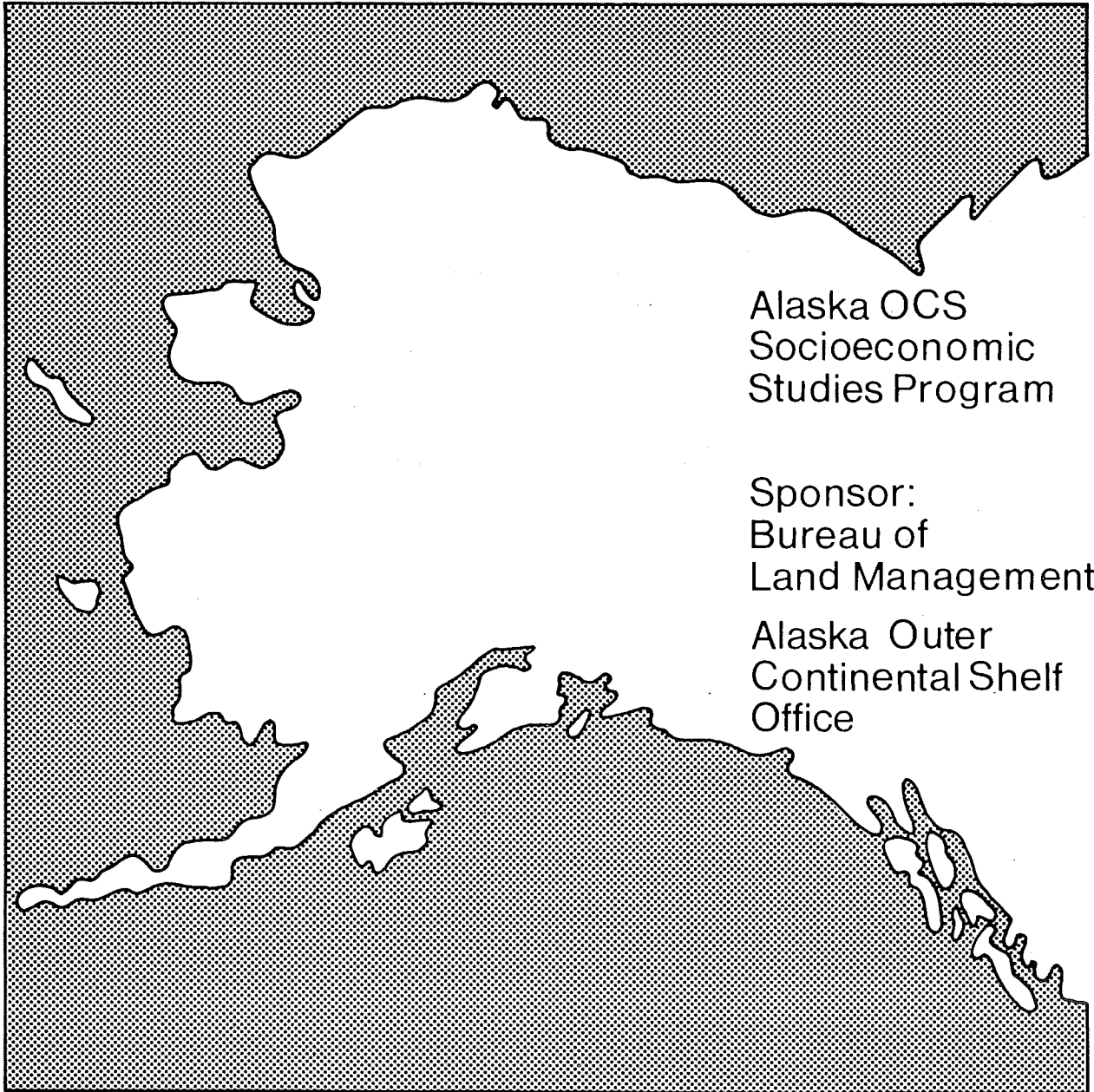


Technical Report
Number 16



Alaska OCS
Socioeconomic
Studies Program

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Beaufort Sea Region
Governance Study

Technical Report No. 16

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Alaska OCS Socioeconomic Studies Program

GOVERNANCE IN THE BEAUFORT SEA REGION:
PETROLEUM DEVELOPMENT AND THE NORTH SLOPE BOROUGH

Prepared for

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Professor Gerald McBeath of the Political Science Department at the University of Alaska, Fairbanks, developed much of the data base for this report. His insights also contributed to our interpretations of North Slope political developments.

I. INTRODUCTION

Local government is, after all, the political foundation of America, and is a natural result of frontier resource development. Local government in rural Alaska will be the one sure lasting benefit of our national exploitation of Alaska's non-renewable resources. The organization of the North Slope Borough was a natural democratic development resulting from the exploitation of Prudhoe Bay.

-- North Slope Borough Mayor Eben Hopson¹

Objectives

This study examines relationships between petroleum development and the evolution of local government institutions on Alaska's North Slope in the decade since the oil and gas discoveries at Prudhoe Bay in 1968. It focuses on the North Slope Borough, and it attempts to explain the formation and operations of the borough as responses to the problems and opportunities that arctic oil and gas development present to the Native people of the region.

Since the borough is essentially a product of petroleum development, and particularly of developments at Prudhoe Bay, and because North Slope Borough government affairs center largely on petroleum development, taxation, and related issues, there are no clear limits on the potential scope of the study effort. Almost everything significant about the borough as a political and governmental institution can be traced directly or indirectly to past, present, and planned oil and gas development in the region.

Organization of Report

The structure of this report reflects the main contours of our analytical approach, which included making a series of successively more detailed explorations of the issues, events, and institutions pertinent to this study.

Chapter II is primarily an introduction to North Slope Borough government and a review of its origins. It briefly discusses the background of borough formation and then describes the structure and finances of the borough, emphasizing tax and revenue features and the capital improvements program in the villages.

Chapter III presents an extensive overview of regional institutions and issues. It examines extra-regional and intra-regional institutional relationships of the North Slope Borough and the tax, development, environmental, and related issues around which these relationships revolve.

Chapter IV looks at the internal policy process of the borough. It again focuses on the selected issues, examining their meanings, limits, and effects for North Slope Borough interests. This chapter also discusses the current status and some of the meanings of local self-determination on the North Slope.

Chapter V provides an in-depth examination of specific borough responses to major cases of petroleum development plans and activities. It covers borough involvement in haul road and utility corridor, National Petroleum

Endnotes

1. Testimony of Mayor Eben Hopson, North Slope Borough, before the House Finance Committee, Alaska State Legislature, on the Proposed Oil and Gas Tax Measures, April 14, 1977.

II. THE NORTH SLOPE BOROUGH

The North Slope Borough grew out of the 1968 Prudhoe Bay oil discovery and a series of events throughout the 1960s that convinced North Slope leaders of the need for a Native-controlled regional government in the arctic. These leaders saw regional government as a means of getting a share of the profits from the Prudhoe Bay oil field; with this source of revenue, the borough could act to control future resource development on the mineral-rich North Slope as well as provide for basic social and economic needs of the region's villages.

This chapter looks first at the origins of the North Slope Borough and then at the borough's structural and financial growth since it was incorporated in 1972.

Background

By the late 1960s, the momentum of the Native land claims movement and the stimulus of the oil and gas discoveries of Prudhoe Bay provided necessary preconditions for the incorporation of the North Slope Borough. The Arctic Slope Native Association (ASNA) was the organizational vehicle for pursuing both land claims and borough formation, and, by 1969, when ASNA began taking official steps toward incorporation of the North Slope, the borough idea had acquired a force of its own. By that time, too, the magnitude and implications of the Prudhoe Bay discoveries were sufficiently clear: the North Slope now had a tax base of large and growing proportions, even a small part of which could apparently support a very

of even the smaller towns of Alaska's urbanized regions. All North Slope villages, including Barrow, depended on federal and state programs to meet their most basic educational, health, public safety, and other service needs.

Until the Prudhoe Bay discoveries in 1968, most economic activity on the North Slope after World War II was accounted for by sporadic military construction and oil and gas exploration activities. With no stable or adequate economic base, a scarcity of jobs, and limited government assistance, North Slope villagers particularly outside of Barrow were highly dependent on subsistence hunting and fishing.

LAND CLAIMS

The decade of the 1960s was not, however, a static period in rural Alaska. After statehood in 1959, and federal initiation of anti-poverty and related programs in the mid-1960s, federal and state agency activities accelerated on the North Slope and elsewhere. During this period, the most significant stimulus to the mobilization of North Slope leaders, mostly of Barrow, was state selection of federal lands granted under the Statehood Act and the leasing of these lands for oil exploration and development in the area near Prudhoe Bay. These selections and early leasing activities (before the big sale of 1969) were perceived by Native leaders as direct and extremely threatening encroachments on aboriginal land rights to which they might lose all claim by default unless they reacted as forcefully as possible. Another stimulus was federal and state fish and game enforcement programs, which were viewed as unjustified

regardless of Native protests--ultimately became allies of the Alaska Native lobby in Congress. If haltingly and late, the state administration and the oil companies realized that a claims settlement would be necessary to end the Alaska land freeze previously imposed by the Department of the Interior because of the Native claims. The settlement act was thus one of the steps necessary to open the way toward construction of a pipeline to move Prudhoe Bay oil across federal lands to a southern Alaska port. Borough incorporation on the North Slope brought the Natives of that region again into direct and continuing conflict with the state and the oil companies, a conflict highlighted by protracted litigation over the borough's tax authority.

The stakes at issue in the litigation are very high. The Arctic Slope Regional Corporation, established under the terms of the claims act, will eventually receive a total of about \$52 million as its share of the legislated cash settlement. The North Slope Borough, through its powers of taxation, is in a position to realize multiples of that amount from oil company and related properties in the arctic. Accordingly, there was opposition to borough incorporation from the very start primarily because the small population of this oil-rich region, through incorporation of a borough encompassing the whole North Slope including Prudhoe Bay, would gain access to nearly the largest tax base in the entire state.

It is not clear exactly when ASNA leaders and their consultants and lawyers first seriously discussed incorporation of the North Slope. It is clear, however, that no action was initiated until after the Prudhoe Bay

with a population of 200,000 and taxable property assessed at about \$4.5 billion.⁵ In 1973, real, personal, and business property in the North Slope's five oldest villages was assessed at less than \$4 million.⁶

The vast municipality, where hundreds of miles separate communities, is made up of the villages of Barrow, Wainwright, Point Hope, Kaktovik, Anaktuvuk Pass, Nuiqsut, Atkasook, and Point Lay; the population of these communities is about 4,000 and is predominantly Eskimo, with some white residents who mainly are teachers or government workers. (See map on next page.) Nearly two-thirds of the village residents live in Barrow, seat of borough government and the ninth largest city in the state. Also within the borough are the Prudhoe Bay oil complex, pump stations and maintenance camps for the trans-Alaska pipeline, seven stations for the Distance Early Warning system, and a military base at Cape Lisburne. In July 1977, about 5,000 temporary borough residents⁷ lived in these areas, bringing the borough population to approximately 9,000.

The federal government owns about two-thirds of the land on the North Slope, including the 93,437 square kilometer (23 million acre) National Petroleum Reserve in the heart of the borough and the 35,562 square kilometer (9 million acre) Arctic National Wildlife Range that falls almost entirely within the borough. Property of the federal government cannot be taxed, but the borough takes the position that property of private firms now under contract to the U.S. government to carry out oil exploration in the National Petroleum Reserve is subject to the borough's property and sales and use taxes, just as privately-owned

development property on state-owned lands at Prudhoe Bay is taxed by the borough. Borough officials feel any future private development in the Arctic National Wildlife Range would be subject to the same taxation.⁸ State law limits the borough's taxing powers on private property on both state and federal lands, and as discussed in detail in Chapter III, there are continuing legal disputes over the extent and application of borough tax authority.

The Arctic Slope Regional Corporation and the eight village corporations on the North Slope have already received title to about 16,250 square kilometers (4 million acres) of the total 22,750 square kilometers (5.6 million acres) of land they will receive under terms of the Alaska Native Claims Settlement Act; this land will be subject to property tax after 1991. The state controls about 16,250 square kilometers (4 million acres) on the Slope, largely in the Prudhoe Bay area.⁹

Since it was incorporated in 1972, the sparsely-populated North Slope Borough has fought a series of legal battles with Prudhoe Bay oil companies and the state government to determine the borough's authority to tax oil and gas developments in Alaska's arctic.¹⁰ In February 1978--nearly six years after the borough was incorporated--an oil company executive noted in a letter to borough mayor Eben Hopson that "it is unfortunate there is a continuing series of disputes and litigation involving the tax relationship between the borough and the oil and gas industry."¹¹

In its early days, the borough established departments of administration and finance and of planning under the direction of the assembly and the mayor. Later, when more powers were transferred to the borough by the individual villages, the regional government set up departments of health, public works, public safety, and conservation and environmental security. By state law, the borough school district is under the direct supervision of a seven-member elected school board;¹³ the assembly and the mayor review the annual education budget.

Employment

The borough's first budget document outlined the borough's hiring policy: ". . . all the major policy-making positions, all specialized fields of local government, will be filled by residents of the borough." Consultants drawn from outside the borough would be responsible for "training our employees and attacking our initial workload."¹⁴ As a further aid to local employment, when the borough capital improvements program got underway in 1975, many of the construction workers were hired as borough employees.¹⁵

In June 1974 there were 90 general government employees of the borough; by June 1977 this number had risen to 180¹⁶ and did not include school district employees and construction workers also on the borough payroll. A consulting firm estimated in 1977 there were more than 400 persons working for the borough in Barrow alone, about half of these school district employees.¹⁷

By fiscal 1976, the borough collected more than \$16 million in revenues, with Prudhoe Bay oil companies paying about \$7 million in property taxes; under an agreement between the borough and the oil companies, there was no sales tax that year. The state and federal governments supplied \$6.5 million to the borough in fiscal 1976--\$2 million in state funds were general government revenues, and \$3 million state and \$1 million federal funds were school revenues. (See Table 1.)

TABLE 1. NORTH SLOPE BOROUGH REVENUES BY SOURCE, 1973-1977
(thousands of dollars)

Fiscal Year Ended 6/30	Taxes		State		Federal*	Other	Total
	Property	Sales	Education	General			
1973	\$ 418	\$ 37	\$	\$ 95	\$	\$ 1	\$ 528
1974	3,548	1,040	873	503	31	168	6,163
1975	5,501	1,181	1,819	521	1,714	975	11,711
1976	7,387	---	3,359	2,208	1,029	2,651	16,634
1977	19,179	394	3,846	2,980	2,312	1,288	29,999

*Most federal revenues received during this period were for education.

SOURCE: North Slope Borough annual financial reports, fiscal years 1973-1977.

In fiscal 1977 the borough took in nearly \$30 million. The oil producers at Prudhoe Bay paid more than 98 percent of the \$19 million stemming from property taxes. The state government supplied the borough with nearly \$7 million that year, about \$4 million of which was for support of education in the borough. Federal aid amounted to more than \$2 million in fiscal 1977.

houses, sanitary facilities, water, police, fire [protection], transportation . . ."23 The following year the borough issued \$18 million in general obligation bonds, and work on projects in the scattered villages began, with early emphasis on school construction. By June 1976, estimated cost of the program had risen to \$115 million for 128 planned projects, and the borough had issued \$26 million in general obligation bonds. The borough also hoped to get state and federal funds to help finance the program.

In late 1976 and early 1977 work on all but nineteen of the borough's capital improvements projects was halted when Prudhoe Bay oil producers went to court to challenge portions of the borough's 1976 property tax levy. The borough maintained that it could levy taxes without limit to raise revenues to meet debt service payments on its general obligation bonds and had levied taxes in excess of rates otherwise allowed under state law. A Superior Court judge ruled against the North Slope Borough, and the case is now on appeal in the state Supreme Court. But in 1977, the state legislature took action that helped strengthen the borough's position on raising revenues for debt service payment, and in the early summer the borough sold an additional \$51 million in general obligation bonds.²⁴ Work on many capital improvements projects resumed. The regional government estimated that during the construction slowdown about 240 workers across the region were laid off, and an additional 160 workers that would have been hired were not.

TABLE 2. NORTH SLOPE BOROUGH - CAPITAL IMPROVEMENTS PROGRAM
 CUMULATIVE APPROPRIATIONS AND EXPENDITURES
 BY VILLAGE, 1975-1977

	Funds Appropriated*		Expenditures as of June 1977	
	<u>Amount</u> (thousands)	<u>Percentage</u>	<u>Amount</u> (thousands)	<u>Percentage</u>
Barrow	\$ 91,100	60%	\$11,500	41%
Wainwright	12,100	7	2,900	10
Point Hope	13,600	9	5,200	17
Kaktovik	3,300	2	700	3
Anaktuvuk Pass	8,900	6	4,000	13
Nuiqsut	6,800	5	2,400	7
Atkasook	9,100	6	2,700	9
Point Lay	7,000	5	30	-
TOTAL	\$151,900	100%	\$29,430	100%

*"Appropriated" means the borough assembly has approved the expenditure of these amounts for capital improvement projects; it does not necessarily mean the total funds are on hand when the projects are approved. The borough hopes to also obtain federal and state funds to help finance the capital improvements program.

SOURCE: North Slope Borough annual financial report, July 1, 1976-June 30, 1977.

Kaktovik, on the Beaufort Sea about 498 kilometers (310 miles) east of Barrow, is a second-class city where the borough plans to spend more than \$3 million for capital improvements; less than \$1 million of these funds--largely for roads and public housing--had been spent by June 1977. About 130 people live in Kaktovik.

GOALS

In a 1977 statement to a congressional committee, borough mayor Eben Hopson outlined what the state's largest regional government hopes to accomplish with petroleum revenues: ". . . local self-determination and an improved level of living for the indigenous peoples of the North Slope." In the same statement, Hopson noted that "Threats to the continuation of mineral resource development are threats to the social and economic advancement of the people of the North Slope Borough." But he added, "The basis of the Eskimo culture of the North Slope Borough is vested in subsistence pursuits . . . the absence of subsistence would undoubtedly mean the destruction of the culture," and that petroleum and other mineral developments can threaten habitats of fish and wildlife.²⁶

Recognizing that the borough could not exist without funds from petroleum development, but that such development can bring unwanted changes to the traditional hunting and fishing territory of the arctic Eskimo, borough leaders are attempting to use revenues from the Prudhoe Bay oil field to establish a regional government that will have a strong say in how and when other areas of the North Slope are developed.

Endnotes

1. The land claims and borough formation movements on the North Slope are discussed in greater detail in Gerald A. McBeath and Thomas A. Morehouse, "Alaska Native Self-Government," a paper prepared for the Canadian Department of Indian and Northern Affairs, to be published, Summer 1978.
2. Anchorage Daily News, December 19, 1971.
3. Alaska Consultants 1978, Baseline Studies of the Manmade Environment: The Beaufort Sea Region, prepared for Peat, Marwick, Mitchell and Co., (draft).
4. North Slope Borough, Annual Financial Report, fiscal year July 1, 1976-June 30, 1977.
5. State of Alaska, Department of Community and Regional Affairs, "Alaska Taxable 1977," p. 34.
6. Dupere and Associates 1973, North Slope Borough Reconnaissance Study: An Inventory of the Borough and Its Communities, p. 52.
7. Alaska Consultants 1978, Baseline Studies of the Manmade Environment.
8. Information on borough position from telephone conversation with Vernon Snow of Gallagher, Cranston, and Snow, July 18, 1978.
9. Alaska Consultants 1976, "Issues Overview," prepared for North Slope Borough, p. 36.
10. For details on these court suits, see Chapter III.
11. Letter from D.S. Mace, assistant general manager, Sohio Petroleum Company, to Eben Hopson, mayor, North Slope Borough, February 7, 1978.
12. Information on borough structure and authorities from North Slope Borough, Official Statement of the North Slope Borough, Alaska, Relating to \$51,000,000 General Obligation Bonds, Series H, June 15, 1977, p. 6. Powers the borough assumed on April 30, 1974 are: streets and sidewalks; sewage and sewage treatment facilities; watercourse and flood control facilities; health services and hospital facilities; telephone systems; light, power and heat; water; transportation systems; libraries; airport and aviation facilities; garbage and solid-waste collection and six disposal service facilities; housing and urban renewal, rehabilitation and development; preservation, maintenance, and protection of historic sites, buildings and monuments.
13. Alaska Statute 14.12.020.

III. INSTITUTIONS AND ISSUES

Looking outward to the external world, North Slope Borough leaders are preoccupied with gaining recognition, respect, and positive responses from organizations having substantial control over the fortunes of their new government and the people it was established to serve. Looking inward at the region they are responsible for governing and serving, these same leaders are involved in building a stronger and more effective regional government organization; they are centralizing and consolidating the capacity to decide and to act. To deal successfully with state and federal governments and oil companies, North Slope leaders must establish their authority and "turf" within the region itself. In the process, new patterns of relationships are evolving in the region among villages, Native corporations, and borough as well as in the larger sphere of external organizations that are often unable or unwilling simply to meet the borough's demands.

The borough has been in existence for only six years, with nearly half of that time devoted to establishing its basic legal right and financial ability to exist. It is therefore not possible to draw firm or final conclusions about "patterns" of behavior oriented externally or internally. A current analysis can reflect the patterns of a relatively brief history and only speculate about longer term trends.

but North Slope hostility does persist particularly against one of the dominant federal agencies of the past, the Bureau of Indian Affairs. North Slope Borough officials, led by the mayor, have also been active and vocal critics of proposed federal (and state) offshore oil and gas exploration and development programs. Adding to these problems are the past and continuing clashes over federal and state regulation of subsistence fish and game resources.

The North Slope Borough is attempting to establish an authoritative presence in a region that has been dominated by federal and state authorities not accustomed to dealing with or answering to a significant regional government in Alaska's arctic. These authorities, lately joined by the oil companies, are now having to learn how to do business with a new set of very assertive and often abrasive local leaders in a situation where the rules of behavior, and the practical extent and limits of borough authority, are yet unclear.

BOROUGH-STATE GOVERNMENT

The following summarizes significant state-North Slope Borough relationships from the pre-incorporation period to the present. They are described in terms of selected issue-areas: taxation, oil and gas development, fish and game protection, and coastal zone management.

