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Fax Number: (907) 258-4811

FAX TRANSMITTAL

DATE: Oct. 30, 1992

FROM: **NWF ALASKA NATURAL RESOURCES CENTER, ANCHORAGE, AK**
Ann Rothe

DELIVER TO (NAME/LOCATION/FAX NUMBER):
Pam McElivee (202) 228-2611

SUBJECT: Alaska wetlands

MESSAGE: Per our phone conversation, inc. in this transmission is info. on the economic values of Ak. wetlands. Call if you'd like more info. or have questions. We'll have Tony call you about the quotes as soon as he gets back.

TOTAL NUMBER OF PAGES, INCLUDING TRANSMITTAL SHEET: #3

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HARVESTING THE WEALTH OF ALASKA'S WETLANDS

In the course of shaping the state's economy, no complex of natural systems has had a greater influence than Alaska's wetlands. Alaska's wetlands sustain some of the world's richest commercial and sport fisheries. Two hundred of the two hundred and nine remote villages in Alaska are located in or near wetlands ecosystems because the maintenance of customary and traditional lifestyles is dependent upon fish and wildlife resources sustained by wetlands. The tourism and wilderness recreation industries are dependent in large part on maintenance of wetlands which sustain the wildlife resources that help support these industries.

ALASKA FISHERIES

For Alaskans, fish are one the most important resources produced by the state's wetlands ecosystems. Freshwater wetlands provide essential spawning, feeding, rearing and over-wintering habitat for all five species of Pacific salmon found in Alaska as well as trout, whitefish, grayling and pike. Wetlands provide a valuable source of inland and marine detritus to coastal estuaries, supporting shrimp, crab and other shellfish as well as a number of commercially important marine fish species. Wetlands are essential for maintaining water quality in salmon spawning streams and rivers and in nearshore spawning and rearing areas for marine fish and shellfish.

** The gross revenues from harvest of salmon in Alaska exceed $500 million annually (ex-vessel). Gross revenues to processors exceed $1 billion annually. The salmon harvest involves nearly 17,000 licensed vessels, over 500 processors and buyers, and more than 70,000 jobs.

** The seafood industry is the largest private industry employer in Alaska, accounting for more than one quarter of all the personal income generated by private industry in Alaska.

** As a result of the economic activity generated by the harvesting, processing and marketing of fish, every major region of the state is directly or indirectly affected by the health of the commercial fishing industry.

** The magnitude of Alaska's commercial fisheries harvest is so great it affects prices and markets all over the world, as well as employment on the West Coast.

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** Sport fishing in Alaska sustains a significant service industry. Anglers pay for tackle, boats, moorage, transportation, lodging, food and beverages, guiding, and other fishing-related goods. Collectively, sport anglers' annual expenditures in Alaska result in gross business revenues of approximately $350 million, 5,000 full-time jobs, and $115 million in personal income.

** Gross revenues, jobs and personal income generated outside Alaska by sport fishing in the state equal or exceed those generated within the state due to importation of goods and payment for goods and services occurring outside the state.

****

** Subsistence harvest of fish and wildlife is an essential component of the economic system in rural Alaska, producing food for local consumption and distribution. However, it is a difficult part of the state's economy to measure in dollars because the food is produced and consumed without passing through commercial markets. Nonetheless, subsistence is essential to the state's rural areas where approximately 20% of the Alaskan population lives--over 110,000 people.

** Almost two-thirds of the annual subsistence harvest is composed of fish and shellfish. Subsistence fishing supplies over 20 million pounds of food annually to rural areas in Alaska.

** Fish provide a major part of the diet of rural Alaskans. In comparison to the average American who consumes about 13 pounds of fish per year, the average rural Alaskan consumes about 230 pounds of fish per year.

ALASKA WILDLIFE

Many of Alaska's wildlife species, including moose, brown bear, caribou, beaver, mink and otter, are dependent upon Alaska's wetlands during some or all of their life cycle. These wildlife resources sustain a significant segment of the state's economy.

** Like sport fishing, hunting in Alaska supports a broad-based service industry. Hunters pay for guns, ammunition and other equipment, transportation, lodging, food and beverages, guides and guiding services, meat processing and other related goods and services. Hunter expenditures contribute $82 million annually in gross revenues to Alaska businesses.

** Gross revenues, jobs and personal income generated outside Alaska by hunting activities in the state equal or exceed those generated within the state due to importation of goods and payment for goods and services occurring outside the state (e.g., airfare).

****

** Conservative estimates of the nonconsumptive values of Alaska's wildlife include over one fourth of the $400 million spent annually by tourists in the state. Aesthetically and biologically, wetlands generate a large portion of this revenue.

****

** Alaska's wildlife comprise a significant component of the subsistence economies of the state's rural villages. Of the estimated 35-45 million pounds of food harvested annually by subsistence users, approximately 18 percent is land mammals (primarily wetlands-dependent species such as moose and beaver) and nearly 8 percent includes waterfowl and wild plants. The remainder of the harvest includes fish, shellfish and marine mammals.

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ALASKA WETLANDS:
WATERFOWL FOR A CONTINENT

Alaska wetlands provide essential nesting, rearing, molting and staging habitat for millons of waterfowl and other waterbirds that migrate to wintering areas all across the North American continent and beyond.

** Thirty seven species of waterfowl nest in Alaska wetlands, including 13 populations of geese and 30 populations of ducks. Alaska wetlands provide primary breeding habitat for 6 of the world's 11 subspecies of Canada geese.

** Alaska wetlands provide a fall flight of 80,000 swans, 750,000 geese and 10 million ducks to all four flyways, Canada, Mexico, the Russian Commonwealth nations, and Japan.

** Alaska wetlands provide staging habitat for an additional 2 million ducks and 300,000 geese passing through from Siberia and arctic Canada to southern wintering areas.

** Alaska wetlands support 30% of the continent's populations of northern pintails, 24% of American widgeons, 19% of scaup, 18% of canvasback, 13% of green-winged teal, 12% of shovelers and 4% of mallards. During drought years in the prairie states and provinces, Alaska wetlands may support more than half of all pintails, a third of all widgeons and a fourth of all canvasbacks.

** Alaska wetlands provide breeding grounds for 80% of the world's trumpeter swan population and over 50% of all tundra swans.

** Seventeen percent of all geese and eleven percent of all ducks harvested in North America are hatched and reared in Alaska wetlands.

** Ninety six percent of all seabirds found in U.S. waters--some 50 million birds--breed in Alaska. Most of these depend directly or indirectly on wetlands for feeding, nesting and staging habitat.

** Alaska wetlands provide essential habitat for millions of the continent's shorebirds. Over twenty million shorebirds use the Copper River Delta alone as a critical migratory stopover along the Pacific Flyway enroute to nesting areas in arctic tundra wetlands.

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1400 Sixteenth Street, N.W., Washington, D.C. 20036-2266 (202) 797-6800

ALASKA DOES NOT NEED AN EXEMPTION FROM

THE CLEAN WATER ACT

The Administration argues that Alaska needs to be exempt from the Clean Water Act because such a high proportion of the state is wetland and therefore development cannot occur. But the facts prove otherwise:

* Of the 3,997 individual permit applications processed by the Corps between 1/1/72 and 10/15/92, only 108 (2.7%) were denied.

* If one assumes that in Alaska, as in the rest of the country, 70% of fill activities are actually authorized by general permit rather than individual permit, then the number of discharges prohibited by the Corps was only .8%.

* Of the 3,017 individual permits authorized by the Corps between 1/1/72 and 10/15/92, only 15 (.5%) were conditioned on compensatory mitigation.

* The Corps has not kept records on how many of the denials occurred because there were practicable alternatives to a proposed discharge or because of the difficulty involved in compensating for adverse impacts to the aquatic ecosystem.

The bottom line is that the § 404 program has not been an unreasonable impediment to development in Alaska. By almost any standards, EPA's guidelines are already extraordinarily flexible. The proposal to exempt Alaska from the mitigation sequencing provisions is driven by politics, not by the administrative record.

For more information, contact: Tony Turrini (907)258-4800
Linda Winter (202)797-6881

NATIONAL WILDLIFE FEDERATION
NEWS
PUBLIC AFFAIRS DEPARTMENT, 1400 16th Street, NW, Washington, DC 20036-2266 (202) 797-6850

For Immediate Release
Friday, October 30, 1992

Contact:
Lynn Bowersox, 202-797-6853
Linda Winter, 202-797-6881
Tony Turrini, Alaska, 907-258-4800

MILLIONS OF ALASKA'S WETLAND ACRES OPENED FOR DEVELOPMENT

WASHINGTON, D.C. -- Over 170 million acres of Alaska wetlands, providing priceless environmental and economic benefits, would be jeopardized under a new proposal issued today by the U.S. Environmental Protection Agency (EPA), according to the National Wildlife Federation (NWF).

EPA's plan would revise the Clean Water Act's section 404 (b) (1) guidelines, the provision that regulates the filling of wetlands, allowing oil interests and developers in Alaska to ignore reasonable alternatives to wetlands destruction and avoid the usual requirement that environmental injury be compensated by wetlands restoration.

"This is an obvious accommodation to the oil industry," said NWF President Jay D. Hair. "Removing this protection for Alaska's wetlands will spark unbridled oil and urban development. No wetland ecosystem will be safe. We adamantly oppose this proposal."

While Alaska is home to an estimated 70 percent of the nation's remaining wetlands, 345,000 acres are coastal wetlands that are vulnerable to urban development. These fragile ecosystems provide critical feeding and rearing habitat for five species of Pacific salmon and other wildlife species.

-more-

Alaska's wetlands produce millions of migratory shorebirds and waterfowl, including several species that nest no place else in the world. Many populations of wildlife in the lower 48 states actually depend on wetlands habitat in Alaska. Healthy wetlands are also important to the state's commercial fisheries, as well as the subsistence-based economy of many Alaska Native villages. They also provide a priceless benefit to property owners by controlling floods.

