

# A Question of Trust

The participation of four regional Native corporations in the Beaufort Sea oil and gas sale Dec. 11 raises some grave concerns about future relationships between the regional corporations and Native villages. Beaufort Sea oil activity has been bitterly opposed by villages of the Arctic Slope region. The villages have few allies in their fight against what is perceived as a serious threat to their environment and lifestyle. The Arctic Slope Regional Corporation, which did not bid on leases offered, nonetheless went officially on record as endorsing the sale.

Powerful forces have worked in concert to push ahead in rapidly developing Beaufort petroleum reserves. The Federal government, the State of Alaska, and the petroleum industry cooperated, and perhaps even conspired, to bring off the sale as rapidly as possible. Nearly all interests, except those of the villages and the North Slope Borough, gave in to the temptation of a big Beaufort oil pay-off. Four regional corporations — Cook Inlet Region, Inc., Koniag, Inc., NANA, and Sealaska — succumbed to the lure of an "attractive return on their investment." It does appear that these regions could make a killing on the Beaufort, and pass along their profits to their shareholders, villagers included. But it might be a costly decision.

The villagers believe that the technology does not exist to safely develop the Beaufort oil reserves without endangering the ecology of the area. After observing the failure of government and private spill response teams to contain and remove a relatively minor fuel spill at the Pribilof Islands in the Bering Sea last month, we think the villagers might have a point about technology lacking for the Beaufort Sea projects.

Despite furious activity to halt the sale in the courts, the event came off on schedule in Fairbanks. It is true that the leases present an attractive investment opportunity. And it is true that other interests would own the regions' shares of those leases, had they chosen not to participate. The danger of regional corporation involvement in the lease sale is that the faith and trust of some villages in the regional entities may have been struck down a notch or more because those regions chose to become partners with the oil industry over Native village opposition.

A disturbing precedent is indicated. ASRC didn't bid on the Beaufort leases, but four other regions did. What is now to prevent some regions with becoming involved in types of development in other regions over the opposition of villages? NANA, for example, has chosen not to participate in mining operations within its region because its villages were opposed to such development. But NANA now owns a piece of several Beaufort leases. It is then permissible for ASRC to participate in mining projects on Federal or State lands in the NANA Region? Will regions make trade-off agreements in the future to allow profitable, but locally-unpopular, types of economic and resource development to take place?

Regional corporation balance sheets for the four regions will likely appear healthier for this decision. Even so, the price paid for it might be higher than anything imagined by their management.