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TRANS-ALASKA GAS SYSTEM

**ALASKA'S NATURAL GAS FOR ALASKA'S NATURAL MARKET . . .**

**. . . THE PACIFIC RIM**

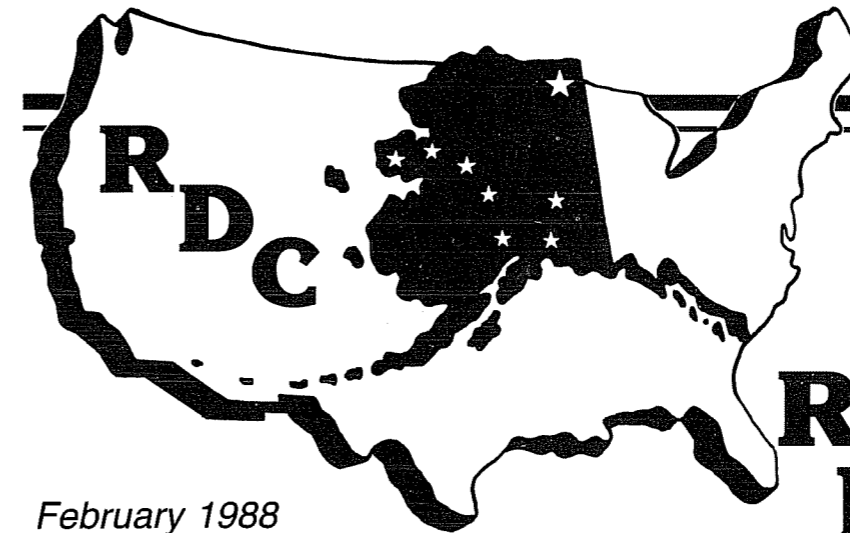
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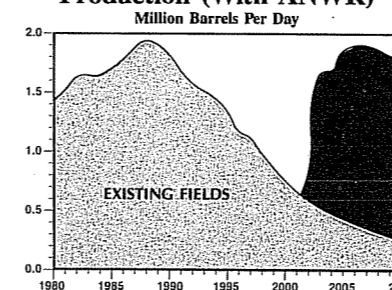
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**Resource  
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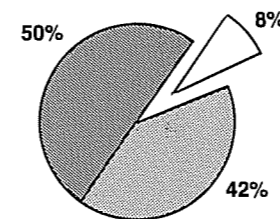
February 1988

**Potential Alaska North Slope  
Production (With ANWR)**



Graph shows the decline of North Slope oil production to about 300,000 barrels per day after the year 2000, and how production of ANWR could potentially offset that decline.

**ANWR LANDS**



■ ANWR Lands (Managed as Wilderness)  
■ ANWR Wilderness Lands  
□ ANWR Coastal Plain, 1002 Area

**Limited exploration approach could prevent discovery of ANWR oil**

Thorough exploration required

A limited exploration approach for new domestic energy resources, as envisioned by compromise legislation before Congress, would impede and possibly prevent the discovery of a super-giant oil field in the Arctic National Wildlife Refuge (ANWR), America's greatest onshore energy prospect.

Oil production from the ANWR Coastal Plain, which comprises under ten percent of the northeast Alaska refuge, could provide up to 22 percent of the U.S. domestic production by 2007, at a time when the nation might otherwise be dependent on unstable foreign imports for a staggering 75 percent of its oil consumption. The frigid, wind-swept Coastal Plain area proposed for leasing, which covers only eight percent of the massive 19 million-acre refuge, may contain the largest pools of oil beneath the North American continent.

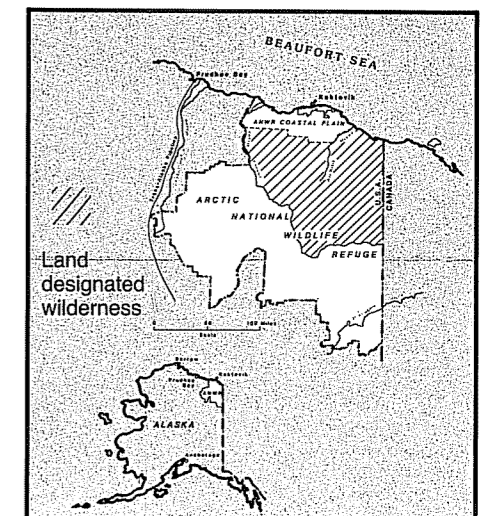
However, an environmental lobby is applying enormous pressure on Congress to prevent leasing in any area of ANWR, despite an excellent environmental record and thriving wildlife populations at neighboring Prudhoe Bay, America's largest oil field.