"EPA is seeking public comment on this wetlands destruction proposal," Hair said. "The only reasonable comment is, DON'T DO IT! These wetlands must be saved before it's too late."

EPA states that the revision reflects the relatively low rate of wetlands loss in Alaska and is consistent with the Administration's August 9, 1991, Wetlands Protection Plan. That plan proposed to lessen protection for Alaska wetlands in order to add flexibility to the regulatory process.

The National Wildlife Federation is the nation's largest conservation organization. Founded in 1936, the Federation, its 5.3 million members and supporters, and 51 affiliated organizations, work to educate individuals and organizations to conserve natural resources, to protect the environment, and to build a globally sustainable future.

-30-

Arco Oil Find in Beaufort Sea Is Likely To Renew Debate Over Wildlife Refuge

By Frederick Rose
Staff Reporter of The Wall Street Journal

LOS ANGELES—**Atlantic Richfield** Co. announced an apparent major oil discovery in the icy Beaufort Sea, immediately offshore from the Arctic National Wildlife Refuge that has been a focus of bitter environmental debate.

The oil company in Los Angeles said its Kuvlum 1 exploratory well flowed 3,400 barrels of oil a day in tests, adding that the company and its partners are planning further drilling to delineate what is hoped to be a commercial find.

The discovery of oil in a vast 35,000-acre area in federally controlled waters north of Alaska is almost certain to revitalize industry and state efforts to open the now-protected national wildlife refuge to exploratory drilling. In recent bitter battles that shaped new omnibus energy legislation that President Bush is expected to sign soon, Congress turned aside pressure to open up the refuge area.

Analysts, though cautioning that further data is necessary, said Arco's find may be an important geological breakthrough. "We're talking about a pretty high-quality discovery here," said James F. Clark, an analyst at First Boston.

Arco, usually quiet about such things, was openly enthusiastic about the results at Kuvlum 1. "There's a lot of optimism around here," said a company spokesman in Los Angeles.

Supporters of drilling in the national wildlife refuge were quick to welcome the discovery. "This is great news," said Alaska Gov. Walter J. Hickel. Gov. Hickel added that he would pursue efforts to gain congressional approval for drilling in the wildlife refuge.

Environmentalists, for their part, argued that discovery of oil under the ocean didn't necessarily mean the presence of large reserves in the wildlife refuge.

The possibility of geological links or similarities between structures outside the refuge and still-mysterious structures inside remains a matter of debate even among petroleum experts, said Allen E. Smith, Alaska director of the Wilderness Society. Even so, "this kind of discovery just feeds into the rumor mill," said David van den Berg, Arctic Issues director of the Northern Alaska Environmental Center.

Arco's exploratory well is 16 miles from the coast of the Arctic National Wildlife Refuge and about 60 miles from Prudhoe Bay, the nation's largest oil field. The company said the well's test flow of 3,400 barrels a day was accompanied by wellhead pressure of 300 pounds per square inch. A little over two million cubic feet of natural gas accompanied the oil flow.

The oil produced was an unusually high grade for Alaska, rated at an average of 34 API, a scale of viscosity for crude oil. The well was drilled to a total depth of about 8,500 feet below the ocean bottom from a site in about 110 feet of water. No other details were disclosed.

James M. Davis, senior vice president exploration and land for Arco Alaska Inc., said in an interview the Kuvlum site will have to contain at least one billion barrels of recoverable crude oil reserves to be developed economically. However, he added, "we believe that potential may be demonstrated in this well; certainly it merits further delineation."

Mr. Davis said that delineation drilling must wait until next summer, when Arco and its partners are considering drilling two wells that will "step out" from the discovery site.

Such a plan in itself indicates strong interest, analysts said. The Kuvlum well cost about $45 million to drill and is one of a very few wells drilled in the Alaskan Arctic in recent years. By doubling up on delineation drilling, Arco likely hopes not only to save time but money, analysts said.

But, in even the most favorable scenario, production from the Kuvlum site, if it's economic, won't likely occur until about the year 2000, said Eugene Nowak, an analyst at Dean Witter Reynolds Inc.

Arco holds a 50.4% stake in the Kuvlum well and is the operator. Other holders include **Union Texas Petroleum** Inc.'s Alaska unit, 20%; **Phillips Petroleum** Co., 12.6%; **Total Compagnie Francaise des Petroles**' Total Minatome Corp. subsidiary, 12.5%; **Murphy Oil**'s Murphy Oil USA Inc.

Please Turn to Page A5, Column 1

First Fidelity

Anthony Terracciano, chairman of

Stempel Is Expected To Return to Work At GM Tomorrow

* * *

But Brief Hospital Stay Adds To Questions on His Tenure And Authority as Chairman

By Joseph B. White
Staff Reporter of The Wall Street Journal

DETROIT—Robert C. Stempel, 59-year-old chairman of **General Motors** Corp., expects to return to work tomorrow, his health intact but his tenure and authority under increasing question.

And Mr. Stempel, a man who simply hates to hurt people, faces a slew of unpleasant tasks.

GM said yesterday that its chief expects to fly back to Detroit today from Washington, where he was hospitalized Tuesday afternoon for "elevated blood pressure." That is often a symptom of excessive stress, a condition that Mr. Stempel should know plenty about.

Robert C. Stempel

GM has been in a "kamikaze dive," as Mr. Stempel himself once described it, ever since he took the helm two years ago. And the company's crisis is forcing Mr. Stempel to act against his

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CRS Issue Brief

Arctic Resources: Over a Barrel?

Updated April 24, 1992
(Archived)

by
M. Lynne Corn and Claudia Copeland
Environment and Natural Resources Policy Division

Pamela Baldwin
American Law Division

CONTENTS

Arctic Resources: Over a Barrel?

SUMMARY

On Nov. 1, 1991, the Senate rejected an attempt to consider S. 1220, a bill which contains a title that would open the Arctic National Wildlife Refuge (ANWR) to development. The Senate sponsor of that bill stated that he now sees ANWR development legislation as unlikely for the remainder of the 102d Congress. However, during later Senate consideration of S. 2166, a bill similar to S. 1220 but lacking certain controversial features -- including the ANWR title, an amendment to open the Refuge to energy development was debated, but was not actually offered. Because of the November Senate vote, it seems unlikely that the House will take up ANWR legislation.

ANWR is an area rich in fauna, flora, and oil potential. Current law forbids energy leasing. Development proponents argue that any ANWR oil would help to insulate our energy markets from the recurring crises of the Middle East, and could be developed safely. Opponents argue that ANWR's balanced ecosystem is more valuable intact, provides no lasting energy security, can be replaced by a variety of cost-effective alternatives, and should be legally designated as wilderness, or at least remain as an area in which energy development is forbidden. The Bush Administration supports ANWR development. In January 1991, the Department of the Interior increased its estimate of "the marginal probability of economic success (i.e., the potential for oil recovery)" from 19% (a high figure by industry standards) to 46%.

Efforts in the 100th and 101st Congresses to allow development of the coastal plain of the ANWR in northeastern Alaska terminated with the *Exxon Valdez* oil spill. However, the crisis in the Persian Gulf gave a major boost to development proponents, though the failure of the market to sustain the higher prices of late 1990 has diminished their arguments somewhat. In addition, President Bush made increased drilling in frontier areas, including ANWR, a centerpiece of his proposed national energy policy. Proponents argue that, while an ANWR discovery would not eliminate dependence on foreign oil, it could alleviate the problem to some degree. As before, the current legislative options include designating the area as wilderness, thereby ending the potential for development. Congress could also allow exploration, with or without development, to proceed. Another option is to take no action. This choice, the one made by the last two Congresses, also prevents development, since the relevant statute requires congressional action for oil development to occur.

Many complex and difficult issues would be involved with a decision to proceed. Though seismic studies and drilling outside the ANWR coastal plain strongly suggest there is or was a significant quantity of oil, whether and how exploratory drilling might proceed, who would pay the costs, and how the leasing options would be awarded are some of the many questions involved. How would the small Native population (around 200 people) living on the Refuge fare, and how would Native groups dependent on caribou calving in the area be affected? What environmental protection measures would be appropriate, and how would change of habitat affect the great wealth of plant and animal populations? Assuming there are development revenues from bonuses, rents, and royalties, how would these monies be divided among the Federal Government, the State of Alaska, and others?

ISSUE DEFINITION

The coastal plain of the Arctic National Wildlife Refuge (ANWR) is currently the most promising U.S. onshore oil and gas prospect. It could even contain as much oil as the giant field at Prudhoe Bay, which is on State land west of ANWR. On the other hand, the Refuge is home to a spectacular variety of plants and animals in a nearly undisturbed state. The conflict between oil potential and pristine nature creates a dilemma: should Congress open the area for oil and gas development or should the area's ecosystem be given permanent protection? What factors should determine whether to open the area? If the area is opened, how can damage be minimized? To what extent should Congress involve itself in the management of the area (if it is developed) and to what extent should Federal agencies be left to manage the area under existing law?

BACKGROUND AND ANALYSIS

History and Congressional Actions

Much of what is now the Arctic National Wildlife Refuge was set aside in December 1960 by Public Land Order 2214. Section 1003 of the Alaska National Interest Lands Conservation Act (ANILCA, P.L. 96-487) of 1980 prohibited oil and gas development in the 19-million-acre Arctic National Wildlife Refuge (ANWR) unless authorized by Congress. Under Section 1002 of ANILCA, Congress required the Department of the Interior (DOI) to report on the plant and animal resources and the oil and gas potential in 1.5 million acres of the coastal plain of ANWR, now generally called the "1002 area." This report, the Final Legislative Environmental Impact Statement (FLEIS), was submitted to Congress in April 1987. DOI described leasing alternatives and recommended that the area be fully leased. (For a history of the FLEIS, see CRS Archived Issue Brief 87026.)