(AS 29.53.045(b) and AS 20.53.050(b)). In addition, local sales and use taxes were limited to the first \$1,000 of each sale or use (AS 43.56.030 (2)(A)). Finally, oil and gas leases and related possessory rights and values were exempted totally from local property taxation (AS 43.56.020(a)). At the same time, the state imposed a 20 mill tax on oil and gas exploration, production and transportation properties, and provided that local taxes collected under the new provisions of AS 29.53 (above) would be credited against the state's 20 mills (AS 43.56.010). The North Slope Borough mayor later referred to these actions as "the destruction of our local revenue authority in 1973."³

1976 Regulation. In 1976, the borough levied property taxes above the rate established by the per capita limit in order to pay the debt service on borough bonds. Then, in the words of the mayor,

As soon as we did so, without consulting with the Borough or our attorneys . . . , the Commissioner of Revenue wrote to our Prudhoe Bay taxpayers to inform them that taxes collected by our Borough [in excess of the per capita limit] would not be credited against the 20-mill state ad valorem levy on Prudhoe Bay property. This resulted in a series of law suits that resulted in the closing of the bond market to the North Slope Borough . . . , resulting in a multi-million dollar loss⁴

The borough sued the state (North Slope Borough v. Sterling Gallagher, et al.) and the oil companies sued both the borough and the state (Sohio Petroleum Company, et al. v. North Slope Borough, et al.). Subsequently, however, the borough agreed not to contest the state's emergency regulation which denied the tax credit, and the state withdrew its contention that the borough could not levy in excess of the per capita limit unless the bonds were in or near default. Further, after a Superior Court ruling

either very limited or untested authority. This section briefly indicates some of the more significant of these activities and the nature of the borough's interests in them.

North Slope Haul Road. The haul road, constructed by Alyeska for use in construction of the trans-Alaska oil pipeline, is to be turned over to the state and will become part of its highway system in 1978. The general issue before the state is whether, when and under what terms the road should be opened for use to the public. The North Slope Borough mayor has repeatedly told state officials, including the governor, that the borough opposes opening the road for public use. The borough argues, among other things, that maintenance costs will be excessive and that the traffic and the necessary support services and activities will have harmful effects, particularly on subsistence resources.⁷ The borough has similarly attempted to influence the federal Bureau of Land Management (BLM) on the issue, given BLM's authority for planning and management of the adjacent federal lands in the pipeline-haul road corridor. The borough assembly has enacted ordinances under its zoning and subdivision authority intended to control future development along the haul road; however, the extent of such authority where federal and state lands are involved is not clear, and specific claims to authority will need to be tested in specific instances. As the local government with general authority in the area, the borough will at least play a significant advisory role in the haul road and related state development decisions affecting the North Slope region.

and gas leases. The borough brought suit against the state (North Slope Borough v. Robert LeResche), lost in Superior Court, and has appealed to the Supreme Court, where a decision is pending.

Water, Gravel, and Land Use Permitting. Prudhoe Bay field development has required extensive use of water and gravel resources and the conduct of other activities potentially affecting the land and waters of the North Slope. Wherever state lands and waters, including anadromous fish streams, are potentially involved, developers are required to obtain various permits from the Departments of Natural Resources (Division of Lands), Fish and Game, and Environmental Conservation. North Slope Borough officials have been particularly concerned about effects of water and gravel extraction and related development activities on fisheries and on game habitats. Although state authority is generally overriding, the borough has inserted itself into the permitting process through local notification, comment, and other consultation procedures. The borough's demands on state permitting officials are apparently greater than the latter normally expect from the local government level.¹⁰

Fish and Game Protection

North Slope residents have clashed periodically with federal and state fish and game enforcement authorities for many years. Most recently, conflict between the North Slope Borough and the State Department of Fish and Game reached a peak during the "caribou crisis" of 1976. Decline in the size of the western arctic caribou herd resulted in restrictions on all hunting, including Native subsistence hunting. In response, the borough denied

state legislature enacted an Alaska Coastal Management Act in 1977. The act established an Alaska coastal policy council under which district coastal programs would be developed and implemented by municipalities with planning and zoning powers. The North Slope Borough mayor was appointed to the coastal policy council, and the borough has continuously pressed state officials to view coastal management problems in the expansive terms already articulated by the borough for the North Slope. A key aspect of the borough's perspective is that coastal management programs should be locally controlled.¹²

As in the other areas of state-borough relations summarized above, the major question is how far the state will go to accommodate North Slope Borough demands for greater shares of authority in areas of state jurisdiction and prerogative. It appears that the North Slope Borough's claims on the state have been articulated more radically than those of any other local government in Alaska to date.

BOROUGH-OIL COMPANIES

Similar to its relationships with state government, the North Slope Borough's direct relationships with the oil companies operating at Prudhoe Bay are dominated by conflicts over the definition and use of the borough's powers of taxation. As seen by the borough mayor,

The single concern of our corporate taxpayers [the oil companies] is tax avoidance, with no compensating ideological concern for the growth and health of local government in rural Alaska Thus, the North Slope Borough has been in and out of court¹³ to defend its right to exist, and its revenue authority.

Litigation

The oil companies filed four major suits against either the borough or the state between 1972 and 1977. Each has critically affected the borough's authority to tax.¹⁸

- For one and a half years after its incorporation was certified by the state in 1972, the borough was effectively prohibited from taxing, and therefore from any significant spending activity, until the Alaska Supreme Court ruled against a company challenge to the constitutionality of the incorporation action (Mobil Oil Company et al. v. Local Boundary Commission, et al.).
- A second, overlapping suit challenged the borough's authority to tax oil and gas leases (Mobil Oil Company, et al. v. North Slope Borough). This suit was settled out of court by agreement between the companies and the borough in August 1974. (The content and circumstances of this agreement are discussed below.)
- With major borough taxing and spending programs, including a projected \$150 million capital improvement program, finally underway, the oil companies challenged borough tax rates in excess of the \$1,500 per capita statutory limit, discussed above (Sohio Petroleum Company, et al. v. North Slope Borough, et al.).¹⁹ The actions caused a significant reduction in the borough's rate of capital project spending, and the case remains to be decided on appeal to the Alaska Supreme Court.

tax bills, and a \$2 million advance payment to be credited against the next four years of property tax bills. The borough accepted the compromise amounts and further agreed "to adopt and support a fiscal policy . . . consistent with" their original capital improvements program (CIP), subject to adjustments for inflation and for needs which might "develop subsequent" to the agreement. The companies, in turn, agreed "to support the fiscal program of the Borough" as set forth in the original CIP and in the agreement.²³ This agreement was to be in force for five years.

Within two years, the fragile truce between the borough and the companies broke down. From the borough's viewpoint, this was largely due to the Sohio case, which practically halted the borough's capital improvements program in 1976. The North Slope Borough mayor summarized his version of the matter: "In an attempt to live with the industry we signed an Agreement The main benefit to the Borough was that the oil industry was to support the Borough's Capital Improvements Program. They have demonstrated that they are not worthy of our trust."²⁴ Further, key consultants to the borough have complained that the companies never effectively lobbied for desired tax and other legislation in Juneau or assisted in obtaining funds from other sources.²⁵

An oil company official, who was instrumental in negotiating the agreement, sees it quite differently. "The North Slope Borough, almost from day one, ignored the agreement in letter and spirit." In 1975, he states, taxes were levied above anything projected, and they were raised again in 1976; further, the NSB added new items to the CIP, such as \$50 million

Added to those amounts are about 18,300 square kilometers (four and one-half million acres) of public and national interest land withdrawals²⁷ as well as the trans-Alaska oil pipeline and haul road utility corridor and several small military enclaves.²⁸ The borough, moreover, has been involved in intensive and often heated discussions with federal agencies responsible for sea mammal and migratory bird protection. But, with notable exceptions such as the bowhead whale moratorium and quota controversy of 1977-1978, relationships with federal fish and game agencies have been benign compared to recent relationships with state agencies (Departments of Public Safety and Fish and Game) in this field. Perhaps the major unresolved borough-federal issue for the immediate future concerns oil and gas exploration and development on the Outer Continental Shelf (OCS) in the environmentally sensitive shear zone and pack ice areas.

This section summarizes borough-federal relationships, focusing on OCS, NPR-A, pipeline-haul road utility corridor, and subsistence resource issues.²⁹

Organization for Federal Relations

In late 1976 and early 1977, the North Slope Borough formalized communications with federal agencies by establishing a Washington, D.C. liaison office and retaining a prestigious law firm (Van Ness, Feldman, and Sutcliffe) to advise and lobby for the borough, representing it before Congress and executive agencies.³⁰ The borough has also sought the assistance of prominent Washington-based conservationists, such as Russell Train, to provide additional support in land and subsistence resource

Although the mayor and his advisors have attempted to develop a concept of "aboriginal offshore jurisdiction" and to emphasize the continuing trusteeship responsibilities of the federal government for Alaska Natives, there are apparently no firm legal grounds on which to base the borough's opposition to the OCS program. The approach, therefore, has so far been primarily political, using forces of publicity and various combinations of reason, pleading, and embarrassment of federal officials. The mayor has spoken widely on the issue; he has written many letters to and met with the Alaska congressional delegation and responsible officials of the Department of the Interior, Corps of Engineers, and Environmental Protection Agency; and he or his representatives have participated in federal OCS Environmental Assessment (research) Program meetings and in the state's joint Beaufort sale advisory committee. In mid-1977, the North Slope Borough sponsored and hosted an Inuit Circumpolar Conference (ICC), which involved Inuit delegations from Canadian land claims and Greenlandic home rule organizations. The ICC was in significant part a highly publicized response to Canadian and U.S. programs for OCS exploration and development in the arctic.

National Petroleum Reserve-Alaska

The North Slope Borough sees the current exploration and prospective development of NPR-A as a problem but also as an opportunity if properly regulated to protect land, water, and subsistence resources.³³ The exploration and future development of the reserve could bring additional taxable resources, jobs for North Slope Natives, and continued and new local access on favorable terms to natural gas and coal resources. Thus,

matters, the borough's defense of Native subsistence rights has brought it into conflict with federal agencies at the national level and even in international forums.³⁶ Subsistence hunting of migratory fowl has been a perennial problem on the North Slope. The Barrow "duck-in" of 1960 was the most dramatic instance of North Slope Native-federal conflict in this area.³⁷ In the case of the bowheads, the North Slope Borough mayor spearheaded the Native fight against a moratorium on bowhead whaling, which was temporarily resolved before the International Whaling Commission in Tokyo in late 1977, and lent borough support to the creation of the Alaska Eskimo Whaling Commission (AEWC). (The AEWC is composed exclusively of Eskimo whalers, and its authority to manage either stock or whalers is de facto rather than de jure.) The bowhead controversy suggests the range of borough concerns and the lengths to which its leaders will go in defense of Native subsistence interests as they see them.

The North Slope Borough also clearly recognizes its dependence on oil and gas development, and its leaders pursue potentially conflicting resource extraction and protection values. Reflecting both of these interests, the borough has proposed that, instead of subdividing North Slope lands into separate park, refuge, industrial, and other management areas, the entire region, except for village land selections under the Alaska Native Claims Settlement Act, should be classified "as a wildlife range reserve allowing as the only human activities those associated with natural resource extraction and traditional subsistence gathering."³⁸

protection issues, borough leaders have concentrated authority in the mayor's office, thereby reinforcing the centralization inherent in the creation of a regional level of home rule government on the North Slope.

The following sections briefly examine North Slope institutional developments in terms of borough relationships with the Arctic Slope Regional Corporation and the villages within the region. Also noted are pertinent features of the North Slope Borough school district and the Inupiat Community of the Arctic Slope established under the federal Indian Reorganization Act.

ARCTIC SLOPE REGIONAL CORPORATION

Borough-ASRC relationships can be summarized first by indicating basic comparative interests of the two organizations and then by looking at selected aspects of communication and of conflict and cooperation between them.⁴⁰

Comparative Interests

Much else obviously follows from the facts that ASRC is a private, for-profit organization seeking to increase the value of its shareholdings, while the borough is a public governmental body seeking to raise taxes, provide services, and regulate development in the region. In an oversimplified form, these differences are reflected in the comment of one top borough executive that "The borough must collect taxes to survive; the concept of a profit-making corporation is to fight taxes. They [ASRC] don't want to pay taxes."⁴¹ ASRC property, however, is largely shielded

member assembly were ASRC officials, and ASRC has in this way been heavily represented on the assembly since incorporation. (Three of the five were considered to have especially strong ASRC identities.) There is less direct representation of the borough in the ASRC structure,⁴⁴ although both the mayor and the borough's top departmental director recently served concurrently on ASRC's fifteen-member board of directors.⁴⁵ This, of course, does not account for much informal communication between ASRC and borough officials and employees, most of whom reside in Barrow and many of whom are related by blood, marriage, and adoptive ties.

Conflict and Cooperation

The ASRC has increasingly participated in North Slope oil and gas development both as a land owner--leasing or otherwise making its land available for exploration--and as a business corporation, contracting to do business with major exploration and development firms on the North Slope.⁴⁶

Although the borough mayor has otherwise vigorously promoted Native efforts to benefit from development through contracting and employment opportunities--and, of course, through borough taxation and expenditures--he has also spoken quite critically of what he perceives to be a growing convergence of interests of the ASRC (and other Native regional corporations) and the oil companies. He has specifically criticized regional corporation opposition to increased state taxation of the oil industry as well as what he has perceived as the readiness of ASRC to adopt some of the industry's financial and tax attitudes on the North Slope.⁴⁷ A top ASRC executive, in turn, takes issue with what he perceives as the borough

- ASRC's financial contributions to the 1977 Inuit Circumpolar Conference, which was organized under the leadership of the borough mayor primarily to mobilize support for common international rules governing OCS petroleum development in the arctic; also, ASRC's loans to the western Canadian arctic land claims organization that the borough mayor has allied with in his OCS campaign.⁵⁰
- The borough's position on the disposition and management of federal (d)(2) and other public lands on the North Slope, which would permit resource extraction, necessary transport, and subsistence hunting, fishing, and gathering activities, and minimize interference with ASRC oil and gas development interests.⁵¹

Whatever their differences may be in the future, it is apparent that the basic economic interests of ASRC and the borough administration remain close if not totally shared, and that each has tended either to support or to assume a neutral position on the initiatives of the other.

VILLAGES

The establishment and growth of the North Slope Borough has undoubtedly strengthened the self-governing capacities of the people of the region. The question is whether enhanced self determination at the regional level can contribute to more effective self-government at the village level as well. The answer is not clear. To strengthen their potential influence over outside agencies and to benefit from North Slope petroleum development, North Slope villagers agreed to consolidate and regionalize their

frequent and outspoken critics of the borough (service delivery problems and disputes over title to land for borough housing and other construction projects), and successive mayors and managers have attempted to defend what remains of their institutional prerogatives.

Point Hope and Wainwright. These two villages, each of about 400 population, are the largest and most organizationally-developed villages outside of Barrow. Point Hope and Wainwright were incorporated as second-class cities in 1966 and 1962, respectively. Despite transfers of authority and initiative to the borough, their leaders retain a relatively strong sense of village identity. At the same time that they recognize the benefits of borough jobs, services, and facilities, they are also critical of delays in the delivery of promised assistance and services. Some regret the erosion of village council powers and are dissatisfied with their very limited participation in borough decision making. As elsewhere on the North Slope, however, there is apparent consensus in these two villages that borough government is beneficial and in the region's interest.⁵³

Kaktovik and Anaktuvuk Pass. These are the smallest of the older, established North Slope villages, with about 130 and 150 people, respectively. Anaktuvuk Pass has been an incorporated second-class city since 1957, and Kaktovik since 1971. With very small populations and extremely limited organizational resources, these communities probably had most to gain from incorporation of the borough and the new services and facilities that would be extended to them from Barrow. With some

Of the eight communities on the North Slope, only the city of Barrow had a population large enough to support some local services before borough formation. The next two largest communities, Point Hope and Wainwright, could support part-time constables but little else. The remaining two original villages--Anaktuvuk Pass and Kaktovik--along with the new "pioneer" villages--Point Lay, Nuiqsut, and Atkasook--were too small and resource-poor to exercise powers granted Alaska municipalities in state statutes.

In 1974 the borough administration and assembly called for a special election to authorize the transfer of fourteen powers to the borough (electrification, road and airport construction, street lighting, etc.). The transfers were endorsed with nearly the same rate of popular acceptance (85 percent) won by bond issues in the same election.

Escalated expectations together with an overload of demands on the borough have produced a flow of complaints about delays in the delivery of services and facilities, including schools, water and sewer facilities, and public safety programs. Some delays and program reductions have been due directly to the borough's legal struggles, such as those following the 1976 law suit (see discussion of Sohio case above), which temporarily brought the capital improvements program to nearly a total halt. Others have resulted from the borough's promising too much too soon, or simply from leaving the impression that a vote to transfer powers or to sell bonds would lead directly to new services in a village. And still others have resulted from the failings of program managers and contractors.

headquarters is quite limited. The borough assembly, which is elected at-large, has been almost totally comprised of Barrow residents since incorporation. And the borough administration in Barrow is, of course, a major employer of the city's residents.

The borough has hired "village coordinators"--essentially communicators of messages from Barrow and back--for all outlying villages. Although the coordinators' positions seem to offer sufficient pay for part-time tasks, turnover has been high. Borough officials and staff generally agree that, with one or two exceptions, the coordinator program has not worked well due to such factors as inadequate recruitment, selection, training, and supervision; poor definition of the job; and related deficiencies.⁵⁵ Some of these jobs have been absorbed into the borough's public works program, with coordinators serving as heavy equipment managers, which is otherwise another paid borough job in each village. The borough has also hired health aides in all villages, and this program is generally regarded as quite successful. At least four villages had resident public safety officers, who are employed by the borough Department of Public Safety, at the end of 1977. The borough school district is another major employer, hiring teachers' aides, maintenance workers, and the like in every village. The capital improvement program has been a major if unstable source of construction employment in all villages.

Borough representation in the villages is thus characterized in material and monetary terms. This reinforces the tendency of villagers to perceive the borough as a provider of material benefits, and, as discussed

TABLE 3. VILLAGE REPRESENTATION
AS OF AUGUST 1977

<u>Regional Body</u>	<u>Village Membership</u>				
	<u>Total</u>	<u>Barrow</u>	<u>Pt. Hope</u>	<u>Wainwright</u>	<u>Other</u>
<u>Elected</u>					
Assembly	7	6	-	-	1
School Board	7	4	-	2	1
<u>Appointed</u>					
Planning Commission	5	2	1	1	1
Utility Board	5	2	1	1	1
Game Mgmt. Committee	9	3	1	1	4
Historical Commission	4	2	1	1	-

SOURCE: North Slope Borough

SCHOOL DISTRICT

Although legally a part of borough government, the North Slope Borough school district, like borough school districts elsewhere in the state, operates with substantial autonomy. There is virtually unanimous agreement among both borough and school officials that the district in fact operates independently of the borough government in substantive school policy matters.⁵⁸ Further, although the school budget is subject to approval by the assembly, most of the time the district "gets what it wants from the borough, and the school administration is happy."⁵⁹ The mayor can recommend overall but no line item budget reductions to the assembly, leaving the school administration and board to determine specific cuts when necessary.

ICAS staff work closely with the ASRC land department to provide realty assistance in individual Native land allotment matters. All ICAS officials are from Barrow, and several of them are also officials of ASRC. There are plans to expand the seven-member board to thirteen and to assure that each North Slope village will be represented on the board.⁶²

ICAS qualifies for federal funds available exclusively to Indian tribal organizations. After several years of latency, ICAS was reactivated in 1977 with ASRC technical and financial assistance. The stimulus was the federal Indian Self-Determination and Education Assistance Act of 1975 (P.L. 93-638), which made new funds available for Native education, social service, and economic development programs. ICAS provides the North Slope Borough with indirect access (through resolutions and contracts) to federal Indian money for borough health programs, and the related social service activities of the two organizations appear to be closely coordinated. While relations between the borough and ICAS have been harmonious, there is concern on the part of some borough officials that ICAS eventually may compete with the borough for control of social service funds and programs.⁶³

Conclusion

An Arctic Slope Regional Corporation official, who is also one of the more outspoken members of the borough assembly, recently stated that in his view the North Slope Borough's greatest problem is that "We haven't been able to operate as a normal local government."⁶⁴ Other persons close to the borough and its chief officials--a long-term consultant, a former

outside expertise to help guide it through a very insecure period of development.

In exploiting the economic opportunities that began with the Prudhoe Bay discoveries, the borough has become heavily dependent on a petroleum property tax base. At the same time, borough leaders have attempted to protect Native villagers and their subsistence resource interests from the social and environmental disturbance and change that accompany oil development and growth in the region's cash economy.

Under the circumstances, it remains doubtful that the North Slope Borough will soon be able to operate "as a normal local government"--that is, without unusual vulnerability to critical decisions made at state, national, and even international levels.

25. Personal contacts with two borough consultants, February 1978; letter from legislative consultant to mayor Hopson, August 15, 1975.
26. Personal contact with Mark Singletary, regional attorney, Atlantic Richfield Company, Anchorage, February 10, 1978. The industry position on the borough's expenditure program is elaborated in recent correspondence between mayor Hopson and two other oil company officials: letter from D.S. Mace, assistant general manager, Sohio Petroleum Company, to Eben Hopson, mayor, North Slope Borough, February 7, 1978; letter from Harry W. Brown, assistant Alaska operations manager, Exxon Company, U.S.A., to mayor Hopson and other borough officials, February 14, 1978; and letter from Eben Hopson, borough mayor, to D.S. Mace, Sohio Petroleum Company, February 22, 1978.
27. Under sections 17(d)(1) and 17(d)(2) of the Alaska Native Claims Settlement Act.
28. See Alaska Consultants, Inc., "North Slope Borough Issues Overview," December 1976, Table 2, p. 36.
29. See especially Chapter V below for more detailed treatment of OCS, NPR-A, utility corridor, and related oil and gas development activities.
30. Arctic Coastal Zone Management Newsletter, No. 2, February 1977; National Journal, Vol. 10, No. 5 (February 4, 1978), p. 174.
31. Memorandum from Neakok to Hopson, previously cited.
32. This section is based primarily on several articles in the borough's Arctic Coastal Zone Management Newsletter, Nos. 1-9 (January 1977-February 1978).
33. This section is based primarily on testimony of mayor Eben Hopson and the then-president of the Arctic Slope Regional Corporation, Joe Upicksoun, as reported in Federal Energy Administration, "Hearings on Pet 4 Exploration, Development, Production and Related Issues," Barrow, April 10, 1976 (transcript); and memorandum from Tom Smythe, Alaska Consultants, Inc., to mayor Eben Hopson, North Slope Borough, Subject: "Background information for Mayor Hopson's presentation before the Federal Energy Administration's public hearing in Barrow on 10 April 1976." See Chapter V below for detailed treatment.
34. Personal contact with borough consultant, Barrow, February 1978.
35. Chapter V below includes detailed treatment of this issue.
36. See Arctic Coastal Zone Management Newsletter, Nos. 3-9 (March 1977-February 1978) for the borough's version of these controversies.

