OMAR RESOURCE REVIEW

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MICKEY MOUSE PERMIT PROGRESS

A Los Angeles Times editorial (March 27, 1978) comments on the frustrations expressed by Disney Productions in its attempt to build a year-round resort at Independence Lake in the Sierra Nevada. Disney, working on the project for five years, had invested $2 million and said they had had it with the state bureaucracy, and were suspending all operations at Independence Lake. Disney's project manager blames state agencies for strangling the project with red tape. The Times says "even if Disney had a favorable environmental impact study in hand -- and none is in sight -- it still could not proceed without the additional approval of nine state agencies, ranging from the Department of Fish and Game to the Public Utilities Commission. But Disney officials were never told which agencies had jurisdiction, and did not find out until new 'demands were made on them by still another entity of government." Then a state official decided the site should be moved, and another proposed limiting the facility to winter-only operations. So Disney threw in the towel, as did Dow Chemical in its decision to cancel its $500 million petrochemical complex near San Francisco.

"THE PONDEROUS PROLIFERATION OF PRACTICES AND PROCEDURES PRODUCING PROFITLESS, PENCIL-DULLING PAPERWORK."

At OMAR's April 1 symposium, Don Finney of Louisiana Pacific Corporation alluded to problems in Alaska similar to the Disney experience. In colorful style, Finney walked the almost 400 participants through 34 hair-pulling "permit" experiences one must expect in establishing a logging operation.

Regulatory Overkill

Frank R. Fisher, Manager of Environmental Protection for Alyeska Pipeline Company, on the same program, said "In order to enforce environmental protection, we have developed such complicated rules, regulations, enforcement and follow-up procedures that paperwork must take precedence over intelligent and innovative environmental actions. Every cent spent on environment protection . . . comes out of your pocket in the form of higher commodity prices, taxes or inflation."

Fisher cited a recent survey showing that the government issues 9,800 different forms to be filled out by business and the public, calling for 556,000,000 responses.

He said the U. S. Council on Environmental Quality estimated some 40 billion dollars were spent on air and water pollution control in 1977, excluding cost of government regulation!

To bring costs closer to home, Fisher equated them to 4.7 Trans-Alaska pipelines or $187 for every person in the United States.

Permit Assurances Needed

The vice president of Placer-Amex Corporation, Cole McFarland, in outlining his firm's activities since obtaining coal permits in 1966, clarified that: "Before either party can commit substantial funds to equipment orders and site work, there must be assurance that necessary operating permits will be forthcoming. While new federal law affecting the mining and combustion of coal define both mine and power plant operating procedures and standards, it also builds in time constraints and sub-

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stantially increased costs of compliance. Accordingly, it is even more important to obtain local and state permits in a timely manner."

Much Potential — Many Problems

Monte Taylor, Operations Manager, Exxon USA, told the group there was much potential for oil and gas development in Alaska and quoted U. S. Geological Survey estimates that Alaska holds as much as 40% of the nation's oil reserves. "There is much potential, but unfortunately there are also many problems in developing this potential." Only the development of Prudhoe Bay gas reserves could be called "on the drawing board," and even those, he said, were faced with possible environmental and regulatory delays.

The Problem Can Be Solved

Ernst W. Mueller, Commissioner, Department of Environmental Conservation, State of Alaska, had his day in court and agreed that the permit process indeed has expanded over the past years "until a proponent of a major project spends an enormous amount of time and money in filling out forms, negotiating with agencies at all levels of government, trying to coordinate a large number of permit activities — some of which are apparently issued by disinterested agencies — and trying to meet sometimes conflicting requirements. Further, in a large project that takes many years to plan, design and construct, the proponent may find him trapped in the quicksand of changing requirements."

To solve these problems, the 1977 Legislature passed the Environmental Procedures Coordination Act which requires state agencies to work together and coordinate their responses to permit requirements for particular projects and specifically requires the Department of Environmental Conservation to help eliminate "bureaucratic roadblocks."

Mueller said, "As the process evolves, I am sure that we will be able to help coordinate federal permit needs as well as state programs. We are also proposing to establish joint federal-state review teams to review major projects such as the proposed refinery for the state's North Slope Royalty Oil. These teams would work together and with the project sponsors to establish information needs, develop the environmental impact statement, review problems with permits, and try to expedite the process. We feel that these teams will save a great deal of time and duplication of effort, and help eliminate whipsawing of permit applicants as they go from one federal or state agency to another." He then added that if permits served no useful purpose, they would be eliminated.

