists recommended last year against any development in the portion of the plain that is most often used by the migratory "porcupine" caribou herd to produce calves. Mr. Horn's report rejects any such bar, urging only that the "core calving area" for the caribou be the last to be developed.

U.S. Study Urges Alaskan Oil Drilling

Associated Press

An Interior Department draft study recommended yesterday that the oil-rich Coastal Plain of north-eastern Alaska be opened to oil and gas development if the frigid tundra and its diverse wildlife are protected.

The study, released by Assistant Secretary William P. Horn, said the 1.5 million-acre parcel along the Arctic Ocean may contain 4.8 billion to 29.4 billion barrels of oil and huge reserves of natural gas.

"The area is clearly the most outstanding oil and gas frontier remaining in the United States and could contribute substantially to our domestic energy supplies," the study says.

Horn said he is recommending that any energy exploration on the Coastal Plain be restricted to ensure that development not result in unnecessary adverse environmental effects. Horn also recommended that unavoidable wildlife habitat losses be fully compensated.

The study says, "Oil and gas development will result in widespread, long-term changes in wildlife habitats, wilderness environment and native community activities."

The draft recommendation will be open to public comment before Interior Secretary Donald Hodel makes a decision and sends it to Congress, which has final responsibility for authorizing energy development in the area. The parcel is east of the Prudhoe Bay energy fields, which have produced oil and natural gas for the last decade.

The question of Coastal Plain development is expected to set off a major battle on Capitol Hill, where environmentalists hope to persuade lawmakers to bar drilling in the area and make the acreage part of the 19 million-acre Atkaska National Wildlife Refuge, which abuts the area on the south.

"There is a battle of monumental proportions brewing on this issue," said Sen. Ted Stevens (R-Alaska), who calls the Coastal Plain "the Saudi Arabia of North America."

Experts say the Coastal Plain's untapped oil perhaps rivals the 9.6 billion barrels originally contained in the Prudhoe Bay field, the continent's largest.

Geologist Roger Herrera of Standard Alaska Production Co. said there is unanimous agreement among his colleagues: "This area without a doubt is the area with the greatest oil and gas potential that hasn't been explored. The chance of finding super-giant oil fields in this tiny patch of real estate is tremendous."

Where development advocates see black gold, environmentalists see wildlife: wolves, polar bears, migratory birds and a growing herd of 600 musk oxen whose ancestors were nearly made extinct by gun-toting hunters early this century.

The area, environmentalists argue, is a critical habitat for a caribou herd estimated at 160,000 to 200,000. It is where they breed, calve and find relief from potentially deadly mosquitoes, said Jay Hair of the National Wildlife Federation.

11

aging about 13,000 b/d, reportedly has few drilling plans. It's reported to have negotiated the second stage of its production sharing agreement which takes into account the fall in prices and disappointing performance of its Oguendo Field.

Tenneco plans to bring on stream in third-quarter 1987 the offshore Octopus Marin Field on its Obando Marin Block. Conoco and Exxon are due to start mid-1987 offshore exploration on the Simba marine permit in the south Sun Oil, which recently concluded a production sharing agreement, isn't expected to start drilling until 1988.

Ministry of Mines is said to be still appraising bids from about 30 companies for 11 offshore and three onshore blocks covering some 30,000 sq km. Companies are urging the government to relax fiscal terms in the new production sharing agreements to reflect "market realities."

Financial Status

Gabon this week slashed its 1987 budget by 55% to \$1.1-billion from \$2-billion, according to government spokesman Zacharie Myboto. Oil receipts, which account for 65% of revenue, are estimated to have fallen 29% this year and will continue to drop sharply in 1987. Prices of Gabonese crudes have averaged \$13/bbl in 1986, down 50% from last year.

Crude export earnings are officially forecast to fall almost 60% to just under \$900-million in 1986. Crude normally accounts for some 80% of total exports and yielded \$1.6-billion in 1983. Exports are officially forecast to fall by 3.8% to 7.7-million tonnes this year. The balance between output and exports is absorbed by the Sogara refinery, which doubled its added value to \$42-million in 1985.

While the Rabi and other finds over the last three years by Elf and Tenneco have ensured that Gabon will remain a significant oil producer until at least the end of the century, it must first pass through a difficult period of austerity until crude prices recover, analysts conclude.—Peter Blackburn

UNITED STATES

DOI TO RECOMMEND DEVELOPMENT OF ARCTIC WILDLIFE REFUGE, BUT WITH RESTRICTIONS

Washington 11/21—The Interior Dept. draft report on the Arctic National Wildlife Refuge will recommend that the entire coastal plain of the ANWR, some 1.5-million acres, be made available for oil/gas leasing.

The recommendation was the most sweeping development alternative available. Assistant Secretary for Fish, Wildlife & Parks William Horn will release the report Nov. 24 (ON 11/19). There will be a 60-day comment period and a series of public hearings. Interior Secretary Model will make the final recommendation when the report is submitted to Congress early next year.

A Congressional source said the report may be a "mixed bag" because he understood it will also recommend "substantial restrictions" on when drilling activities can take place in an effort to protect wildlife in the area, particularly the caribou herds. Such restrictions could ultimately be a disincentive to oil/gas development and production.