In the 100th Congress, four Committees held extensive hearings on ANWR development: House Merchant Marine and Fisheries, House Interior and Insular Affairs, Senate Energy and Natural Resources, and Senate Environment and Public Works. The hearings emphasized the FLEIS, the environmental effects of oil development in ANWR or at Prudhoe Bay, assessments of the need for additional sources of oil, the biological resources of the coastal plain, and a proposed exchange of lands with Native corporations. (For a description of the bills considered in the 100th Congress, see CRS Archived Issue Brief 87228; and CRS Report 88-380 ENR.)

In the 101st Congress, several ANWR bills were introduced, but none received floor consideration. (See CRS Archived Issue Brief 89058 for information on the 101st Congress.) On Mar. 24, 1989, the *Exxon Valdez* ran aground in Prince William Sound near Valdez, Alaska, the site of the southern terminus of the TransAlaska Pipeline System (TAPS). As a result, no action was taken on ANWR development bills in the 101st Congress. Congress passed oil spill legislation in the aftermath of the *Exxon Valdez* spill. (See CRS Archived Issue Brief 89082, and CRS Report 89-266 ENR.) In addition, in response to the Persian Gulf crisis, Senator Murkowski amended the Senate version (S. 2884) of the Defense Authorization (P.L. 101-510) to allow much more ready

access under certain circumstances for energy development in ANWR and on other Federal lands (except national parks). This amendment was dropped in conference. (See CRS Issue Brief 90116 regarding oil and the Persian Gulf crisis.) Hearings have begun in four congressional committees in the 102d Congress. (For a full list of congressional actions on ANWR since the 99th Congress, see CRS Report 91-325.)

In the 102d Congress, the Senate Energy and Natural Resources Committee reported S. 1220 (in lieu of S. 341), which contains a title that would open the 1002 area to development. An amendment to strike the title was defeated in Committee by a vote of 8 to 11. On Nov. 1, 1991, after several days of debate on a motion to proceed to consideration of the bill, a cloture vote occurred on a filibuster organized by various opponents of the bill (including especially those opposed to ANWR development). The cloture motion failed, 50-44. (Sixty votes were needed to invoke cloture.) Senator Johnston, the sponsor of S. 1220, stated that he believed that ANWR legislation was dead for the 102nd Congress. When S. 2166 (a bill sponsored by Senator Johnston similar to S. 1220 but lacking titles containing car fuel economy standards and ANWR development) was brought to the floor of the Senate, Senator Murkowski announced that he would not offer an amendment to include the ANWR title which had been included in S. 1220, since it would likely have been tabled. Most observers do not expect an ANWR bill to be considered by the House during the 102d Congress.

Legislative Choices

Congress has three basic choices for ANWR legislation. One option is designating the area as wilderness, thereby preventing energy development. This choice, like the failure to find oil, would add to pressures for alternative energy supplies and strategies. Supporters of this option argue that the entire, balanced ecosystem is most valuable in the aggregate and worth preserving intact. (See H.J.Res. 239, H.R. 39, and S. 39.)

A second option is passing legislation permitting energy leasing in the 1002 area. Supporters of development argue that the ANWR area is the best U.S. onshore prospect remaining and that its development is necessary for long-term national security and for improving the balance of trade. They also argue that effects on animals, especially caribou, would not be serious, but concede that wilderness values would be lost. Many observers feel that no ANWR development bill can pass unless it is linked to a broader energy policy which encourages conservation and alternative energy sources. If the development option is chosen, Congress could also decide the pace and conditions for any oil development. (See S. 109, S. 341, S. 570, S. 1220, H.R. 759, H.R. 1301, and H.R. 1320.)

The third option, and the one actually chosen by the previous two Congresses (and apparently by the Senate in the 102d), is taking no action, thereby preventing onshore energy development at this time. Those supporting delay often argue that not enough is known about either the probability of discoveries or about the environmental impact if development is permitted. Others argue that oil deposits should be saved for an unspecified "right time." Some will argue that the recent volatile oil market demonstrates that now is just such a time.

A central question is whether the petroleum is needed at the possible expense of other values in ANWR. If oil is found in ANWR, it would not contribute to national security or the trade balance until 10 or 15 years from now -- when any oil would first appear in quantity. But 10 to 15 years may be enough time to pursue other energy alternatives. Opponents of development point out that the oil estimate from even a large field is equivalent to one year or less of current national consumption. Proponents contend that because the TransAlaska Pipeline now delivers over one-fifth of U.S. oil production and because the 1002 area is the best prospect for keeping the pipeline flowing after 2000, ANWR must be developed. Proponents usually encourage pursuing energy alternatives (nuclear, renewable and solar power, and conservation) under any circumstances, believing that other options cannot be prudently ignored. Opponents counter that the national record at pursuing energy alternatives other than fossil fuels has been dismal, except in the face of high fuel prices.

For some issues (e.g., timing and pace of leasing), the debate in the 102d Congress may be whether Congress should legislate at all, or should instead leave those issues to executive agencies.

Geological Variables And Development Options

The fundamental conflict of energy development versus wilderness protection is exacerbated by uncertainty over how much oil is present in the 1002 area. This uncertainty prompted some Members of Congress to consider proposals to clarify how much petroleum is at stake in ANWR. The oil industry was encouraged by the discovery in 1989 of an apparently new field only 2 miles from Prudhoe Bay. An initial test well produced 2,500 barrels per day; years ago, discovery wells at Prudhoe produced 10,000 barrels per day. The field has not yet been developed due to low energy prices and the high cost of infrastructure development.

Potential Energy Resources

Few have challenged the DOI interpretation of the 1002 area geological data. Seismic studies and drilling outside the 1002 area strongly suggest a relatively high probability for significant recoverable oil. Estimates of undiscovered economically recoverable reserves range from less than 1 billion barrels to more than 9 billion barrels of petroleum. ANWR by itself would do little to reduce U.S. dependence on foreign oil, but it could reduce the trade imbalance due to importing oil over an extended period.

If the low range of DOI's estimate (one field of less than one billion barrels) is correct, then 30 years of production could begin in about 10 years. More likely are several fields of varying sizes producing sequentially over 50 years or more. Any associated natural gas would not be immediately economic, but its later production could extend beyond 50 years. (Current prices for natural gas are too low make any gas pipeline parallel to TAPS cost-effective.)

While the actual amount of recoverable crude oil in ANWR cannot be known without exploratory drilling, DOI now estimates that if economically recoverable oil is found, the mean resource estimate is about 3.57 billion barrels. This estimate would translate to a production peak of about 600,000 barrels per day. The plateau of

production would probably spread over 15 years, with lower production before and after that period.

Estimates of Probability of Economic Success

Additional fuel was added to the debate on Feb. 6, 1991, when BLM announced that it had revised its estimate of the marginal probability of economic success (i.e., finding economically recoverable quantities of oil) from 19% to 46%. The latter figure is almost unprecedentedly high by industry standards. In addition, the minimum economic field size was newly estimated at 400 million barrels, down from 440 million barrels. The revision was due to new information concerning "four wells drilled near the coastal plain, 800 line miles of reprocessed geophysical data ..., and additional seismic data from offshore areas near the coastal plain." Further explanation came in a BLM report of Apr. 8, 1991. Among other reasons provided for the large change were the fact that a small decrease in the minimum field size can have a substantial effect on the likelihood of finding such a minimum field; and that new data suggests more strongly than before that the fields inside the 1002 area are continuations of the oil-rich geological strata to the east and west, and not entirely different layers. The Natural Resources Defense Council sued DOI claiming that the new estimate requires a new supplemental LEIS. The case is continuing in Federal court in the District of Columbia.

The 1987 FLEIS estimate of 19% was based on a price of $33/barrel in 1984 dollars. Yet most observers now predict prices far below that figure for a number of years. Consequently, if prices remain low for a decade or so, the industry may face the situation that it now has at the West Sak oil field near Prudhoe Bay: a marginal location and/or quality of the oil could require more money per barrel to produce than it could be sold for, given the competition from cheaper foreign oil. (In the case of the West Sak field, there has been no production, even though the field is estimated to be quite large.) Congress may wish to consider the prospects in the world oil markets as it debates the fate of ANWR.

ANWR, Energy Security, and Economics

In 1990, U.S. net imports of petroleum averaged 7.1 million barrels per day (mbd) or 41.9% of total petroleum products supplied. Thus, an ANWR production of 0.6 mbd represents less than 10% of present U.S. petroleum imports. According to projections of increased oil imports in 2000 by the Department of Energy, 0.6 mbd would be 5-6% of total imports.

From an economic standpoint, however, ANWR could contribute somewhat to the balance of trade. Replacing 600,000 barrels of oil imports per day at $18 (an early January 1992 price) per barrel would reduce the trade deficit by about $3.9 billion per year. (The projected trade deficit due only to imported oil in 2010 is about $95 billion.) In addition, as other Alaskan resources decline from the current 2 mbd production, ANWR could help keep the Alaska Pipeline at capacity operation, thereby reducing the per-barrel cost of transporting Alaskan oil to market.

These factors raise questions about ANWR development as an energy security issue:

1. To what extent would any added domestic production from ANWR increase U.S. energy security, and help avoid oil price shocks? (In the fall of 1990, U.S. prices were heavily dependent on world oil prices, rather than on purely domestic factors.)

2. Can alternative measures, such as energy conservation and development of other energy sources, meet national energy and economic goals better than ANWR development?

Exploration and Leasing Options

Conventional Federal leases permit exploration and, after discovery, usually extend until production ceases entirely. However, to reduce uncertainty, Congress could permit industry to begin exploration without proceeding automatically to development. Such a strategy is widely opposed by both industry and environmental groups.

DOI and industry prefer that ANWR leasing follow the customary procedures. DOI accordingly wants the discretion to offer for sale any or all of the area. Industry could bid on all or part, and DOI could accept all to none of the bids. However, many prime prospects could go in one sale in a relatively small area.