UNIVERSITY'S POPULATION FIGURES LACK CREDIBILITY

A recent study by the University of Alaska Institute of Social and Economic Research concluded, among other things, that the ALPETCO project will generate massive population increases. "During construction, the population impact peaks at 36.7 thousand and then falls to 25.2 thousand in the long run (1990)."

Amazed at these figures, OMAR looked back at a December 1977 comparison of royalty oil proposals done by David Reaume, chief economist for the state's Division of Economic Enterprise. Reaume stated "It appears that, on the average, for every ten jobs created on the first round of new development, three to five additional jobs will eventually be created elsewhere in the economy. In other words, it appears from our model simulations that the Alaska job multiplier is presently on the order of 1.3 to 1.5." ALPETCO itself says the 3-year construction phase will require "an average of 3,500 to 4,000 workers; the operating phase (20 years) will require about 2,100 to 2,800 skilled operators and maintenance workers."

Over the past years OMAR has had the benefit of considerable technical expertise regarding the development of a petrochemicals industry and its impact on the economy and employment.

The opinions of persons associated with petrochemicals facilities in other states are united with regard to employment multipliers: They say such complexes generate indirect employment at the rate of 3.5 to 4.0 times the direct employment involved. These figures, however, are derived from experiences outside Alaska where infrastructures already exist and spendable dollars for goods and services remain in the state in which the worker resides.

Alaska's less sophisticated infrastructures and lack of local support industries and services do not appear to support multipliers of 3 to 4. A multiplier of 2 is generally accepted, although it is considered high by some Alaskan economists.

Using a multiplier of 2, here are the results: *ALPETCO Minimum Direct Jobs (2,100) x Multiplier (2.0) = Total Direct and Indirect Employment (4,200) x Fraction to Migrants (.45) x [illegible] (Average Family Size in U.S.) = 6,426 (Total Migrant Influx)*

If you assume that some of the migrants will be

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single, the 3.4 could be reduced to 2.6. Any way you look at it, ISER's projection of net population increases of 25,234 generated by the ALPETCO project is totally unrealistic.

SIERRA CLUB FILES ONE MORE APPEAL

The Sierra Club Legal Defense Fund has taken its fight one step further to stop construction of the 11.5 mile gravel access road to U. S. Borax and Chemical Company's molybdenum site near Ketchikan. On April 14 Michael Sherwood, staff attorney for Sierra, filed a notice of appeal to John McGuire, chief of the U. S. Forest Service. If McGuire upholds decisions made by lower ranking foresters, the matter goes to court.

OMAR, an intervenor on behalf of Borax, resolved at its recent annual meeting to "remain an active party to the proceedings and continue to oppose Sierra Club Legal Defense Fund efforts to stop this development."

U. S. POLICIES WEAKEN CAPITALISTIC SYSTEM

C. R. Palmer, President and Chairman of the Board, Rowan Companies, Inc., told stockholders, "There is a popular belief that the U.S.A. has no energy policy after a lapse of four and one half years since the oil embargo. I differ with this concept. There is a de facto energy policy that is the same as the existing economic policy, both directed toward the weakening of our capitalistic system of business enterprise. We have become engaged in the moral equivalent of war, a conflict between socialism and capitalism."

Rowan's annual report also explained the decline in demand for rigs in Alaska as "the budget cutback of some operators and completion of development drilling needed to satisfy the immediate transmission requirements of the Trans Alaska pipeline. A lack of significant new discoveries in Alaska, a dearth of State and Federal lease sales and the disadvantageous tax situation within the state has further depressed drilling activity."

With each rig shut down, between 45 and 50 well-paid North Slope jobs are lost to Alaskans.

JOB TRAINING INCREASES ALASKA HIRE

Collier Carbon and Chemical Corporation's recent expansion of the Kenai petrochemical complex has brought to light new data on direct and indirect employment potential for Alaskans.

The plant expansion required 123 additional employees. Collier initiated training classes in cooperation with the local community college some two years ago and encouraged local residents to participate in the program. Positions were advertised statewide in the firm's effort to employ Alaskans.

The result of Collier's effort is that of the 123 new employees, 98, or an astounding 80%, were local hire. The other 20% were filled by residents of other states having qualifications not possessed by Alaskans or capable of being provided in the training program.

Collier projected indirect employment in the community on a one-to-one basis; therefore, an additional 123 jobs and millions more in local income annually.

Total projected income to the community resulting from the petrochemical complex is more than $13 million a year.