The entire refuge, just east of Prudhoe Bay and west of the Mackenzie oilfield in Canada, covers 19-million acres. The U.S. Geologic Survey said there's a mean probability the coastal plain could contain 4.85-billion bbl, and a 5% probability it could contain up to 17-billion bbl of oil.

ARCO SHAREHOLDER SUES OVER PROPERTY SALE TO FORMER CEO

San Francisco 11/21—An Arco stockholder, Rodney B. Shields, has filed suit in Los Angeles Superior Court charging impropriety in the sale of oil and gas properties by the company last month to a group headed by former Arco chairman Robert O. Anderson (ON 10/29).

Arco immediately said it would dispute the charges, which it considers "without merit" and also asserted the auction sale of assets, conducted for it by First Boston, had been "competitive and fair to all."

In the suit, Shields alleged that among the 600 holdings in 11 states acquired in the auction by Anderson's Diamond A Cattle Co. in a joint venture with Lorrho, were some deep drilling rights in west Texas. However, he said, Anderson knew of these properties through his previous connection with Arco, while other bidders didn't. Shields al-

leged this allowed Anderson's group to bid lower than it otherwise might have to win the sale.

Arco said in a statement that it believes it received "the maximum value for the assets" and it doesn't consider that "the value of the deep drilling rights obtained by Diamond A Cattle is material to the total value of the package sold."

CALIF. AIR CLEANUP PLAN MAKES SOME CONCESSIONS TO INDUSTRY ON EMISSIONS

Sacramento 11/21—The California Air Resources Board has submitted to the Environmental Protection Agency a tougher Kern County air cleanup plan opposed by oil industry, but indicated it might ease some proposed offfield controls.

Industry officials appear pleased that the state is giving them more time to gather scientific evidence to dispute the need for further cuts in nitrogen oxide emissions in Kern County's west side, where some of the nation's richest oilfields, such as the Elk Hills Naval Petroleum Reserve, are located. Oil interests still strongly oppose NO2 emission controls recommended in the plan for the central county region, which surround oil-producing properties near Bakersfield.

In a concession to the industry, the state board agreed to consider a so-called "trigger" amendment that would give the county a two-year period to prove it can meet the federal air quality standard for ozone. The trigger would be pulled—implementing tougher offfield controls for NO2—if the county exceeds the national ozone standard of 0.13 parts per million on four separate days during 1986-88. Since that standard already was exceeded once this year, it means the limit can be reached no more than twice in the next 25 months.

Ozone Reduction Issue

In a further concession, the board agreed to ask EPA to delay final approval of the county's air cleanup plan until March 31, 1987, to allow more technical analysis of the benefits of reducing NO2 emissions. EPA told the board the federal government would delay final action on the county air plan. The board doesn't have "a closed mind," noted a Chevron official involved with regulatory matters.

The county's air exceeds federal standards for ozone, carbon monoxide and suspended particulates. The county faces possible federal economic sanctions, such as an industrial building ban or cutoff of federal highway funds, if the local air plan isn't toughened to reduce ozone.

Industry officials note that the county meets federal NO2 standards, but state researchers believe a further reduction might reduce ozone. The industry contends that reducing NO2 hasn't been proved to reduce ozone in Kern.

Some 60% of Kern's NO2 emissions come from steam generators and internal combustion engines in oilfields. Industry officials say NO2 controls on steam generators—which can cost up to \$200,000 apiece—could mean the difference between profit and loss.

NYMEX CRUDE FUTURES DAILY REPORT

New York 11/21—Futures prices on the New York Mercantile Exchange closed up today vs Nov. 20.

The settlement prices (S.P.) are official. Volume figures are estimates. All figures are of crude futures contracts for the four nearest open trading months. The benchmark crude on the Exchange is West Texas Intermediate. Following is such data for January-April:

	Jan.	Feb.	March	April
S.P.	\$13.38	\$13.45	\$13.42	\$13.38
Vol.	21,283	11,491	3,391	1,036

UNION TEXAS SELLS PROPERTIES

Houston 11/21—Union Texas Petroleum said it's agreed to sell its interests in seven oil and gas producing properties in western Texas to an undisclosed buyer for about \$83-million. Total proved reserves involved in the sale are about 9-million bbl of oil equivalent.

The sale still is subject to completion of a definite agreement but is expected to be closed in January 1987. Union Texas said the \$83-million will be used to prepay senior bank debt and to develop oil and gas reserves.

WILDCATting IN THE NEWS

ARGENTINA: State Yacimientos Petroliferos Fiscales said it discovered natural gas in northwest Neuquen Province in Patagonia. A 8-mm-diameter well, drilled to depth of 1,300 meters at Pehuanches, 730 km west of Buenos Aires, yielded 11,400 cu meters/d of gas. A .2-mm-diameter well, the Filo Morado, drilled later produced 240,000 cu meters/d of gas. YPF said Filo Morado will be drilled to depth of 3,000 meters.

VENEZUELA: Lagoven's Furrilal-2 well, 32 km southwest of Maturin in Monagas state, produced 5,940 b/d of 28-gravity crude and 3,200 Mcf/d of gas from a depth of 14,835 ft. The find, which raises Lagoven's proved light/medium crude reserves by some 150-million b/d, is located within the new eastern oil province discovered last year by Lagoven (ON 12/4/85). The province holds an estimated 1-billion bbl of crude.

