

Hopson testifies at NPR-4 hearings . . .

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needs. I remained personally neutral on the question of the transfer of NPR-4 to the Department of the Interior until I visited Washington, D.C. in November of last year. While there, I decided to support transfer to the Department of Interior. I've included a memorandum from Tom Smythe in the material that I've given you, Mr. Chairman, that deals with the economic reasons for my decision to abandon my neutral stance in favor of NPR-4 transfer to Interior, and I would appreciate your including Mr. Smythe's memo in your hearing transcript, also.

Over the past year we have been organizing to brace our community to manage the impact expected from NPR-4 exploration and development. We have secured the help and assistance of the Office of Economic Adjustment, Department of Defense, and of the Northwest Federal Regional Council, which has voted to add our NPR-4 impact management program to its own agenda.

Our work in this area will be substantially helped by Section 107 of H.R. 49, and we are working to help implement this section as soon as possible. I have been told that this appropriation authorization is a fairly rare accommodation, but it is one for which we worked hard in Washington, D.C. We will be able to use this authorization to secure the funds we will need to bring our community facilities up to the point that we can begin to prepare for the impact of NPR-4 development.

Mr. Chairman, it is our position that we can't begin to

talk about effective management of these impacts until we have caught up with the serious neglect that can be seen throughout our community. I have included in our material for you a copy of my letter to Mr. Kelly, chairman of the Northwest Federal Regional Council, in which I have prioritized 10 immediate problems that need attention now before we can ever think about handling NPR-4 development impact effectively. I would appreciate your including this letter in your printed transcript.

Today I would like to raise a few points that I have asked our planning director to elaborate upon in his presentation. These points deal with the role and requirements of our borough in the regulation of orderly NPR-4 development.

Our borough is less than four years old and we have not yet been able to enact specific regulatory ordinances respecting oil and gas development within our borough. These ordinances will constitute important policy for our borough government, and we are taking our time to do a good job. However, I can say now that we will expect these ordinances to be honored by the department and its leases and contractors operating within NPR-4. We know that the reserve is a federal enclave, but we don't want relations between our borough and federal governments to deteriorate to the point that any claim is made for exemption from our regulatory requirements based upon grounds of federal supremacy. We expect the Department of Interior and its NPR-4 leases and operators to be responsible

law-abiding citizens of our borough.

For example, our borough will expect all NPR-4 exploration and development to respect our borough's traditional land use plan under development by our Planning Commission. We will have a permit system that will enable us to track and monitor all phases of development to assure proper social and environmental and industrial safeguards. We will be drafting a resource extraction plan to insure the economic stability of the borough over the long term. We know that oil and gas extraction elsewhere has been a boom and bust proposition, and we want to avoid this kind of thing here in our borough. We will expect the Department of Interior to build our resource extraction plan into its over-all NPR-4 plan.

Our borough will be developing a local energy resource access plan that will be designed to maximize local community access to natural gas, and to coal. The problem of local access to energy fuel has been quite a problem in the past, and we don't want to have any problems in the future. Although NPR-4 was created in 1923, exploration didn't begin until 1944, and the government began heating its facilities in Barrow with gas in 1949. But our people of Barrow were denied access to natural gas to heat their homes until 1963. Those of us who experienced the bitter frustrations of the 14-year struggle to use the natural gas from the land that was taken from us are especially committed to doing whatever we have to do

to insure that this does not happen again to our children and grandchildren. Moreover, we want access to energy fuel at prices we can afford to pay. We don't want the government to try to build in its own exploration costs into the rate base for our tariff and natural gas as the Navy has insisted upon doing. We don't want anyone to argue that we should pay the constantly rising market price for natural gas. We are going to be making many sacrifices because of the urgent need for oil and gas from NPR-4, and we feel that we should enjoy access to energy fuel on special terms that take into proper account the toll that NPR-4 development will take upon our cultural values and traditions, and our lifestyle.