STATE OF ARIZONA GETS WILDERNESS/ PARK DESIGNATION

Rep. James Santini of Nevada telegraphed H. R. 39 proponent Morris Udall during Udall's recent hospital stay for an emergency appendectomy, according to the Fairbanks News-Miner. The telegram read: "Hurry back! Legislative disaster imminent. In your 3-day absence your seniority successor Mr. Burton (D-Calif.) has drafted, held hearings and voted out of subcommittee a bill to declare the entire state of Arizona a national park and wilderness area. Governor will be permitted to remain as a park ranger and any in-park resident Republicans will be required to exchange their voting franchise for weekend picnic permits. Situation serious. P.S: Nevada concern involved. Mr. Burton is rumored to be considering southern Nevada as parking lot for recreation site visitors."

OMAR OFFICERS ELECTED

Elected for one-year terms to the Executive Committee, the coordinating body of the statewide Board of Directors of OMAR, were the following Alaskans: Homer Burrell, E. W. "Pete" Casper, Dave Chess, James E. "Bud" Dye, Perry Eaton, Lee E. Fisher, Robert W. Fleming, Robert Hartig, Lloyd V. Owen, Guy Stringham, Robert Swetnam, James Messer and Dennis Weaver. Lee Fisher was elected president along with three vice presidents — Guy Stringham, Perry Eaton and James Messer. Lloyd Owen is the organization's new treasurer and Bob Swetnam is secretary.

STATEWIDE BOARD OF DIRECTORS ENLARGED TO 78 MEMBERS

In addition to the Executive Committee, others serving on the statewide board are: John Abshire, Hameed Ahmad, Peggy Arness, Elaine Atwood, Doug Bechtel, Dr. Earl Beistline, J. C. Benton, W. C. Bishop, Terry Brady, Tom Cashen, Frank Chapados, R. A. Davenny, A. Jack DeLanny, Dr. James Drew, Rick Dutton, George Easley, Tom Fink, James Gardino, Dale Green, James A. Hamilton, Gordon Harang, Patti Harpel, Hazel Heath, Carl Heinmiller, William Hensley, Vern Hickel, R. Eldridge Hicks, George Hillar, Hazel Hogan, Jed Holley, Gerald Hood, Fred Hough, Beverly Isenson, Jerry Jean, ~~John Kelsey,~~ Roger Lang, Robert Leach, Mann Leiser, Roger Lewis, Kay Linton, Robert Loscher, James Malapanes, Richard Miller, Merle Mosar, Tony Motley, Don Nelson, Gregg O'Clara, Stan Orcutt, Robert Penney, Dick Pittenger, Neil Porter, Charles Rees, Rick Richter, William Seelye, Dave Stock, Charles G. Thomas, Joe J. Thomas, Duane L. Triplett, James Wakefield, I. M. "Ike" Waldrop, Jr., Charles Webber, and J. C. Wingfield.

The 1978 ~~new~~ board reflects wide geographic representation, and larger participation of regional corporations, labor and resource industries.

MORE MAIL FOR CONGRESSMAN UDALL

Mining Geophysicist Don A. Hansen of Spokane, Washington has suggested to Mo Udall a way to neutralize opposition to H.R. 39 "designed to conserve and reserve Alaska's natural resources for strictly defined national emergencies." His suggestion: "Write into H.R. 39 a provision requiring Congress to issue a list of the beginning dates and duration of all future national emergencies and the minerals that will be in emergency short supply. The list and any subsequent revisions should be issued not less than twenty years before any anticipated emergency. This lead time is required to find the needed resource, develop it and initiate production.

This assumes, of course, that there will be little delay by federal agencies or environmental groups in responding to the emergency. If you act quickly, I assure you that it will undermine the resource industry opposition to H.R. 39. Such a move will prevent the rape, ruin and run tactics that have devastated nearly seven acres out of every 10,000 acres in the public domain . . ."

ADVOCATE SELLS COMMEMORATIVE PLAQUES FOR OMAR AND VALDEZ CHAMBER

Our thanks to Alaska Advocate's Howard Weaver for the story on the First Barrel of Oil commemorative items being sold to support OMAR and Valdez Chamber activities; the response was outstanding.

OMAR "Ramrod" Bob Fleming expressed the hope that people who ordered numbered plaques after reading Weaver's story were not disappointed that "an oil-soaked seagull mounted on a handsome genuine walnut plaque — each numbered consecutively for the 799 birds that died" or "one of the 10,000 Prince William Sound salmon, mounted in clear plastic, floating belly-up in a pool of Prudhoe Bay petroleum" were not portrayed on the items received.

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