The 102d Congress may wish to consider several of these issues in any ANWR development legislation:

1. Should some limit be set on the size of DOI's initial lease offerings in the 1002 area, to reduce the chance of selling all of the best prospects in the first sale?

2. Should tract size be limited in order to spur competition and maximize bonus revenues? Or should tract size be larger than usual for onshore leasing in order to encourage development coordination, facilitate wildlife protection, and improve coordination of rehabilitation after industry activity ends?

3. Should a particular leasing period be mandated for the area, and if so, how long should the period be?

Environmental Quality Management

If ANWR is developed, Congress would face three kinds of environmental quality management issues: resource management, pollution, and waste disposal. Congress could choose to leave these matters to administrative agencies under authorities of existing laws. Alternatively, Congress could impose a higher standard of environmental protection because the area is in a wildlife refuge or because of the fragility of the Arctic environment.

Gravel and water resources are essential for oil exploration and development in an arctic setting. Potential legislative issues include protection of water resources necessary for animals, especially fish; regulation of water use and gravel extraction; and setting fees for and allocating any revenues from exploiting these resources. An issue not addressed in the FLEIS is the possibility of a rise in sea level during the active phase of production. In the flat coastal plain, the coast line could change substantially, even with only a moderate rise in sea level; over the course of 50 years of production, developments once on land might need protection from shallow salt water or pack ice. Air and water pollution primarily raise questions of subtle, long-term ecological effects. Potential legislative issues include the adequacy of existing standards, research needs, monitoring, and assurance that the standards are met. Waste disposal includes three major waste streams: drilling fluids, toxic wastes, and nontoxic bulk wastes. Legislative issues include the adequacy of current waste disposal requirements, the development of alternatives to landfills, and also liability concerns that can make consolidation of disposal facilities unattractive to oil companies. (See Archived Issue Brief 89058 for a history of the debate on this issue. For a presentation of a range of specific environmental quality issues, see CRS Videotape *Arctic Oil, Arctic Refuge*.)

General Land Management

The main Federal law governing leasing and production of petroleum on Federal land is the 1920 Mineral Leasing Act. Congress has debated whether this law and its regulations and procedures, other Federal environmental laws, and applicable Alaskan law are adequate for 1002 development. The hearing records of some congressional committees demonstrated a willingness of many Members, in various ways, to deviate from standard practices.

The Refuge has a small human population whose needs may be addressed specifically in ANWR legislation. The village of Kaktovik (over 200 people) and the lands of the Kaktovik Inupiat Corporation (KIC) lie along the coast within the Refuge and mostly adjacent to the 1002 area. There is also a U.S. military Distant Early Warning (DEW) station near Kaktovik, with dozens of employees. The DEW network also has several unoccupied sites of former or uncompleted developments scattered near the 1002 area. Together with Kaktovik, the DEW site operates a garbage dump and a runway.

Animals and Plants: a Purpose of the Refuge

Under ANILCA, one of the purposes of ANWR is to "conserve fish and wildlife populations and habitats in their natural diversity." Opponents of development argue that the entire, balanced complex of caribou, polar and grizzly bears, wolves, falcons, wildflowers, and so on, is worth preserving intact, especially since it represents the least disturbed arctic coastal area under U.S. ownership. Moreover, it is one of the "wildest" habitats of any type left in the United States. Resource development, in their view, would preclude conservation of the ecosystem's diversity generally, of certain species, and most particularly, of its wildness. Scientists and sport hunters both stress the importance of the habitats for migratory game birds taken in both Canada and the United States. Issues before Congress may include:

1. Should the entire area be designated wilderness to protect "populations and habitats in their natural diversity"?

2. If development is permitted, should special protection be given to certain species such as caribou, bears, wolves, musk oxen, snow geese, etc.? If so, should protection take the form of habitat protection and/or management restrictions?

3. Should some species (e.g., wolves) be reduced to enhance populations of other species (e.g., caribou, musk oxen) if the latter are reduced by development? Or should special measures be taken to prevent reduction of predators?

4. Should special efforts be made to prevent the intentional and/or accidental feeding of such species as bears, wolves, foxes, and gulls (in order to prevent the need to kill problem wolves or bears, or to prevent excess populations of predators of nesting birds)?

5. Should the location of major support facilities (e.g., service centers and ports) be restricted to reduce the impact on sensitive species (e.g., polar bears, snow geese)?

Port and Offshore Activity

Section 1003 of ANILCA does not cover the role the 1002 area might play as a land base for State or Federal offshore activity. Both the United States and Alaska are proceeding with offshore leasing adjacent to the 1002 area. Even if the 102d Congress does not open ANWR (thus preventing development), it may wish to consider controlling the use of the 1002 area as a support center, port, or pipeline corridor for offshore development. (See CRS Issue Brief 89028 for background on OCS energy programs.)

Management of Support Services: Avoiding Past Mistakes

Activities of the independent support service industry in the Prudhoe Bay area, particularly at Deadhorse, have been widely criticized. (Firms in this industry are generally employed by, rather than part of, major oil companies.) At Deadhorse, the State leases land for these independent services (repair, cleaning, laundry, aircraft supply, etc.). Issues include:

1. If development is permitted, should Congress specify the location of support facilities within the Refuge or require them to be located outside the Refuge?

2. Should Congress set financial standards or require bonds for participation in ANWR services to minimize abandoned service sites?

3. Should Congress require a unified service center such as the one at Kuparuk field (west of Prudhoe Bay) for ANWR?

4. Should Congress mandate that garbage be hauled out of ANWR?

Access: Roads and Legal Conflicts

For Congress, a key access issue could be the logistical conflict between the area's management as an industrial site versus management as a refuge devoted not only to wildlife conservation but also to recreation (including sport fishing and hunting), and subsistence uses, among other functions. This conflict would become more intense with added human populations and road networks resulting from development. In contrast to the current free but difficult access at ANWR, access to the State-owned Prudhoe Bay complex is strictly (if not always effectively) controlled. Visitors' and workers' belongings are searched for firearms, alcohol, and drugs. None of these requirements now applies to the 1002 area. Moreover, hunting, even for subsistence, is forbidden at Prudhoe and limited in other developed areas. Similar restrictions are not found in the 1002 area, and may conflict with the Refuge's purposes as currently interpreted. The State of Alaska is debating the opening of the TAPS haul road (which is now closed to private vehicles north of the Brooks Range). Private vehicles could drive as far as Deadhorse. Such an opening could pose new risks of poaching or wildlife disturbance, as well as risks of wider access -- perhaps eventually to any 1002 road network. Specific access issues which Congress may address include:

1. If development is permitted, should firearms be prohibited in the 1002 area for workers? For recreational visitors?

2. If firearms are allowed, should no-shooting buffer zones be required around facilities and structures? If so, how much of the area would remain open to subsistence and recreational hunting?

3. Should developed areas be closed to recreational visitors? If not, should such visitors be allowed to use industry roads? To cross them?

4. Will the increased accessibility of the area lead to excessive hunting pressure? Should the public have access (via the haul road) to the 1002 area? Should public access be restricted?

5. What additional personnel would be needed to enforce these prohibitions? Whose employees would they be?

Areas of Special Environmental Significance

The wildlife debate has focused mainly on the migratory Porcupine Caribou Herd (PCH). However, other species, such as polar and grizzly bears and wolves, may be at greater risk, in the view of some. Congress may consider special protection (e.g., wilderness designation, delayed exploration, or a special regulatory regime) of the most important habitats. The areas most often mentioned for some special status include:

1. the major calving area of the PCH;

2. the area around Sadlerochit Spring (a warm spring which flows all year);

3. the areas near the coast where substantial bird populations occur, and where many female polar bears make their dens; and

4. the area south and west of Angun Point that includes a portion of the snow geese's fall feeding area.

Subsistence Use and Access

Natives of Kaktovik, on the north coast above the 1002 area, are the major users of the resources in the coastal plain, although they depend primarily on marine resources. Kaktovik Natives support leasing generally but oppose both leasing in the primary caribou calving area in the east-central 1002 area and a restriction on discharging firearms. Subsistence hunters (including especially the Gwich'in people who hunt the herd in its winter range in Alaska and Canada) and the Canadian government oppose leasing in the calving area of the herd and support wilderness designation. Congress may consider the following issues regarding subsistence use:

1. If development is permitted, should the current access or hunting rights of Native users be restricted? Should sport hunting be restricted to maintain subsistence opportunities if game populations diminish?

2. Are polar bears, which are currently legally taken only by Natives, at special risk from a potentially increasing Native population and improved Native mobility? If so, should the largely unrestricted Native take be examined by Congress?

3. What voice will subsistence users have in new regulations as 1002 development (if any) evolves?

4. What provision, if any, should be made to minimize impacts of development on Native culture among both north slope and interior groups?

Revenue Allocation

If oil is present, ANWR development revenues from bonuses, rents, and royalties, as well as from sales of gravel and water, could generate billions of dollars for the landowners. Peak annual royalties alone might range from $200 million to $2.5 billion, followed by declining revenues for 30-50 years. If Alaska owns submerged lands in the Refuge, it could receive substantial revenues directly . (See **Legal Issues**, below.) Whatever the Federal fraction of the income, Congress must decide:

1. If development is permitted, should Alaska receive its current 90% statutory share of certain revenues from Federal mineral leases on federally owned lands; and considering the terms of the Alaska Statehood Act, could Congress change Alaska's share? (See CRS report 87-63A.)

2. Should any Federal revenues from ANWR be used for land acquisition in Alaska or elsewhere as part of the mitigation for reduced habitat values in a developed 1002 area? If so, how should the revenues be allocated?

Legal Issues

Certain issues are being addressed not only in legislation, but also in various courts.

During the 100th Congress, DOI preliminarily negotiated land exchanges with some Alaskan Native groups, trading oil and gas rights in the 1002 area for land or surface rights belonging to the Natives within seven other refuges in Alaska. Controversy over whether DOI could proceed with the exchanges without congressional approval was resolved by P.L. 100-395. This act expressly requires congressional approval for exchanges or other conveyances involving lands in ANWR's coastal plain. Exchanges could be a part of the development alternatives considered by Congress.

