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## In a Nimby World, Alaskans Woo Project To Their Backyard

Jeff Lowenfels Builds Support  
For Natural Gas Pipeline;  
Big Oil Has Other Plans

By **RUSSELL GOLD**  
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ANCHORAGE, Alaska -- Jeff Lowenfels has dispensed weekly advice about gardening in Alaska on the radio and in a newspaper column he has written for 30 years. When asked what he can grow in the frigid soil, he always answers: "Iceberg lettuce, snow peas and snowball cauliflower."

For much of this time, he has also worked to put something else in the state's soil: a natural-gas pipeline.



**Jeff Lowenfels**

The 56-year-old former energy lawyer is a behind-the-scenes guru to an increasingly committed crop of activists and politicians who are ticked off by the endless delays in Big Oil's plans for a multibillion-dollar pipeline. In recent weeks, Mr. Lowenfels's disciples have launched a ballot initiative, an antitrust lawsuit and television commercials -- all designed to push the oil companies and Gov. Frank Murkowski to speed up development of the North Slope's gigantic natural-gas reserves.

In many parts of the U.S., community leaders and local politicians are fighting to halt energy projects or at least put them in someone else's neighborhood. What's occurring in Alaska is the polar opposite. The majority of Alaskans are great enthusiasts of energy development.

The federal government estimates there may be 100 trillion cubic feet of gas in the North Slope, where Alaska meets the Beaufort Sea nearly 300 miles north of the Arctic Circle. That is enough to keep the U.S. in natural gas for nearly five years. But no gas is leaving the North Slope, even though natural gas prices in the last year have been higher than ever. **Exxon Mobil Corp.**, **BP PLC** and **ConocoPhillips**, which have leased drilling rights in Alaska for decades, haven't been in a hurry to get that gas to market. They're currently negotiating to build a pipeline through Canada to the American Midwest but construction on that massive project isn't likely to start for years.

Meanwhile, Alaskans are running out of natural gas. Home-heating bills are rising and gas-intensive industry is shutting down. Instead of the longer pipeline being pondered by the giant oil companies, Mr. Lowenfels and others are pushing for the immediate construction of an 800-mile natural-gas pipeline to the Alaskan port of Valdez. A small portion of the gas would stay in Alaska and the rest would be liquefied and exported to either Asia or the West Coast.

Faced with a vigorous campaign to jump-start the pipeline, the oil companies are in the unusual position of counseling patience. Moving too quickly on their preferred \$25 billion pipeline through Canada, one of the largest construction projects in the history of North America, would be disastrous, they say. Steve Marshall, president of BP's Alaska operations, says he is worried that if they act too quickly, the project will be poorly conceived, be prone to cost overruns and not deliver much economic benefit.

The pipeline spat has national implications. Prudhoe Bay and other nearby North Slope fields are collectively the largest deposit of oil and natural gas ever discovered in the U.S. Since 1977, crude oil from the field has flowed through an 800-mile pipeline to Valdez, where it is loaded onto tankers and delivered to West Coast refineries.

Prudhoe Bay's gas has a different fate. Since it can't be sent through the oil pipeline, the gas extracted along with oil is muscled back underground. In the middle of the Arctic tundra, about 8.4 billion cubic feet of natural gas a day passes through an eight-story building where jet engines jam it back into the reservoir through 32 wells. BP, the facility operator, says putting the gas back has yielded dividends: The reinjected gas has helped maintain reservoir pressure and allowed an additional three billion barrels of crude to be pulled from the field.

Mr. Lowenfels got bit by the gas bug soon after moving to Anchorage from Boston in 1975. He took a job as an assistant attorney general representing several state agencies involved in energy development. In 1981, he started working for the Yukon Pacific Corp. -- a company set up to build a gas pipeline to Valdez that has come to be such a big part of his professional life.


Over several years, with the backing of its parent company, CSX Corp., Yukon Pacific acquired most of the required permits for the pipeline. But Mr. Lowenfels says the energy companies refused to enter into a long-term contract to supply gas. That prompted Mr. Lowenfels to study why the companies wouldn't sell. His conclusion: They were delaying the Alaska pipeline to avoid competing with their own projects in Indonesia, Australia and the Middle East that were developing gas to send to the U.S. Unlike Alaska, where it can sit on the gas, Big Oil often has to extract gas expeditiously overseas or it loses its extraction rights.

The companies vigorously deny that they are warehousing the gas to keep overseas projects profitable. They say the pipeline into Canada is the only economically viable option for getting the gas out of Alaska and point out they have spent \$125 million studying the route.

Mr. Lowenfels began holding "guerrilla sessions" beginning in the early 1990s in his downtown Anchorage office to spread the message that the oil companies were dragging their feet. Around a conference table piled high with permits and other documents, Mr. Lowenfels pitched Yukon Pacific's vision for a pipeline to Valdez. Eventually, the guest would ask some variant of the question: If it's such a good idea, why aren't the oil companies pursuing it? In a dramatic flourish, repeated hundreds of times, Mr. Lowenfels would pull back a curtain to reveal a map of the world with corporate logos marking where Exxon and BP have competing gas projects.

"We are sick and tired of having the oil companies control our destiny," he says.

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Many of the Alaskans pressuring the state government and oil companies to build a gas pipeline through Alaska are graduates of these sessions. The two-hour session "changed my life," says William M. Walker, a former mayor of Valdez. Mr. Walker helped create the Alaska Gasline Port Authority. Last month, the authority filed an antitrust lawsuit in federal court in Fairbanks against Exxon and BP for conspiring to withhold gas from U.S. markets and effectively warehousing Alaska's vast gas reserves. The oil companies call the suit without merit, saying they plan to contest it vigorously.

Lori Backes, a former Republican political aide, also says her outlook changed after attending one of Mr. Lowenfels's sessions. "When you see you are in competition with the very people who are supposed to be on your side...you begin to look at things very differently," she says. Now Ms. Backes heads an advocacy group of labor and environmental groups favoring an "all-Alaska" pipeline. Her group is running TV ads mocking Big Oil's proposed pipeline as something good for beer-swilling Canadians, but not for Alaskans.

Eric Croft, another Lowenfels convert, is leading a ballot initiative, widely expected to pass in November, to tax the oil companies \$1 billion a year until they develop the gas deposits.

Meanwhile, the oil companies say they are proceeding with plans for the Canadian route. ConocoPhillips reached an agreement on financial terms with the state of Alaska on such a pipeline in October, but BP and Exxon are still negotiating. A state spokesman said he is hopeful talks will be concluded in the spring, but several key issues remain unresolved.

Even if a contract is signed, lawsuits and fighting over the financial terms of the deal as well as the Canadian portion of the pipeline could continue for years, keeping Mr. Lowenfels and his seminar graduates busy. Until then, Mr. Lowenfels, a convert to organic gardening, plans to spend some time tending to his two-story greenhouse at his home overlooking the Cook Inlet near Anchorage. He is planting artichokes this week.

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