



# SEEKING THE RIGHT BALANCE

*Pathway to a Rural Economy that Protects Traditions and Benefits all Shareholders*

## YUKON FLATS LAND TRADE UPDATE

Since I took office in 2002, I have worked to maximize Native ownership of lands in the Yukon Flats through Doyon so that we have more flexibility as we try to balance two things:

- Ongoing traditional uses in the Flats
- Economic development opportunities for our people

But these are not new strategies. They were conceived in the 1970s during our ANCSA land selections, revisited in the 1980s during initial oil and gas exploration, and then placed on the front burner for action by Morris Thompson, Rosemarie Maher and the Doyon Boards of Directors in the mid-1990s when we first began our land exchange initiative with U. S. Fish and Wildlife Service (USFWS).

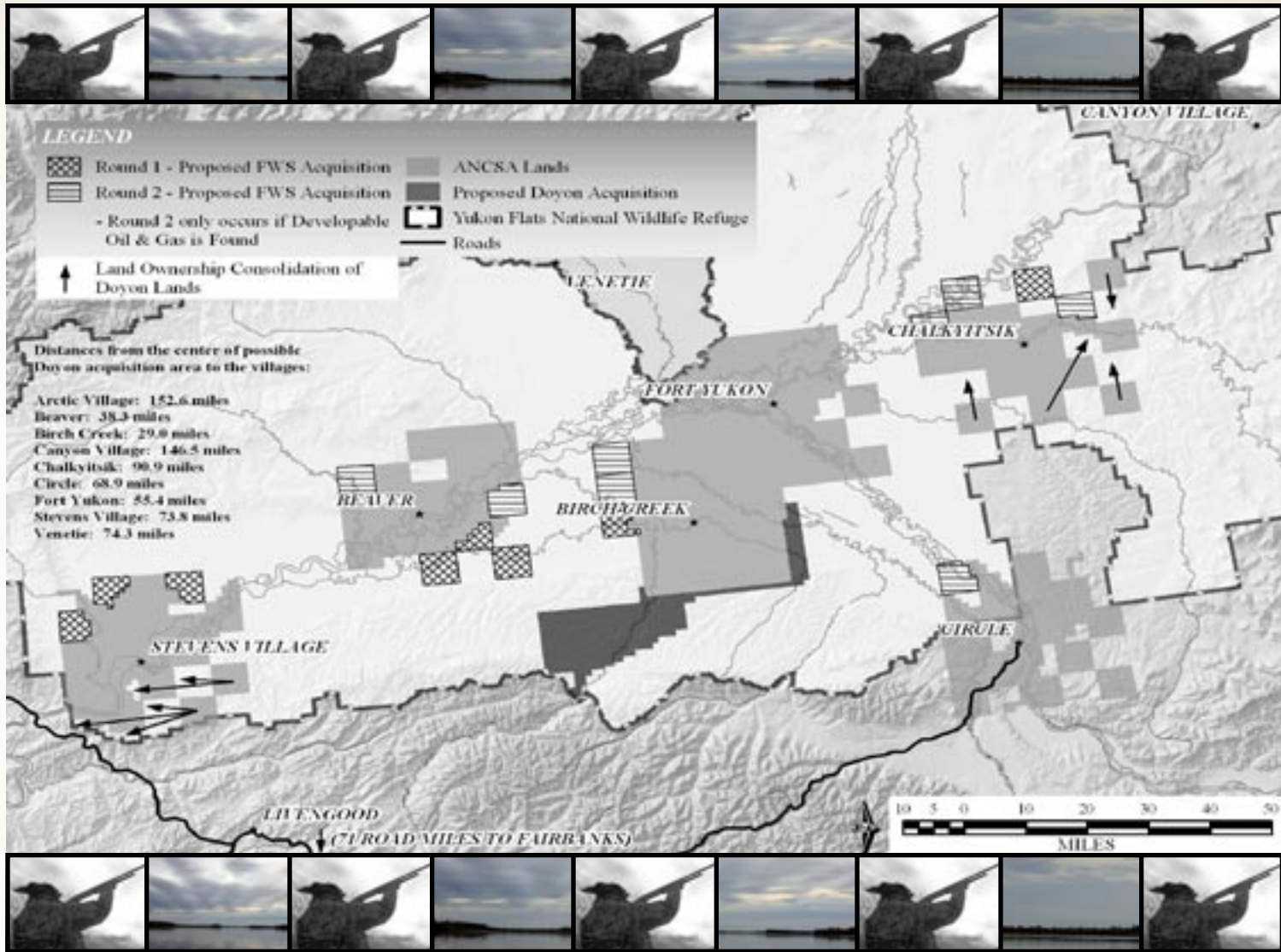


## PURPOSES OF THE LAND TRADE

**Doyon Goals:** Doyon's main purposes in proposing the land trade are 1) to expand our ownership of lands with development potential in the Yukon Flats, and 2) to give us more flexibility to lessen or eliminate any potential impacts to traditional uses in the area. It would allow us to meet more of the planning goals that formed the basis of our ANCSA selections in the 1970s.