Meanwhile, the State of Alaska and the petroleum industry, concerned about projected steep declines in Prudhoe Bay production — which currently accounts for 24

percent of the nation's domestic energy supply — are stepping up efforts to gain access to the ANWR Coastal Plain.

As Congress considers new arctic oil and gas exploration, a flurry of bills affecting ANWR leasing has been introduced. But a limited exploration proposal that specifies the drilling of only four wells is doomed to failure given the geological complexity of ANWR which will require thorough exploration.

(Continued on page 4)



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**— FROM —  
ALL POINTS IN  
NORTH AMERICA**

**ALASKA RAILROAD**

## Message from the executive director

By  
Becky L. Gay



Becky Gay outside the Alaska Capitol.

# RDC Board advances legislative priorities in annual Juneau foray



RDC board members, above, pause on the steps of the Alaska Capitol. Below, President Henri and fellow board members meet with Governor Steve Cowper.



RDC had an impressive contingent of board members to advance RDC's legislative priorities in our annual foray to Juneau. The two-day visit to the capital city was jammed with meetings with Governor Cowper, Senate President Jan Faiks, Speaker-of-the-House Ben Grussendorf, the Resource Committee Chairmen of both Houses, many other legislators, Mayor Polley and the Juneau Borough Assembly and Commissioner Judy Brady.

Leading the charge were President **Joe Henri** and Vice-President **Shelby Stastny**. Other Anchorage board members making the trip were **Rex Bishopp**, **Don Cornett**, **Paul Glavinovich**, **Al Hastings**, **Chris McAfee**, **Steve Rehnberg**, **Dick Tindall**, and **Chuck Webber**. Statewide members attending included **Roy Ewan** (Copper Center), **Jon Halliwill** (Haines), **Karen Hofstad** (Petersburg), **Joe Usibelli, Jr.** (Healy), **Lyle Von Barga** (Valdez) and, of course, our wonderful long-time resource expert, lobbyist and board member **Phil Holdsworth** (Juneau). **Mike Abbott**, RDC's Project Coordinator/lobbyist and myself provided staff support.

As the diversity of RDC was evident in those who attended, so was the range of issues in the legislative priorities we tackled. Although an ANWR resolution was the major priority, other issues and legislation of interest included mariculture, forest management agreements, the Denali South visitor facility, water quality, coastal zone management review, multiple use of state lands, recreational rivers, stable taxes, tourism, capital projects, the Alaska Minerals Policy Act, and oil and gas incentives. Add a little membership work, community relations and private meetings and you can see the board members had a relentlessly full schedule which required an incredible amount of stamina.

Although the trip was filled to the brim with meetings, debate and discussion of RDC's legislative priorities and social business such as the Alaska State Chamber's breakfast roundtable, our board managed to spend quality time with each other in a variety of ways. It was a pleasure and an honor to be in the company of these outstanding Alaskans who display such energy, intelligence and good humor.

Of course, that's what RDC is all about ... Alaskans, working with Alaskans to improve the quality of life through sound resource development. A public thank-you to those who attended. Juneau felt our presence.

### Resource Development Council, Inc.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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Carl Portman  
Editor & Advertising Manager

## What Alaska Can Do For America



## Discover The Excitement!

RDC's Eighth Annual International Conference on Alaska's Resources February 26-27, 1988 Sheraton Anchorage Hotel  
Can Alaska, America's most easterly, most westerly and most northerly frontier, become a leader of modern enterprise with an expanded resource economy, providing the most civilized benefits ever enjoyed at these northern latitudes? Can we show that Alaskans have the wit and stamina necessary to create an outstanding American civilization in the Arctic? Will our exports and our industries enrich the federal treasury and reduce trade imbalances? Will this frontier serve as a sentinel for the American continent's defense? What can Alaska do for America?