51. See discussion under "Federal Relations" above; also, personal contact with borough consultant, Anchorage, February 1978.
52. This discussion of village-borough relationships is based primarily on personal contacts with nine borough administrative officials; five assembly members, including two from villages other than Barrow; a current official of Barrow; and six Point Hope village leaders. All of these contacts were made between October 1977 and February 1978. Other sources are noted as appropriate.
53. See Chapter IV below for further discussion of North Slope villagers' attitudes toward borough government.
54. See description of capital improvements program levels by village in Chapter II above.
55. See note 52 above. Also based on review of reports of village coordinators in borough administration files.
56. Personal contact with Don Renfroe, North Slope Borough school district superintendent, Barrow, February 7, 1978.
57. Personal contact with a top borough administrative official, Barrow, December 1977.
58. Personal contacts with mayor, assembly members, and school superintendent, Barrow, October 1977-February 1978.
59. Ibid.
60. Personal contact with Don Renfroe, school superintendent, Barrow, February 7, 1978.
61. The suit, originally titled Edwardsen v. Morton, is now known as United States v. Atlantic Richfield Company, et al.; it is presently before the U.S. District Court for the District of Alaska. The federal government has assumed responsibility for pursuing the case under its Native trusteeship obligations.
62. Personal contact with ICAS official, Barrow, February 1978.
63. Personal contacts with borough administration and assembly officials, Barrow, October 1977-February 1978.
64. Personal contact, Barrow, February 1978.
65. Personal contacts, Anchorage, January-February 1978.
66. Personal contact, Anchorage, February 1978.

IV. GOALS AND CONSTRAINTS

The North Slope Borough wants oil and gas development to supply the tax revenues necessary to pay for construction of public facilities, provision of services, and employment of the largest part of the region's work force outside of Prudhoe Bay. The borough also wants to increase Native control of the region and to protect subsistence hunting and fishing and related land and water use values. To pursue these potentially conflicting objectives, North Slope leaders have centralized authority and initiative in borough government, using it as an instrument of confrontation and bargaining with external agencies that also have substantial controls of their own over the region. Arctic petroleum development is thus both a condition of and a challenge to local self-determination on the North Slope, presenting both opportunities and threats to Native interests.

This chapter discusses the North Slope Borough's development and protection goals and the borough's efforts and capacities to achieve them. A brief review of the character of borough policy making is followed by an examination of major policy issues of petroleum development and taxation and protection of Native social and environmental interests. A final section explores some of the current meanings and forms of "self-determination" on the North Slope.

affairs beginning with the drive toward incorporation: he provided essential information and advice; he devised plans for borough financing (revenue anticipation notes and other forms of borrowing) during the two-year period that the borough's tax authority was under challenge in the courts; and he developed basic bonding and expenditure strategies for the capital improvements program. Other consultants have helped devise strategies for dealing with issues of land management and resource protection and have lobbied intensively in Washington, D.C. on legislation affecting the National Petroleum Reserve and coastal zone management issues. A consultant-lobbyist in Juneau has been instrumental in defending the borough's tax authority and in winning some tax concessions (e.g., increase in per capita tax limit from \$1,000 to \$1,500).

In general, the key financial and planning consultants have had long-standing ties with the borough and its chief officials, and they are considered essential participants in borough policy development. They, along with a group of non-Native department heads and staff people, provide expertise and experience not otherwise available on the North Slope, and their loyalty to the borough has been reciprocated by the mayor and other borough officials.

Policy initiative is thus centered in the borough executive and particularly in the mayor's office. The assembly, in contrast, with few exceptions considers only those issues that the mayor, assisted by his consultants and advisors, places before it. Moreover, the assembly generally approves the mayor's proposals and requests with little or no modification.

Taken together, these characteristics of borough policy making indicate the need for caution in assessing the meanings and effects of borough policy positions. The mayor's statements, whether or not officially endorsed by the assembly, often appear to be tests of the political environment rather than definitive positions that can then be translated into operational programs or specific actions. It is clear, however, that, under the mayor's leadership, the borough is establishing itself, in the words of one staff member, as a "clearinghouse" for the plans and activities of external agencies on the North Slope. In this way, the borough is fulfilling its basic function as "a system to confront a system"⁷ and as such, the first task is to get the attention of external agencies, putting them on notice that the borough cannot easily be circumvented or ignored, regardless of the practicability of any given objective or demand.

POLICY OBJECTIVES

The borough mayor in 1977 identified three "factors" essential to a "basic understanding" of the North Slope area and its people:

The basis of the Eskimo (Inupiat) culture of the North Slope Borough is vested in subsistence pursuits. In fact, the absence of subsistence would unquestionably mean the destruction of the Inupiat culture.

Natural resource extraction provides the present and only foreseeable future means of local self-determination and an improved level of living for the indigenous peoples of the North Slope.

Environmental safeguards are essential to protect the habitat which nurtures subsistence resources while, at the same time, enabling the extraction of natural resources to provide a cash income.⁸

Subject to further examination in this chapter and the next, we can summarize the criteria that appear to underlie borough policy making in petroleum development and subsistence protection issues-areas:

- As a general rule, petroleum development that promises to increase tax revenues and other economic benefits on the North Slope should be favored.
- Development that both promises significant economic benefits and threatens subsistence resources should proceed with appropriate environmental safeguards.
- Development that threatens subsistence resources while promising few or no economic benefits should be strongly opposed.

The borough, in short, asks two basic questions of all proposed development activity: Will it pay? and what will be its effect on subsistence resources? Having committed itself to a projected \$150 million capital improvements program--with facilities in place and debt service mostly paid before Native corporation lands become taxable after 1991--and looking to its economic viability in the longer run, the borough must be pro-developmental in practice if not always in its pronouncements. On the other hand, it can afford to strike extreme postures against development, such as federal OCS leasing, that appear to have high environmental risks and relatively limited local economic pay-offs. Finally, in order to assure that existing and future developments will, indeed, pay off as desired, the borough must persistently seek such changes in state tax laws and regulations that will expand its authority to tax petroleum

Another response of the borough to the statutory limits, as we have seen, was to impose a tax levy above the per capita rate in order to cover debt service on its bonds, an action that resulted in the Sohio case.¹⁶ If the borough wins the case, it apparently would be able to tax as needed for debt service. But this probably would not end the matter, for future legislatures could impose other restrictions on the borough's tax authority and the oil companies could choose again to litigate.¹⁷

Even if the legal barriers to borough taxation were cleared away once and for all (which is not likely), the fact remains that the existing stream of borough property tax revenues will effectively end when Prudhoe Bay oil production ends, perhaps in twenty-five years. The borough, therefore, must favor and encourage new oil and gas development on the North Slope at the same time that it litigates and lobbies for an "unrestricted right . . . to tax property."¹⁸

Existing financial commitments alone--particularly as reflected in the CIP and in five to six hundred borough and school district jobs--prompted one top North Slope official to the conclusion that "We're on a spending pattern that isn't reasonable unless the borough gets a larger share of the resources" of the North Slope.¹⁹ Or, as stated by Mayor Hopson, "I am very concerned about the long term economic impact of oil and gas development upon our Arctic community. We are riding the crest of a high economic wave, and I fear about where it will deposit us, and how hard we will land."²⁰

borough expects to benefit economically from OCS onshore support facilities. And, to the extent that it can effectively exercise its taxing powers in the offshore area to the three-mile territorial limit, it also expects to tap offshore facilities as well.²⁵

It nonetheless appears that the borough prefers onshore over offshore development, and it has particularly favored exploration of the National Petroleum Reserve-Alaska (NPRA) and of Arctic Slope Regional Corporation lands. Beyond the currently uncertain tax revenues that might be derived from activities in the petroleum reserve, the mayor has also emphasized economic benefits that might accrue to ASRC and the village corporations. He has called for regional and village corporation involvement in NPRA "at all levels, including drilling and all support operations, and pipeline construction and management." And, as for the borough, he foresees an opportunity for it to provide "revenue generating" utility, security, and health service programs in the prospective oil fields.²⁶ Additionally, the borough has continued to press the North Slope's long-standing interest in expanding its access to natural gas from the reserve to provide village heat and power.²⁷

The borough's overriding interest in the potential economic advantages of NPRA and other onshore petroleum development does not cancel its commitment to environmental protection. But its position seems to be that adverse onshore impacts can be mitigated and managed more effectively than offshore impacts. A federal official with responsibilities in the NPRA exploration program recently noted that while borough officials

So the basic attitude of the borough toward arctic oil development can be a blend of fatalism and opportunism. In general, development will occur (or not) regardless of the ambitions and desires of the North Slope Borough, and it will bring uncertain combinations of opportunities and threats. If that is essentially the case, then the most rational response of the borough to petroleum development is to pursue two apparently contradictory courses simultaneously, treating oil development as both an opportunity and as a threat without having to make a "balanced" response. The borough can seek to extract as many economic benefits as possible, and it can also demand all of the concessions and conditions, including environmental safeguards, that seem desirable. Both courses can be pursued to their effective political and legal limits because what the borough manages ultimately to accomplish will neither make nor break large-scale oil development in the arctic.

An underlying objective in the borough's efforts to protect subsistence resources, traditional land use areas, and other Native values is to extract increasingly greater shares of control over the North Slope region from federal and state agencies. As in the area of oil development and taxation discussed above, the borough is here demanding acceptance and recognition of its local governmental status and authority. The effective limits of the borough's authority in a region formerly the exclusive province of federal and state agencies are still being defined, and the process of defining those limits is as much political as it is legal. The borough is continuously testing the limits of law, pressing into formerly exclusive agency domains, and asserting its prerogatives. Thus

Canadian Beaufort OCS exploration, the statement proposes that a "single Arctic offshore working agreement between Canada and the U.S." would be necessary and that the "Circumpolar Inupiat Community" should also be a party to an international coastal management system.³⁴ In addition, the basic statement of policy calls for borough controls "over surface-disturbing development to enable protection of the many traditional use values of our land" and ends by naming another threat that borough leaders evidently consider as great or greater than OCS:

. . . it is our policy to guard against permanent immigration to the Arctic. We are opposed to the creation of permanent oil field communities, and regard Arctic population growth to be potentially our greatest environmental security problem. Accordingly, we oppose public use of the Fairbanks-Prudhoe oil pipeline haul road, and other such permanent public access to the Arctic.³⁵

The memorandum includes discussion of various proposed "strategies" for carrying out the environmental protection policy, two of which are explored further here: "arctic coastal zone management" and land use controls.

ARCTIC COASTAL ZONE MANAGEMENT

We suggested in Chapter III that the borough's concept of a coastal zone management expansively covers most of its concerns relating to the development of oil and gas resources and the protection of subsistence resources and Native access to them. Perhaps more to the point, "arctic coastal zone management" as developed so far by the borough is more accurately described as a loose series of borough goals, demands, strategies, and tactics rather than as an identifiable program. Under the

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broad heading of coastal zone concerns, borough efforts have included the following kinds of Native protectionist activities:

- The mayor's opposition to Canadian OCS exploration, which he highlighted in his 1976 congressional campaign, and his call for an OCS moratorium until a "single set" of international rules were developed and enforced to assure the environmental safety of all OCS programs in the international arctic.
- The Inuit Circumpolar Conference of mid-1977 held in Barrow and attended by Native delegates from Canada, Greenland, and Alaska; the conference focused on arctic environmental protection issues and the development of an international arctic policy to respond to OCS and related developmental threats.
- Follow-up efforts by the borough to strengthen "alliances" with Canadian Native groups as a means of bringing international political pressure to bear on U.S. and Canadian governments and multi-national oil corporations involved in arctic OCS programs.³⁶
- Contacts with national environmentalist organizations to solicit their support for the borough's OCS position and to establish a Native-environmentalist alliance for political support at national and international levels on OCS and subsistence resource protection issues.³⁷
- Statements and related efforts in the face of state game management restrictions to define caribou management as an international problem requiring Canadian and North Slope Native participation through the borough's Department of Conservation and Environmental Security, which combines "the borough's existing game management

C

. . . [coastal zone management] and environmental protection programs"38

- Contacts with Canadian Native groups, U.S. State Department, and others to "push for changes in the Migratory Birds Treaty to decriminalize duck hunting in the Arctic," again relating this problem broadly to problems of Native control, coastal management, and traditional subsistence rights.³⁹
- Statements claiming and attempting to justify a "doctrine of aboriginal offshore jurisdiction" in reaction to the federal OCS program and to the International Whaling Commission's restrictions on bowhead whaling; this interest extends even to "development of a legal position regarding Borough jurisdiction beyond the three-mile limit which would serve to carry out the intent of the Borough's coastal zone management plan and program."⁴⁰

The above examples are fairly representative of the flurries of statements and activities continually emerging from the borough in the broad area of Native protection; particularly when contrasted with the more methodical, sustained, and directly productive efforts that go into the borough's taxation, budgeting, capital improvements, and employment programs, they do not qualify as effectively organized and integrated elements of North Slope Borough government. Rather, they represent an aggressive political testing of borough influence in policy areas beyond the established and more conventional areas of borough government activity where law and precedent provide firmer grounds for North Slope Native claims and demands. In the protectionist area, the borough is increasingly responding more

"conventionally" in its efforts to assert greater control over regional land use plans and decisions by federal and state agencies.

LAND USE CONTROLS

The North Slope Borough's participation in federal and state programs for the National Petroleum Reserve, OCS development, and the trans-Alaska pipeline haul road and utility corridor is discussed in detail in Chapter V. Here, we will only indicate the general character of borough responses to land use policy issues associated with these major development programs. In this area, the borough's efforts are apparently becoming integrated into a more stable pattern of borough government activity, and the borough itself is apparently becoming more closely integrated into federal and state planning and decision making processes.

The borough planning department in 1977 commissioned a study of the extent and limits of the borough's regulatory authority over the development and use of federal, state, village, and other lands in the region.⁴¹ While the report focuses on the haul road and utility corridor issue, its analysis and implications go beyond that single issue to the basis of borough claims to a greater share of control over developments on federal (and state) lands in the region.

In general, the report finds that the mere fact of federal land ownership and management jurisdiction does not necessarily carry exclusive federal control with it. To determine the extent of relative federal-local shares of control, "the specifics of the situation must be examined,"⁴² and local

government "may exercise control over federal lands to the extent regulation would not be inconsistent with or frustrate clear federal policies and programs."⁴³ Thus "Determination of when federal regulations 'override' state or local controls involves a balancing of respective actions" and a finding that the interests clearly conflict.⁴⁴ And "Where there is no overriding federal law or policy, local concerns should be respected."⁴⁵

The report proceeds to identify several provisions of federal land management laws that require federal agency consultation and coordination with local governments, including local rights to notice of impending federal actions, public hearings, and other forms of local involvement.⁴⁶ It further points to the legal importance of local comprehensive plans and consistent regulations in order to establish a clear, rational basis and acceptable procedures for any effective local control or participation in federal regulation of land.⁴⁷

Given the "coordination and consultation" provisions of law, the legal ambiguities of intergovernmental claims to control, and the importance of establishing positive precedents in specific situations, the report observes that "The ability to cooperate and participate with others as they make decisions about how land is to be used may be more important than the power to control such decisions after they have been made."⁴⁸ An essentially similar analysis is made of local-state relationships in the application of local regulations to state owned and managed lands, and similar conclusions drawn.⁴⁹

The report thus suggests a relatively conservative framework and approach for North Slope Borough government participation in federal and state agency land use plans and programs. It is conservative not in the sense of advising timidity, but in encouraging close examination of legal openings for borough participation, which, in turn, would be based as fully as possible on reasonable local objectives and policies and pursued in a cooperative spirit. As noted earlier, the borough apparently is moving in the recommended direction, although not of course to the exclusion of continuing conflict over tax issues and periodically aggressive pronouncements and claims, particularly in the area of subsistence resource protection and regulation.

The North Slope Borough has largely succeeded in winning the attention of federal and state agency officials when its leaders feel that basic interests are at stake. One borough official who works closely with federal and state environmental and resource management agencies acknowledges that the latter have become increasingly quick to take notice of borough claims and complaints and that confrontation tactics still work. But he also sees the value in the more conventional approaches represented in the borough's participation in cooperative intergovernmental planning programs such as for OCS and state coastal zone management.⁵⁰

By the end of 1977, the North Slope Borough was directly represented on federal-state-local planning/advisory groups for National Petroleum Reserve exploration and development and for haul road and utility corridor management. In addition, the borough was participating in a state advisory

group for the development of stipulations for the prospective 1979 joint Beaufort sale, and the borough mayor had been appointed to the Alaska Coastal Policy Council. Concerning the last of these, it should be noted that the borough was also preparing specific land use plans and policies for the coastal area potentially affected by a Beaufort lease sale and that this activity was being carried out with state financial assistance.⁵¹

These are some of the current signs that the borough is maturing as an institution and that it is gaining the recognition if not the unqualified acceptance its leaders have sought for it from federal and state agencies. The question is whether these more conventionally institutionalized forms of borough interaction with federal and state agencies will result in pay-offs and incentives sufficient to encourage longer term cooperation from the borough.

The state's coastal management program is a case in point. The 1977 state coastal management act⁵² provides for the development of district coastal management programs "which shall be based upon a municipality's . . . comprehensive plan . . . or statement of needs, policies, objectives, and standards governing the use of resources within the coastal area of the district."⁵³ Further, the municipality--in this case the North Slope Borough--"shall implement" the program.⁵⁴ But district programs are also subject under the law to state standards and approval and indirectly to federal OCS and other interests as well. This version of coastal management stands in some contrast to the borough's concept of "arctic coastal zone management," and it remains to be seen whether borough, state and

federal officials will be able to bargain effectively with each other within its framework.

Self-Determination

On the North Slope, the drive toward "self-determination" has been based on the consolidation of new power and authority at the regional level through the development of a strongly executive-centered borough government. The borough has served primarily as an instrument for extracting and spending tax revenues derived from petroleum development at Prudhoe Bay and for claiming greater shares of local control over the terms and conditions of the petroleum development on which the borough depends. Although its potential regulatory powers over land and resources are important, the borough's principal concerns since its incorporation have been to establish and expand its authority to tax and to spend.

The incorporation and growth of North Slope Borough government has been achieved in the face of varying amounts of opposition and resistance, primarily to Native leaders' claims to some substantial share of the region's taxable property base. But the borough has also met resistance to its sometimes equally ambitious claims to control of the land, waters, and subsistence resources that are closely associated with traditional Native values. Conflicts with external agencies and interests have thus been central and persistent in the experience of the borough's leaders, who accordingly have been preoccupied with strengthening and exercising the centralized regional authority necessary to defend and extend North Slope claims to self-determination vis-a-vis outside authorities and

interests. In this context, "self-determination" means effectively using regional governmental authority to exploit and defend against "inevitable" developments impinging from outside, and to do this in the interests of the borough and the people of the North Slope.

Villagers' interests have not been ignored as the broader regional process of development has evolved. They are direct beneficiaries of the services, facilities, and jobs that are the major tangible products of the borough's efforts. In borough leaders, they also have aggressive spokesmen defending more traditional Native values against perceived outside encroachments. But while villagers are beneficiaries of the region's political development, they are not significant participants in it. They are primarily recipients and consumers of borough government goods. Given their past dependence on even more remote and less beneficent federal and state agencies, this does not necessarily represent a backward step. In material terms, it is clearly an advance.

BOROUGH AND VILLAGERS

A large proportion of North Slope villagers have held jobs with the borough and have therefore benefited in a very direct and immediate sense from their regional government. Further, despite complaints about service delivery, most villagers believe that the borough is working to meet their needs. Many villagers are ambivalent or doubtful about the changes that have occurred in their lives as a result of petroleum development, but they tend to give some credit to the borough for its handling of the oil

companies. The following results from a late 1977 survey of North Slope villagers support each of these findings.⁵⁵

Table 7 shows the major employers of village respondents who were holding cash income jobs at the time of the survey. (56 percent of the respondents held such jobs, and 44 percent were not currently employed.) The single largest employer was the borough government, which accounted for 35 percent of total village wage employment. Construction projects under the borough's capital improvements program probably supplied many of these borough jobs during the fall period of the survey. Adding in jobs with the borough school district, over half (52 percent) of employed village respondents were currently holding jobs with the borough.

TABLE 7. VILLAGERS' CURRENT WAGE EMPLOYMENT, BY MAJOR EMPLOYER

	<u>Number</u>	<u>Percentage</u>
Borough government	61	35%
Borough school district	29	17
Private business	28	16
Village corporation	22	13
Federal government	12	7
Other employment	<u>23</u>	<u>13</u>
	175	100%

When asked if they had ever had a job with the North Slope Borough or with a borough contractor, 55 percent of the villagers answered affirmatively. Related questions established that these villagers held an average of three different jobs with the borough for an average total of 35 weeks of

employment, again suggesting that many were employed in construction work under the borough's CIP. On the other hand, less than 20 percent of the villagers reported that they had worked for an oil or pipeline company.

Villagers were asked to identify the organization on the North Slope which "best meets their needs," selecting one from the list shown in Table 8. Given the breadth of the question, the relatively high proportion of respondents selecting the borough (38 percent) tends to suggest basically favorable attitudes toward the borough among villagers generally. However, non-Barrow villagers were somewhat more likely to name their more immediately-present village corporations, while Barrow respondents were more likely to name the borough.

TABLE 8. ORGANIZATION "BEST MEETING" VILLAGER NEEDS

	<u>Number</u>	<u>Percentage</u>
Village council	25	8%
North Slope Borough	115	38
Village Corporation	54	18
Regional Corporation	21	7
State government	10	3
Federal government	15	5
Oil Companies	3	1
None	14	5
Don't know	<u>43</u>	<u>14</u>
	300	100%

Note: Barrow respondents were more likely to choose the borough; final tabulations will be adjusted to show a higher percentage for the borough.

Asked specifically if they thought that the North Slope Borough is "helping to meet your needs," 66 percent of the villagers answered positively (Table 9). Again, Barrow residents were more likely than other villagers to give this response, but very substantial support for the borough was evident in all villages.

TABLE 9. IS THE BOROUGH HELPING TO MEET YOUR NEEDS?

	<u>Number</u>	<u>Percentage</u>
Meeting needs	206	66%
Not meeting needs	42	14
Don't know	<u>62</u>	<u>20</u>
	310	100%

Note: Barrow respondents were more likely to answer positively; final tabulations will be adjusted to show a higher percentage of favorable responses.