FINANCIAL REPORTS

(Total Net Figures in Million \$)

	1986	1985
Lear Petroleum		
3rd qtr net	(6.93)	(1.31)
Net per share	(\$0.72)	(\$0.30)
9 mo net	(82.27)	(11.49)
Net per share	(\$7.35)	(\$1.71)
British Petroleum		
3rd qtr net*	511	572
Net per ADR**	\$1.12	\$1.24
Exploration	184	476
Gas International	25	37
Oil International	313	202
Shipping	14	(8)
Chemicals International	71	28
Standard Oil	173	773

(*) After tax but before extraordinary items.

(**) ADR represents four BP ordinary shares.

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Inside Energy

with
Federal Lands



An exclusive news weekly on federal energy and minerals activities

November 24, 1986

LATE NEWS: DOE announced Friday it has extended to Dec. 1 a deadline for investment banking firms to submit proposals to help the agency sell the Great Plains Coal Gasification Plant, the Naval Petroleum Reserves and the National Institute for Petroleum Research. The original deadline was Nov. 20.

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HORN: LEASE ENTIRE COASTAL PLAIN OF ANWR

Oil-and-gas leasing along the entire coastal plain of the Arctic National Wildlife Refuge (ANWR) is urged by Interior Assistant Secretary William Horn in a draft report to Congress, which is slated for release today (Nov. 24), according to an informed source.

Horn's findings are to be presented for public comment before Interior Secretary Donald Hodel makes his final recommendation on ANWR to Congress next spring. The ANWR issue is vital to Interior, which considers the refuge's coastal plain the most promising oil-and-gas frontier remaining in the U.S.

Horn's preliminary findings are certain to cause a furor among some environmental groups that argue the wildlife and scenic values of ANWR would be irreparably harmed by extensive energy development.

That much is acknowledged by the department. The draft report to Congress says that long-term losses of wilderness values, native subsistence uses and fish and wildlife resources would result from a long-term commitment to energy development of the coastal plain, the source said.

(continued on page 13)

DRAFT API STUDY WARY OF GOVERNMENT ACTION

Although domestic oil production is suffering because of low prices, any decision to exercise government intervention should be weighed carefully, warns a draft energy-security study by the American Petroleum Institute.

The study, "Domestic Energy Production and National Security," is undergoing internal review within API and may be changed before being released in final reform. The current draft, a copy of which was obtained by *Inside Energy/with Federal Lands*, makes few policy recommendations and barely touches on a controversial topic in industry circles: an oil-import fee.

One source familiar with the study said at present it is intended more as an "educational tool" than as an effort to advocate any course of action.

API President Charles DiBona has said the association wants to complete two sections of the report — which will address the condition of the oil industry and import levels — in time for Reagan administration.

(continued on page 4)

RUSCHE INSISTS WASTE PLANS STILL CREDIBLE

To hear Ben Rusche tell it, the credibility of DOE's nuclear waste program lies in the eyes of the beholder. And from his viewpoint, the program has lost none of its integrity — never mind the hailstorm of congressional and state criticism that followed the agency's decision last May to postpone work on a second repository.

"I don't know of any objective test of credibility, and if there is none, then I think that whether the program has maintained its credibility depends on whom you ask," the director of DOE's Office of Civilian Radioactive Waste Management said last week in an interview with *Inside Energy/with Federal Lands*.

For Rusche, who has largely been cast as the villain by Western congressmen and the three states named as potential repository sites, questions of credibility are more than just rhetorical and seem certain to

play an important role in determining whether the program as outlined by the department will succeed. Strong doubts have been raised by a number of House and Senate members, and the agency's integrity was most recently the target of an attack by Rep. Morris Udall, D-Ariz., who charged that the department based many of its decisions about the program on political considerations (related story elsewhere in this issue)

"There is no doubt in my mind that there are many people who suggest that the course we have taken leaves questions, . . . and there are some people who want to suggest to me that it relates to honesty," he added. "And if my honesty is in question, then I'm the wrong guy to do the job."

"It may turn out that my view of a set of facts or circumstances is different from your view, but I'll guarantee that I'm telling you with all the sincerity and honesty that I know how," Rusche said. "If I conclude that there is not integrity in the program, then that means that there is not integrity in me and I'm going to head south. If I come to the conclusion that we've lost that internal cohesiveness that I call integrity, then I don't want to be a part of it anymore."

Criticism of the program has been characterized as a "nightmare" by John Herrington, and Rusche tends to agree with the energy secretary. "I would say that the intensity of reaction has exceeded what I expected. It's not so much a matter of new and different things as it is the intensity of the reactions.

"From a management standpoint it's one of the most challenging things I've ever attempted to get a hold of, and I guess one could always look back and think that he could second-guess the situation. But in this particular set of circumstances, I'm hard put to identify some subsequent event or set of events that would have suggested another course."

The department, Rusche said, didn't have the opportunity to pick the time of its recommendation and was compelled to act when the final determinations were completed. The decision was not something that could have been scheduled with any great precision and the delays, he explained, forced the department to act at a time that was "perhaps inopportune in comparison with the work that we were doing with the second repository."

"On the other hand, it did provide us with the opportunity to look at the timing of the second repository, and maybe the convergence of events was helpful. It would have been difficult, I think, to have reached a decision on the second repository in the absence of knowing what our confidence was on the first repository program. And our confidence derived primarily from getting the president's consideration and acceptance.