### Program Topics

- Alaska's Geopolitical Imperatives: National Security and Foreign Policy
- Alaska's Strategic Allegiance to America
- Alaska's Natural Resource Wealth: So Near and Yet So Far
- Development in Alaska: Wealth, Security and Jobs for America
- Domestic Energy Policy: Where Alaska Fits
- Warehouse Mentality: Retarding Alaska Development
- Long-term Solutions to Fundamental Problems
- Enriching the Federal Treasury While Slashing Trade Imbalances
- Alaska Industrialization: A Scientific, Defense and Resource Orientation
- Who Owns Alaska?
- The Real Cost of Public Land in the 49th State
- Potential Capital Sources in a Capital-shy State
- Realities of Importing Money in Changing Times
- What Alaska Forests Can Yield for America
- Arctic Science Policy: How Can Alaska Lead the Way?
- Who Owns America: The Effects of Legal Precedents in Alaska

### Key Speakers

Governor Steve Cowper, Juneau, AK  
Mayor Tom Fink, Anchorage  
Robert B. Horton, Chairman, BP America, Cleveland, Ohio  
David Wigg, Deputy Assistant Secretary of Defense for Policy Analysis, Wash., D.C.  
Dr. John Baden, Director, MaGuire Oil and Gas Institute, Southern Methodist University, Dallas, Texas  
Dr. Charles Ebinger, Senior Associate, Center for Strategic and International Studies, Washington, D.C.  
John Spellman, Executive Vice President and Chief Financial Officer, W.R. Grace Company, New York  
Steve Lovett,\* Director, International Trade Division, National Forest Products Association, Washington, D.C.

David Heatwole, Vice Pres., External Affairs, ARCO Alaska, Inc.  
Jim Campbell, Chairman, North Pacific Fisheries Mgt. Council  
Robin Rivett, Environment Law Section, Pacific Legal Foundation, Sacramento, California  
Joe Usibelli, Sr., Chairman, Usibelli Coal Company  
Byron Mallott, Chief Executive Officer, Sealaska Corporation, Juneau, AK  
Morris Thompson, President, Doyon Ltd., Fairbanks, AK  
George Ishiyama, President, Ishiyama Company, Tokyo, Japan, President, Alaska Pulp Corporation, Sitka, Alaska  
Senator Jan Faiks, President, Alaska State Senate  
Rep. Ben Grussendorf,\*\* Speaker, Alaska State House of Representatives

### Capture the Opportunity

RDC's 8th Annual International Conference on Alaska's Resources, "What Alaska Can Do For America," promises to be provocative and educational. The conference will focus on what Alaska can do for America with its strategic location, its people, front-line defense, basic industries and sound resource management. Our purpose is to explore solutions, new concepts and different avenues to secure the public policy decisions necessary to transform Alaska's awesome potential into great wealth for the nation. In fulfilling this purpose, the conference will put in motion various techniques to elevate Alaska's national standing and con-

vince decisionmakers in Washington that Alaska has great potential for making a contributing difference to the nation's economic and security future.

With extremely professional and high-level speakers to help us expand our horizons, this conference is designed to serve as a platform for the vital interaction necessary to build a national consensus favorable to Alaska development.

Capture the opportunity for business, industry and government in a conference designed to seek answers to broadening Alaska's economy. For registration information, call RDC at (907) 276-0700.

\*To be confirmed

\*\*Video presentation

# Harvesting Trees

Is it possible without wrecking our boreal forests?

A delegation of Matanuska-Susitna Borough officials toured forests, timber mills and other facilities in Finland last month and returned more convinced than ever that establishing a large-scale timber industry in the Susitna basin makes good sense.

The Mat-Su delegation consisted of three assembly members — Doyle Holmes, Rose Palmequist and Norm Levesque — borough development services director Ric Davidge, Wasilla logger Mike McCreary and forestry consultant Terry Brady. While in Finland, the group met with companies that have expressed an interest in building wood processing plants in the Mat-Su Valley. The delegation said it will use what it saw in Finland to persuade people that harvesting trees here is possible without wrecking forests and streams.

The Alaska Department of Natural Resources has proposed harvesting up to 200,000 acres of boreal forest in the Susitna Valley during the next 20 years. State forestry officials are now rewriting the plan to satisfy complaints from environmental groups, lodge owners and air taxi guides.

The delegation members said the Finns have set an example of how to run profitable wood operations in northern-latitude forests without sacrificing environmental values.

They saw forests where trees are replanted immediately following harvesting. They learned of new strains of birch and spruce which have been developed to reach maturity twice as fast as trees growing in the wild. And they witnessed clear-cutting in small patches, with no apparent erosion or water contamination.

The delegation was impressed in that care is taken not to damage the forest floor during harvesting and little wood is wasted. Plywood, pulp and cardboard plants don't pollute the water or air, toxic chemicals are recycled rather than emitted.