**USFWS Goals:** The main benefit of the land trade to the USFWS is that it would allow them to manage additional high-quality fish and wildlife habitat within the Yukon Flats Refuge boundary for the benefit of future generations of Alaskans. This way they feel they could better achieve long-term Refuge purposes required by Congress including continued subsistence uses of federal lands by local residents.

A secondary purpose of the exchange is to consolidate other land ownerships in the Yukon Flats which will allow both Doyon and USFWS to better manage even those lands that are not related to oil and gas exploration and development.



## DOYON AND SHAREHOLDER BENEFITS IF LAND TRADE IS APPROVED

From everything that we have studied since then, we believe that the Yukon Flats Land Trade is the important first step to creating an optimal path within our grasp for economic development that respects our traditional values. And if we have success in the hunt for commercial deposits of oil and gas, the land trade will help us:

- Create a new cash economy not currently available in the Yukon Flats so more shareholders there can work close to home and maintain a rural lifestyle
- Create more jobs and job training for other shareholders
- Create more work and more profit for our oil field services subsidiaries
- Double shareholders' dividends, or more, even if you vote to enroll new shareholders
- Increase 7(j) money going to Doyon region village corporations and at-large shareholders
- Maximize Native oil and gas economic opportunities through use of Doyon subsidiaries, and village corporation joint ventures
- Provide greater flexibility for Doyon to control development and minimize impacts on traditional uses

### Priority: Protecting Subsistence Resources

I have always stated firmly that I will not sign any land trade agreement unless I am personally convinced that subsistence resources on the trade lands will not be compromised as we move forward to create important economic development opportunities.

For this reason, we lobbied hard for the Department of the Interior to do a thorough Environmental Impact Statement (EIS) to answer any remaining questions our shareholders have about potential environmental effects of the proposed trade. A draft EIS will be available for public review and comment in late summer/early fall.

## DOES NO LAND TRADE MEAN NO OIL AND GAS DEVELOPMENT IN THE FLATS?

No. We don't think so. The pressure to develop U.S. oil and gas reserves seems to mount with each passing day. The TransAlaska Pipeline runs at less than half of its past capacity. The United States will not be able to develop alternative energy technologies quickly enough to meet the energy needs of Americans without also bringing all of our domestic oil and gas resources to market.

- This pressure will likely be felt by the federal government. We believe that the USFWS itself will eventually succumb to political pressures from Washington, D.C. to allow exploration and development of oil and gas in the Flats - specifically, in that part of the Flats that would not compromise the biologic heart of the Refuge - precisely the lands that we want to control through the trade. Pressure to develop federal lands in the Yukon Flats will only increase if there is no land trade and Doyon finds and develops oil and gas on adjacent lands it owns today.
- Doyon lands in one part of the Yukon Flats may very well be able to support oil and gas development today, even without the land trade. Specifically, current Doyon and village lands in the vicinity of Birch Creek and some additional lands in the Beaver area with oil and gas development promise. With the recent run-up in oil prices, which most experts consider to be a long-term shift, the Doyon lands have even more potential. Doyon lands at Birch Creek are much closer to TAPS than many prospects being explored on the North Slope.
- The Alaska National Interests Lands Conservation Act (ANILCA) specifically requires federal and state governments to allow ANCSA Native corporations access across their lands to our resources for the purposes of economic development. This, too, will happen even if the land trade did not.

So, regardless of the outcome of the proposed land trade, it is almost certain that oil and gas exploration will take place in the Flats and will be developed if found and proven economic.

This is why Doyon would like to be the owner and the developer of these consolidated resources. The trade lands will allow us the control that we need to best preserve the balance between traditional uses and economic development opportunity that we believe is preferred by our shareholders.



**Meetings of Yukon Flats Leadership:** Leaders from the Yukon Flats villages have attended regular in-depth meetings to discuss their questions about the land trade regularly over the past three years. The two-way communication that has taken place both in the villages and at Doyon's offices has enhanced Doyon's understanding of village concerns and allowed village leaders a better understanding of the long-term economic benefits of the proposal.

We will continue to update you on the project because it is important that you have clear and accurate information, as opposed to political rumor and rhetoric. If you have any questions at all about this project, please call our Lands Department at (907) 459-2030 or the USFWS Project Manager for the EIS at (888) 222-1802.

I am convinced that you will conclude, as I have, that the land trade is an important first step that we can take toward finding the right balance between our traditional use of the land and maximizing future economic development opportunity.

Sincerely,

Orie Williams  
President and CEO