"Many people want to look at the decision and say that if you had just known people were going to get intense and the outcry was going to reach this level, would you have done something different? But outcry was not the criteria for the choice," Rusche said.

Rusche expects that the department will submit a revised "mission plan" to Congress at about the same time the administration presents its next budget and said that he is confident that despite the criticism on the Hill, the program as now constructed does have enough support to win approval.

The mission plan, which in essence outlines the agency's administration of the program, will contain its rationale for postponing the second repository and Rusche defended the decision. "We exercised discretion because we believed there was room for discretion — in fact we believed there was an obligation for us."

"Our objective is to find a way for us and for them [Congress] to reach a clear and common understanding of the program's direction," Rusche said he believes there is sufficient support in Congress for the program. "We may be wrong, but we've got to find that out."

The decision by Congress late this session to cut funding for the program to \$499 million (the department had originally sought roughly \$770 million) was a serious blow to the program and will mean that the department is unlikely to meet many of the deadlines under the Nuclear Waste Policy Act that it had earlier hoped it would, Rusche said.

"The original budget request recognized that we were about nine months behind schedule if we still planned to make a recommendation of a site to the president by late 1991," he explained. "We had hoped to accelerate some of the things and catch that up, but we obviously won't do that now.

"What we have to do now is move as vigorously as we can and try to get the site characterization plans to the point where we can begin shaft work," he said.

Rusche added that the funding cut is unlikely to translate into any particular parts of the program being cut off entirely, and suggested instead that the pace of the work would be slowed. "We will not catch up unless we are able to accelerate the funding in future years, and that's a question that we and the Congress will have to face."

Although a number of critics of the program have suggested that Congress' ban precluding the department from conducting any shaft work at the three sites in this fiscal year was largely symbolic because current problems with the agency's quality assurance problems would have likely delayed shaft work next year in any event, Rusche dismissed such arguments. "We had hoped to begin shaft work late in the fiscal year — about late August in Hanford, and a little bit later but still in the fiscal year in Nevada — and I think people make a mistake to say that it [Congress' prohibition] was a hollow statement. What it did was preclude us from doing something that was an

HORN: LEASE ENTIRE COASTAL PLAIN OF ANWR begins on page 1

ANWR lies in the northern-most part of Alaska and borders the Beaufort Sea.

The Horn recommendation, therefore, is couched in conditional language. The source noted the report asks that Congress give Interior the authority to impose any restrictions necessary to avoid adverse environmental effects and to require compensation for any significant losses of wildlife-habitat quality. Horn is assistant secretary for fish and wildlife and parks.

Horn's conclusions were based on analyses of the national need for domestic sources of oil and gas and on the belief that industry can minimize environmental damage with the experience gained from energy development elsewhere in Alaska, the source said.

The report says there is a 5% chance that the coastal plain area could contain more than 29.4-billion barrels of oil and more than 64.5 Tcf of gas. It gives a 95% chance that the area could contain more than 4.8-billion barrels of oil and 11.5 Tcf. The coastal plain totals about 1.5-million acres out of 19-million acres in the entire refuge.

The report identifies 26 structural traps that could indicate potential for "giant" (100-million barrels or more) or "supergiant" (500-million barrels or more) oil fields.

The range of choices for ANWR's future identified in the draft report include: leasing the entire area for oil and gas development, as Horn recommended; leasing a limited area; permitting additional exploration, including exploratory wells; taking no action with regard to oil and gas activity but including the area in a comprehensive planning process for the refuge; and designating the coastal plain as wilderness.

The report also looks at the potential environmental consequences of each of those alternatives.

It was earlier thought the report would not be released until next year. But the Interior source said the department was unveiling the draft study now to fulfill requirements of a Feb. 25 federal district court ruling. That court decision said the National Environmental Policy Act (NEPA) required that Interior provide the public an opportunity to comment on the report prior to its release to Congress.

While Interior has appealed that ruling, department officials decided to proceed with release of the draft now so the final legislative report and final environmental impact statement can be sent to Congress by spring.

The report was prepared to fulfill the requirements of section 1002 of Alaska National Interest Lands Conservation Act. That section required Interior to study the wildlife and energy values of the coastal plain and for the secretary to report the results and ANWR-management recommendations to Congress.

Some environmentalists are concerned about potential effects oil-and-gas development would have on caribou herds that use the coastal plain as a calving ground.

Interior plans three public meetings on the report. One will be Jan. 9 in Washington, D.C. There will be announced later on meetings in Anchorage and Kaktovik, Alaska. — *Sheryl Morris*

CHEVRON'S PLATFORM GAIL GETS GO-AHEAD IN CALIFORNIA COASTAL AGREEMENT

Chevron U.S.A. Inc. can haul the superstructure for its Platform Gail out of storage in Los Angeles Harbor and begin to install it off the California coast following an agreement with the California Coastal Commission and the Interior Dept.

The state commission had objected to Chevron's oil-and-gas production plans for the Gail project, forcing the company to postpone them pending resolution of the dispute (*JE/FL*, 22 Sept, 12). The agreement negates the need for U.S. Commerce Secretary Malcolm Baldrige to arbitrate in the matter. Chevron had appealed to the Commerce Dept. against a commission denial of consistency for the Chevron project.