In an effort to determine general feelings about the changes that have occurred on the North Slope as a result of oil and gas development, villagers were asked to "Think about the big buildings and machines at Prudhoe Bay and the pipeline. Think about the new jobs at Prudhoe and jobs on the pipeline. Think about the land that is being used and the animals that live on the land. Think about all these things and please tell me whether you think they have been good or bad for the people of the North Slope." Their responses are shown in Table 10. Many respondents believe, on balance, that petroleum development has had bad effects, and their answers to related questions indicated that they had subsistence resource and environmental problems in mind. But about the same number felt that petroleum development, overall, has been good, and these villagers tended

especially to think of the increased number of available jobs. Another large group saw good and bad effects as about equal, but the single most common response of villagers (35 percent) was that they did not know what to think of the changes overall.

TABLE 10. GENERAL ASSESSMENTS OF NORTH SLOPE PETROLEUM DEVELOPMENT

	<u>Number</u>	<u>Percentage</u>
Good	57	18%
Bad	67	22
Both	67	22
No change	11	4
Don't know	<u>108</u>	<u>35</u>
	310	100%

The importance villagers attribute to subsistence hunting and whaling is reflected in the fact that respondents in over 40 percent of the region's households report that they obtained half or more of their food from whaling and other subsistence activities in 1977. At the same time, over 70 percent think that they obtained less subsistence food in 1977 than in 1970. Almost half of these respondents mentioned caribou hunting regulations as the major reason for the decline in their subsistence take.

The borough mayor thus seems to be striking a very responsive chord among villagers in his recurrent campaigns against state game enforcement authorities. On the other hand, villagers do not perceive the borough (and less so, any other organization) as being particularly effective in a

related area. To the question, "Which of these [listed organizations] is doing the best job of controlling when and where oil and gas development takes place?" villagers responded as shown in Table 11. While the borough was named by 21 percent of the respondents--more than any other organization--54 percent quite understandably answered that they just did not know.

TABLE 11. ORGANIZATION DOING "BEST JOB" OF CONTROLLING OIL DEVELOPMENT

	<u>Number</u>	<u>Percentage</u>
State government	14	5%
Federal government	12	4
North Slope Borough	62	21
Arctic Slope Regional Corp.	35	12
Other	6	2
None	8	3
Don't know	<u>161</u>	<u>54</u>
	<u>298</u>	<u>100%</u>

Finally, villagers were asked to evaluate how effectively the North Slope Borough was dealing with oil companies on the North Slope, including its use of borough tax authority. Somewhat less than half of the respondents felt that the borough was doing a fair or good job, but just as many did not know (Table 12). There were even higher proportions of "don't know" answers to similar questions about the effectiveness of the Arctic Slope Regional Corporation and the federal and state governments.

TABLE 12. ASSESSMENT OF BOROUGH DEALINGS WITH OIL COMPANIES

	<u>Number</u>	<u>Percentage</u>
Good job	82	26%
Fair job	64	21
Poor job	15	5
Don't know	<u>151</u> 312	<u>48</u> 100%

In general, the borough government as an institution has established its presence and value in the minds of North Slope villagers, particularly as a source of jobs and services. Villagers are less certain and probably less informed about the borough's posture toward arctic petroleum development. However, they are very sensitive to environmental issues centering on the protection of subsistence resources and their traditional rights to hunt and to whale. The borough mayor's campaign against state and federal restrictions on subsistence activities is apparently in close tune with villagers' needs and sentiments.

ACCOUNTABILITY

The borough enjoys widespread support on the North Slope, and it has at least the acquiescence of its main potential rival institution, the Arctic Slope Regional Corporation. Within the borough structure, the executive clearly dominates the assembly. The mayor's office, and the personally strong incumbent mayor, definitely control North Slope Borough government, and there is little or no effective organized opposition or even any serious competition within the region.

The mayor at an early date took the lead in calling for the transfer of village powers to the borough, in establishing a home rule charter commission (which made it possible for the mayor to serve a term in office beyond the established two-term limit), and in setting basic tax policies to meet the revenue crisis of the borough's first two to three years.⁵⁶ He and his close advisors in the years since have exclusively developed all important policies for taxation of petroleum and other properties, regulation of development, expenditures for capital improvements and other borough programs, and for protection of subsistence and other resources. There is simply no record of any significant policy initiative from the assembly, and on virtually all major policy questions, the assembly approves the mayor's proposals.⁵⁷ Although the pattern of executive dominance in policy formulation and initiative is not unique to the North Slope, the extent of the mayor's domination of the North Slope Borough does tend to set it apart from virtually all other major municipalities in the state.

This is not to imply anything sinister or irregular about the politics of North Slope Borough government. To the contrary, our analysis has identified several major factors contributing to the flow of power to the mayor's office, irrespective of Mayor Hopson's personal dynamism. The North Slope Borough has had to cope with a series of threats to its legal and financial survival from its beginning, and it has had to respond to state and national policy initiatives critically affecting the region's lands and resources. And there is no apparent end in sight to the crisis-like character of borough government affairs. These conditions alone are

sufficient to explain the growth and pre-eminence of executive authority in any governmental institution.

On the North Slope, the condition of executive domination at the regional level is reinforced by other factors as well: the physical isolation and the distances between small villages, the traditional dominance of Barrow, the limited pool of experienced and educated leadership, and the preoccupation of potential political rivals with their own regional and village corporation affairs. Finally, villagers have been quick to look to the borough administration to meet their basic social service, educational, health, and employment needs, and, more than any other institution in their experience, the North Slope Borough has at least begun to deliver. It is significant, too, that the oil companies (and, less so, the state and federal governments), and not the villagers, are supplying the tax dollars to pay for borough programs. There is thus ample incentive for most permanent residents of the North Slope to support the borough's taxing and spending policies to the fullest extent possible, and no immediate financial self-interest in opposing or even seriously questioning them. Although officials of the Arctic Slope Regional Corporation may emerge as effective critics, particularly of the borough's tax policies, they have yet to react in more than limited, sporadic, and often personally idiosyncratic ways.

There is no question that North Slope Borough leaders have aggressively defended and represented in many ways the interests of the region's villagers. At this stage of the borough's development, however, it is clear

that the practice of political accountability within the region is a far less important check on borough leadership than are the limits imposed by external institutions having their own authority and claims on the region's lands and resources. The next chapter takes a detailed look at borough responses to federal and state policies for the North Slope haul road, the National Petroleum Reserve, and outer continental shelf development.

Endnotes

1. Speeches, legislative testimony, press releases, letters, and similar borough documents on significant issues almost always come from the mayor. Discussions with borough officials, staff, and consultants throughout the course of this study consistently reinforced this view of Hopson's status both within the borough structure and in the borough's external relations. Personal observations at borough meetings and conferences also lent support to this estimation.
2. This discussion of borough consultants and advisors is distilled from personal contacts with some twenty borough executive and administrative officials, assembly members, and consultants between October 1977 and February 1978.
3. Personal contacts with five assembly members, Barrow, October and December 1977 and February 1978.
4. This point was confirmed by a well-placed administrative staff member, personal contact, October 1977.
5. Personal contact, Barrow, December 1977.
6. Personal contact, Anchorage, January 1978. These observations were reinforced repeatedly in our personal contacts with borough officials and consultants and in our analysis of borough documents throughout the course of the study.
7. Personal contact, Anchorage, January 1978.
8. "Testimony of Mayor Eben Hopson before the General Oversight and Alaska Lands Subcommittee on Section 17(d)(2) Lands," August 12, 1977, p. 2.
9. Ibid., p. 3.
10. Personal contact with former borough staff member, Anchorage, February 1978.
11. Alaska Department of Community and Regional Affairs, Alaska Taxable 1977, p. 34.
12. If assessed pipeline property values in the unorganized borough were included (about \$3.1 billion), the North Slope Borough would account for about 20 percent of total property values and 40 percent of oil and gas exploration, production, and transportation properties statewide. With this adjustment, the North Slope's per capita property value would still be about seven times greater than that for the state as a whole. (Ibid., p. 32-34.)

13. In comparison, the Fairbanks-North Star Borough, with a population some fifteen times greater than the North Slope's Native village population, collected only \$6.7 million in property taxes in 1977, or only about one-third of the North Slope Borough's collections. Property taxes comprised about one-seventh of Fairbanks' total general revenues of \$49 million. (Personal contact, R. Jones, finance director, Fairbanks-North Star Borough, March 29, 1978.)
14. North Slope Borough, Annual Financial Report, fiscal year 1977, pp. 41, 103-4. In comparison, the Fairbanks borough's debt service payments in 1977 were \$4.9 million and the State of Alaska's were about \$60 million (Anchorage Daily News, April 5, 1978).
15. Letter from John R. Messenger, deputy commissioner, Alaska Department of Revenue, to Eben Hopson, mayor, North Slope Borough, March 6, 1978. According to the Department of Revenue, the borough would be allowed to tax only a portion of the assessed property value, but it could do so to a maximum of 30 mills, which is the statutory limit for any municipality. It appears that such a mill rate, when applied to the allowable portion of property value in 1979, will yield tax revenues near the amount collected by the borough in 1978.
16. See Chapter III and Appendix A for details.
17. Two major companies recently indicated their continuing readiness to do so in view of the borough's expanding CIP and the high level, long-term costs it implies. (Letters from D.S. Mace, assistant general manager, Sohio Petroleum Company, to Eben Hopson, mayor, North Slope Borough, February 7, 1978; and from Harry W. Brown, assistant Alaska operations manager, Exxon Company, U.S.A., to Mayor Hopson, February 14, 1978.)
18. Letter from Eben Hopson, mayor, North Slope Borough, to Brenda Itta, Alaska House of Representatives, March 17, 1976.
19. Personal contact, Barrow, February 1978.
20. "Mayor Hopson's Warning to the People of the Canadian Arctic," Testimony before the Berger Inquiry, September 21, 1976, p. 13.
21. North Slope Borough, Official Statement . . ., June 15, 1977, Table A-6, p. A-10.
22. Ibid., p. 7; also, personal contacts with two borough staff members, a former staff member, and two consultants, Anchorage and Barrow, January-February, 1978.
23. See, for example, "Mayor Eben Hopson's Statement to Alaskan Conservationists Concerned About Offshore Oil and Gas Development in the Beaufort Sea" (no date, approximately fall 1976).
24. Personal contact, borough staff official, January 1978.

25. The borough attorney tentatively holds the opinion that the borough's tax authority does extend to the three-mile offshore limit. The legal description of the borough's boundaries does include the three-mile territorial sea, but the practical meaning and effect of such "jurisdiction" apparently is not clear.
26. Federal Energy Administration, "Hearings on Pet 4 Exploration, Development, Production, and Related Issues," Barrow, April 10, 1976 (transcript), pp. 274-5. In 1975, the borough established Service Area No. 10 to provide water, sewer, and solid waste utilities systems in the Prudhoe Bay-Deadhorse industrial area, which were also intended to be "revenue generating." By early 1978, it was not clear that any of these facilities would be successfully completed and used. Construction delays, financial overruns, permitting problems, and engineering deficiencies contributed, among other factors, to the project's disarray. (Letter from Ernst Mueller, commissioner, Alaska Department of Environmental Conservation, to Eben Hopson, mayor, North Slope Borough, January 26, 1978; memorandum from Bob Martin, Facility Construction and Operation, Department of Environmental Conservation, to Files, Subject: "North Slope Water and Sewer," September 6, 1977.) The Service Area No. 10 story appears to be a complex case study in its own right, and can be noted only in passing here. A subsidiary of the NANA Regional Corporation, NANA Environmental Systems, Inc., contracted with the borough for construction and management services for the Service Area No. 10 project. The project seems to have met with one minor or major disaster after another from the start.
27. Beyond the reserve, borough officials have even discussed "taking advantage of the ARCO refinery at Prudhoe to meet some of the Boroughs fuel needs." The idea was to achieve "energy independence on a village-by-village basis" and to get fuel for village fuel cells. (Letter from James Marshall, administrative assistant to the mayor, to Tim Bradner, BP Alaska, September 22, 1976.)
28. Personal contact with official of Bureau of Land Management, Fairbanks, February 1978.
29. "Testimony before the General Oversight and Alaska Lands Subcommittee," August 12, 1977, p. 5.
30. Personal contact with borough consultant, Anchorage, February 1978.
31. Memorandum from Charles K. Cranston to Eben Hopson, mayor, North Slope Borough, Subject: "North Slope Borough Revenue Authority, with special emphasis on litigation," February 3, 1978 (reproduced as Appendix A below). The state's refusal to recognize the borough's land claims resulted in a law suit, North Slope Borough v. Robert LeResche, presently on appeal to the Alaska Supreme Court.

32. Memorandum from Billy Neakok, director, Conservation and Environmental Security, to Mayor Eben Hopson, Subject: "Statement of the Environmental Protection Policy of the North Slope Borough" (no date, approximately March 1977). (Reproduced as Appendix B below.) See Arctic Coastal Zone Management Newsletter, No. 4 (May-June 1977).
33. Neakok memorandum, p. 4.
34. Ibid., p. 4.
35. Ibid., pp. 4-5. See Chapter V below for detailed discussion of the haul road issue.
36. See any of several issues of the Arctic Coastal Zone Management Newsletter for discussions of borough interests and activities.
37. Ibid.; also, "Mayor Eben Hopson's Statement to Alaskan Conservationists Concerned About Offshore Oil and Gas Development in the Beaufort Sea" (no date, approximately fall 1976); letter from Eben Hopson, mayor, North Slope Borough, to David R. Brower, president, Friends of the Earth, Washington, D.C., February 26, 1977.
38. Arctic Coastal Zone Management Newsletter, No. 1 (January 1977) and No. 3 (March-April 1977).
39. Ibid.
40. Arctic Coastal Zone Management Newsletter, No. 2 (February 1977); "Mayor Eben Hopson's Address on Government Relations to the 1977 AFN Convention, Anchorage, Alaska," November 11, 1977; Alaska Consultants, Inc., "North Slope Borough Coastal Zone Management Program Considerations," December 1976, p. 28.
41. Conrad Bagne, "North Slope Borough Legal Powers and Options on the Haul Road and Adjacent Federal and State Lands," A report submitted to the North Slope Borough Planning Department, November 1, 1977. Excerpts from this report are reproduced as Appendix C below.
42. Ibid., p. 1.
43. Ibid., pp. 5-6.
44. Ibid., p. 9.
45. Ibid., p. 23.
46. Ibid., pp. 23-26 ff.
47. Ibid., pp. 32-36.
48. Ibid., p. 1.

49. Ibid., pp. 50-53 ff.
50. Personal contact, Anchorage, February 1978.
51. Personal contact with official of Alaska Department of Community and Regional Affairs, Anchorage, February 1978.
52. Session Laws of Alaska, 1977, Chapter 84.
53. AS 46.35.030.
54. AS 46.35.090(b).
55. The North Slope survey was conducted under the National Science Foundation-supported Man in the Arctic Program (MAP) of the Institute of Social and Economic Research. Conducted between October and December 1977, the survey was based on 80 percent coverage of all households in Point Hope, Wainwright, Anaktuvuk Pass, Nuiqsut, and Kaktovik, and a 50 percent simple random sample of all households in Barrow. (Point Lay and Atkasook were not included in the survey.) The interviews were conducted primarily by North Slope Natives.

Most (over half) of the 317 adult respondents were male, most were heads of households, and most were between the ages of 18 and 40. Sixteen additional cases will be added to the final data, and tabulations, such as those presented here, will be adjusted as appropriate to account for the smaller percentage of households selected in Barrow. Such adjustments will affect the results presented here only where the Barrow response significantly differs from the non-Barrow response to a particular item. Where this occurs, it is noted in the above discussion.

56. "Policies to be Presented to all Villages on the North Slope" (no date, approximately late 1972).
57. Based on review of North Slope Borough Assembly Minutes 1972-1977 and on contacts and observations indicated in note 3 above.

CHAPTER V. PETROLEUM DEVELOPMENT CASES

Introduction

The North Slope Borough was founded on revenues from Prudhoe Bay development, but the giant field has a limited life, and borough, state, federal, and oil company officials are looking to other areas of the giant municipality as future sources of not only gas and oil but profits and taxes as well.

This chapter looks at how the North Slope Borough has dealt (and is dealing) with several cases of petroleum exploration and petroleum-related development in the arctic. Histories of the North Slope haul road, the National Petroleum Reserve in Alaska, and offshore leasing in the Beaufort Sea are briefly described, followed by detailed examinations of how the North Slope Borough--largely through Mayor Eben Hopson--has made its voice heard as state and federal officials make decisions about opening the haul road to the public, developing the petroleum reserve, and selling petroleum leases in the Beaufort Sea.

The chapter also looks at several other instances in which the borough--or its villages--have spoken out and attempted to influence development. Finally, the chapter draws some conclusions about what the borough is trying to accomplish as more petroleum development occurs in Alaska's arctic.

North Slope Haul Road

About 272 kilometers (170 miles) of Alaska's newest highway cross the North Slope Borough, linking the remote municipality to the rest of the state by land for the first time--but the borough does not want a public road drawing more people to the arctic.

Built by Alyeska Pipeline Service Company in 1974, the 576-kilometer (360-mile) gravel haul road from Prudhoe Bay on the Arctic Ocean to the Yukon River in the Interior was used and maintained by Alyeska during construction of the trans-Alaska pipeline and provided a link with existing roads south of the Yukon. Most of the land the road crosses is owned by the federal government, but the road belongs to the State of Alaska under terms of a federal grant of right-of-way and construction agreements with Alyeska. The state attorney general's office has determined the federal right-of-way was issued for construction of a public highway, and the haul road was built to meet state secondary highway standards.¹ With the oil now flowing through the trans-Alaska pipeline, the state is scheduled to take over management and maintenance of the road from Alyeska in late 1978.

But the North Slope Borough does not want the northern half of the road--from the borough boundary at the Brooks Range to Prudhoe Bay--open to the public. In a December 1977 statement, borough mayor Eben Hopson said, "Public use of the haul road has been opposed by the North Slope Borough. It is our policy to guard against permanent immigration to the Arctic. . . .

we regard Arctic population growth to be potentially our greatest environmental security problem. We oppose not only public use of the haul road, but also any other such permanent access to the Arctic."²

Governor Jay Hammond announced in January 1978 that the state would limit access to the road to industrial users and commercial tour buses until 1983, when a natural gas pipeline from Prudhoe Bay south along the road route and then east into Canada along the Alaska Highway is scheduled to be completed. Hammond said wider public use of the road "might be appropriate" after construction of the gasline, but that "I much prefer to crack the road open conservatively and then make adjustments as time, experience and appropriate means of funding will permit." He noted that maintenance of the road crossing a mountain range and hundreds of miles of wilderness terrain will cost about \$13 million the first year the state assumes control and about \$10.5 million annually by 1980. "These figures are put into perspective when one realizes that the total highway budget for all roads in Alaska annually is \$40 million," Hammond added.³ The governor has also said the state is studying methods of charging industry for the use of the road during this period.⁴

The federal government owns all but about the 112 most northerly kilometers (70 miles) of land along the haul road; the state owns the rest. The state will determine ultimate public access to the road stretching to the Arctic Ocean, but the Bureau of Land Management of the Department of the Interior manages the federal lands adjoining most of the route (the "utility corridor").