RDC board member Terry Brady noted that Finland uses timber harvesting as a tool to improve the quality of a forest environment while at the same time realizing economic gain from a renewable resource.

Brady said the Finnish experience has shown that a well-executed harvesting program utilizing the latest available technology has fewer environmental implications than farming, urbanization or from deliberately leaving natural land in wilderness.

In the Susitna basin, Brady said timber is being harvested at less than 2% of its sustainable yield. He pointed out that tree growth is a fraction of what it could be, and in the desirable tree size, trees are dying faster than growing.

"The current condition of the forest is a result of a lack of management," Brady said. "The very essence of the primary law of Alaska our carefully crafted constitution that calls for maximum sustained yields from replenishable resources, is being thwarted."

"Can it be we Alaskans are too backward to take advantage of 50-100 years of forest management progress in northern lands just like ours and instead spend our time bashing each other over perceived 'turf,' with little or no benefit to society of the forest itself," Brady asked.

Brady and the Mat-Su Borough believe a modified state plan to harvest select boreal forest lands can be a positive timber project, based on forest management that is productive, not destructive. They believe benefits can accrue to more people when the resource is managed.

According to DNR officials, the state stands to gain an estimated \$90,000 per year from stumpage fees from the proposed Mat-Su timber sale. However, RDC Renewable Resources Director Dick Tindall stressed the real benefits come from the value-added processing of the resource.



*The Alaska boreal forest is amenable to increased economic and aesthetic values through modern forest management which can provide for environmentally-safe harvesting while promoting a healthier and faster growing second crop.*

With the construction of modern, efficient and clean manufacturing plants come hundreds of jobs and millions of dollars in annual salaries for a region which measures unemployment in double digits. More benefits would come from an increase in the local tax base, reduced fire danger, new services, and a healthy second crop of trees and roads which would open other resource and recreational-rich lands. Tourism does not preclude other opportunities such as timber, if it is done correctly.

RDC believes the Alaska public must be willing to accept small risks in return for all the great rewards the forests offer — not just accept those benefits accruing to a minority of the population.

## ARR expansion . . .

(Continued from page 5)

Turpin said the railroad is also considering an extension from either Willow or Houston to a proposed port facility at Point MacKenzie. The Matanuska-Susitna Borough wants to use the railroad to ship timber, coal, peat and limestone to its proposed port, a project borough officials believe will rejuvenate the local economy.

The Nenana-Tanana link would cost about \$200 million and extend the Yukon barge season by nearly two months.

A major key to the Nenana-Tanana extension is that it dovetails with expansion possibilities from Tanana northwest to Alatna and Kobuk, an area rich in mineral resources. These extensions would bring the railroad closer to the giant coal deposits north of the Brooks Range.

The Alatna and Kobuk extension would cover 139 additional miles and cost some \$300 million.

Turpin stressed the extensions are based on a 1972 study, but indicated the routes make good sense today. However, Turpin said the railroad has no immediate plans to extend its line.

Not all of the extensions are financially practical as the Nenana-Tanana route, Turpin said. For example, an extension of the railroad from Alaska hundreds of miles south to tie in with the railroad system in Canada and the Lower 48 is financially unsound, Turpin said. Distance and construction costs would make it virtually impossible for the railroad to compete with the maritime industry.

In addition, a 581-mile extension from Nenana north to Deadhorse, as outlined in the 1972 study, makes little sense today given the construction of the trans-Alaska pipeline to move North Slope crude to market.

## Thoughts from the President

by  
Joseph R. Henri



### Resource Development by Conference

"The most important change which extensive government control produces is a psychological change, an alteration in the character of the people. This is necessarily a slow affair, a process which extends not over a few years, but perhaps over one or two generations. The important point is that the political ideals of a people and its attitude toward authority are as much the effect as the cause of the political institutions under which it lives." Friedrich A. Hayek

All must acknowledge that in our modern Alaska there is "extensive government control." Indeed, though times are tough and Alaskans are up against it, the bureaucracies throughout the departments and agencies have not ceased to produce ever more rules, regulations and guidelines. My octogenarian friend, John Jacobson, has been in the habit of reminding Alaska miners that if Alaska wants to be a great mining country, it can be one. The unstated question is, "Does Alaska really want to be a great mining country?" The same question could be asked of any other facet of resource development.