The United States and Alaska dispute the ownership of submerged lands beneath navigable waters within and offshore of ANWR. Depending on how the legal issues are decided, Alaska may own significant inholdings within ANWR. If these inholdings are opened to leasing, not only would management of the remaining Refuge lands be complicated, but substantial revenues from any oil on those inholdings would accrue to Alaska, rather than the United States. P.L. 100-395 addressed these issues in part, but significant issues remain. (For further information, see CRS Report 87-673A.)

Long-Term Cleanup

If no commercial quantity of oil is found in the 1002 area, substantial recovery of the ecosystem from exploratory activities should take only a few years. If major quantities are found, development including natural gas extraction would probably last for decades or even a century. Substantial recovery might then take further centuries in the harsh Arctic environment. Thus, Congress may be debating rehabilitation that might not begin until 2060 or 2090. Furthermore, some types of cleanup might not even be desirable or practical: deep gravel roads and drilling pads, for example, might be impossible to remove without creating further damage, and thus might necessarily become a permanent feature of the landscape. Few existing laws contemplate such long-term planning for a cleanup whose cause may never occur. The 102d Congress may consider various proposals on the long-term fate of the area:

1. If development is permitted, should industry pay a tax or fee to create a trust fund for long-term cleanup, in addition to one for such short-term problems as oil spills and hazardous waste spills? (CRS was unable to find a precedent for such a long-term clean-up program.)

2. Alternatively, should industry be required to pay for performance bonds to ensure cleanup? How would such a long-term bond work?

3. What ultimate rehabilitation goal(s) should apply? Should the area be returned insofar as possible to the pristine pre-development state after oil is extracted? After gas extraction? After offshore energy extraction?

4. What additional information is needed to plan for so distant an event?

LEGISLATION

H.R. 39 (Udall)

Designates the Arctic Coastal Plain (1002 area) as wilderness. Introduced Jan. 3, 1991; referred to Committee on Interior and Insular Affairs.

H.R. 759 (D. Young)

Authorizes the Secretary of the Interior to lease, in an expeditious and environmentally sound manner, lands in the Coastal Plain Study Area of the Arctic National Wildlife Refuge for oil and gas exploration, development, and production. Introduced Jan. 30, 1991; referred to Committees on Interior and Insular Affairs, and on Merchant Marine and Fisheries.

H.R. 1199 (Owens)

Amends the Internal Revenue Code of 1986 to deny the option to expense intangible drilling and development costs for any well drilled within ANWR, to provide incentives for the removal of crude oil and natural gas through enhanced oil recovery techniques, and for other purposes.

H.R. 1301 (Dingell, by req.)

One title of a bill to develop a national energy strategy provides for energy leasing on the Arctic Coastal Plain. Introduced Mar. 6, 1991; referred to Committees on Energy and Commerce; Interior and Insular Affairs:Armed Services; Merchant Marine and Fisheries; Science, Space, and Technology; Government Operations; Judiciary; Public Works and Transportation; and Ways and Means.

H.R. 1320 (W. Jones)

Authorizes exploration, leasing, development, and production in ANWR; distribution of any revenues; creates a new National Wildlife Refuge; and for other purposes. Introduced Mar. 7, 1991; referred to Committees on Merchant Marine and Fisheries, and on Interior and Insular Affairs.

H.J.Res. 239 (Mrazek)

A bill to honor former Rep. Morris K. Udall by designating the Arctic Coastal Plain of ANWR as wilderness. Introduced April 30, 1991; Referred to Committee on Interior and Insular Affairs.

S. 39 (Roth)

Amends the National Wildlife Refuge Administration Act to designate the Arctic Coastal Plain of ANWR as wilderness. Introduced Jan. 14, 1991; referred to Committee on Environment and Public Works. Hearing held Apr. 19, 1991 (S.Hrng. 102-88). Reported Nov. 25, 1991 (S.Rept. 102-241).

S. 109 (Murkowski)

Authorizes DOI to lease lands in the coastal plain of ANWR for oil and gas exploration, development and production. Introduced Jan. 14, 1991; referred to Committee on Energy and Natural Resources.

S. 341 (Johnston)

A comprehensive national energy policy bill. Title VII deals with ANWR. Introduced Feb. 5, 1991; referred to Committee on Energy and Natural Resources. Hearings held various dates (S.Hrng. 102-5). S. 1220 reported in lieu -- see below.

S. 570 (Johnston, by req.)

One title of this bill to implement the Administration's national energy strategy authorizes energy leasing on the coastal plain; sets up leasing program, environmental requirements; and provides for disposition of revenues. Introduced Mar. 6, 1991; referred to Committee on Energy and Natural Resources.

S. 1220 (Johnston)

Comprehensive national energy policy bill. One title opens ANWR to development. Introduced June 5, 1991; reported by Committee on Energy and Natural Resources June 5, 1991 (S.Rept. 102-72). Cloture vote on motion to proceed to consideration failed (50-44), Nov. 1, 1991 (Roll call #242). For further action on comprehensive energy legislation, see S. 2166 (which lacks ANWR provisions).

FOR ADDITIONAL READING

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U.S. Department of the Interior. Bureau of Land Management. Overview of the 1991 Arctic National Wildlife Refuge Recoverable Petroleum Resource Update. Washington, April 8, 1991. 8 p., 2 maps.

U.S. Department of the Interior. Fish and Wildlife Service, Geological Survey, and Bureau of Land Management. Arctic National Wildlife Refuge, Alaska, coastal plain resource assessment. Report and recommendation to Congress of the United States and Final Legislative Environmental Impact Statement. Washington, 1987. 208 p.

U.S. Library of Congress. Congressional Research Service. After the Exxon Valdez spill: oil pollution liability and compensation legislation, by Martin R. Lee. [Washington] Apr. 24, 1989. 23 p.
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----- The Arctic National Wildlife Refuge: Major oil development or wilderness? edited by John E. Blodgett and John L. Moore. [Washington] 1988. 162 p.
CRS Report 88-161 ENR

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----- Outer Continental Shelf leasing and development, by Malcolm M. Simmons. [Washington] Updated regularly.
CRS Issue Brief 89028.

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CRS Issue Brief 90116

----- The proposed St. Matthew Island land exchange: Authority of Secretary of the Interior to exchange lands under the Alaska National Interest Lands Conservation Act, by Pamela Baldwin. [Washington] June 21, 1982. 39 p.

----- Whether Congress unilaterally may amend a mineral lease revenue distribution formula that appeared in the Alaska Statehood Act, by Thomas J. Nicola. [Washington] 1987. 12 p.
CRS Report 87-63 A

----- World oil and the ANWR potential, by Robert L. Bamberger and Carl E. Behrens. [Washington] 1987. 14 p.
CRS Report 87-438 ENR

NATIONAL WILDLIFE FEDERATION

FISHERIES AND WILDLIFE DIVISION

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OF: Fisheries and Wildlife Division

PHONE NUMBER: (202) 797-6881

FAX NUMBER: (202) 797-6646

ADDITIONAL COMMENTS: AK fact sheet. lw

If there are any problems with this transmission, please contact the sender at the phone number above, or call Rick Gondella at (202) 797-6875.

Also, Brooks, here is stuff on AK wetlands. Do you have anything to add? ...

8173

Working for the Nature of Tomorrow®

NATIONAL WILDLIFE FEDERATION
1400 Sixteenth Street, N.W., Washington, D.C. 20036-2266 (202) 797-6800

ALASKA'S WETLANDS ARE UNDER ATTACK!

In an obvious accommodation to the oil industry, the Environmental Protection Agency is proposing to strip Alaska of effective wetlands protection by adopting an Alaska-only exemption from the federal Clean Water Act.

In response to the Administration's wetlands policy plan of August 9, 1991, EPA proposes to revise its regulations to permit developers in Alaska to destroy wetlands even if alternatives to wetlands destruction exist. In addition, the developers will not be required to compensate for wetlands destruction through wetlands restoration.

WETLANDS ARE ESSENTIAL TO THE ENVIRONMENTAL AND ECONOMIC HEALTH OF ALASKA

* These fragile ecosystems provide critical feeding and rearing habitat for five species of Pacific salmon, millions of shorebirds and waterfowl, and many other wildlife species.

* Alaska's renowned fisheries thrive because wetlands filter and purify surface runoff and provide important spawning areas for anadromous fish. The commercial fishing industry is the largest private employer in the state and is the second largest revenue generator.

* Healthy wetlands are essential to the subsistence-based economy of Alaska Native villages. Virtually all rural villages are located on the coast or along rivers, and are dependent upon wetlands resources.

* An Alaska exemption would have a devastating effect on coastal marshes. Although Alaska has a vast number of unspoiled wetlands, only 345,000 acres are coastal wetlands regulated under the Clean Water Act. These wetlands--regarded as especially important to wildlife--are the wetlands most vulnerable to urban development.

* Within its populated areas, Alaska's annual rate of wetlands loss already exceeds the national average. For instance, between 1950 and 1960, over 50 percent of inland wetlands in the Anchorage area were destroyed. The rate of annual loss was nearly five times the national average.

DESTRUCTION OF ALASKA'S WETLANDS IS NOT JUST A LOCAL CONCERN

* About 70 percent of America's wetlands are in Alaska. EPA's exemption ignores the national and international significance of Alaska's wetlands to commercial fisheries, migratory birds, and marine and terrestrial mammals.

* Wetlands in Alaska provide nesting, rearing, feeding and molting habitat for more than 70,000 swans, a million geese, and 12 million ducks, including several species that nest nowhere else in the world.

* During drought years in the prairie states and provinces, Alaska's wetlands support up to 60 percent of the continent's population of pintails, a third of all widgeons, and a fourth of all canvasbacks. Many of these species are dependent upon wetlands underlain by permafrost for one or more periods during the year.