BACKGROUND

In the early 1970s, the State of Alaska's position was that the haul road would be open to general public use when the oil pipeline was completed. In "Comments on the Proposed Trans-Alaska Pipeline," a 200-page statement prepared by the state Department of Law in 1971, a paragraph on the proposed haul road reads, "During the third year of maximum [pipeline] construction, rest areas can be constructed to accommodate the tourists once the North Slope haul road is open for public use The Department of Highways estimates that over 400 recreational trips per week will be made on the new road on an annual average starting in the summer season following the end of maximum construction activity."⁵

But in 1975 and 1976, Governor Hammond--who had been elected in 1974--took several steps toward re-evaluating the state's earlier position that the haul road would be open for unrestricted public use when the oil pipeline was completed. He named commissioners of several state departments and the director of the state Division of Policy Development and Planning to a haul road task force to study effects, costs and benefits of opening the road after pipeline construction and to make recommendations for road policy when the state assumed its management and maintenance. The governor also created the Alaska Growth Policy Council, an eleven-member citizen's council, to hold public hearings and offer recommendations for state policy on issues--like opening of the haul road--affecting future development in the state. And Hammond asked the state attorney general's office to prepare an opinion on "legal constraints on differing management options for the trans-Alaska pipeline haul road."⁶

Hearings and Planning

In early 1976, the Alaska Growth Policy Council held public hearings in Barrow, Fairbanks, Anaktuvuk Pass, Allakaket, and Bettles on the haul road issue. Mayor Hopson of the North Slope Borough told the council:

There are many existing transportation deficits to overcome throughout our borough which should be overcome before the state begins to think about spending money to operate and maintain a public highway between Fairbanks and Prudhoe Bay . . . the state's secondary highway program . . . has never been extended to our borough communities, and I would think the state's growth policy would be to take care of existing problems in the Arctic before creating new ones . . . the economics of haul road operation and maintenance are highly questionable The question of opening the haul road for public use raises other questions about new pressures on our caribou herds, and about new, non-traditional community development at Prudhoe Bay and along the road . . . we don't want to encourage such new community development "

In 1976 the growth council made its recommendations to the governor: limit road use to "support of oil and gas and hard mineral extraction" in the immediate future and ask the Federal-State Land Use Planning Commission to undertake a comprehensive land-use study of the entire haul road region before setting a long-term policy on road use.⁸ The same year, the attorney general reported to the governor that agreements with the federal Department of the Interior, the Federal Highway Administration, and Alyeska Pipeline Service Company established the haul road as a public highway that would have to be maintained for public use. The legal opinion said closing the road entirely could cost the state the federal grant of right-of-way, make the state liable for repayment of approximately \$30 million in federal funds used in building the road and a bridge across the Yukon River, and expose the state to possible litigation by Alyeska for

the loss of the use of the road. But the attorney general said the state could limit access to the road--"properly framed regulations reasonably restricting the use of the road could withstand judicial challenge and afford a high degree of management flexibility to the state without undue exposure to liability"--and that there were legal means of charging industry for use of the road after the state assumed control of it.⁹

In September 1976, the governor announced, ". . . for the short term, the road will be opened just for use by mining and industrial interests" and that this interim policy would be in effect "until the Federal-State Land Use Planning Commission and local governments have developed a rational plan for the sound and profitable management of state and federal lands in the area" and until "determination of whether the road will be needed for construction of a gas line." He also noted industry would be charged for the use of the road.¹⁰

Before Governor Hammond was elected, the Bureau of Land Management began work on a "management framework plan" outlining tentative proposals for uses and management of federal lands along the pipeline corridor, with emphasis on the undeveloped area north of the Yukon River.¹¹ This early set of recommendations for recreational facilities and other land uses was based on the assumption that the haul road would be "open to full public use" when the pipeline was completed, and the BLM in early 1975 asked the North Slope Borough and other government agencies to comment on the preliminary plan.¹² When Governor Hammond announced his interim road policy in September 1976, the BLM began revising its plan in light of the

new state policy of limiting public access to the road for some period after the pipeline was completed.¹³

BOROUGH INTERESTS

During 1977--while the state and federal governments studied future uses of the haul road and lands surrounding it--Mayor Hopson wrote a series of letters asking government officials for clarification of haul road policy and stating the borough's position on the road across the arctic. In February 1977, Hopson wrote members of the Alaska Legislature in support of a resolution requiring the governor to present more information on the haul road to the 1978 legislative session. Hopson noted, "Maintenance of the road would promote an influx of tourists for whom no support facilities exist. Arctic travel can be very dangerous during much of the year . . . these dangers could result in an overwhelming increase in service requests made to our Public Safety Department which we are not prepared to bear."¹⁴

One member of the legislature replied: ". . . many of us in the legislature do not consider the opening or the closing of the haul road to be a matter for the governor's decision. Instead we regard this as something for the legislature to decide. We will of course consider costs among other factors."¹⁵

In May 1977, Hopson wrote Governor Hammond: "It is my understanding that the haul road has continued maintenance characteristics that render it

uneconomical for use of any kind. Has abandonment of the haul road been considered as a policy alternative?"¹⁶

In letters in June and November 1977, Hammond replied, "Because of circumstances and agreements entered into by previous administrations, we are faced with the reality that the haul road can and will not be totally closed," but that "My administration, along with representatives of your planning department, the Federal-State Land Use Planning Commission and various federal agencies are jointly involved in generating recommendations for future use of the road--use based on comprehensive land use planning for the Arctic . . . My staff has, and will continue, to work closely with your planning department."¹⁷

Also in late 1977, the BLM issued a pamphlet containing its revised proposals for land use management along the haul road and scheduled a series of public hearings on the new proposals, described by a BLM official as "raw, essentially single use recommendations reflecting . . . technical specialists judgements concerning the resource base available and projected future needs and wants."¹⁸

Eben Hopson commented on these BLM recommendations in letters to Governor Hammond and Guy Martin, Assistant Secretary for Land and Water Resources in the Department of the Interior:

. . . only a comprehensive land use and transportation plan much more developed than the initial BLM effort can suffice as any kind of decisionmaking tool for the haul road area A plan must be developed by all concerned parties and must weigh and evaluate not just individual resources, but highly important considerations such as the borough's

home rule planning powers and concerns, the future of regional corporation lands, the preservation of the subsistence life style and economy and the total impact of a new road on one of the last remaining wilderness areas of the nation we strongly recommend putting a halt to further distribution and discussion of the initial BLM report and the immediate establishment of an interdisciplinary BLM, state and borough planning team to thoroughly address the many issues raised by the road and its future use.¹⁹

In a reply to Hopson's letter, a BLM official noted the bureau had planned to discuss the set of recommendations with borough and state officials before the pamphlet was released to the public but was prevented from doing so through a chain of circumstances that forced early public distribution of the brochure. The official added, ". . . the brochure was designed to highlight various recommendations on land use as developed by technical specialists without regard to conflicts or the impacts on other resources . . . BLM is not advocating the opening or the closure of the road."²⁰ BLM planners also met with borough officials in Barrow in November, after release of the land-use recommendations.

Secretary of the Interior Cecil Andrus did take a position on opening of the haul road in an October 1977 letter to Governor Hammond: "I believe it may be desirable to utilize the road exclusively for construction purposes if the [gas line] route is approved . . ."²¹ Shortly thereafter, Guy Martin, Assistant Secretary for Land and Water Resources, directed the BLM in Alaska to postpone public hearings on its land use recommendations and "determine the level of development of plans by other interests, beginning with other federal agencies, the state and local governments" and to consider holding "joint hearings" in 1978 on future uses of lands

along the haul road.²² In January 1978, the BLM began a series of "planning coordination" meetings with representatives of federal and state agencies and the North Slope and Fairbanks North Star boroughs. The North Slope Borough and the BLM agreed that during 1978 haul road planning a representative of the borough would work with the BLM planners.²³

BOROUGH PLANNING

While writing to and meeting with federal and state officials during 1977, North Slope Borough leaders were also devising their own plan for controlling development along the haul road, should the road be opened to the public. In a letter to the borough assembly in November 1977, Mayor Hopson said, ". . . the only way we can get the federal and state governments to listen to us is to use our legal planning and zoning powers as a home rule borough. We have always had the power to zone land and impose standards on roads through our subdivision powers."²⁴

Legal Opinion

Earlier that year, the borough had hired a land-use attorney to write an opinion on the municipality's "powers and options on the haul road and adjacent federal and state lands."²⁵ In an opinion submitted to the borough in November 1977, the attorney said, "It is unlikely the North Slope Borough can assert its control over the road to the exclusion of all other interests. At the same time, those other interests may not totally exclude or ignore the concerns of the borough."²⁶

Regarding the borough's options for controlling development on federal lands within borough boundaries, the attorney wrote:

. . . The "exigencies of the particular case" will determine the relative authority and jurisdiction. States, and local units of government delegated state authority, may exercise control over federal lands to the extent regulation would not be inconsistent with or frustrate clear federal policies or programs. . . .

Determination of when federal regulations "override" state or local controls involves a balancing of respective actions and a preemption like examination. If the federal interest clearly conflicts with the state action or leaves nothing for the state to address, the federal law will prevail.²⁷

The legal opinion also discusses aspects of the Federal Land Policy and Management Act of 1976,²⁸ which "reviewed and clarified" the Bureau of Land Management's responsibilities in preparing land use plans for public lands:

. . . Where there is no overriding federal law or policy, local concerns should be respected. Federal law may become the controlling law, but there is room for negotiation here. Local citizen advisory councils may be established to advise on plans and management decisions. . . .

. . . when public lands are to be sold, the local government in the area is to be given at least 60 days notice "in order to afford the appropriate body the opportunity to zone or otherwise regulate, or change or amend existing zoning or other regulations concerning the use of such lands prior to such conveyance." This might arguably include leases and conveyances of partial interests in public lands . . . Specifically, the Secretary [of the Interior] is prohibited from making any conveyance of public lands "containing terms and conditions which would . . . constitute a violation of state and local land use plans or programs." With the right to notice and prohibition against conveyances in violation of local law, the borough should be able to stop proposed inconsistent development proposals.²⁹

Regarding borough versus state authority on state-owned lands within the borough, the attorney wrote:

. . . The state has delegated a fairly broad range of police powers to local governments. . . .

. . . The statutory granting of zoning power in [Alaska Statute] 29.33.090 is very broad . . . Zoning may address itself to, among other things, the use of the land, structures located on the land, and distribution of population. A zone or district can be drawn on a map controlling all uses of land within that area. Certain types of uses can be allowed in the zone and all others prohibited. . . .

Conditional use permits are specifically authorized . . . The conditional or special use permit technique could be utilized to control development along the haul road. A zoning district would be established along the haul road in an area where development is desired or anticipated. This could be up to so many miles on either side of the road. . . .

. . . Efforts to develop in certain areas may be denied until public service facilities are constructed or otherwise planned to be made available.³⁰

On the borough's options for controlling access to the haul road itself, the attorney noted:

The borough does not normally have authority over planned construction of state highways. It may specifically request, however, that it be allowed to assume "responsibilities relating to the planning of transportation corridors" within the borough. [Alaska Statute] 19.10.280. . . .

. . . Additional borough control may be possible under A.S. 19.20.060, which provides "The department [of transportation and public facilities] and a municipality may enter into an agreement with each other . . . for the financing, planning, establishment, improvement, maintenance, use regulation or vacation of controlled-access facilities or other public ways in their respective jurisdictions." The haul road might be designated a "controlled access facility" to limit the ingress and egress therefrom. This would require significant cooperation with the state transportation department.³¹

The report also notes that "a balancing of interests test" is "arguably the best approach" to deciding if local controls shall have effect on state-owned lands. Under this balancing of interests, "Governmental entities will be subjected to local zoning actions, unless some interest of that entity deserves paramount protection and encouragement. There are no Alaska cases on this matter. Statutes that bear on this are few and of limited application."³²

Resolutions

Based on this legal opinion and the work of the borough's planning commission and planning department, the borough assembly in late 1977 approved a resolution outlining a series of borough policies regarding the haul road and enacted a zoning ordinance amendment creating a "highway related development district" adjacent to the haul road; the amendment specifies how the borough hopes to regulate development along the haul road and any future major roads through the borough. At the same time, the assembly enacted an amendment broadening the borough's authority over subdivision of land.³³ In a statement accompanying the resolution and ordinances, the borough planning department noted the ordinances "would not necessarily prohibit opening of the road or various uses along it, but they would give the borough planning commission and assembly early knowledge of such proposals and the power to approve, change or reject various developments."³⁴

Major points in the borough's resolution on the haul road include:

. . . the Borough Planning Commission respectfully requests that the State of Alaska continue the existing policy of utilizing the Haul Road from the south side of Atigun Pass

in the vicinity of Chandalar camp north to Prudhoe Bay only for use by major industrial interests, with appropriate local, State and federal reviews and controls. Any permanent policy should only be adopted after careful and meaningful study and review by all interested and relevant parties, and should include detailed analysis of total road closure options. . . .

The Borough further requests that prior to any reconsideration of any permanent policy, the State initiate a program of development and maintenance of a secondary highway system and adequate airports in each of the Borough communities, starting with adequate road connections from each community airport to the center of town. Adequate year-round roads in each Borough community should be the major priority of the state before expenditure of additional resources is even considered for major roads from outside the Borough communities. . . .

The Borough further requests formal recognition and acknowledgement by the State and federal governments of the validity of local Borough powers and of the fact that the Borough is the dominant governmental entity in the northern portion of the Haul Road, given its zoning, subdivision review and other governmental powers. . . . Appropriate action should be taken where necessary to ensure that all major public improvements in the Borough, not only the Haul Road and its adjacent development, are subject to a thorough review by the Borough staff, planning commission and other reviewing bodies with adequate time to change or even stop developments with unjustifiable negative impacts on the Borough. Similar ongoing coordination and review with the Arctic Slope Regional Corporation and relevant village corporations should be provided.

The Borough further requests that the State and federal governments join the Borough, Regional Corporation and adjacent communities and interests to prepare a cooperative, detailed land use and transportation plan not only for the Haul Road area, but all of the Borough. . . . This effort should also include analysis and firm policy suggestions on any and all new communities which might be established in the Borough. . . .³⁵

To implement these haul road policies, the borough assembly enacted a zoning ordinance amendment establishing "highway related development" districts along major roadways, specifying "uses permitted by right" and uses that require "special use" permits. Uses permitted by right are:

Maintenance, emergency and service facilities necessary to the state or other public upkeep of the roadway;

Oil and other resource pipelines or transportation systems and necessary operation and maintenance facilities.

Under the borough plan, other uses would require "special use" permits; these permits will be issued for uses which:

Will be clearly dependent upon or related to the operation of the roadway;

Will not damage or threaten wildlife or other natural resources;

Will not damage or threaten historic resources, subsistence lifestyles or significant scenic areas;

Will be for a use for which there is a demonstrated need in the Borough that is not adequately met by other proposed or existing developments;

Will further the clustering of development and not contribute to strip type development;

Will not unduly burden the Borough's ability to meet the needs of its citizens and provide services in a systematic manner;

Will be relatively self-contained, not produce external site impacts, and not overburden functioning natural systems;

Will have minimal visual impacts upon the natural environment and the roadway itself;

Will not violate or frustrate any of the policies of the Borough's comprehensive or other plans, or provisions of this and other ordinances; and

Will not diminish or alienate any of the values for which a Native Allotment has been issued.³⁶

Also, the borough amended its subdivision ordinance to read:

. . . It is the intent of the Borough to ensure its interest and rights are protected and adequately considered in any action within its boundaries involving the subdividing of

land and the development and opening of roads and highways. It is the intent of the Borough to assert its rights and interests over all such actions regardless of the owner, private or public of the land or right of way. . . .

This chapter shall govern all subdividing or re-subdividing of land, all development and dedication to the Borough or other public entity of any street, road or highway on lands within the Borough, and the vacation of any street, road, highway easement or right-of-way in the Borough.³⁷

With the governor's recent announcement that the haul road will be closed to all but industrial traffic and commercial tour buses until the gas line is completed, the test of the borough's regulatory power over state and federal land along the haul road is yet to come. In March 1978, a special committee of the state legislature was considering whether to attempt to override the governor's decision and call for opening of the haul road before 1983.³⁸ In a 1976 statement, Governor Hammond said of the controversial gravel road: "The haul road will be opened to the extent Alaskans are willing to pay for it--environmentally, socially and economically. In that process I believe most Alaskans desire first to read the price tags, not simply write blank checks."³⁹ The leaders of the North Slope Borough have shown they intend to make themselves heard in the coming years while the costs and benefits of a public highway across the North Slope are being tallied.

National Petroleum Reserve in Alaska

BACKGROUND

The North Slope Borough wants tax dollars from and unrestricted subsistence use of the National Petroleum Reserve in the heart of the borough,

but the federal government has not yet decided what to do with the vast reserve once thought to hold more oil than the Prudhoe Bay field.

A region covering 93,437 kilometers (23 million acres) roughly from Point Barrow south to the Brooks Range and from Icy Cape east to the Colville River was designated Naval Petroleum Reserve No. 4 by President Warren Harding in 1923. The Secretary of the Navy was authorized to "explore, protect, conserve, develop, use and operate" the reserve, with the provision that Native residents of the area were not to be "disturbed in their aboriginal use, beneficial occupancy and enjoyment of the lands."⁴⁰ The reserve remained under the control of the U.S. Navy until June 1977, when jurisdiction was transferred to the Department of the Interior under terms of the Naval Petroleum Reserves Production Act of 1976 (Public Law 94-258). The reserve was then renamed the National Petroleum Reserve in Alaska (NPRA).

Based on early government exploration, the U.S. Geological Survey once estimated there might be 33 billion barrels of recoverable oil in the reserve; the neighboring Prudhoe Bay field holds an estimated 10 billion barrels of oil. But government exploration in the reserve to date has confirmed only 100 million barrels of recoverable oil, and the USGS currently estimates between 2 and 8 billion barrels of oil may lie in the reserve. There are natural gas wells operating near Barrow, and the USGS estimates there may be as much as 25 trillion cubic feet of natural gas in the reserve.⁴¹ The Department of the Interior is currently exploring for additional petroleum deposits in the reserve.

Borough Interests

Mayor Eben Hopson of the North Slope Borough has said the petroleum reserve, "roughly the size of Indiana," was designated on traditional lands of the arctic Eskimo "without asking us, for it was our land . . . [and] without any compensation."⁴² The reserve covers 40 percent of the borough, and about 80 percent of the North Slope's Eskimo population lives in four borough villages on the reserve. Barrow, the largest Eskimo village in the region, and the smaller communities of Wainwright, Nuiqsut and Atkasook sit within the reserve. Under terms of the 1971 Alaska Native Claims Settlement Act, these four Native communities selected about 136.5 square kilometers (400,000 acres) of land in the reserve, but the federal government holds subsurface rights to these lands.⁴³

In a 1976 statement to the Federal Energy Administration, Mayor Hopson said one of the reasons for organization of the municipal government on the North Slope in 1972 was "to secure a measure of the control we would have had if the land of [the reserve] had not been taken from us in the first place."⁴⁴ Hopson has said the borough would like all federal lands on the North Slope--including the petroleum reserve--classified as one "wildlife range under conditions allowing unimpeded subsistence gathering and controlled natural resource development," rather than under several federal classification systems.⁴⁵

A more specific borough stand on petroleum development in the reserve was outlined by a borough consultant in 1976: ". . . private enterprise development of [the reserve] should be encouraged as soon as practicable" to provide a "leasehold interest for the North Slope Borough to tax."

Also, during the period of government exploration "substantial federal assistance [should] be rendered to the borough to overcome the impact from [NPRA] activities." And during all exploration and development, "protection of environmental and human values [should] be fully exercised."⁴⁶

Exploration and Planning Programs

Little petroleum exploration was done in the reserve until 1944, when the Navy began "an ambitious exploration and drilling program," making 44 core tests, drilling 36 wells, and gathering 5,600 kilometers (3,500 line miles) of seismic surveys between 1944 and 1953. In 1953, a Navy Survey Board "questioned the value of NPR-4, due to its access problems and vulnerability," and the exploration work was stopped.⁴⁷ The federal government spent about \$40 million on this nine-year exploration program, and the largest oil field discovered was the Umiat field in the southeastern part of the reserve, where the Navy estimated there were 70 million barrels of recoverable oil; several smaller oil fields found within the reserve were estimated to hold an additional 30 million barrels. In 1949, a field with estimated reserves of 25.2 billion cubic feet of natural gas was discovered near Barrow. Until 1964, gas from this area--known as the South Barrow gas field--was used to supply Navy installations and Distance Early Warning System sites with fuel. In 1964, the federal government authorized the village of Barrow to also receive gas from the field.⁴⁸

Mayor Hopson has called this period between 1949 and 1964 "a long, frustrating . . . struggle to get permission to hook our homes in Barrow to gas mains that criss-crossed Barrow through our back yards. Although it

sounds incredible today, the Navy was absolutely implacable in its refusal to let us use our own natural gas to heat our homes"49

No major exploration work was done in the reserve from 1953 until 1973, when "in view of the continuing dependence of the United States on costly imported oil," the U.S. government began taking another look at the petroleum reserve, and in fiscal 1974 Congress appropriated \$7.5 million for a small exploration program.⁵⁰ The following year, Congress appropriated more than \$60 million for exploratory work in the reserve, and the Navy established a program calling for drilling of 26 test wells and gathering of more than 16,000 kilometers (10,000 line miles) of seismic surveys by roughly 1980.⁵¹ As was done in previous Navy exploration of the reserve, the work was to be government-financed, with the Navy contracting for drilling and other needed services.

In late 1975, with government exploration underway in the petroleum reserve, the federal Energy Policy and Conservation Act was passed. One provision of this act required the Federal Energy Administration to study the petroleum reserve in Alaska and provide Congress with "recommended procedures for the exploration, development and production of [the reserve]; analyses of arrangements for the participation of private industry and capital, including private-industry leasing; [and] recommendations for protecting the economic, social and environmental interests of Alaska Natives residing within [the reserve]."⁵² At about the same time, Governor Jay Hammond appointed members of his cabinet to a task force to look at "all issues related to [the reserve] and their relationship to

other North Slope concerns," and to make state positions on possible development of the reserve known to federal officials.⁵³

Federal Energy Administration representatives came to Alaska in early 1976, meeting with state officials and holding public hearings in Anchorage, Fairbanks, and Barrow. In August 1976, the federal agency issued its report, finding "Overall, FEA favors private sector conduct of [reserve] exploration, development, production and transportation activities for reasons of efficiency," although "A government exploration program should be continued during the period required to implement a leasing plan." Also, the FEA concluded there were "substantial benefits to be realized from timely development of [reserve] petroleum resources."⁵⁴

The federal report also projected several possible development scenarios and looked at effects on the state as a whole and on the North Slope in particular of development of a 500-million barrel, a 1-billion barrel, and a 3-billion barrel oil field in the petroleum reserve:

Under private development the State would realize fiscal gains of [between] \$150 million . . . and \$500 million. Under complete government development . . . the state if uncompensated by the federal government could suffer a net fiscal loss . . . of [between] \$40 million and \$160 million. . . .

. . . . In the North Slope Borough . . . population additions of 500 [to] 2,400 . . . could be expected. . . . If, on average, it cost local governments \$900 to support each additional resident, then . . . local population increases [could cost between] \$30 million and \$120 million. Increased tax revenues and transfers from federal and state governments to local jurisdiction were not estimated. However, they would undoubtedly ease these cost impacts.⁵⁵

In general, the federal report noted:

The federal government should consider ways to assure that the state and the North Slope Borough governments are assisted in offsetting negative net economic impacts resulting from [reserve] development

. . . Appropriate measures for mitigating potential adverse environmental and socioeconomic impacts should be implemented. Specific measures regarding the mitigation of adverse environmental and socioeconomic impacts are premature at this time. Further study is needed.⁵⁶

NAVAL PETROLEUM RESERVES PRODUCTION ACT

Even as the Federal Energy Administration was gathering information for its report to Congress on methods for and effects of development in Alaska's reserve, another federal act concerning Naval Petroleum Reserve No. 4 became law. In April 1976, the Naval Petroleum Reserves Production Act was passed, separating the naval petroleum reserve in Alaska from the three other naval reserves in the United States and prohibiting development in the Alaska reserve until several wide-ranging studies had been completed. The act shifted jurisdiction for the reserve in Alaska from the Department of the Navy to the Department of the Interior and redesignated the giant reserve as the "National Petroleum Reserve in Alaska," to be used "as consistent with the total energy needs of the Nation, and for other purposes." The other three naval petroleum reserves in the United States remained under the control of the Secretary of the Navy and were designated to be used "as needed for national defense purposes."⁵⁷

The North Slope Borough lobbied in Washington, D.C. in support of the act and hailed its passage as a sign that "local municipal intervention can influence national energy policy to accommodate local needs."⁵⁸ The

borough hoped the shift from military control to the jurisdiction of a civilian agency would result in leasing of lands in the reserve to private industry for petroleum exploration and development, thus providing the borough with taxable property in the reserve. A borough consultant noted in 1976 that if the federal government carried out its own exploration and development program in the reserve "with [its] own equipment, directly contracting for services such as drilling rather than by leasing lands for exploration and development, then there will be no leasehold interest for the North Slope Borough to tax."⁵⁹

Aside from the possible tax benefits to be gained by the switch to the Interior jurisdiction, the borough saw the Interior Department as the preferred agency to administer the act and manage the surface resources in a way "sympathetic to the needs and desires of our people."⁶⁰ In a letter to Jack Horton, then Assistant Secretary of the Interior, Mayor Hopson explained the borough's additional reasons for supporting the act:

Our efforts for passage of this act and our relationship to it are premised upon the maintenance and enhancement of the best elements of our age-old culture. Much of our cultural heritage accrues to us from the relationships of our people while engaged in subsistence pursuits. . . .