Consistency refers to the provision under the Coastal Zone Management Act that oil-and-gas operations in federal waters be consistent with state coastal zone management plans.

Industry has urged the Reagan administration to watch more closely how states use their consistency authority. Some industry spokesmen complain the consistency process gives states too much leeway to interfere with projects outside of state waters.

An Interior official praised the Chevron agreement as recognizing "the importance of the federal offshore leasing program." Interior Assistant Secretary J. Steven Griles said, "This agreement demonstrates that solutions regarding offshore development and production can be negotiated."

The agreement means that Interior's Minerals Management Service will approve Chevron's amended development and production plan for Gail, Griles said. It also would prevent the state commission from initiating any further administrative or judicial challenges to MMS approval of the amended plan. The agreement also would set aside a legal challenge filed by Chevron against the state commission.

The Platform Gail issue drew widespread public attention when Chevron ended up paying what it said was \$200,000 a day to tow the platform's jacket in circles offshore California as a temporary measure during the dispute with the state commission. The jacket was later moved to harbor storage.

The oil company had given the go-ahead for delivery of the superstructure from Japan this past July. But when the structure arrived, the disagreement with the state commission left Chevron unable to install

the jacket at the operations site in the Santa Barbara channel.

A Chevron spokesman said the Platform Gail dispute was not a "good test case" on the consistency issue, terming the difficult history of the project an "aberration."

"The breakthrough was pretty much that we were able to meet the commission's environmental concerns, even though that was beyond what some people thought we should have to do," the spokesman said. "And we were able to do it in a manner that would not establish a precedent for other projects."

Chevron will now proceed with pipeline construction for the project, the spokesman said. Barge launching of the superstructure may take place in late February. Chevron estimates the delay may have cost the company about \$10 million to \$15 million, mostly from the cost of holding a launching barge on standby.

OSMRE HAS PUBLISHED A LIST OF REGULATIONS IT PLANS TO SUSPEND on Dec. 19, 30 days after the formal suspension notice was published in the *Federal Register*.

The action complies with two 1985 U. S. District Court decisions issued after many of the regulations implementing the Surface Mining Control and Reclamation Act of 1977 were challenged by states, coal industry representatives and citizens and environmental groups. Portions of both the 1979 regulations and the 1983 revisions of the regulations were challenged.

The Nov. 20 *Federal Register* notice also details the status of the regulations implementing SMCRA while the Office of Surface Mining Reclamation and Enforcement is developing rules to replace the suspended rules. "This suspension notice is an interpretative statement that describes how the Secretary [of the Interior] is already implementing the court's decision," the published notice says.

For each of the 57 regulations to be suspended, the notice contains an explanation of the rule, the basis for the court's action on the rule, and the legal effect of the suspension.

According to the notice, state programs based on 1983 revisions will remain in effect until the OSMRE director determines if changes are necessary and he has notified state regulatory authorities.

The sections of the Code of Federal Regulations affected include such definitions as affected area, previously mined area, and valid existing rights.

It also addresses the Indian lands program, federal lands program, the requirement that historic places be publicly owned, areas where mining is prohibited, and variances from approximate original contour of the land.

A DISTRICT COURT HAS REFUSED TO REOPEN A TWO-ACRE-EXEMPTION CASE against the Interior Dept. that was settled out of court in 1985, an agency spokesman said at press time. The court decision came Thursday.

Judge Charles Richey declined plaintiffs' motion to reopen at this time, but he indicated further briefs would be necessary and called for presentation of oral arguments in the spring, the spokesman said. Interior expects to receive a written confirmation of the order in about two weeks.

Plaintiffs in the case were Save Our Cumberland Mountains, Virginia Citizens for Better Reclamation and the Council of Southern Mountains.

The plaintiffs cited the Office of Surface Mining Reclamation and Enforcement's "systematic non-compliance with the earlier settlement" as reason for reopening the case. In its motion, the plaintiffs also asked for more Interior inspectors and more inspections of two-acre sites in Virginia and Kentucky. The judge refused both requests.

The out-of-court settlement called for an inventory of two-acre sites in Virginia and Kentucky and for the inspection of sites and appropriate enforcement actions. Interior reported quarterly on its actions to both the court and the plaintiffs.

THE SUPREME COURT WON'T HEAR A CASE INVOLVING INDIAN ROYALTIES for resources recovered from a reservation in New Mexico, in which the 10th U.S. Circuit Court of Appeals ordered several oil companies to pay the Jicarilla Apache Tribe \$3+3,738 on land leased since the early 1950s for oil-and-gas production.

The tribe brought suit against the companies, including Exxon, Southland Royalty and Unicon Producing, on several charges. The tribes charged that the amount of royalties due their members should have been calculated under a dual accounting method, which bases the royalty on the higher of two pricing schemes.

In its appeal to the high court, the oil companies claimed it was the government's responsibility to make sure the method most advantageous to the tribe was used in calculating the royalties and, therefore, the government was at fault and should pay the money to the tribe. The Supreme Court decision against reviewing the case allows the appeals court ruling to stand.

Mount Diablo Meridian, Nevada

T. 5 S., R. 43 E., (unsurveyed)

Sec. 17, SW 1/4 SW 1/4;

Sec. 18, SE 1/4 SE 1/4;

Sec. 19, E 1/4;

Sec. 20, NW 1/4 NW 1/4;

Sec. 30, NE 1/4.