Publicado in EPA newsletter.

THE FEDERAL GOVERNMENT'S OWN EXPERTS DISAGREE WITH THIS EXEMPTION

* EPA's Region X predicted "[t]*his proposal will result in extensive losses of significant wetlands. Even the most valuable, most rare and most unique wetlands would not be subject to the careful assessment required by the current Guidelines...* [V]*irtually all the estuarine wetlands of the state could be destroyed.*"

AK
Tony Turrini
907-258-4800

* EPA's Alaska field office cautioned: "*An alteration of the 404 (b)(1) Guidelines with potential impacts to millions of acres of wetlands should be considered significant. Results may include severe water quality impacts, especially for watersheds within local population centers. This may directly affect a substantial number of small entities, including commercial fishermen, subsistence groups, and the tourism industry.*"

* The Fish and Wildlife Service stated: "*We believe that reduced wetland protection...will result in a greatly accelerated loss of wetlands in areas of Alaska having high value to fish and wildlife. For this reason, the Service considers this proposal ill-advised, and we strongly urge that its issuance be reconsidered.*"

ALASKAN DEVELOPERS DO NOT NEED THIS EXEMPTION

* The existing guidelines are sufficiently flexible to allow appropriate economic development and growth in Alaska. The Army Corps of Engineers received 2,700 fill applications from 1984 through the third quarter of 1990. <u>The agency denied only four percent of those applications</u>. The Corps has also issued over 20 general permits in Alaska to streamline wetlands regulation.

ALASKA'S WETLANDS DESERVE PROTECTION

We urge you to reject any attempt to weaken wetlands regulation in Alaska. For more information, call Anthony Turrini, counsel for NWF's Alaska Natural Resource Center, at (907) 258-4800.

Environmentalists For

Clinton Gore

Press Release
For Immediate Release
30 October 1992

Contact: Brooks Yeager
Molly Olson
(202)466-8154
(202)338-6488

Bush Slashes Protection for 170 Million Acres of Wetlands in Alaska

Environmentalists are sharply criticizing the Bush Administration's decision today to weaken regulatory protections for 170 million acres of Alaska wetlands as "yet another cynical broken promise."

EPA Administrator Bill Reilly today announced that the Administration will eliminate key regulatory protections under the Clean Water Act for over 170 million acres of wetlands in Alaska, allowing oil and gas companies and other developers to develop wetland areas without observing the law's protective restrictions.

The new rule, referred to as the 1% rule, will eliminate the requirement for sequencing under the Clean Water Act, which currently requires that developers of protected wetlands first seek to avoid damage, second minimize any unavoidable damage, and third compensate for any damage by restoring other wetlands so that no net loss occurs.

"This decision is a direct contradiction to President Bush's "No Net Loss of Wetlands" promise, and a last-minute gift to the oil industry," said Brooks Yeager, National Coordinator of Environmentalists for Clinton/Gore. "We know that Bill Reilly himself opposed this rule change, and it's not hard to see why. This rule demonstrates that President Bush has not been straight with the American people about his true intentions for wetlands in this country... For the benefit of a few oil companies, Bush has overthrown the basic foundations of 'no-net-loss' regulation for over half of America's remaining wetlands."

"This country has already lost over 50% of its wetlands outside of Alaska. It's time for the Administration to stop playing politics with this issue and start living up to its promises. A Clinton/Gore Administration will do just that," Mr. Yeager concluded.

-30-

To marla

From katie

re: alaska wetlands

Reilly announcemet today .. decision to exempt Alaskan wetlands from Sec. 404 of the Clean Water Act. Alaska will be the ONLY state with this special exemption. The exemption is absolutely illegal... The is no foundation ofr it in sec 404. Reason: oil folks want to drill and fill these wetlands. Developers in Ak will be able to destroy wetlands even if alternatives to wetlands destruction exist and they will not be required to compensate for wetlands destruction thru wetlands restoration.

Why wetlands are important to AK:

o AK's fisheries thrive because wetlands filter and purify surface runoff and provide important spawning areas for fish. The commercial fishing industry is the largest private employers in the state and is the second largest revenue generator. The gross revenues from the harvest of salmon alone exceed $500 million annually and the gross revenues to processors exceed $1 billion annually. Salmon harvest involves nearly 17,000 licensed vessels, over 500 processors and more than 70,000 jobs.

o Altho AK has a vast number of unspoiled wetlands, only 345, 000 acres are coastal wetlands regualted under the Clean Water Act. These wetlands, regarded as especially important to wildlife, are the wetlands most vulnerable to development.

o About 70 percent of America's remaining wetlands are in AK. EPA's exemption ignores the national significance of AK's wetlands to migratory birds. AK wetlands provide a fall flight of 80,000 swans, 750,000 geese and 10 million ducks to all corners of the world. 96% of all seabirds found in U.S. waters breed in AK.

Why is rule is inane:

o The existing guidelines are flexible enough to allow appropriate economic development and growth in AK. The Army Corp of Engineers processed 3,997 permit applications for wetlands fills in AK from 1972 thru 1992. The agency denied only 2.7% percent of those applications.

o EPA's Region X office predicted that "this proposal will result in extensive losses of significant wetlands. Even the most valuable, most rare and most unique wetlands would not be subject to the careful assessment required by the current guidelines.... (V)irtually all the estuarine wetlands of the state could be destroyed" (Inside EPA)

o EPA's Alaska office cautioned: "An alteration of the 404 (b) (1) Guidelines with potential impacts to millions of acres of wetlands would be considered significant. Results may include severe water quality impacts, especially for watersheds within local population centers. This may directly affect a substantial number of small entities, including commericial fishermen, subsistence groups, and the tourism industry." (Inside EPA)

Quayle, in Last Push for Landowners, Seeks to Relax Wetland Protections

By JOHN H. CUSHMAN Jr.
Special to The New York Times

WASHINGTON, Nov. 11 — Vice President Dan Quayle and his staff are planning a last-ditch attempt to loosen rules that prevent landowners from developing wetlands, a move that would touch off a final battle within the Bush Administration over one of its thorniest environmental policies.

The attempt would please landowners like farmers, whose lobbyists have been pressing hard for the Administration to make the change before leaving office.

But the Administrator of the Environmental Protection Agency, William K. Reilly, who would have to approve any such change, said in an interview that he was satisfied with the current wetlands rules, which date to 1987. His remarks signaled that he is not willing to endorse proposed changes that have been under negotiation within the Administration for months.

A senior official on Mr. Quayle's staff said there is "a split of opinion" within the Administration on whether to proceed with the changes, and that it could probably be accomplished only if all parties, including Mr. Reilly, were satisfied with the compromise.

White House officials on both sides of the dispute said that Mr. Quayle's staff on the Council on Competitiveness, a group headed by the Vice President that reviews regulations with an eye on cutting costs to industry, wants to make the changes by the end of the year.

A revised definition of wetlands would appear in the manual used by the Army Corps of Engineers and the E.P.A. in deciding whether farmers, developers and other landowners are issued permits to fill in watery tracts, allowing the areas to be planted or developed.

Outside Congress's Purview

The staff director of the council, David McIntosh, along with other aides who have worked for years to revise the wetlands manual, were said by other White House officials to be preparing "a hard push" to complete the revisions before leaving office.

Congressional approval would not be necessary for the changes.

A renewed clash over wetlands would revive one last time the kind of internal struggle that has long divided competing interest groups within the Bush Administration — Mr. Reilly and his environmentalist allies on the one hand and the anti-regulatory Quayle council and its business allies on the other.

The difference is that Mr. Reilly, whose efforts to have the United States sign the global warming treaty and his stands on other environmental issues were pointedly rejected in the past, has time on his side now and would probably prevail.

For Mr. Quayle's forces, this is nonetheless an ideological and political battle worth fighting. They feel that in his last weeks as Vice President Mr. Quayle, whose eyes seem fixed on the 1996 Republican Presidential nomination, can make a last effort on behalf of key constituencies that are important to his party, like farmers and developers.

In recent years, as the Quayle council was harshly criticized by Democratic lawmakers and environmentalists for delaying and weakening numerous regulations, its wetlands policy was one of its most widely attacked initiatives.

> A last- ditch Administration battle over the environment.

At a White House meeting on Friday to review regulatory matters pending during the lame duck period, the wetlands rule was among the most prominent issues that senior officials said they wanted to pursue, one official said.

Some of Mr. Reilly's allies on the wetlands issue agree that the Quayle council might press the issue.

"It's a realistic possibility, because enough work had been done so that the debate had been narrowed to a relatively small number of paragraphs, words — this is in, this is out," said a White House official involved in the discussions, speaking on the condition of anonymity. "The matters of dispute are relatively few and distinct."

But he added that with the election over, Mr. Reilly is likely to resist changes that were agreed to several months ago. "There were compromises that people were willing, with a gun to their heads, to live with, but that were bad policy," the official said. "From E.P.A.'s perspective, they gave and gave and gave."

Although wetlands are sometimes viewed as useless swamps and prairie potholes, ecologists value them because they shelter many species, filter contaminants from water and provide buffers against floods.

President Bush, in his 1988 campaign, pledged to halt the decline in wetlands acreage, and although the annual loss was not eliminated, it was slowed during his tenure. But two years ago, under pressure from farmers and development groups, the Administration sought to redefine wetlands, thus applying Mr. Bush's "no loss" pledge to much smaller areas. The definition being negotiated within the Administration takes into account such factors as soil type, vegetation and how long an area is saturated with water each year.

A revision of the manual used to define wetlands, drafted in 1991 over the objections of Mr. Reilly, was withdrawn by the White House a year ago after a survey by the Army Corps of Engineers supported the view of environmentalists. The study said that the changes would rescind Federal protection over as much as half of the nation's estimated 100 million acres of wetlands.

But behind the scenes, Administration officials continued to negotiate over a new revision of the manual. If the Quayle forces prevail, the new wetlands policy would take effect without the benefit of a study by the National Academy of Sciences that was ordered by Congress last year. It is aimed at settling the scientific dispute over what is a wetland.

