March 20, 2008

Yukon Flats EIS Project Office
c/o ENSR,
1835 South Bragaw Street, Suite 490
Anchorage, Alaska, 99508

RE: Comments on the Yukon Flats NWR Proposed Land Exchange Draft Environmental Impact Statement (DEIS)

On behalf of Pubic Employees for Environmental Responsibility (PEER), we thank the U.S. Fish and Wildlife Service (FWS) for the opportunity to comment upon the proposed land exchange between the Doyan Corporation (Doyon) and the FWS on the Yukon Flats National Wildlife Refuge (NWR) in Alaska.

PEER has significant concerns about the alternatives laid out in the DEIS:

<u>I. Unacceptable Environmental Risks</u>
Yukon Flats NWR is considered one of the greatest waterfowl breeding grounds in North America. Currently, there is no oil development in the region. The proposed land exchange would put the refuge's most commercially promising areas under corporate control and facilitate pipelines to carry oil and gas to market.

A. Exchange Will Negatively Effect Yukon Flats
In essence, the land exchange is intended to transform a vital wildlife refuge into an oil rush, crisscrossed with pipelines and roads.

The DEIS outlines a panoply of potential detrimental impacts, including higher air pollution, discharge of greenhouse gases, "excessive draw down of surface waters," loss of wetlands from drainage to build oil platforms, as well as threats to water quality and the risk of oil spills. The range and extent of these impacts only hint at the overall negative effect that the events flowing from this exchange will engender on Yukon Flats NWR.

B. Global Warming Impacts Poorly Understood
These potential impacts are magnified by the high degree of uncertainty surrounding this exchange. Not only are there unknowns with respect to which lands may ultimately be affected (see below) but large questions about how they will be affected. For example, the possible impacts of global warming upon macro and micro-climates in sub-arctic

regions are poorly understood. Nonetheless, this land exchange would trade deeper water marshes for shallower marshes without any consideration of the long-term ecological relationships (such as how long the shallower marshes may exist) or impacts.

C. Wild Character of Refuge at Risk
This entire proposal would be carried out in a pristine region where National Wilderness Areas and Wild Rivers abound. It is difficult to administer these areas in view of increasing tourism and recreation. The establishment of an east-west "corridor" for oil and gas production and delivery would ensure the loss of wilderness and wildlife values to natives, other Alaska residents, and all U.S. citizens to whom these lands belong.

II. Equal Value Exchange Not Documented

A. Land Should Be Appraised before It Is Traded
This transaction is termed "an equal value exchange" even though no appraisals have been conducted. Without appraisals, FWS does not know the relative land values and cannot warrant that even the Phase I exchange is equal in value.

B. Refuge Land Tied to Oil Prices
The way that Phase II of the "Agreement in Principle" is structured is that the FWS would obtain the option to buy up to 127,000 additional acres of Doyon lands in amounts that depend upon the value of oil produced.

This arrangement gives FWS an inappropriate incentive to facilitate production of oil in order to maximize land purchase opportunities.

C. No Guarantee against Loss to Taxpayer
Regardless of the value of the oil and gas produced, the Doyon half of the exchange would be capped under the Agreement in Principle – even if the oil and gas revenue to the Doyon greatly outweighed the value of the land it conveys to FWS.

Moreover, in Phase II, the Doyon would not provide FWS equal value in exchange for oil. Instead, Doyon would only give an option to purchase land at fair market value. The fair market value of the Doyon land may be greatly enhanced by the presence of producing oil and gas well. Thus, FWS would be in a position to buy back the full value of the land that it traded away –without knowing that full value.

D. Royalty Levels Too Low
The DEIS puts royalty payments to the U.S. Treasury from Doyon production as low as .25% – a level one-fifth of what FWS acknowledges is the industry average in the state. To add insult to injury, these low royalty levels are on oil and gas reserves that are currently owned by the taxpayer but which have been traded away before knowing their value.

III. Comment Period Should be Extended Until More Information Is Available

It is unwise public lands policy to place and project with so many critical legal, political, economic, and socio-cultural effects on a "fast-track" of 60 days of public comment. To our knowledge, 54 of 55 native groups along the Yukon River oppose this exchange. This abbreviated comment period is unfair to natives in villages, friends of the National Wildlife Refuge System and other interested parties. It appears these time frames appear predicated upon the timetable of the current administration rather than for the interests of the local residents or the refuge system.

PEER strongly urges FWS to re-open comment on the DEIS until full appraisals of all affected tracts are available for public review. Moreover, FWS should also take steps to address the concerns of the local residents who are not Doyon shareholders.

Sincerely,

Jeff Ruch
Executive Director

Grady Hocutt
PEER Refuge Keeper