Containing 180 acres, more or less.

The area described is located in Esmeralda County, Nevada. The application was filed on October 8, 1986, and on that date the land was segregated from all other forms of appropriation under the public land laws.

For a period of 45 days from the date of this notice, interested persons may submit comments to the District Manager, Bureau of Land Management, Battle Mountain District, N. 2nd and Scott Streets, P.O. Box 1420, Battle Mountain, Nevada 89820.

Terry L. Plummer,

District Manager.

[FR Doc. 86-28452 Filed 11-21-86; 8:45 am]

BILLING CODE 4319-04-M

Fish and Wildlife Service**Availability of the Arctic National Wildlife Refuge, Alaska, Coastal Plain Resource Assessment and Draft Legislative Environmental Impact Statement**

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of availability.

SUMMARY: As required by section 1002(h) of the Alaska National Interest Lands Conservation Act of 1980 (ANILCA), the U.S. Fish and Wildlife Service has prepared a report to Congress concerning the coastal plain of the Arctic National Wildlife Refuge, Alaska. In accordance with 40 CFR 1506.4 and 1506.8 of the Council on Environmental Quality's regulations to implement the National Environmental Policy Act (NEPA), this report incorporates a legislative environmental impact statement (LEIS). This draft report/LEIS is being made available for public review and comment due to the court's order in *Trustees for Alaska, et al. v. Donald Hodel, et al.*, Civ. No. A85-551 (D. Ak. Feb. 25, 1986). The United States has appealed the district court's ruling to the ninth circuit court of appeals because the government feels that the district court imposed administrative requirements in the preparation of the report/LEIS not required by law. The government's appeal was argued on September 3, 1986, but a date for the ninth circuit's decision is not known and no decision

has been rendered yet. Even though the government feels that the district court's ruling is wrong, the Department of the Interior is commencing the administrative process laid down by the district court because a final report/LEIS has already been delayed beyond the September 1986 deadline established by ANILCA and so that the process can be completed in time to give the members of Congress sufficient opportunity to consider the report/LEIS during their upcoming term. Should the court of appeals rule in the government's favor before it completes the steps imposed by the district court, the Department of the Interior will review the course of action which it is now commencing and advise the public through a future public notice of any changes that might be made in the procedures to be followed in completing and submitting the final report/LEIS to Congress.

DATES: Comments must be submitted on or before January 23, 1987, to receive consideration.

ADDRESS: Comments should be addressed to the Director, U.S. Fish and Wildlife Service, Division of Refuges, Room 2343 Main Interior Building, 18th and C Sts. NW., Washington, DC 20240.

FOR FURTHER INFORMATION CONTACT: Noreen Clough, U.S. Fish and Wildlife Service, Division of Refuges, 18th and C Streets NW., Room 2343 Main Interior Building, Washington, DC, 20240, telephone (202) 343-4313; or Clay Hardy, U.S. Fish and Wildlife Service, Division of Planning, 1011 E. Tudor Road, Anchorage, AK 99503, telephone (907) 786-3388.

Copies of the draft report/LEIS have been sent to all Federal, state and local agencies with jurisdiction by law or special expertise; to concerned conservation organizations; to affected Native regional and village corporations and other organizations; and to the oil and gas industry. Copies have also been distributed to selected members of Congress. Additionally, copies have been made available at major libraries in the State of Alaska and the other 49 states, in the Arctic National Wildlife Refuge headquarters in Fairbanks, and all regional offices of the Fish and Wildlife Service, as listed below:

Arctic National Wildlife Refuge, 101 12th Ave., Box 20, Fairbanks, AK 99701, telephone (907) 456-0250.

U.S. Fish and Wildlife Service, Refuges and Wildlife, Lloyd 500 Building, Suite 1382, 500 NE Multnomah St., Portland, OR 97232, telephone (503) 231-6118.

U.S. Fish and Wildlife Service, Refuges and Wildlife, 500 Gold Ave. SW., Room 1306, Albuquerque, NM 87103, telephone (505) 766-2321.

U.S. Fish and Wildlife Service, Refuges and Wildlife, Federal Building, For. Snelling, Twin Cities, MN 55111, telephone (612) 725-3563.

U.S. Fish and Wildlife Service, Refuges and Wildlife, Richard B. Russell Federal Bldg., 75 Spring St., Atlanta, GA 30303, telephone (404) 221-3588.

U.S. Fish and Wildlife Service, Refuges and Wildlife, One Gateway Center, Suite 700, Newton Corner, MA 02158, telephone (617) 965-5100.

U.S. Fish and Wildlife Service, Refuges and Wildlife, 134 Union Blvd., Lakewood, CO 80225, telephone (303) 238-7920.

Individuals wanting a copy of the document should contact Ms. Clough or Mr. Hardy.

Public meetings on the report/LEIS will be held in Anchorage and Kaktovik, Alaska, during the week of January 5, 1987. The exact times and locations will be announced in a future Federal Register notice and in local newspapers in the affected areas. A public meeting will also be held on January 9, 1987, at 1:30 p.m., in the Main Interior Building Auditorium, 18th and C Streets, NW., Washington, DC.