And it would put the Clinton Administration, which is seen as friendlier to environmentalists, in the position of having to fight developers and farmers if it wanted to restore protection to millions of acres of habitat.

'Science and Not Politics'

Environmentalist said that while there are many regulations that the Bush Administration might issue during the transfer of power to the Clinton Administration, the wetlands dispute is the most prominent.

"The one we fear the most is the wetlands manual," said Bob Adler, a senior attorney for the Natural Resources Defense Council.

October 27, 1992

Ms. Pam McElwee
393 Russell Building
Washington, D.C. 20510

Dear Ms. McElwee:

In response to our telephone conversation last week, I am forwarding you a copy of the memorandum that I sent to Ram Uppuluri last April. Please be aware that since this memo was completed, some changes have occurred. First, the Administration has backed away from the issue. My guess is that they felt it would not be "prudent" to become mired in another controversy with the election at hand. Even so, the systematic disarming of wetlands regulations is still on the agenda. Regardless of the outcome of the election, numerous members of the House and Senate are poised for renewed attacks either before or during the Clean Water Act reauthorization.

Secondly, the role of the EPA and the State's administration of wetlands regulations have been hot issues recently. In addition, another current theme suggests that landowners be compensated for federal jurisdiction over wetlands by classifying their protection as "takings". This idea, given budget constraints, would make wetland protection nearly impossible.

Wetland regulation will certainly go through some form of transformation during the next year. The outcome will have a lasting effect on the health of the country. Please read through the enclosed memorandum and contact me with any questions. I can be reached at (703) 471-6405 ext. 4527, and will gladly assist you in any way possible. Thank you for your time and I wish you the best of luck next week.

Sincerely,

James Martin
Environmental Scientist

Introduction

Since colonial times, America has lost more than half (117 million acres) of its original wetlands. That equates to approximately 60 acres every hour for 200 years. Recognition of their vast economic and environmental value is relatively recent. Federal regulation, in fact, was initiated a mere 20 years ago by the Federal Water Pollution Control Act. Unfortunately, our understanding of wetland values has increased much faster than our ability to stop their destruction. The US Fish & Wildlife Service estimates current losses at 290,000 acres annually.

The values of wetlands span many areas including flood control, water purification, recreation, and wildlife habitat (see Table 1). Wetlands occupy the transitional zone between land and water; acting as a protective buffer between the two. As stormwater, carrying sediments and nutrients, drains towards surface water, wetlands intercept and filter

Table 1. Wetland Functions and Values

- **FLOOD STORAGE** - Flooding annually causes $3 billion dollars in damages. Inland wetlands reduce flood peaks by storing stormwater and releasing it slowly to downstream areas.
- **EROSION CONTROL** - Coastal wetlands dissipate wave energies before they reach upland regions. Similarly, flow velocities in streams are reduced by wetland vegetation; thereby, minimizing erosion of adjacent shores.
- **WATER QUALITY** - Waters passing through wetlands are cleansed as excess nutrients and sediments are filtered and stored. The effectiveness of wetlands in filtration is evidenced by their recent use in the treatment of wastewater.
- **FISH AND SHELLFISH** - Wetlands are essential spawning and nursery areas for the majority of the commercial fishery industry in the U.S.
- **HABITAT FOR WATERFOWL** - Wetlands are essential breeding, nesting, and feeding areas for virtually every waterfowl species in America.
- **HABITAT FOR THREATENED AND ENDANGERED SPECIES** - Nearly 35 percent of all rare, threatened and endangered species are either partially or completely dependent on wetlands.
- **RECREATION** - Wetlands provide sites for fishing, hunting, and observing wildlife.

the flow. Alternately, rising floodwaters are temporarily absorbed by wetlands and released slowly, reducing flood peaks and erosional damage.

The diversity of ecological niches available in wetlands provide essential habitat for an enormous diversity of plants and animals, including nearly 35 percent of all threatened and endangered species, 60-90 percent of America's commercial fisheries, and virtually all waterfowl. A multi-billion dollar fishing, hunting, and outdoor recreation industry is supported by wetlands.

With these values in mind, a diverse group of environmentalists, industry representatives, and politicians participated in the 1988 National Wetlands Policy Forum. The outcome was a call for "no net loss" of America's remaining wetlands. President Bush, during his campaign, adopted this policy and went as far as to say: "All existing wetlands, no matter how small, should be preserved." The "no net loss" policy was later endorsed twice by the National Governor's Association and became official federal agency policy in a 1990 memorandum of understanding between EPA and the U.S. Army Corps of Engineers.

A technical manual for identifying and delineating wetlands was developed in 1989 by a federal interagency commission comprised of experts from the EPA, the U.S. Fish and Wildlife Service, and the USDA Soil Conservation Service. The manual combined technical aspects of separate definitions that were being utilized by the agencies.

Opposition to the manual began almost immediately from developers and agricultural interests who felt the manual included areas that weren't wet enough. On August 9, 1991, the Bush Administration responded to this opposition by announcing a new proposal that narrowed the criteria for identifying a wetland. The administration's proposals closely follow provisions in bills introduced in the House of Representatives by Louisiana Representative Jimmy Hayes (H.R. 1330), and in the Senate by John Breaux (S. 1463). The intent of each of these proposals is to diminish the jurisdictional coverage of Section 404 of the Clean Water Act. A summary of the 20 year history of wetland protection in the United States is included in Table 2.

The revised federal wetlands manual, which was under technical review by the four agencies responsible for its development, was released concurrently with the Bush administrations policy announcement. Its development was mired in controversy and saw the resignation of key members who felt political pressure to make unjustified changes. The revisions were published in the Federal Register on August 14, 1991. Comments from the scientific community were unanimously against the revisions. The Ecological Society of America stated that they "..do not find the proposed revisions as presented in the August 14, 1991 Federal Register to be a responsible application of ecological data or principles to the problem of wetland identification and delineation. In fact, no data or scientific documentation are presented for the 1991 revisions. Well-established scientific understanding of wetlands appears to have been ignored." The official public comment period was extended twice and solicited over 70,000 comments.

Table 2. A Summary of the Twenty Year Struggle for Wetland Protection.

1972	The Federal Water Pollution Control Act included Section 404, which authorized the Corps to issue permits for the discharge of dredge and fill materials into the waters of the United States.
1975	The Corps' authority was broadened by new regulations that expanded the definition of "waters of the United States". The new regulations included wetlands.
1977	The Federal Water Pollution Control Act was amended and became known as the Clean Water Act. EPA and the Corps regulations included a definition of wetlands that continues to be used.
1979	The US Fish and Wildlife Service (FWS) published a wetland definition and guidelines for identification used by some federal and state agencies (*Classification of Wetlands and Deepwater Habitats of the United States*).
1985	EPA and Corps signed a memorandum of agreement spelling out the roles of the agencies in the issuance of 404 permits. The Food Security Act of 1985 denied federal assistance to farmers who altered wetlands for agricultural purposes ("swampbuster"). The Soil Conservation Service's (SCS) *Food Security Act Manual* included a wetland definition used for identifying wetlands on agricultural lands.
1987	The *Corps of Engineers Wetlands Delineation Manual* was published, giving optional technical guidelines for district engineers' use in identifying and delineating wetlands under Section 404.
1989	The Corps, EPA, FWS, and SCS formally adopted the *Federal Manual for Identifying and Delineating Jurisdictional Wetlands*, which provided mandatory technical criteria, field indicators, and determination methods for identifying wetlands under federal jurisdiction and tracing their upper boundaries. President Bush announced his administration's "no net loss" policy for wetlands.
1991	The four agencies, as an ongoing process, reviewed technical comments on the 1989 manual and proposed modifications. The committee with the responsibility for drafting the revised manual is plagued with infighting and resignations of key members claiming political pressure to reduce the scope of the manual's coverage. August 14: The revised manual, championed by Dan Quayle's White House Competitive Council, is published in the Federal Register. According to experts, the proposed revisions could open up 50-70% of America's valuable wetlands for development. Subsequent field tests show this estimate to be conservative. Using the new manual, portions of the Everglades and the Great Dismal Swamp are no longer covered under Section 404. August 17: President Bush signs the Energy and Water Development Appropriations Act of 1992. Included in the Act is an amendment that states that the old 1987 Corps manual will be used until revisions to the 1989 manual are finalized. The amendment implies that the Corps will lose funding if it does not comply. The 1987 manual does not differ significantly from the 1989 manual, but is generally less inclusive of "drier" wetlands. The comment period for the proposed revisions is extended due to the quantity of responses (over 70,000). Environmental groups urge a formal study by the National Academy of Sciences (NAS) to define wetlands. The NAS study is reportedly strongly opposed by Quayle, Samuel Skinner, Henson Moore, and other White House staff. February: Rep. Don Edwards (D-Calif) introduces a bill (HR 4255) that would reform and clarify regulations protecting wetlands. The bill, the Wetlands Reform Act of 1992, is a response to HR 1330; a bill sponsored by Rep. James A. Hayes (D-La) that would weaken federal wetlands protection. The Hayes bill has approximately 170 cosponsors.

The Costs of The President's Proposal

Attempts to estimate the magnitude of lost protection for the remaining wetlands in the United States have varied; it is a consensus opinion, however, that losses will be significant. The best available estimates for potential losses under the proposed revisions are those prepared by subsequent field testing of the new manual. Personnel from the four principle federal agencies and many state agencies performed this task. Summarized below are the results reported for representative states.

- Arkansas - The Interagency Field Testing Team estimated that 50 percent of Arkansas's wetlands would be excluded from protection.

- Kansas - The Kansas Interagency Manual Review Team estimated that 21-26 percent (89,000-111,000 acres) of areas now classified as wetlands would be excluded.

- Illinois - Between 78-84 percent of the state's vegetated wetlands would no longer be protected (U.S. EPA Region V Comments).