We would like Interior's exploration to be organized in such a way as to provide natural gas to Nuiqsut, Wainwright and Atkasook as soon as possible. We want a new production well for Barrow. We are aware that in the course of exploration there will be discovered gas pockets of non-commercial size, but large enough to supply our villages for quite some time. We will want to identify enough of these low-yield pockets to insure access to gas for our people well into the future. For our part, we plan to conserve natural gas for home heating by developing our coal reserves for electrical generation. Our capital improvements program planners are planning conversion to coal-fired steam turbine electrical generation in Wainwright, Barrow and our new community of Atkasook, now under development. This will conserve our natural gas supplies, and develop efficient access and use of the extensive coal deposits within NPR-4.

Coal . . . today America needs our oil and gas. Tomorrow she will need our coal. We have visions of extensive environmental degradation necessary for commercial exploitation of our coal. We have been told that we may have as much as one-third of all of America's coal reserves within NPR-4. I'm hoping that we will be able to join early on with the Department of Interior to begin working on the problems of coal extraction in the Arctic, and that those studying NPR-4 impact upon our environment will pay special attention to this problem.

Now, Mr. Chairman, I would like to touch upon our interest in working to insure that our people benefit from economic opportunities associated with NPR-4 exploration and development. We are aware of the leadership being provided in Alaska by the Department of Interior in the area of affirmative action to provide economic opportunities to minority group workers and businesses. We are looking into ways with which the borough can begin now to coordinate and stimulate affirmative action to fully involve our regional and village corporations in NPR-4 oil field operations at all levels, including drilling and all support operations, and pipeline construction and management.

We have already begun in this direction at Prudhoe Bay in the development of our Deadhorse utility system. In cooperation with NANA Environmental Systems, Inc., we are developing a full-service Arctic oil field utility program as a valuable revenue-generating part of our municipal public utility system. In cooperation with NANA Security Services, Inc., we are developing an areawide public safety program plan which will

include municipal provision of revenue-generating oil field security and emergency services.

Our borough health department is including in its plans the development of a municipal revenue-generating oil field industrial safety, medical care and emergency services program.

Our extensive CIP has meant full employment in Barrow and in some of our outlying villages. While some of our people will want to work at least part of the time on NPR-4 oil field operations, we feel that this development will create more jobs that our local people can fill. Our borough will take affirmative action to insure that Native people from other regions, including those in Canada, have full opportunity for employment here, and I would expect that other Native regional corporations will participate in NPR-4 operations, following the lead of NANA in Kotzebue.

As a matter of fact, I would advise all of those firms desiring to operate within NPR-4 to try to establish joint ventures or other local participation programs. Our borough will use its strength to insure that our own people and our own business participate in NPR-4 operations to the maximum degree.

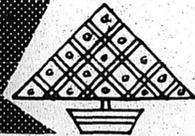
So, Mr. Chairman, as you can see, we have been preparing ourselves to make the best of an unhappy situation here.

I would like to finish my remarks by observing that NPR-4 will become a major oil and gas industrial laboratory in which the Department of Interior, because of the degree of control it can maintain, can distinguish itself by establishing a new and more enlightened policy toward public resource development of Native lands. The history of the Department of Interior and the BIA in this regard has been unhappy. But in our case, BIA stewardship has been replaced by home rule government, and we have the resources to insure that NPR-4 is explored and developed carefully, safely and properly. We want everything done by the book, and where the book needs changing I think that we can see to it that changes are made. We are going to be looking very carefully. I'm told, for instance, that Commander Wood has begun to issue surgical masks and gloves to those visiting Lonely where his wells are being drilled, so careful is he being to enable the Navy to demonstrate to the Department of Interior how Arctic oil and gas development should happen. It is good that he is being careful. Many eyes are upon us here.

We have here in NPR-4 an opportunity to fashion a new chapter to the Native Land Claims movement, a movement that has become interwoven with the entire question of energy resource development all across the Arctic. What we Eskimos do here in NPR-4 will influence the social, political and economic well-being of all of our people in Alaska, Canada, Greenland and, perhaps, even in Siberia. The North Slope Borough is the first home rule government in the Arctic. But we Eskimos of the Arctic are all one people, as was so clearly evident here in this building two weeks ago today. We must insure that we use our home rule powers wisely to guide us safely through this era of rapid Arctic resource development. We have endured all things well, and we will endure this, also. With decent federal regard for us as a people — all good citizens — we will come through safely and intact.

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