The key question is, "What do we Alaskans really want?" It seems rather obvious that if we do not want resource development with a mighty wanting, nothing extraordinary will come about. Perhaps we have become a society such as Alexis de Tocqueville described so networked with "small, complicated rules, minute and uniform, through which the most original minds and the most energetic characters cannot penetrate to rise above the crowd." Maybe we have been so long and so constantly restrained from acting, that this continuous exercise of governmental power "compresses, enervates, extinguishes and stupefies" us. DeTocqueville saw this result as a coming possibility in America, even though he wrote in the early 19th century.

Unless we Alaskans resolve with a great and uncommon resolve that we will do something for America through the development of our resources, nothing much will happen in a positive way in our generation.

RDC's conference scheduled for February 26 and 27 is calculated to revive and invigorate our resource development psychology. It is directed to give us the extra ambition, backbone and high resolve required to break through the barriers, enliven our fellow citizens and raise their sights.

The road is not easy; we are afflicted with a large dose of socialism and increasing bureaucratic despotism. We endure a coercive organization of our affairs. But so far no one has taken away our freedom to think or to peacefully change things.

Don't miss our conference. Let us think together intensively and ambitiously, and after that let us lead Alaska to be one of the world's great resource producers, and along the way let's try to find more freedom for individuals, freedom from central control of economic activity.

See you in Anchorage, at the Sheraton, on the Friday and Saturday, 26th and 27th of February.

# AIDEA

## Draft proposal inadequate

To foster resource development with Alaska, the Resource Development Council is recommending that the Alaska Industrial Development and Export Authority's Export Assistance Program be capable of completely filling the gap between what is available from the Small Business Administration and the Export Import Bank.

In comments to the AIDEA Board of Directors regarding the Authority's draft regulations, RDC said the AIDEA's draft proposal to limit export transactions to a maximum of \$350,000 is woefully inadequate, does not meet the intent of the legislature and will not provide meaningful export assistance to Alaska business.

Through the SBA and the EX-IM Bank, two programs currently exist to assist firms engaged in export to obtain what are essentially working capital loans. The SBA program is limited to \$500,000 while the EX-IM Bank generally handles loans of \$25 million or greater. The financing needs of businesses engaged in exporting with working capital requirements in excess of the SBA's limit but less than amounts financed by the EX-IM Bank are not being met in Alaska.

Becky Gay, RDC's Executive Director, pointed out that the statute creating the Export Assistance Program of the AIDEA came about in large part through the work of the Industrial Development and International Trade Division of RDC. Members of this committee spent months investigating the problems of export financing, the solutions arrived at by other states and whether Alaska needed to create another agency to handle the unique intricacies inherent in export financing.

"The primary intent of the Export Assistance Program of AIDEA as developed by RDC members was to fill the gap between financing available from the SBA program and the EX-IM Bank program," Gay said. "Providing expertise to the Alaska banking community in the area of export financing was also expected."

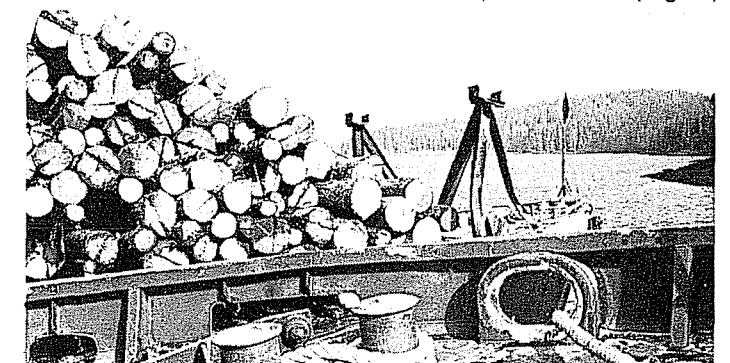
Gay noted that a simple fishing venture requires working capital amounts in excess of \$1 million. Exports of timber and minerals have similar or greater working capital needs.

Export loans are generally covered by sales contracts and letters of credit. The primary risk is in the exporter's ability to produce the product reliably and at the time, place, and amount specified in the sale contract.

AIDEA's loan guarantee decisions under the Export Assistance Program should be made on the financial feasibility of the project, the credit worthiness of the borrower, the borrower's ability to meet the terms of the export sales contract and the quality of the letter of credit, Gay said.