SUPPLEMENTARY INFORMATION: Section 1002(h) of the Alaska National Interest Lands Conservation Act (ANILCA), 16 U.S.C. 3142(h), of December 2, 1980, requires that the Secretary of the Interior prepare and submit to Congress a report concerning the resources of the 15-million acre coastal plain of the 19-million acre Arctic National Wildlife Refuge, Alaska. This report is to contain the following:

(1) The identification of those areas within the Arctic Refuge coastal plain ("1002 area") that have oil and gas production potential and estimates of the volume of oil and gas;

(2) A description of the fish and wildlife, their habitats, and other resources in the 1002 area;

(3) An evaluation of the adverse effects of carrying out further exploration, development and production of oil and gas on the 1002 area;

(4) A description of how oil and gas, if produced within the 1002 area, may be transported to processing facilities;

(5) An evaluation of how this oil and gas relates to the national need for additional domestic sources of oil and gas; and

(6) The recommendations of the Secretary with respect to whether further exploration for, and the development and production of oil and gas in the 1002 area should be permitted and, if so, what additional legal authority is necessary to ensure that the adverse effects of such activities on fish

and wildlife, their habitat, and other resources are avoided or minimized.

The draft report/LEIS summarizes more than 5 years of biological baseline studies, surface geological studies, and two seasons of seismic exploration surveys. The analyses of the data represent the exhaustive efforts of more than 50 scientists of the Department of the Interior. The draft report/LEIS has been prepared by the Fish and Wildlife Service, with cooperation from the U.S. Geological Survey and Bureau of Land Management.

Section 1002(h)(6) asks for a recommendation as to whether or not the coastal plain should be opened for oil and gas activity. To assist in making this recommendation, the draft report/LEIS analyzes a range of alternatives for management of the 1002 area: opening the entire area for oil and gas leasing; opening a limited area to oil and gas leasing; permitting additional exploration, including exploratory wells; taking no action regarding oil and gas activity but including the 1002 area in the comprehensive conservation planning process for the entire refuge; or designating the 1002 area as wilderness. The potential environmental consequences of implementing these alternatives are also examined.

Based on the analyses presented, on the national need for domestic sources of oil and gas, and on the ability of industry to minimize damage as learned from oil and gas activities elsewhere in the Alaskan arctic, the proposed action (preferred alternative) in the draft report/LEIS is to lease the entire 1002 area for further oil and gas exploration and development. To afford the special protection necessary to conserve the high natural resource values of the 1002 area the proposed action asks for authority to impose restrictions to ensure environmental integrity during all oil and gas operations. It is further recommended that development to be designed so as to result in no necessary adverse effects, and that unavoidable habitat losses be fully compensated.

During the early stages of preparing a preliminary draft report and detailed legislative environmental impact statement (LEIS) for departmental review, legal action was taken against the Department and the Fish and Wildlife Service by Trustees for Alaska and other environmental groups in *Trustees for Alaska, et al. v. U.S. Dep. of Interior, et al.*, Civ. No. A86-551 (D. AK, Feb. 25, 1986). The plaintiffs contended that the Department's plans (i.e., to circulate the report/LEIS for public comment concurrently with its submittal to Congress, and to forward any comments received and the Department's responses subsequently)

failed to fully comply with the National Environmental Policy Act (NEPA), and the Department must provide an opportunity for public participation in preparation of the report/LEIS in advance of its submittal to Congress. The court ruled in favor of the plaintiffs and by court order dated February 25, 1986, directed the Department to prepare both a draft and final report/LEIS's, and permit public review and comment on the draft LEIS. The court further directed that public meetings on the draft report/LEIS be held in Alaska and elsewhere and that the Department's responses to public comments be published locally before or at the time the final report/LEIS is submitted to Congress. It is the position of the Department and the Service that a draft report/LEIS need not be circulated in advance and that a single detailed report/LEIS, as provided for in 40 CFR 1506.8(b)(2), fully complies with the requirements of NEPA. Therefore, the Department has appealed the court's decision.

The appeal was argued on September 3, 1986. No decision has been issued yet and it is not possible to ascertain when the court of appeals will rule. Section 1002(h) of ANILCA requires the report be submitted by Congress no later than September 2, 1986. However, as a result of the lawsuit and appeal, submission of the report has been delayed. To afford the new Congress adequate time to consider the findings and recommendations of the Department of the Interior, the decision has been made to proceed with the administrative process imposed by the district court. By initiating the steps necessary to permit the early submission of the report/LEIS to the upcoming session of Congress, the Department of the Interior does not intend to disavow the government's position in *Trustees for Alaska v. Hodel*, nor has it requested the Department of Justice to withdraw its appeal.

Unless the public is notified otherwise in a future public notice, public comments will be included, together with the Department's responses, in the final report/LEIS and forwarded concurrently to the Congress with the Secretary's final report/LEIS and the Record of Decision for consideration by Congress in deciding the future management of the Arctic Refuge coastal plain.

Dated: November 19, 1986.

Bruce Blanchard,

Director, Office of Environmental Project Review.

[FR Doc. 86-26489 Filed 11-21-86; 8:45 am]

BILLING CODE 4310-65-M

DEPARTMENT OF JUSTICE

Lodging of Consent Decree; Western Sand and Gravel, Inc. et al.