The borough must be able to assure its people that their fish, game, productive berry-picking areas, fish camps, archeological and historical sites of cultural significance, and their free access to these subsistence resources and sites will not be inhibited. Otherwise, a way of life will be drastically altered, and to all intent and purpose a culture will be destroyed.⁶¹

When putting together the 1976 act, federal lawmakers included some provisions borough lobbyists had supported, and Mayor Hopson has said, "The

borough was even encouraged to submit its position in legislative language, some of which remains in the act."⁶² The act calls for wide-ranging land-use studies of the reserve's resources, examination of systems for development of petroleum deposits in the reserve, and continuing petroleum exploration, but the legislation expressly prohibits actual development in the reserve until Congress takes further action. In the only exception to this ban on development, the act not only allows but requires the Interior Department to assure Barrow and nearby government facilities a continuing natural gas supply. The Interior Department is also required to establish regulations for surface management of lands in the reserve and to determine if impact funds are to be provided to any local communities adversely affected by the government's exploration and study programs.⁶³ These provisions of the 1976 act of special interest to the borough are discussed in greater detail below.

Surface Regulations

The 1976 act calls for establishment of surface regulations for the reserve:

With respect to any activities related to the protection of environmental, fish and wildlife, and historical or scenic values, the Secretary of the Interior shall assume all responsibilities as of the date of the enactment of this title. . . . The Secretary may promulgate such rules and regulations as he deems necessary and appropriate for the protection of such values within the reserve.⁶⁴

The Interior Department's Bureau of Land Management in Alaska was assigned responsibility for drawing up regulations for surface management of lands

in the reserve, and in the summer of 1976, the BLM issued draft regulations and invited comments from the North Slope Borough.

In a June 1976 letter to the state director of the BLM, Mayor Hopson wrote, "The North Slope Borough's major concern is the maintenance of traditional uses of the National Petroleum Reserve by North Slope Natives," and that "as written, [the draft regulations] deny the right of Natives to pursue their subsistence activities 'without authority.'" Hopson asked that the final regulations place no restrictions on subsistence activities in the reserve.⁶⁵

In its final regulations--which were approved by the Acting Secretary of the Interior in May 1977 and will remain in effect at least until studies in the reserve have been completed--the Bureau of Land Management noted:

Biological resources can be depleted gradually to a point of endangering future productivity without the depletion being recognized to the untrained eye. Therefore, the Secretary's discretion must be maintained to exercise management when necessary. Adequate provision has been included . . . to protect the needs of subsistence users.⁶⁶

And the surface regulation itself reads:

To the extent consistent with the requirements of the [Naval Petroleum Reserves Production Act] and after consultation with appropriate Federal, State and local agencies and Native organizations, the authorized officer may limit, restrict, or prohibit uses of and access to lands within the reserve
. . . .

Except for petroleum exploration which has been authorized by the act, use authorizations must be obtained from the authorized officer prior to any use within the reserve

Except as may be limited, restricted or prohibited by the authorized officer . . . use authorizations are not required for . . . subsistence uses (e.g. hunting, fishing and berry picking)⁶⁷

Natural Gas

Another provision of the 1976 Naval Petroleum Reserves Production Act deals with the question of natural gas for Barrow, a question which was for many years a point of contention between the U.S. Navy and the residents of Barrow.

Until the reserve is transferred to the jurisdiction of the Secretary of the Interior, the Secretary of the Navy is authorized to develop and continue operation of the South Barrow gas field, or other such fields as may be necessary, to supply gas at reasonable and equitable rates to the native village of Barrow and other communities or installations at or near Point Barrow, Alaska . . . After such transfer, the Secretary of the Interior shall take such actions as may be necessary to continue such service⁶⁸

Of this provision, Hopson has said, "In working with Congress . . . we were able to write language into [the act] . . . that obligated Interior to guarantee us continued access at Barrow to our natural gas, and at prices that reflect just the cost of lifting the gas . . . I feel that wherever feasible, our arctic communities should be connected to gas as part of the cost of oil and gas development. . ."69 In a statement to the Federal Energy Administration in 1976, Hopson said, "We would like Interior's exploration schedule to be organized . . . to provide natural gas to Nuiqsut, Wainwright and Atkasook as soon as possible."⁷⁰

In late March 1978, the Interior Department announced it had drilled a "producibile" natural gas well on the East Barrow gas field in the northern

part of the reserve and that this new well would be used to supply fuel to Barrow and government installations nearby when reserves in the South Barrow gas field were depleted.⁷¹

Exploration

Aside from the exception for the production of natural gas for Barrow, the naval reserves act prohibits development in NPRA until further action by Congress, but calls for continuing petroleum exploration.⁷² When the Interior Department assumed control of the petroleum reserve, Interior's U.S. Geological Survey took over the exploration program begun by the Navy. The Navy had planned to drill 26 test wells and gather more than 16,000 kilometers (10,000 line miles) of seismic surveys in the reserve and in 1975 and 1977 issued environmental impact statements on this proposed exploratory work. The U.S. Geological Survey is continuing the program as set up by the Navy, with Husky Oil as its main contractor. Husky Oil's main construction contractor is Arctic Slope Alaska General Construction Company, a partnership between a construction firm and the Arctic Slope Regional Corporation. The federal government also has an agreement with four North Slope village corporations and the regional corporation, outlining procedures to be used by government exploration workers needing access across lands within the reserve on which village corporations hold surface rights.⁷³

In fiscal 1978, the U.S. Geological Survey plans work on nine oil and gas test wells and gathering of about 3,200 kilometers (2,000 line miles) of seismic surveys. In March 1978, work on five wells was underway in

the reserve, with five drilling crews of about 50 persons each. At the same time, five construction crews of about 60 persons each and four seismic crews of about 40 persons each were in the reserve, for a total exploration work force of about 700. The main base of operations for the exploratory work is Camp Lonely, at Pitt Point about 260 kilometers (100 miles) southeast of Barrow.⁷⁴

Land-Use Study

The naval reserves act also calls for a study to determine "the best overall procedures to be used in the development, production, transportation, and distribution of petroleum resources in the reserve."⁷⁵ This study is to be completed in January 1980 and is being carried out by the Office of Minerals Policy and Research Analysis and the U.S. Geological Survey out of Washington, D.C.

The act also requires another study, a broad-ranging land-use study that Mayor Hopson has called "the most important section of the act to the borough."⁷⁶ This section (105(c)) states:

The Secretary of the Interior shall establish a task force to conduct a study to determine the values of, and best uses for, the lands contained in the reserve, taking into consideration (A) the natives who live or depend upon such lands (B) the scenic, historical, recreational, fish and wildlife and wilderness values (C) mineral potential (D) and other values of such lands.

Any such task force shall be composed of representatives from the government of Alaska, the Arctic slope native community, and such offices and bureaus of the Department of the Interior as the Secretary of the Interior deems appropriate, including, but not limited to, the Bureau of Land Management, the United States Fish and Wildlife Service, the United States Geological Survey, and the Bureau of Mines.⁷⁷

The task force called for in this section was formed soon after the act was passed and is made up of the chiefs of seven Interior agencies in the state and representatives of the State of Alaska, the North Slope Borough, and the Arctic Slope Regional Corporation. Chairman of this group is the state director of the Bureau of Land Management. This task force is overseeing work begun in 1977 by seven work groups and a core planning team; the work groups are made up of employees of seven Interior agencies, and the core planning team is made up of federal employees and representatives of the State of Alaska and the North Slope Borough. The work groups are collecting information on resources in the reserve, and from this information the planning team will develop land-use recommendations--subject to review and approval by the task force--by April 1979. The recommendations will be sent to the Secretary of the Interior, who will present them to Congress.⁷⁸

These recommendations to Congress "will provide a framework within which legislation relating to land use designations and administration can be formulated. It will identify needs for detailed resource management plans . . . transportation corridor plans or multiple use plans . . . [and] identify requirements for additional or continued studies and/or inventory."⁷⁹

The borough's representative on the core planning team has said the borough administration would ultimately like to see "the entire area [federal lands on the North Slope] under one classificatory system" that would allow "maximum control of development while insuring continuation

of the present land use and occupancy systems."⁸⁰ Mayor Hopson has said he would like all federal lands north of the Brooks Range classified as a wildlife range.⁸¹

Borough Land Use Planning. In 1976, the borough began work on its own land use plan for the entire North Slope, work described by the borough planning director as an effort to "map every aspect of the past use of the land, every aspect of the present use of the land, and then make some projections about what we feel are important considerations for future use. This would provide the basis for a land-use policy statement that takes into consideration food chains . . . [and] lifestyles . . ."⁸²

As an initial step toward this land use plan, in 1976 the borough began making "traditional land use inventories" of areas around villages. In June 1977, interested in this work by the borough, the planning team of the federal land-use study contracted with the North Slope Borough to provide the planning team with reports on the "subsistence, recreation, and historic and cultural values in the petroleum reserve from the Native point of view."⁸³ Representatives of the National Park Service--one of the seven Interior agencies involved in the federal land use study--began work with the borough in the summer of 1977. In November 1977, the park service and the borough submitted reports to the federal planning team on present land use and historic sites in the areas of Wainwright and Nuiqsut. The North Slope Borough also submitted its previously compiled "traditional land use inventories" for areas around those villages.

In submitting the reports, a park service researcher noted, "It was thought that the areas which are significant to the people today because of historic value, land use potential or present subsistence practices could be accurately located and defined to insure that the interests of the local people are best represented in future plans for the North Slope."⁸⁴ The borough newsletter has said these joint borough-planning team studies represent the only element of the federal reserve land-use study "that goes directly to the permanent indigenous residents of the land for its data and perspectives."⁸⁵

In submitting the Wainwright traditional land use inventory to the federal planning team, the borough also included a copy of a formal resolution adopted by the borough planning commission concerning the Wainwright inventory. This resolution reads in part:

The land use areas shown in the Inventory are essential for the maintenance of a subsistence economy which provides work the people desire and for which they have exceptional skills, and provides alternatives to a total cash economy and a possible dependence on a welfare economy

Many of the sites identified in the Inventory are located on lands which will be administered by the Secretary of the Interior through the Bureau of Land Management.

Any action by the BLM, including subsequent inventories, land use plans or regulations, which potentially affects land uses and sites identified in the Inventory, should take into consideration the past and present uses shown in the Inventory. BLM should further consult with the people from the village of Wainwright to insure an opportunity for procedural due process and to avoid conflicts between those who depend on the land and those who administer its use. Land use changes should consider the terms and conditions of the people of Wainwright.

The proposed BLM surface management regulations should include protection of the sites and land uses shown in the inventory.⁸⁶

Impact Assistance

In a final section of interest to the North Slope Borough, the Naval Petroleum Reserves Production Act authorizes the Secretary of the Interior to provide federal assistance to local communities, if the Secretary judges the government exploration and study programs are causing the communities "an unfair and excessive financial burden."⁸⁷

The Department of the Navy discussed potential impacts of the exploration program on residents of the reserve in its environmental impact statement issued in May 1977, and the continuing exploration work--essentially the same as that outlined by the Navy--is being carried out under this environmental impact statement. The document says in part:

Impacts on trades and services will be extremely limited by lack of opportunity for project personnel to visit Native communities

. . . Impact on public services and facilities will be minimal because both base camps and exploratory well sites will be located away from existing communities the introduction of project workers from outside the [reserve] is not expected to lead to increased demands on state and local law enforcement agencies . . . base camps and drilling sites will be located away from existing communities. Educational facilities within the North Slope Borough should not be affected by the exploration program. It is not anticipated that exploration workers will relocate dependents to the North Slope. Barring a major catastrophe, project-related use of the . . . hospital at Barrow would be avoided . . .

. . . large pieces of equipment will be barged to Lonely, Barrow or perhaps Wainwright . . . a modest increase to the annual barge traffic currently operating along the Arctic coast and should not significantly affect it.⁸⁸

In a comment on this environmental impact statement, a borough spokesman noted that the North Slope is an extremely underdeveloped area and that

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"Given such underdevelopment, it is possible that major oil and gas exploration . . . could pass through the area, cause inflation, labor force instability, and environmental change or degradation, and leave little in the way of real economic growth behind."⁸⁹

Earlier, in a 1976 letter to the Assistant Secretary of the Interior, Mayor Hopson wrote, "The commitment of borough manpower to the [federal land-use study] and in the review and monitoring of exploration activities will constitute an impact since it will detract from the borough's performance in other areas. Of course, added pressure on utilities, transportation systems and other portions of community infrastructure, can not help but have some impact."⁹⁰

Looking beyond the exploration stage to possible effects of actual petroleum development in the reserve, the borough has taken the position that federal funds should be provided to help correct existing deficiencies in village transportation systems, utilities, and services before the borough can be expected to deal with any impacts from federal development of the petroleum reserve. The borough planning director told the Federal Energy Administration in 1976, "The requests that the villages have with respect to existing deficiencies are not large . . . so if you're spending nine million dollars [for example] on an airport that is supporting oil development . . . take a look at village airport needs."⁹¹

In February 1978, Secretary of the Interior Cecil Andrus told the U.S. Senate that the Interior Department had budgeted \$181 million for petroleum

Wildlife Range. The proposed sale area extends roughly 11.1 kilometers (7 miles) offshore in waters up to 20 meters (60 feet) deep; the state controls 68 percent of this area and the federal government an additional 19 percent. The remaining 13 percent falls between shore and a series of small, state-owned barrier islands about 9.6 kilometers (6 miles) offshore, and both the federal and state governments claim jurisdiction over that portion of the proposed sale area.⁹⁴ This ownership dispute will probably be settled in court; the February agreement calls for any lease sale revenues from this contested area to be placed in escrow pending resolution of the dispute.⁹⁵

BACKGROUND

Since 1974, the state and federal governments have separately considered offering petroleum leases in the Beaufort Sea; the state has previously sold some offshore petroleum leases in the Beaufort and Chukchi seas, but there have been no such federal lease sales off the arctic coast. The state controls waters up to 5 kilometers (3 miles) offshore, and the federal government controls waters beyond the 5-kilometer (3-mile) limit, on the Outer Continental Shelf (OCS). In three lease sales held before September 1969, and in September 1969, when the State of Alaska sold petroleum leases on the Prudhoe Bay field, some leases in nearshore areas off the arctic coast were sold to oil companies.⁹⁶

In early 1975, state officials reported there were ten seismic crews doing exploratory surveying in nearshore areas of the Beaufort and that an exploratory well had been drilled on one of the Niakuk Islands off

often 2 meters (6 feet) thick. In deeper waters along the continental shelf, shear zone ice forms; this ice is mobile and is affected by currents, tides, winds and polar pack ice further offshore. In a 1976 article, Science magazine reported this mobile Beaufort ice is "subject to active shearing and the formation of formidable pressure ridges so thick and massive as to scour the sea bottom in waters up to 45 meters (144 feet) deep." Seaward of the continental shelf is the polar pack ice, which, depending on weather conditions, affects movement of the shear ice. Overall, scientists emphasize the "severity and unpredictability" of Beaufort Sea ice.¹⁰⁰

An estimated 163 species of birds--most of which are migratory--are found along the arctic coast in the summer season. About 22 land and 15 marine species of mammals live along the arctic coast or in the waters of the Beaufort and Chukchi seas. Some of these animals, including caribou and whales, are also migratory, wintering in more southerly regions and spending the short summer season in the arctic. Scientists believe there are about 71 species of fish in the Beaufort and Chukchi seas.¹⁰¹

BEAUFORT PLANNING

Borough Interests

In early 1977, the North Slope Borough issued a "Statement of the Environmental Protection Policy" of the borough, including a summary of the borough's position on nearshore and Outer Continental Shelf petroleum exploration and development:

these regions over OCS exploration. He has said of arctic offshore exploration in general:

The biggest danger in Arctic coastal zone resource development is ignorance of the realities of the Arctic environment. The industry is underestimating the environmental dangers of the Arctic ice cap I have advocated the negotiation of some kind of international Arctic treaty governing all offshore oil and gas development along the Arctic coast. I feel that industry should be held to a single set of rules in all Arctic offshore operations.¹⁰⁵

Federal Planning

In 1974, following the Arab embargo on oil shipments to the United States and a subsequent sharp increase in the cost of imported oil, the federal Department of the Interior announced the initiation of "Project Independence," a program designed to ultimately make the United States independent of foreign oil sources. Part of this program called for stepping up petroleum exploration on the Outer Continental Shelf, with nine OCS lease sales scheduled for waters off Alaska between 1975 and 1978. A Beaufort Sea OCS lease sale was set for the fall of 1977.¹⁰⁶

Looking toward this scheduled federal Beaufort sale and possible future state petroleum lease sales in the nearshore Beaufort, the U.S. Army Corps of Engineers in 1974 compiled a "background study" of resources along the arctic coast and in 1975 issued a draft environmental impact statement based on the background study. The Corps of Engineers issues permits for all structures to be located "on, under or over navigable waters of the United States," including petroleum exploration and development structures in offshore areas under state or federal mineral leases.¹⁰⁷

Hopson ended this 1975 letter to the Corps of Engineers with one of his first statements on what the borough wanted when offshore development occurred:

Local participation in the determination of likely social and environmental impacts

Access to affordable energy fuel for domestic consumption within the North Slope Borough

A 10-year federal financial participation plan around which the federal government can budget for economic assistance in the management of the impacts.¹¹¹

In April 1976, the first federal OCS sale off Alaska--a sale criticized by the state government for not taking sufficient account of environmental considerations--was held in the Gulf of Alaska. But in August 1977, before the planned Beaufort OCS sale, the Department of the Interior announced a revised schedule of federal OCS lease sales, slowing the pace of the 1974 plan and calling for a Beaufort lease sale in December 1979. Secretary of the Interior Cecil Andrus said the new schedule had been drawn up "in close consultation" with state and local governments and that "Development of several of the frontier areas of the OCS off the coast of Alaska, such as the Beaufort Sea, pose significant technological challenges . . . we will proceed with these sales only if there is existing technology for exploratory operations and it is reasonable to assume that technology for development will be available at the appropriate time."¹¹²

State Planning

At about the same time the Corps of Engineers was preparing its impact statement for the arctic coast, Governor Jay Hammond was considering

The environmental assessment also drew general comparisons of the Beaufort coast with other coastal areas which might be considered for petroleum leasing:

Other areas such as Lower Cook Inlet, Bristol Bay, Yakutat, etc., are more productive of the animals economically important to humans than the Beaufort Sea. However, Beaufort areas produce ringed seal, Arctic fox, and waterfowl, all of which are essential to the furtherance of a dying culture.

Ecological damage can be expected to have longer lasting effects in the Beaufort than in other areas of the state.

Existing developmental technology and support systems are less thoroughly developed and tested for Arctic areas.

Our ability to predict damage to the Beaufort ecosystem and therefore to safeguard against it is poorly established relative to other areas.¹¹⁶

Following release of the environmental assessment, the state held public hearings in Anchorage, Fairbanks, and Barrow. At the Barrow hearing in May 1975, Mayor Hopson testified that in general "We do not object to any development providing that adequate precautions are adhered to" and went on to suggest that if the state's purpose in offering petroleum leases in the Beaufort was to raise revenue, then in the long run it might be more profitable for the state--and the North Slope Borough--to work toward private exploration and development of the federal petroleum reserve that was at that time controlled by the Department of the Navy, rather than to look to petroleum development in the Beaufort.¹¹⁷

By late 1975, Governor Hammond had decided against offering leases in the Beaufort primarily as a means of raising revenue for the state; instead, the state legislature established a tax on petroleum reserves at Prudhoe

The following month, the governor replied to Hopson's letter, noting that he was pleased to have Hopson's "most recent expression of opinion regarding this sale" and that state officials had felt "both the borough and the Native corporations [had] testified in favor of a sale" during the 1975 Barrow hearing. Hammond went on to say that "no final decision has been made regarding scheduling of a [Beaufort] sale," and that when the sale was held it would be "in the public interest" and "maintain high standards of public participation in the resource allocation process."¹²²

The state ultimately decided against a 1976 Beaufort sale and continued working toward a joint federal-state lease offering in the nearshore Beaufort.

OFFSHORE BEAUFORT EXPLORATION

In early 1976, while speaking out on planned federal and state lease sales in the Beaufort, Mayor Hopson also looked at plans for the first offshore exploratory well in the nearshore of the U.S. Beaufort and at Canadian plans for deepwater exploratory drilling in the open waters of the Canadian Beaufort.