"The proposed regulation that '...borrower must have an equity interest in the ... enterprise at least equal to the portion of the principal amount of the loan ...' is unrealistic and unnecessary," the RDC comments noted.

(Continued on page 4)



*The financing needs of businesses engaged in exporting are not being met in Alaska.*



# ANWR

New proposals could impede development

(Continued from cover)

Unlike Prudhoe Bay's single massive formation, 26 geologic structures which may contain large amounts of oil have been identified within the ANWR Coastal Plain. Geologists believe special features within ANWR make the area a geologic complexity unknown elsewhere on the North Slope. Studies indicate that ANWR geology is similar to that of the western Overthrust Belt where several hundred wells were required to establish commercial production. Even in the case of Prudhoe Bay, ten wells were drilled before the giant commercial discovery was made.

If Congress decides it's in the national interest to find another major oil reserve in the Arctic, the only sure way to proceed is to allow industry to lease the area, explore for oil and produce commercial quantities. Several wells could be required to define the size of any field. The evolution of comprehensive federal, state and local environmental regulations would guard against detrimental effects.

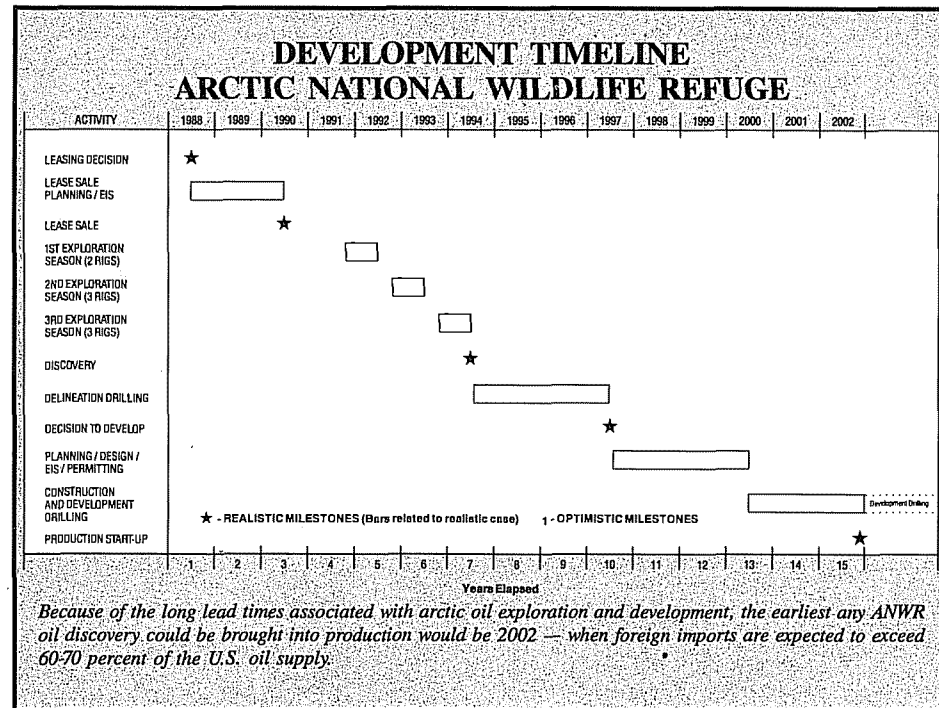
A program specifying only four wells could easily miss a very large reservoir. Further, any ANWR leasing/exploration proposal won't be acceptable to prospective bidders without the opportunity to develop.

The latest proposals apparently are based on misunderstanding of the shortcomings of past government-only exploration efforts and the effectiveness of the private-sector leasing system in the development of domestic energy resources.

Despite 37 years of inefficient "on-again, off-again" drilling, government drilling programs in the National Petroleum Reserve west of Prudhoe Bay ended in failure. Between 1974-1981, the latest government program sank 28 exploratory wells into the arctic tundra at a cost to American taxpayers of more than \$700 million. Carroll Livingston, the man in charge of running the exploration program, said that a vast and promising area of the NPRA was never drilled because of "unfounded environmental concerns." Such a problem could easily occur in ANWR.

Under private development, firms conducting exploration under more diverse strategies have a greater chance of success than exploration under a single strategy. Moreover, under the private leasing system, rather than paying for the cost of exploration, government would receive payments from oil companies for exploration and development rights.