In accordance with Departmental policy, 28 CFR 50.7, notice is hereby given that on November 14, 1986 a proposed Consent Decree in *United States v. Western Sand & Gravel, Inc.*, Civil Action No. 88-0808-B and the consolidated case of *Violet v. Western Sand & Gravel, Inc.*, Civil Action No. 83-0788-B, was lodged with the United States District Court for the District of Rhode Island. The proposed consent decree concerns the discharge of pollutants from a hazardous waste site in Burrillville and North Smithfield, Rhode Island. The proposed consent decree requires the defendants to undertake certain site cleanup actions, prepare and implement a long-term groundwater contamination study, and reimburse the United States and State of Rhode Island for costs incurred and to be incurred in cleaning up the hazardous waste site and ensuring safe drinking water supplies for neighboring residences.

The Department of Justice will receive for a period of thirty (30) days from the date of this publication comments relating to the proposed Consent Decree. Comments should be addressed to the Assistant Attorney General of the Land and Natural Resources Division, Department of Justice, Washington, DC 20530, and should refer to *United States v. Western Sand and Gravel, Inc.*, D.J. Ref. #90-11-2-83.

The proposed Consent Decree may be examined at the Office of the United States Attorney, Room 208 Federal Building and Courthouse, Kennedy Plaza, Providence, Rhode Island 02903; at the Region I Office of the Environmental Protection Agency, Office of Regional Counsel, 20th Floor, John F. Kennedy Federal Building, Boston, Massachusetts, 02203; and at the Environmental Enforcement Section, Land and Natural Resources Division of the Department of Justice, Room 1515, 10th Street and Pennsylvania Avenue, NW., Washington, DC 20530. A copy of the proposed Consent Decree may be obtained in person or by mail from the Environmental Enforcement Section, Land and Natural Resources Division of the Department of Justice at the above address. In requesting a copy, please enclose a check in the amount of \$18.40

Study pushes for oil drilling in Alaskan wildlife refuge

Associated Press

Washington, D.C.

An Interior Department study recommended Monday that the energy-rich coastal plain of Alaska's Arctic National Wildlife Refuge be opened to full-scale oil development so long as its fragile ecology and wildlife are protected.

"The area is clearly the most outstanding oil and gas frontier remaining in the United States and could contribute substantially to our domestic energy supplies," according to the study mandated by Congress in 1980.

At the same time, the study warned that "oil and gas development will result in widespread, long-term changes in wildlife habitat, wilderness environment and native community activities."

Environmental groups, saying development and protection are not compatible in the refuge, said they would work to persuade Congress to bar oil and gas drilling in the tundra.

"We think we can kind of have it both ways," Assistant Secretary William Horn told a press conference. "You have here the potential for super-giant oil fields. . . . We see substantial economic and substantial national security benefits."

The study said geologic tests indicate that as many as 9.2 billion barrels of oil could be recovered from the 1.5



Star and Tribune map

million-acre tract, the northernmost section of the 18 million-acre Arctic National Wildlife Refuge.

This production level would rival the nearby Prudhoe Bay fields, which account for about 20 percent of the nation's production, and would represent about 589 days supply at current consumption levels.

The Fish and Wildlife Service study was sent to Interior Secretary Donald Hodel, who plans to make a formal recommendation to Congress early next year after public hearings in Alaska and Washington, D.C..

House Interior Committee Chairman Morris Udall, D-Ariz., will introduce legislation to prohibit development of energy resources in the coastal plain, according to a committee aide.

On the Senate side, Bennett Johnston, D-La., incoming chairman of the Energy and Natural Resources Committee, said any development legislation will be viewed "with the greatest care and caution."

The refuge is home to wildlife including snow geese, musk oxen and the Porcupine caribou herd.

Feds urge new drilling in Alaska

USA Today
Nov. 25
1986

By Rae Tyson
USA TODAY

An ecologically sensitive piece of northeastern Alaska coastline should be opened for oil and gas exploration, the Interior Department recommended Monday.

"The area is clearly the most outstanding oil and gas frontier remaining in the United States," a study said of the 1.5-million acre parcel.

The recommendation goes to Interior Secretary Donald Hodel, who's expected to ask Congress to OK it this spring.

Monday's news brought immediate protests from environmentalists, who want to protect caribou herds and other wildlife in the remote region.

Defenders of Wildlife spokeswoman Amy Skilbred called it "a sin to drill in Yellowstone National Park; this is the last place we should go for oil and gas."

Environmentalists' plea: Make the land part of the adjacent 19-million acre Arctic National Wildlife Refuge.

Sen. Ted Stevens, R-Alaska, said the Coastal Plain region — east of oil-rich Prudhoe Bay — could be "the Saudi Arabia of North America."

Stevens says that should the current oil glut ease, development would end reliance on



By Marcy Eckroth Mullins, USA TODAY

foreign oil and protect national security interests.

Estimated reserves in the coastal region: It could yield as much as 20 percent of domestic production.

The United States currently imports about 30 percent of its crude oil.

At a conference last week, geologist Roger Herrera of Standard Alaska Production Co. said that "this area without a doubt is the area with the greatest oil and gas potential that hasn't been explored."

"The chance of finding super-giant oil fields in this tiny patch of real estate is tremendous."

Said Randy Snodgrass of the Wilderness Society: "We liken it to melting down the Statue of Liberty for the copper."