Union Oil Ice Island

One of several companies that bought petroleum leases in Harrison Bay west of Prudhoe in 1969, Union Oil in 1973 began planning an exploratory well to be drilled from an artificial ice island in the shallow bay. In the spring of 1975, the company applied for necessary permits to drill the exploratory well, which would be considered the first offshore well

safe and well-planned first step. . . . But it's the first step in a direction in which we feel great apprehension." Hopson added that he would notify the Corps of Engineers that the borough had no "specific objection" to the ice island plan, but wanted approval of the project tied to cleanup of an area near Point Lay where a Union seismic crew had worked the previous year.¹²⁷

At the same time Hopson was writing Stevens, the borough attorney notified Union Oil that ". . . though fraught with environmental problems, [the project] can go forward without any objection by the North Slope Borough," noting again that the borough wanted cleanup of seismic work at Point Lay.¹²⁸

But in May 1976, Hopson changed his position and notified the Corps of Engineers that he wanted the Corps to withhold all permits for exploration in the Beaufort--including the permit for Union Oil's ice island--in an attempt to force the oil industry to call off planned exploratory work in the open waters of the Canadian Beaufort Sea (discussed in detail in the following section).¹²⁹

In the winter of 1976-77, Union Oil obtained permits to create an artificial ice island in 4 meters (12 feet) of water in Harrison Bay and carried out exploratory drilling from the island between December 1976 and April 1977, when the company moved its drilling equipment off the ice; the ice island broke up later in the spring.¹³⁰ The January 1977 borough newsletter reported the ice island project was "relatively safe . . . in

In protesting the Canadian plan, Hopson maintained Canada's environmental assessment of the project was inadequate; that currents would deposit any oil spill in Canadian Beaufort waters on U.S. arctic shores and that such a spill could "destroy the delicate food chain upon which all life in the arctic depends;" that the oil industry had circumvented U.S. environmental standards by drilling in Canadian waters; and that an international treaty outlining a single set of standards for offshore drilling in the arctic should be negotiated among arctic coastal nations before such drilling began.¹³⁵

Throughout the first half of 1976, Hopson wrote letters to federal and state officials asking them to try to prevent Canadian open water drilling; he asked Governor Hammond and the Corps of Engineers to "suspend all cooperation with the oil industry" in plans for offshore drilling in U.S. Beaufort waters until the planned Canadian drilling was postponed.¹³⁶

In July 1976, the Washington Post reported that the U.S. State Department had reviewed Canada's environmental assessment of the project and had called for "urgent discussions" with the Canadians. The Post said the United States had asked Canada to use "utmost caution" in the drilling and that the two countries had set up joint committees to discuss oil spill liability and possible U.S. Coast Guard help in the event of a well blowout or oil spill.¹³⁷

Stanley Doremus, deputy assistant secretary in the Department of the Interior, told the Post the possibility of a blowout occurring in one of

statewide "coastal management program" to guide future development not only along the arctic coast but along all of Alaska's coastline. Several state agencies worked toward setting up coastal management guidelines and standards, and in 1975 the state legislature considered a coastal management bill that would have given the state government a very strong role in coastal management planning, almost to the exclusion of regional interests; this legislation did not pass.¹⁴¹

In fiscal 1977, the state received about \$1 million in federal funds for coastal management planning. State officials decided to make about \$200,000 of this money available to local governments to aid in development of regional coastal management plans. The Department of Community and Regional Affairs oversaw allocation of funds to local governments, including the North Slope Borough. The borough is under contract to the Department of Community and Regional Affairs to establish a coastal management program, concentrating first on the region between the National Petroleum Reserve and the Arctic National Wildlife Range, where the planned 1979 federal-state Beaufort nearshore lease sale is to take place. The borough is also under contract to the department to prepare a socioeconomic impact study of the planned Beaufort sale.¹⁴²

In June 1977, the state legislature passed revised coastal management legislation. The Alaska Coastal Management Act calls for local governments to draw up their own coastal management plans, subject to state approval, and for establishment of an Alaska Coastal Policy Council to

As a step toward this international arctic cooperation, Mayor Hopson and borough planners in 1976 began organizing an "Inuit Circumpolar Conference," to be held in Barrow and to attempt to draw delegates from Canada, Greenland, and Siberia. This international conference was to be "a means of dealing effectively with the important international questions relating to Beaufort Sea development and its impact upon the Inupiat" and as a move toward "organizing international [coastal zone management] cooperation able to deal with the Beaufort Sea as a single ecological system in which all offshore operations would be held to a single set of rules."¹⁴⁶

The Inuit Circumpolar Conference was held in Barrow in the summer of 1977, drawing delegates from Canada and Greenland. At this conference, the delegates established a committee to draw up a charter for an international Inuit organization and passed resolutions in support of "continued circumpolar community organizational work" in transportation, game management, housing, resource development, and education.¹⁴⁷

LEASE SALE PLANNING

Following announcement that the federal and state governments would hold a joint lease sale in the Beaufort in late 1979, both governments issued a "call for nominations and comments" on proposed tracts in the 2,640 square kilometer (650,000 acre) nearshore area.¹⁴⁸ This call for nominations and comments is one of a series of steps to be taken by government before any acreage is put up for sale in 1979; there are several points at which the borough may comment on federal and state plans. By April 24, oil companies are to notify the governments which tracts they are interested

development on local ecosystems. In fiscal 1978, the Department of the Interior is spending \$8 million on scientific studies of the Beaufort Sea; \$19 million was budgeted for these studies in several coastal areas of Alaska this year. Interior plans to spend about \$7 million for scientific studies in the Beaufort area in fiscal 1979.¹⁵¹

State Planning

In 1977, the state Division of Minerals and Energy Management of the Department of Natural Resources began drawing up a revised set of oil and gas "preleasing procedures" for state-owned lands. Public hearings were held on these proposed regulations in March 1978, and they have been submitted to the commissioner of the Department of Natural Resources for approval. The regulations call for the state's leasing procedures to be consistent with the state's coastal management plan and approved management plans of individual coastal regions. Other provisions of the regulations call for social, economic, and environmental studies of proposed sale areas; public hearings on proposed sales; and establishment of an advisory committee for each sale to advise the head of the Department of Natural Resources on "lease sales, stipulations and other matters" This advisory council is to be made up of representatives of various state agencies and representatives of borough or local governments "most affected by the sale."¹⁵²

Such an advisory committee for the Beaufort lease sale was formed in early 1978, and three representatives of the North Slope Borough attended the first committee meeting in February.¹⁵³

In a late 1977 letter to a state official, Mayor Hopson said the borough intended to continue stressing "the care that must be taken to preserve the traditional subsistence values of our land and ocean as oil is taken from under the ice. . . . We do not seek any more than I feel all Alaskans should have as offshore decisions are made in Alaska's . . . waters."¹⁵⁸

Other Cases

BEAUFORT-CHUKCHI SEISMIC SURVEYS

In early 1976, the Department of the Interior's U.S. Geological Survey began notifying state and federal agencies in Alaska of its intention to conduct seismic surveys through the use of explosives in the Beaufort and Chukchi seas off the coast of the North Slope Borough during the coming summer season. The Geological Survey noted this seismic work was part of "marine geophysical investigations" the agency was responsible for carrying out to "provide timely and accurate data for Federal, State and public use on the resource potential of U.S. offshore public lands."¹⁵⁹

The agency prepared an environmental assessment of this action, holding that the planned work "did not constitute a major Federal action" and therefore did not require preparation of an environmental impact statement under terms of the National Environmental Protection Act (NEPA) of 1969.¹⁶⁰ The environmental analysis outlined "precautions to be taken to avoid or minimize harm to marine animals and minimize the extent of fish kill."¹⁶¹

surveying so the borough could comment on plans and "communicate the information to our village residents along the coast." The borough also asked the USGS to prepare a full environmental impact statement before going ahead with the plan and went on to say that the use of explosives "would not only entail a fish kill which is significant in relation to the subsistence nature of resource utilization in this area, but the attendant disruption of marine mammal patterns poses a substantial impact upon the interrelationship of local residents with their environment."¹⁶⁶

In September 1976, the borough learned that the USGS--spurred "at least in part" by an inquiry from Senator Mike Gravel--had postponed its planned work for one year.¹⁶⁷ Early in 1977, the director of the USGS told Senator Stevens--in response to an inquiry from Stevens on behalf of the borough--that "as a result of concerns expressed by representatives of several agencies, the 1976 field program was postponed."¹⁶⁸ The head of the USGS went on to say, ". . . we are pursuing new technology that may enable us to conduct the seismic program partly with nonexplosive sound sources, thus further reducing the potential environmental hazards."¹⁶⁹

Also early in 1977, the associate director of the USGS notified the North Slope Borough that "In view of our current work load and financial limitations, we have decided . . . to limit our summer of 1977 Alaskan seismic surveys to reflection profiling using nonexplosive sound sources," but held open the possibility that explosives might have to be used in future seismic work if results obtained with other methods were not "adequate to assess the oil and gas potential of the continental shelf rocks offshore

But in mid-March, the U.S. House Committee on Interior and Insular Affairs approved an amendment to that legislation; this amendment would allow a 5-year petroleum exploration program in a 5,000 square kilometer (1.2 million acre) coastal area of the range where geologists believe oil and gas potential "could rival [that of] Prudhoe Bay" to the west.¹⁷³

The proposed exploration area "includes portions of the calving grounds and post calving aggregation area" of the 100,000-animal Porcupine caribou herd, which ranges over a 250,000 square kilometer (96,000 square mile) area in Canada's Yukon Territory and northeast Alaska. Biologists have described the calving grounds as "the focal point of the annual migration" and noted that these areas have "been selected by caribou because of their favorability for calf survival and growth and development."¹⁷⁴

In a letter protesting the proposed exploration, the mayor, three city councilmen and a dozen other residents of Kaktovik on Barter Island on the western edge of the wildlife range told Congress, "We oppose opening this area to exploration,"¹⁷⁵ and added:

We felt the Arctic Wildlife Range was to protect the animals and the land. Winter exploration would interfere with denning of the polar bear. . . . What would happen to the fish? There are birds there too -- the brants, ducks and Canadian honkers. It is not only the caribou. . . .

We hunt, fish and trap in that area. It is important to us
. . . .

When we leave Barter Island by plane, we usually go to Prudhoe Bay to transfer. Thus we know what it is like and we do not want it here -- not even the exploration. . . .

President Carter, Secretary of Interior Andrus and Governor Hammond have all said the Arctic Wildlife Range does not need to be explored."¹⁷⁶

gathering and controlled natural resource development." Hopson went on to say:

Natural resource extraction provides the present and only foreseeable future means of local self-determination and an improved level of living for the indigenous peoples of the North Slope.

. . . it would be sheer folly to impose a lands policy which would prohibit access to the few potential commercial deposits which may be developed aside from Prudhoe Bay. . . .

This is . . . a plea for a lands policy that will enable the exploration, designation and development of what will probably be a relatively small number of commercial deposits of non-renewable resources."¹⁸⁰

But in the same presentation to the congressional committee, Hopson stressed the need for "environmental safeguards" that would "protect the habitat which nurtures subsistence resources" and noted that specific areas of critical wildlife habitat should be excluded from exploration activities. He also called for "an international agreement with Canada" for effective protection of wildlife of the region.¹⁸¹

In thus supporting both petroleum exploration and habitat protection, Hopson implied that an acceptable balance between the two can be achieved on the North Slope.

Two congressional committees have yet to consider the proposed opening of the Arctic Wildlife Range to petroleum exploration before the bill comes to a general vote.¹⁸² And if the bill becomes law, it remains to be seen whether the North Slope Borough will side with Kaktovik for protection of wildlife habitat or against Kaktovik in view of potential borough revenues from resource development in the vicinity of the Porcupine caribou calving grounds.

such development would offer the borough several advantages: taxable development property; large numbers of temporary workers to be counted on the borough's census rolls and thereby increase the borough's taxing limits; sites far removed from villages and thus probably not placing a strain on existing borough services; workers confined to development enclaves with services most likely provided by oil companies rather than the borough; workers spending time off outside the borough and thus not adding hunting and fishing pressures.

- Developments that might harm fish and wildlife habitat and produce uncertain revenues are opposed by the borough. Mayor Hopson has emphasized repeatedly that offshore exploration, for instance, could take a heavy toll of marine mammals and fish. And at the same time, it is not clear how much the borough could tax offshore facilities and accompanying onshore support sites (given state limits on borough taxing power).
- The borough opposes developments that might create permanent non-Native communities on the North Slope and views the haul road as a potential danger. Any significant number of people deciding to make their permanent homes along the haul road could not only place pressures on fish and game resources, but threaten Eskimo control of the regional government.
- The borough wants North Slope resources to be developed in phases, thus assuring the borough of a steady stream of revenues. Mayor Hopson has supported onshore over offshore exploration and development, holding that adequate technology for taking oil from

on Barter Island so the village could receive natural gas from the project. Kaktovik's city council and village corporation formed a planning commission to meet with Arctic Gas representatives; as a result of these meetings, Arctic Gas agreed to shift its proposed route from along the resource-rich coast 48 kilometers (30 miles) inland. Kaktovik residents were also concerned about the possible effects of several thousand workers in the vicinity of the village. The North Slope Borough was aware of Kaktovik's support of the Arctic Gas route but took no official position on gas line routing. There was no official borough-village communication on the question, and the borough did not attempt to intercede. Mayor Hopson announced personal support for the Alcan route in the fall of 1977.¹⁸³

In another incident, residents of Point Hope on the Chukchi Sea protested in the summer of 1977 when they learned the Arctic Slope Regional Corporation and Chevron USA had made plans to begin exploratory drilling on village corporation lands near Point Hope. After a public protest meeting at Point Hope, the regional corporation decided against the planned drilling; village residents were upset that they had not been consulted about the planned drilling and feared the work would disrupt subsistence resources in the area. There is no evidence that the North Slope Borough took sides in this dispute between the village and regional corporations.¹⁸⁴

With several petroleum developments pending on the North Slope, it remains to be seen how much the borough will get of what it wants and whether individual villages will choose to support or oppose borough policies when exploration and development move near their homes.

Endnotes

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VI. CONCLUSIONS

This study has dealt generally with how petroleum development has affected government in the North Slope region and how the North Slope Borough has responded to the opportunities and problems accompanying that development. We have focused on key issues of taxation, development, and environmental protection and related interactions of the borough and external organizations. We have also looked within the region, examining some basic political and economic relationships of the borough with the eight North Slope villages and with the Arctic Slope Regional Corporation.

The conclusions presented in the first part of this chapter are confined strictly to the North Slope case. In the second part we attempt to draw some general implications, based on the North Slope experience, for other rural Alaska regions.

The North Slope Case

CHARACTER OF THE BOROUGH

The story of the North Slope Borough is highlighted by borough leaders' aggressive pursuit of tax revenues, authority, and recognition, often in the face of outside opposition and resistance. Prudhoe Bay oil made North Slope Borough government financially feasible and economically and politically expedient for the Native people of the region. Establishing a borough for the whole North Slope was the most effective means available for gaining direct local access to the enormous tax base at Prudhoe Bay. Once established, the borough could also assert North Slope Natives' claims to

capital improvements program. The CIP is dependent on an assured flow of oil property tax revenues, which has been subject to blocks and restrictions and remains in jeopardy.

North Slope Borough government has not yet stabilized into a "normal local government" pattern; financially and in its external relations, its vulnerabilities continually force it into reactive, "crisis government" modes.

POLICY ISSUES AND EXTERNAL RELATIONS

Borough government has enabled North Slope leaders to influence and to participate in federal and state decision making as never before in the region's experience. In this sense, the North Slope Borough clearly is serving as an effective means of enhancing regional self-determination. But self-determination and dependence are not mutually exclusive conditions, as borough leaders undoubtedly know. The more they press and expand their claims on North Slope resources, the greater becomes their relative vulnerability to federal, state, and oil company decisions. The borough's dependence on oil property tax revenues is the outstanding case, where borough access to its major source of funds is directly subject to state tax laws and regulations, oil company legal action, and federal and state leasing, exploration, and development policies.

The most important limit on borough taxation of oil properties is not oil company opposition but state government laws and regulations. The state government's interest in assuring some measure of statewide tax and revenue equity transcends the North Slope Borough's interest in gaining

corporation lands, or at Prudhoe Bay and in adjacent areas. Second, it is making claims to some share of control over federal and state lands and waters, regardless of whether oil exploration and development activities are directly involved. For this reason, it is often difficult to distinguish the borough's environmental protection responses from its broader political responses to federal and state actions affecting the North Slope region.

Notwithstanding the aggressive and sometimes strident and extreme character of borough claims, there are indications that borough relations with state and federal governments are taking more moderate and conventional forms as well. There are signs, too, that state and federal officials are responding to the borough's plea to be "taken seriously." The borough has claimed some success, for example, in lobbying in Congress (on National Petroleum Reserve legislation) and the state legislature (on municipal tax law amendments), effectively finding and cooperating with influential allies in the process. Currently, the borough is directly represented in several intergovernmental advisory groups, including the State Coastal Management Council, a federal-state haul road and corridor planning group, the National Petroleum Reserve land use study task force and planning team, and a state Beaufort leasing advisory committee. And, in part due to federal and state laws mandating local involvement, the borough participates routinely in various federal and state development and environmental permitting processes affecting North Slope lands and waters.

The borough executive may well represent basic interests of the Native villagers, but, outside of Barrow, villagers are minimally represented in the borough structure. Villagers "participate" in borough affairs primarily as employees (in capital improvement projects) and consumers of borough goods.

The only significant taxpayer resistance that borough officials so far have faced comes from the oil companies. But borough officials are not responsible to them as elected officials are to a voting constituency. Oil companies on the North Slope are outside institutional adversaries, not borough citizens.

Within the borough structure, the assembly has yielded to the executive on all major matters, foregoing the usual legislative checks on executive power. To some extent this is an institutional response to the exigencies of crisis government responding to external threats and opportunities.

The Arctic Slope Regional Corporation is potentially the major regional institutional check on borough government, but it has not yet acted consistently or aggressively in this role. There is instead a pattern of non-interference, mutual accommodation, and even of cooperation between the two organizations, notwithstanding personal conflicts and other surface tensions between some of their officials. It is likely, however, that their institutional differences will grow, particularly as borough taxation increasingly impinges on corporation activities. There are already signs of corporation resistance to borough tax policies affecting

regions in the light of the North Slope case must first recognize the far-reaching implications of that fact.

Thus, insofar as future petroleum development may be a significant factor affecting institutional change elsewhere, its effects will be qualified in the first place by the level, timing, and location of specific discoveries and the development and support activities that follow. At a minimum, future petroleum and other resource developments would need to offer significant taxable properties that could not be tapped directly for local benefit except through creation or expansion of a local government taxing jurisdiction. Similarly, they would have to present social and environmental threats that could effectively be countered with new or stronger local government planning, zoning, and other land use controls and other regulatory authorities. Moreover, even if either or both of these conditions were met, basic characteristics of the region would strongly affect local institutional responses. Among these characteristics are:

- The existing institutional development of the region, including the relative statuses, roles, and interests of regional corporations, non-profit associations, village corporations, and village and city governments;
- Characteristics of the region's existing political leadership structure associated with these institutions, including patterns of factionalism and alliances, and the number and diversity of potential leadership pools;

Resource development activities can bring increased environmental threats as well as augmented tax bases to regions and communities. Rural leaders, therefore, may respond not only positively to capture new tax bases (even if they represent only a fraction of Prudhoe Bay's), but also defensively to threats to subsistence habitat and outside intrusions into previously isolated Native village areas. In such cases, new local government authority and jurisdiction may be necessary to tax and to impose zoning and other local land use controls in affected areas.

It is significant that, on the North Slope, the borough was incorporated concurrently with establishment of the Arctic Slope Regional Corporation. Elsewhere in rural Alaska, regional corporations are the dominant institutions, and they have preempted key political and economic leadership roles. Thus, the regional corporations are increasingly capable of controlling or at least strongly influencing their regions' future course of institutional development. As for-profit institutions with major land holdings and investments, they undoubtedly will take a critical view of new taxing jurisdictions and authorities in their regions.

A major obstacle to the formation of organized borough governments in Alaska's rural regions since statehood has been the absence of adequate property tax bases to support education and other local government programs. The state government, however, has taken several steps to remove this obstacle through establishment of Rural Education Attendance Areas (REAA's), a commitment to provide for rural high school programs in some 126 bush villages, and moves toward 100 percent funding of public education

Thus, the push for greater equity in the distribution of tax burdens is added to the pull of prospectively increasing tax bases and growing state funding for education and other local government programs. The North Slope Borough is an extreme case of the "pull" effect, in which the state limited the local taxing authority. In the future, state government will continue its attempts at balancing tax burdens and service benefits and determining appropriate combinations of state and local access to the tax bases associated with resource development. The outcomes of these continuing policy processes are likely to have profound, long-term effects on local government institutional responses and change in Alaska.

APPENDIX A

Memorandum: North Slope Borough Revenue Authority,
With Special Emphasis on Litigation

Prepared by Charles K. Cranston
For Mayor Eben Hopson, North
Slope Borough

February 3, 1978

M E M O R A N D U M

DATE: February 3, 1978

TO: Eben Hopson, Mayor
North Slope Borough

FROM: Charles K. Cranston

RE: North Slope Borough Revenue Authority,
with special emphasis on litigation.

You have asked us to prepare for you a short memorandum outlining the problems which have arisen concerning the North Slope Borough's revenue generating authority. I believe the best way to approach this is to give a summary of the litigation in which the North Slope Borough has been involved insofar as it affects basic issues pertaining to the North Slope Borough's revenue generating authority. In presenting this summary of litigation, I have discussed those cases which affect the revenue generating capability of the North Slope Borough as a whole. I have omitted reference to any case which affects only a specific levy of tax on a specific group of taxpayers. In my opinion, the latter type of case is not one which raises serious issues pertaining to the North Slope Borough's revenue authority.

(1) Mobil Oil Company, et al vs. Local Boundary Commission, 518 P ed 92 (1974). This was an action brought by a group of oil companies doing business in Prudhoe Bay challenging the legality of the North Slope Borough incorporation. Among the issues involved were whether the property of largely non-resident owners could be subjected to regulation and taxation by the North Slope Borough. The Supreme Court ruled in favor in Borough incorporation thereby subjecting the property of various lessees in the Prudhoe Bay area to taxation by the North Slope Borough.

(2) Mobil Oil vs. North Slope Borough (Superior Court, Fourth Judicial District, at Fairbanks). This action was consolidated with approximately twenty-four other separate lawsuits brought by almost every oil company owning property in the Prudhoe Bay industrial area subject to the property tax of the North Slope Borough. At issue was the validity of that portion of the 1972 and 1973 property tax levy of the North Slope Borough upon the lessees' interest in oil and gas leases at Prudhoe Bay. Among the factors upon which the value of the lessees' interest was based was the value of the oil and gas reserves at Prudhoe Bay. The amount of the levy was within then existing statutory limitation of thirty mills, AS. 29.53.050. The oil company challenge was based principally on the then existing oil and gas gross production tax. The oil companies argued that the gross production tax imposed by the state was in lieu of all other taxes imposed by a municipality upon oil and gas properties.

and AS. 29.53.045 and .050 are limitations upon revenue generated to fund the Borough operating budget. The Borough has not considered and does not now consider the limitations applicable to revenues raised to pay debt service on its general obligation bonds. To sustain this position, the Borough relies on AS. 29.53.055 and AS. 29.58.180(a). Those sections in summary provide that taxes may be levied without limitation as to rate or amount for the purpose of paying debt service upon a municipality's general obligation bonds. In 1976 the North Slope Borough levied in excess of the statutory limitations contained in AS. 29.53.045 and .050. The excess levy, 2.26-mills was for the purpose of funding general obligation bond debt service of the North Slope Borough. There was an immediate challenge to this levy by Sohio, Atlantic Richfield, and other oil companies doing business within the North Slope Borough. Judge Kalamarides rendered a decision unfavorable to the North Slope Borough. He ruled that AS. 29.53.055 did not permit a debt service levy in excess of the limitations of AS. 29.53.045 and .050 except in cases of default or pending default. The legislature in 1977 subsequent to Judge Kalamarides' decision adopted Chapter 94 SLA 1977. That legislation amended AS. 29.53.055 and AS. 29.53.180(a) by providing that a municipality may levy an excess of the limitations contained in AS. 29.53.045 and AS. 29.53.050 regardless of default or pending default in order to pay debt service on its general obligation bonds. In a subsequent decision, Judge Kalamarides held the 1977 amendment unconstitutional.

The case was appealed to the Alaska Supreme Court, has been argued, and is at presently awaiting decision by that court.