- Alaska - The interagency field teams estimated that 8-24 million acres of the state's wetlands would be excluded.

- New Jersey - State officials estimate a loss of 35-50 percent of total wetlands (New Jersey Department of Environmental Protection Comments 1991).

- Louisiana - Based on soils data, the Lower Mississippi Valley U.S. Corps of Engineers estimates that 45 percent of Louisiana's wetlands would be excluded.

- Florida - The Florida Department of Environmental Regulation estimated that 30 percent (30,000-35,000 acres) of the Apalachicola River wetland floodplain would be excluded. In addition, 23 percent of Everglades National Park would no longer be classified as wetlands.

- Washington - The interagency team estimated a loss of 60-80 percent (400,000-533,000 acres) of the state's wetlands (Northwest Technical Review Panel, 1991).

- Wisconsin - The Wisconsin Department of Natural Resources estimated that 60-80 percent (3.2-4.2 million acres) of Wisconsin's remaining wetlands would be excluded.

- Texas - State officials suggested that around 40 percent of Texas's 5 million acres of bottomland hardwood wetlands would not be protected.

Conclusion

The Clean Water Act protects wetlands because they are essential to achieving the act's goals "to restore and maintain the chemical, physical, and biological integrity of the Nation's waters." The revisions proposed by the Bush administration severely compromise the intent of the act by removing vast areas of its coverage. No data or scientific documentation are presented for the 1991 revisions. Many of the suggested revisions, in fact, contradict established knowledge of wetland systems.

The revisions are overwhelmingly opposed by the scientific community and endorsed by agricultural and development interests. Clearly the impetus for the changes is not the pursuit of a better definition of wetlands; but rather the pursuit of a more pliable tool to continue exploitation of one of America's most critical resources. The proposed reductions in wetland regulation will divest a valuable public resource for individual benefits. The responsibility bestowed upon the federal government to protect national resources from individual consumption has been abandoned by the Bush administration. It is therefore incumbent upon Congress to recognize and respond to this threat.

Bush Air, Wetlands Proposals Likely to Die

EPA Chief Delays Action Because He Expects Reversal by Clinton

By Tom Kenworthy
Washington Post Staff Writer

Like a football team running out the clock, Environmental Protection Agency administrator William K. Reilly is planning to let time expire on two controversial Bush administration proposals he opposes that would ease restrictions on the development of Alaska wetlands and weaken clean air protections in unpolluted areas.

Despite pressure from the White House, with which Reilly has sparred frequently over the past four years, an administration official said the EPA administrator is unwilling to finalize the two proposals because he feels they would only be overturned by the incoming Clinton administration.

In both cases, the regulatory changes proposed by the Bush administration cannot be implemented unless the EPA completes the rule-making process.

"They would immediately be reversed in the new administration and he sees very little need to do it," said the official. "This late in the game, it makes little sense."

Reilly said in an interview yesterday that it is "unlikely" the proposal to weaken wetlands restrictions in Alaska will be completed before Jan. 20 because of the need to review fully the extensive public comment.

"Allowing the process to work normally is the best course the administration could take," said Reilly, suggesting that pushing the plan through without completing the public comment review could lead to a lawsuit.

Reilly declined to comment on the clean air proposal because he has a scheduled meeting to discuss it with the White House.

The change in how wetlands are regulated in Alaska was proposed just a few days before the presidential election in what some observers

See REILLY, A11, Col. 1

Reilly Marking Time as Term Winds Down

REILLY, From A10

characterized as a last-ditch attempt to improve the reelection prospects of President Bush and Alaska's at-large congressman, Rep. Don Young (R).

Under the proposed change, which would affect hundreds of thousands of acres of wetlands in the state, developers wishing to use wetlands would have had to meet only one of the three currently required tests in what is known as the "sequencing" process.

Although developers would still have had to demonstrate their plans would minimize damage to the environment, they would no longer have had to show that no alternative site was available; nor would they be obliged to replace any habitat that would be lost by restoring or creating new wetlands.

Conservationists who oppose the change in wetlands regulation said that it will be far easier to prevent the action if the EPA does not publish a final regulation before Inauguration Day.

"If it doesn't get finalized, then the new administration clearly has the ability to just withdraw the proposed exception," said Tony Turrini, counsel for the National Wildlife Federation's natural resources center in Alaska. "If it is finalized, and Clinton decides it is not a good idea, then repealing it requires them to go through the whole public notice and comment process."

The air pollution proposal centers on how stringently industries would have to consider using the "best available" technology for reducing pollution in parts of the nation with relatively unpolluted air, such as undeveloped rural areas, national parks and wilderness areas.

The proposal would make it easer for industries to install cheaper and less-effective devices to counter air pollution rather than to employ state-of-the-art technology.

Reilly is being urged by the White House to complete action on the plan but faces countervailing pressure from environmental groups.

"We are urging him not to damage what is a good program," said David Hawkins, a senior lawyer with the Natural Resources Defense Council.

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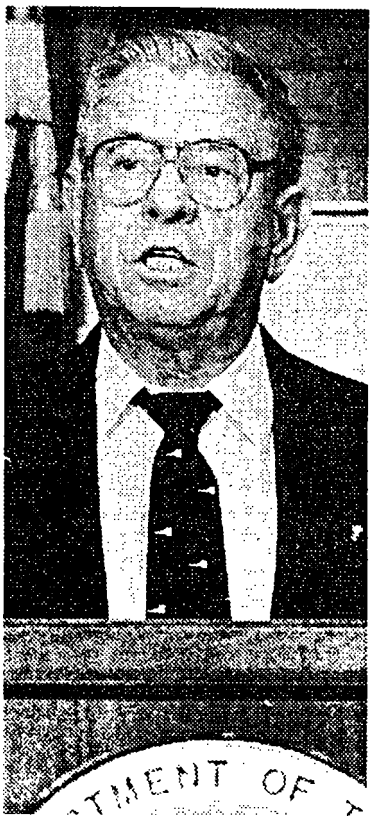

MANUEL LUJAN JR.
... says U.S. is being overcharged

lion on land acquisition. Further, he said that the auditors were wrong in factoring in such expenses as appraisal, survey and holding fees when determining whether sales were above fair market value.

But armed with the IG report, Lujan in late November proposed new guidelines for managing land purchases from nonprofits. He proposed that the Interior Department limit payments to the smaller of two figures: what the conservation organization actually paid for a parcel, plus expenses; or an "approved independent appraisal value plus normal closing costs."

The net effect of the change, said The Nature Conservancy's Dennis, is that in most cases the government will only pay fair market value plus closing costs. Since closing costs such as recording fees are a very small part of the expenses incurred by organizations such as his, said Dennis, and do not include larger costs such as survey and appraisal fees and the overhead expenses of holding land, the result would be a dramatic reduction in sales to the government.

"Right now, I'd say that in 50 to 75 percent of our land deals we are buying land at fair market value," said Dennis. "If we can't

Wetland Redefinition Shelved

EPA Abandons Controversial Rule Change

By D'Vera Cohn
Washington Post Staff Writer

With one week to go before leaving office, the head of the Environmental Protection Agency has abandoned a controversial proposal to narrow the definition of a wetland—a move that would have exempted millions of acres from protection.

EPA Administrator William K. Reilly told Washington Post reporters and editors yesterday that his agency has decided to use the same definition of a wetland as the one now used by the Army Corps of Engineers, "and I gather that will be accepted by the new administration," he said.

The definition is used in deciding whether a landowner needs a federal permit to fill or build on wetlands. The EPA's decision means it will use language employed in a 1987 Corps manual, abandoning a slightly broader definition in a 1989 Corps manual.

Reilly said that on Thursday he will release a memo signed last week by his agency and the Corps. Although the document does not mention the proposed redefinition, championed by Vice President Quayle, it "slams the door" on that issue for this administration, an official said.

"The Quayle manual is dead," the administration official said. "No one is going to adopt it while Reilly is here."

At the urging of farmers and conservative landowners, the White House announced in 1991 it would propose a relaxed definition to be used by the Corps, EPA and other agencies dealing with wetlands.

The proposal represented a victory for the President's Council on Competitiveness, but quickly drew fire from environmental groups that claimed it violated President Bush's campaign pledge to allow no net loss of wetlands.

Field tests by the government later showed that the change could exempt at least half the 106 million acres of wetlands currently protected, including portions of such well-known areas as Florida's Everglades, the New Jersey Pine Barrens, Virginia's Great Dismal Swamp and the salt marshes of Washington state.

The wetlands issue now apparently will be put on hold until a widely awaited National Academy of Sciences study, expected next year.

Aide to FBI Director Fired

By Sharon LaFraniere
Washington Post Staff Writer

The Justice Department yesterday fired Sarah Munford, executive assistant to FBI Director William S. Sessions, after internal investigators concluded she misused her position.

The department's internal watchdog unit, the Office of Professional Responsibility (OPR), recommended Munford be terminated three months ago for allegedly making numerous personal long-distance phone calls on FBI telephone lines and lying about her car registration to avoid higher insurance rates.

OPR investigators also accused Munford of trying to use her FBI credentials to help her son avoid a traffic ticket. She has been on administrative leave from her GS-15 post since Oct. 15.

Sessions relied heavily on Mun-

The OPR also is believed to be preparing a report on Sessions that covers issues including his use of FBI aircraft. It is unclear whether Attorney General William P. Barr will receive that report before he leaves to return to a Washington law firm.

Munford's attorney, Judith Richards-Hope, released a statement yesterday that said in part: "The decision issued today by the Justice Department terminating Ms. Sarah Munford's 23 years of exemplary government service will be appealed immediately to the Solicitor General. Ms. Munford believes that the decision is unfair, contrary to the weight of the evidence and procedurally flawed.

"Ms. Munford is troubled by the striking similarities between the unusual handling of her case to date by the Justice Department and unfair prosecution tactics reported in the Washington Post" in a series of sto-