(5) B.P. Alaska va. North Slope Borough, (Superior Court, Third Judicial District). Since the revenue generating ability of the North Slope Borough was severely limited by AS. 43.56 and its companion legislation AS. 29.53, the North Slope Borough reimposed NSB. 3.32, the Sales and Use Tax, effective December 1, 1976. NSB 3.32.010(T) defined a sale upon which the sales tax is imposed, with some exceptions, generally in terms of a unit of property or an hour of service. Based upon that ordinance in December, 1976 and January, 1977 sales tax levies were made upon B.P. Alaska in an amount in excess of \$900,000.00. B.P. Alaska made a sales tax return for the months in question for an amount under \$20,000.00. In dispute is the meaning of AS. 43.56.030(2)(A) which limits the taxes on the retail sale or use of oil and gas exploration production and pipeline transportation property to the first \$1,000.00 of each sale. B.P. Alaska, Inc. generally contends that a sale is based upon a monthly invoice regardless of the amount of the invoice or the number of items appearing on the invoice. The North Slope Borough contends that a sale is based upon each unit of property described in the invoice or upon each hour (or sometimes day) of labor for which an invoice is rendered. The matter is presently pending before the Superior Court, Third Judicial District. A briefing schedule is about ready to commence and the case should be submitted to the court by the summer of 1977.

(6) North Slope Borough vs. LaResche, (Superior Court, Third Judicial District: awaiting decision before Alaska Supreme Court).

APPENDIX B

Memorandum: Statement of the Environmental Protection Policy
of the North Slope Borough

From Billy Neakok, Director, Conservation
and Environmental Security
To Mayor Eben Hopson
North Slope Borough

MAYOR'S OFFICE
EXT. 211
ADMINISTRATION & FINANCE
EXT. 210
PUBLIC WORKS DEPT.
EXT. 249
PLANNING DEPT.
EXT. 244

NORTH SLOPE BOROUGH
P. O. BOX 69
BARROW, ALASKA 99723
907 - 852-2611

ASSESSING
EXT. 230
HOUSING AGENCY
EXT. 245
HEALTH AGENCY
EXT. 241
ACCOUNTING
EXT. 237

MEMORANDUM

TO: Mayor Eben Hopson

FROM: Billy Neakok, Director
Conservation and Environmental Security

SUBJECT: Statement of the Environmental Protection Policy
of the North Slope Borough

Our Assembly President, Oliver Leavitt, has asked for a statement of Borough environmental protection policy. This memorandum has been prepared to respond to that request.

BACKGROUND:

One of the reasons for the organization of the North Slope Borough in 1972 was our need to protect our land against the harmful results of Arctic energy fuel development. We did so with the full knowledge that our Arctic Slope Regional Corporation would become actively involved in the oil and gas business.

Organizing an Arctic regional home-rule government from scratch has been demanding upon our community, but its complexities have not distracted us from the task of defending the environmental security of our land and people.

The evolution of the Borough's environmental protection policy began in the spring of 1960, when the people of Barrow engaged in the peaceful direct-action demonstration against the enforcement of Migratory Bird Treaty's ban on our subsistence duck hunting. This incident, the Barrow "Duck-In", reflected popular mood that resulted in our region's leadership in the Alaska Native Land Claims Movement in the 1960's, and in the development of regional government in the 1970's. While we were politically powerless during the initial exploration and development of the Prudhoe Bay field, Borough organization enabled us to deal with further development.

Perhaps the first significant event in the evolution of Borough environmental protection policy was the Borough's

MEMORANDUM CONTINUED

In March, 1976, the Borough conducted a pre-conference planning meeting attended by Inupiat land claims leaders from Canada and Greenland. We met to plan an agenda for the first Inuit Circumpolar Conference (I.C.C.) that was scheduled for November, 1976. This Conference was later re-scheduled for the week of June 13, 1977.

In June, 1976, the Canadian cabinet granted final approval of the first Beaufort Sea OCS explorations and the Borough undertook to bring these operations to national attention. Because information had been circulated that these operations were approved after a five-year environmental impact assessment program, the Canadian Beaufort Sea study resulted in scientific recommendations that final approval be withheld pending the development of improved and proven Arctic OCS technology. The Borough's policy was to oppose all Arctic OCS operations until safe and responsible extraction technology could be designed and tested. At the same time, it was decided to support State efforts to consolidate State and Federal near-shore explorations as a safe first step in U.S. Beaufort offshore operations.

The Borough's Planning Department began to document traditional/historical use of Beaufort coastal zone lands that might be impacted by offshore and NPR-A operations with a view to eventual designation of industrial development and historic use zones.

In December, 1976, the Borough decided to initiate an Arctic Coastal Zone Management Program (CZM) as an inter-departmental project of the Mayor's office and the Planning Department. The I.C.C. was viewed as a CZM activity aimed at organizing international CZM cooperation able to deal with the Beaufort Sea as a single ecological system in which all offshore operations would be held to a single set of rules.

In the summer of 1976, it became clear to the Borough that the Arctic Gas pipeline route had strong national political support in both the U.S. and Canada, and the Mackenzie Valley route became an environmental protection and CZM problem.

Borough sensitivity to the fact that pipelines may contribute to environmental problems was heightened by the 1976 Western Arctic caribou herd crisis. Widespread worry about the impact of Trans-Alaska oil pipeline construction upon normal caribou herd migration appeared to have been justified when the State suddenly placed sharp restrictions upon subsistence caribou hunting, citing a sudden reduction in the size of the herd. The Borough responded to the

MEMORANDUM CONTINUED

Our Borough environmental policy recognizes our responsibilities of public stewardship over the national Arctic values of our land. Thus, it is our policy to guard against permanent immigration to the Arctic. We are opposed to the creation of permanent oil field communities, and regard Arctic population growth to be potentially our greatest environmental security problem. Accordingly, we oppose public use of the Fairbanks-Prudhoe oil pipeline haul road, and other such permanent public access to the Arctic.

STRATEGY:

Introduction:

The DCES will use a four-point strategy to carry out the Borough's environmental protection policy; Arctic Coastal Zone Management in cooperation with State, local and Canadian governments; Surface Disturbance Management aimed at the protection of environment and conservation of traditional land use values; Game Management to improve Arctic game management through the use of modern technology and traditional hunting skills; and Arctic Environmental Research Management to lead and organize a sustaining program of national and international scientific research and cooperation able to deal with the Arctic as a whole from our own point of view.

1. Arctic Coastal Zone Management:

Environmental security problems posed by Arctic offshore operations will be handled by the Arctic Coastal Zone Management Program (CZM). International cooperation will be essential to successful Arctic Coastal Zone Management. This cooperation must include strong industrial participation. As a result, our Arctic Coastal Zone Management Program will be operated as an international Arctic regional program.

Because of the international character of environmental security problems posed by Arctic offshore operations, our Arctic Coastal Zone Management Program will be operated as an international program.

As a means to organizing international cooperation necessary to our environmental security, the Borough has organized the First Inuit Circumpolar Conference with the hope that the Inupiat Circumpolar Assembly will be organized as an on-going federation of all regional Inupiat communities in North America. The Inupiat Circumpolar Assembly would negotiate with the governments of Greenland, Canada and the U.S. for agreements necessary for successful Arctic Coast Zone Management, and the protection of international Arctic environmental security.

MEMORANDUM CONTINUED

earn money by using and improving their hunting knowledge and skills upon which our game management will be based.

The decriminalization of Arctic subsistence hunting of migratory birds will be pursued as part of our Game Management Program. We will work to provide for subsistence hunting in the U.S./Canadian Migratory Birds Treaty, just as such provision was made in the recently signed U.S./U.S.S.R. Migratory Birds Treaty.

Through its Game Management Program, the Borough will cooperate with the work of the International Whaling Commission to conserve stocks of our Bowhead Whale, and the other whale species used by our people.

4. Arctic Environmental Research Management:

The DCES will undertake to organize an Arctic Environmental Research Management agenda necessary for the protection of our international Arctic environmental security. Among the objectives of this agenda would be the formulation of:

- a. Minimum criteria for acceptable environmental impact statements.
- b. On-going analysis of environmental safety of Arctic energy industrial technology.
- c. On-going research and surveillance of the developing Law of the Sea of the Arctic.
- d. Game biology and management research.
- e. Organization of international Arctic scientific research programs in which modern scientific method is joined with the memory of Inupiat oral history, the store of empirical knowledge verbally transmitted by the Inupiat from generation to generation.
- f. Development of the "energy park" concept as an option for land classification and management within the Borough. The energy park concept would result in a thorough assessment of subsurface values, and controlled development for the purpose of safe resource extraction, and the ultimate classification of lands as a single Arctic coastal wildlife refuge, and an international environmental security zone.

APPENDIX C

Excerpts From: North Slope Borough Legal Powers and Options on the
Haul Road and Adjacent Federal and State Lands

Prepared for the North Slope Borough
Planning Department
By Conrad Bagne

November 1, 1977

Introduction

The completion of the Trans-Alaska Pipeline and potential opening of the adjacent Haul Road raises many issues. It is unlikely the North Slope Borough can assert its control over the Road to the exclusion of all other interests. At the same time, those other interests may not totally exclude or ignore the concerns of the Borough.

This report discusses a number of options available to the Borough in regulating the Road and development that may occur near to it because of the increased ease of access. In doing so, the jurisdiction of local governments over various types of land--federal, state, village, etc.--is considered. It also highlights a number of decision-making processes involving such lands that should be monitored and participated in. The ability to cooperate and participate with others as they make decisions about how land is to be used may be more important than the power to control such decisions after they have been made.

An aggressive stance by the Borough over use and development of the Haul Road is recommended. Several changes in Borough land use control mechanisms are proposed to enable the Borough to make its presence and desires known, and ultimately to control the decisions being made. Above all, the Borough should not allow its position on the future development of the area to go unheard. Unfortunately, the interest

ments. This is also reflected in the Environmental Quality Improvement Act of 1970, 42 U.S.C. §4371 to 74, which states that the primary responsibility for enhancement of the national environment through control of pollution, water and land resources, transportation, and economic and regional development rests with state and local governments. 42 U.S.C. §4371 (b)(1) and (2). Other federal acts, 16 U.S.C. §1451 to 1464, and executive orders, e.g., E.O. No. 11752, also support this.

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Proprietary Authority

The federal government's authority over its land may be proprietary or legislative in nature. Proprietary authority may be found in the "Property Clause" of the U.S. Constitution, Article 1, section 3, clause 2. Legislative authority may extend from the reservation of authority by the federal government in the admission of a state to the union, or from a cession by a state of authority to the federal government. The federal authority may be controlling over attempts to assert state powers under the Supremacy Clause, Article VI, clause 2, or a state may simply have given away or ceded all its authority to act.

The federal government's power over land it owns extends mostly from the "Property Clause" of the U.S. Constitution; Article IV, Sec. 3, Clause 2 provides:

if the federal government has chosen to exercise its powers and the degree to which local or state regulation might be in conflict....

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Determination of when federal regulations "override" state or local controls involves a balancing of respective actions and a preemption like examination. If the federal interest clearly conflicts with the state action or leaves nothing for the state action to address, the federal law will prevail.

This does not mean that the simple existence of federal regulations will necessarily prevent application of state controls. State regulations that are more stringent may be permitted unless Congress evidenced an intent to the contrary. Analysis of federal exercise of authority to determine if there has been a preemption of legislative authority involves consideration of several factors. Concurrent state action will be allowed where there is no clear Congressional intent to displace state regulations, there is no such implied intent, or compliance with both state and federal requirements is a physical impossibility....

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25 million acres were listed as subject to partial or concurrent legislative authority. See Federal Legislative Jurisdiction, App. B--Jurisdictional Status of Federal Lands, Table 3--By State and Agency (May 1969).

The amended Statehood provision limits "absolute jurisdiction and control" to native lands or lands held by the United States in trust for such natives. 48 U.S.C. prec. §21 note. However, even "absolute" control is not meant to be exclusive, and would not totally prohibit local/state laws from being applied. *Kake Village v. Egan*, 369 U.S. 60, 71 (1962):

[A]n examination of past statutes and decisions makes clear . . . that the words "absolute jurisdiction and control" are not intended to oust the State completely from regulation of Indian "property (including fishing rights)." "Absolute" in §4 carried the gloss of its predecessor statutes, meaning undiminished, not exclusive.

Indian and native lands may be trust lands, tribal or individual (allotments), or fee patent lands owned outright. Fee held lands will be treated as other private properties and is the apparent result in the ANCS Act. The state's jurisdiction over tribal trust lands or individual allotments held in trust by the federal government is more complicated. Public Law 280, 28 U.S.C. §1360(a), provides that for certain states, including Alaska, ". . . those civil laws of such State or Territory that are of general application to private persons or private property shall have the same force and effect within such Indian country as they have elsewhere within the State or Territory."

rights, privileges or obligations, without creating a reservation system . . . and without adding to the categories of property and institutions enjoying special tax privileges or to the legislation establishing special relationships between the United States Government and the State of Alaska." 43 U.S.C. §1601(b). Aside from easements potentially reserved by the Secretary across native lands,* the only general restriction affecting the state is a prohibition on taxation of undeveloped native lands until 1991. However, lands that are leased or developed may be taxed-- "municipal taxes, real property taxes, or local assessments." The tax exemption provision is somewhat ambiguous and may be interpreted in several ways. See Price, et al., "The Tax Exemption of Native Lands Under Section 21(d) of the Alaska Native Claims Settlement Act," 6 UCLA-Alaska Law Review 1 (1976).

As noted previously, the exclusiveness of federal jurisdiction over federal property may be determined by express or implied intent to allow or not allow local laws to be applied. This intent can be found by examining the statutory authority for federal management agencies and the major federal land classifications. Much of the public lands are under the management responsibility of the Department of Interior's

*43 U.S.C. §1616(c) provides that areas withdrawn for utility and transportation corridors across public lands may not be selected by Natives or the state.

Thus the plans prepared for federal lands will address local/state concerns. The extent of the "consistency" with local plans is not well spelled out. It is clear, however, local authority has not been totally preempted. Where there is no overriding federal law or policy, local concerns should be respected. Federal law may become the controlling law, but there is room for negotiation here. Local citizen advisory councils may be established to advise on plans and management decisions, and are to include local elected officials.

43 U.S.C. §1739(a).

The Act is even stronger on following local pollution control regulations. The BLM plans are to:

provide for compliance with applicable pollution control laws, including State and Federal air, water, noise, or other pollution standards or implementation plans. . . . 43 U.S.C. §1712(c)(8).

This provision calls for compliance, without any qualifiers. State/local pollution regulations must be followed. Pollution controls are often difficult to distinguish from other controls implementing a local land use plan. The Act is not very detailed here, perhaps the regulations will address this. The exact nature of local plans to be considered is not spelled out well either. The Act speaks of planning and management programs, as well as plans, so policies and objectives of the Borough may be asserted even though a formal comprehensive plan evidencing the policies may not yet be fully adopted.

With the right to notice and prohibition against conveyances in violation of local regulations, the Borough should be able to stop proposed inconsistent private development proposals. The local Borough regulations might be incorporated into the conveyance itself. This would give the added advantage of having the potential resort to federal enforcement of those conditions. 43 U.S.C. §1733. The Borough could still enforce its regulations and attempt to stop alleged violations....

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The powers of the Borough in the area of land use planning and control are quite typical, with the exception that adoption of controls is made mandatory. The state has delegated a fairly broad range of police powers to local governments. Initially through its planning commission, the Borough Assembly is to adopt land use and zoning regulations including a zoning map. N.S.B. Charter §8.010-.020. The basic document for establishment of land use controls is the community's comprehensive plan. This plan, with its various policies and substantive elements on land use, transportation, etc., sets the framework for making land development decisions and should determine which regulations are to be adopted. Though the plan has no direct regulatory effect, zoning must be adopted in "accordance" with this comprehensive plan. N.S.B. Code §19.04.010. This means the two documents

land necessary for a project, density of development, and design constraints on the height or location on the property of structures may also be included in this zoning provision. The stated uses of a zoning district are typically allowed by right if the stated requirements are met. There is no provision for discretionary review of any proposal; it is a yes or no situation. More detailed conditions and a modicum of discretion are made possible by the conditional use permit procedure.

Conditional use permits are specifically authorized. A.D. §19.33.084(d)(3). Use variances are prohibited. A.S. §29.33.110(c). Conditional use permits are provided for in A.S. §19.33.084(d)(3) and in N.S.B. Code §212.160(c)(3), to be issued by the Planning Commission. The conditional or special use permit technique could be utilized to control development along the Haul Road. A zoning district would be established along the Haul Road in an area where development is desired or is anticipated. This could be up to so many miles on either side of the Road, or mapped in detail on the basis of development potential or known problems along the Road. Once mapped, development could not take place in this zone until certain specified conditions were satisfied. An application for the permit would have to be made by the land owner or developer, and this application would be reviewed by the Borough planning commission, or other authorized decision-maker, to determine if the conditions would be

zoning may "stimulate systematic development of transportation, water, sewer, school, park and other public facilities." A.S. §29.33.090(c)(6). Code language is similar to this latter language. N.S.B. Code §19.04.010. It should be sufficient to provide for timing of development in accordance with the availability of public services. Efforts to develop in certain areas may be denied until public facilities services are constructed or otherwise planned to be made available.

This would allow for establishment of broad districts or sectors within which development might be allowed and areas where it would be discouraged or not allowed. Districts might be established around Barrow and Prudhoe Bay as areas permitting development, with more specific zoning use districts then delineated within the general district. Another district or sector might be established along the Haul Road up to a distance of so many miles. Development could be allowed in this area, but prohibited outside the sector. The area might be further separated into more traditional zoning districts for various types of residential, commercial or industrial uses. The remainder of the Borough outside areas designated as development sectors would not be available for development until general policies on areas suitable for such development were modified.

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Even lands owned by the state that are not being used for construction of public works projects should come under local control unless an overriding state interest might be shown. It may be argued that the statutory enactments are consenting to local control only in the specified situations, and that otherwise state exemption prevails. The assumption that all state actions and lands are exempt unless otherwise provided by statute, however, begs the question. The preferable balancing type of test would seem to have gained legislative approval and be worthy of wider application. A conclusive answer on this is not possible at this time.

There is also a provision to permit local management of state lands--comparable to a cession or retrocession at the federal/state level. A.S. §38.05.027. This would permit the state to agree to local--village or municipality--management or development programs for state resources. This might further enhance local borough management and planning efforts. It might also be combined with federal retrocession of authority to the state, to establish local management programs over federal lands as well.

Finally, before any state lands may be "classified, reclassified, sold, leased or otherwise disposed of, including the renewal of a lease entered into after September 22, 1976," notice must be given to all municipalities within six miles of the property. A municipality--through its governing body, executive officer or planning agency--may request that the state consult with it. The state's legal responsibility does

The ownership patterns along the road may also influence the Borough's ability to exercise control over roads being constructed to tie into the Haul Road. As discussed previously, the Borough may assert jurisdiction over all lands within its boundaries, though some controls might be found to be preempted if contrary federal regulations were asserted. The Haul Road lies within an utility corridor over federal lands. Policies on this corridor and classification under 17d(2) of ANCSA may affect options here. The Borough should attempt to control all roadways that access onto the Haul Road, under joint agreement with the state and as an exercise of its own police powers.

LIST OF PERSONS CONTACTED

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Barrow

NORTH SLOPE BOROUGH

Jake Adams, presiding officer, borough assembly, February 9, 1978.
Lloyd Ahvakana, director, administration and finance, October 14, 1977.
Nelson Ahvakana, member, borough assembly, December 13, 1977.
Joe Akpik, member, borough assembly, October 13, 1977.
George Amaogak, borough assessor, October 12, 1977.
Herb Bartel, planning director, December 13, 1977.
Arnold Brower, Sr., member, borough assembly, December 15, 1977.
Eugene Brower, deputy director, public works, October 11, 1977.
Kavasji Dadachanji, deputy director, administration and finance, acting comptroller, December 14, 1977.
Earl Finkler, planning consultant, October 13, 1977; February 6, 1978.
Eben Hopson, mayor, December 14, 1977.
Edward Hopson, member, borough assembly, October 13, 1977.
Oliver Leavitt, former member, borough assembly, December 14, 1977.
Kim Moeller, director, public safety, October 12, 1977.
Billy Neakok, director, conservation and environmental security, December 13, 1977.
Elise Patkotak, director, health and social services, February 7, 1978.
Don Renfroe, superintendent, school district, February 7, 1978.
Alice Solomon, member, borough assembly, December 15, 1977.
Harry Stotts, director, public works, October 11, 1977.

Dave McGillivray, Corps of Engineers, environmental division, January 19, 1978.

Jim Reeves, state attorney general's office, April 14, 1978.

Mark Singletary, regional attorney, Atlantic Richfield Company, February 10, 1978.

Don Slone, construction management consultant, North Slope Borough, January 25, 1978.

Lonnie Smith, state Division of Oil and Gas Conservation, April 14, 1978.

Tom Smythe, borough planning consultant, February 15, 1978.

Mark Stephens, Department of Community and Regional Affairs, February 14, 1978.

Glenn Svendsen, Darbyshire and Associates, January 9, 1978.

Robert Worl, borough liaison to NPRA planning team, January 23, 1978; February 19, 1978.

Fairbanks

Paul Bateman, Department of Environmental Conservation, February 10, 1978.

Gerald Black, area field representative, Bureau of Indian Affairs, February 7, 1978.

Liz Cook, Alaska Department of Labor, February 10, 1978.

Bill Copeland, Fairbanks director, Alaska Division of Lands, February 6, 1978.

Scott Grundy, habitat protection, Department of Fish and Game, February 3, 1978.

Chris Guinn, land management officer, Alaska Division of Lands, February 10, 1978.

Frank Madison, Bureau of Indian Affairs, February 8, 1978.

Bill Morgan, Department of Environmental Conservation, February 10, 1978.

Fenton Rexford, former member, North Slope Borough assembly, January 12, 1978.

John Santora, Fairbanks coordinator, BLM-NPRA, February 8, 1978.

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Because of the nature of the sources used to document this report, the "References Cited" section differs from the standard bibliographic style of the BLM-OCS report series. In this report, the "References Cited" is divided into sections by organizational source (federal, state, borough, private) and type of document (letters and memos, reports, others) with individual items listed chronologically within the sections. This structure allows the reader to find: 1) kinds of sources used; 2) full information on individual citations; 3) chronological samplings of correspondence, reports, and other documents the North Slope Borough, the federal and state governments, and private organizations have issued concerning petroleum and related developments in the borough since its incorporation.

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Letter from Mayor Eben Hopson to Governor Jay Hammond. March 7, 1976.

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