Both U.S. consumers and government have benefited greatly from the present leasing system of private enterprise explo-



ration of federal lands, without the government having to take the high risk associated with finding and producing oil on those lands. The federal oil and gas leasing program has brought into the federal treasury more than \$89 billion in royalties, rents and bonuses and has resulted in the production of more than 14 billion barrels of oil.

Private industry has the necessary skills, equipment and manpower to safely explore for oil and gas in ANWR. America needs to act now to open its most promising oil and gas province to exploration.

If industry was given the green light for full leasing of the ANWR Coastal Plain in mid-1988, it would be at least 2002 before production could begin from any commercial discovery, leaving ample time for the advancement of ever-evolving technology. Based on experience in other arctic oilfield developments, several years of permit acquisition work and new environmental studies would be required before any major exploratory work occurs. Intensive environmental studies would continue and occur simultaneously with exploration activities, supplementing tens of millions of dollars worth of environmental studies which have already made Alaska's North Slope one of the most studied ecosystems in the world.

A number of factors could extend development timing after discovery, including

## AIDEA ...

(Continued from page 3)

An AIDEA staff member stated at a public hearing that the reason the proposed regulations limit this program to a maximum guarantee of \$350,000 is because that is similar to what other states have adopted. The statute giving the AIDEA the authority to provide export financing was modeled, in many ways, after the Illinois program.

For manufactured products, such as that likely to be financed in Illinois, a \$350,000 limit on export financing is probably adequate, RDC recognizes. However, because Alaska is primarily a resource state, the majority of exports would be raw materials such as fish, timber and minerals and such products require a significant amount of working capital to make them available for export, even with the best letter of credit.

seasonal drilling restrictions, regulatory framework, size and location of the reservoir and stipulations and mitigation requirements on development permits and approvals. In addition, litigation on EIS and permit decisions could push production back further.

It is important to note that oil didn't begin flowing through the trans-Alaska pipeline until 1977, 13 years after initial exploration and about nine years after discovery.

Unwarranted delays of new ANWR leasing will only exacerbate the nation's energy problems.

The exploration proposals as outlined in compromise legislation would only impede and possible block the discovery and development of energy resources rather than expedite the development of new, secure domestic energy supplies.

With ever-improving technology and a wide range of measures to effectively mitigate adverse impacts, America's petroleum industry, recognized worldwide for its skill and pioneering spirit, can tap potentially-enormous oil deposits on ANWR while leaving nearly all of the refuge undisturbed. In fact, if full development were to occur from the discovery of a major field in ANWR, less than one percent of the tract being considered for leasing would sustain any development impact.

"America and its Pacific allies need new ways to balance trade and increase energy security . . ."

Walter J. Hickel  
Chairman  
Yukon Pacific Corp.

# Gas Pipeline

## Crosses major hurdle

The Presidential finding that now permits export of North Slope natural gas to the Pacific Rim is being hailed as a significant and essential development toward marketing vast gas reserves to energy-hungry Asian allies.

Last month's finding by President Reagan represents the crossing of a major hurdle for Yukon Pacific Corporation, the Alaska-based company proposing to build an \$11 billion project that includes an 800-mile gas pipeline from Prudhoe Bay to Valdez where 14 million metric tons a year of natural gas would be liquefied and shipped by tanker to Japan and other Asian countries.

"The finding comes at a great time," said Walter Hickel, Chairman of Yukon Pacific. "America and its Pacific allies need new ways to balance trade and increase energy security; Alaska needs work and the opportunity to pursue natural markets for its resources," Hickel said.

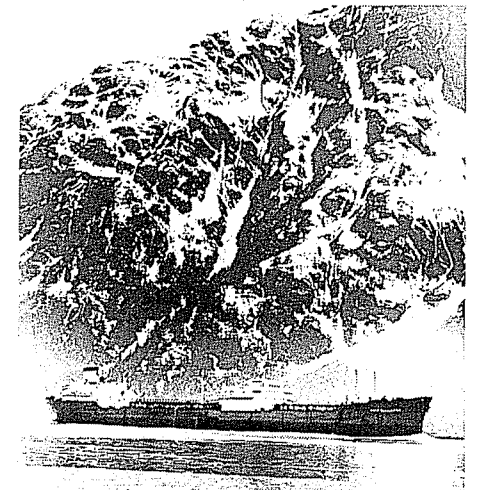
The 36-inch pipeline and Valdez liquefaction plant are estimated to cost \$8.64

billion. Another \$2.37 billion would be needed for the purchase of tankers to transport the gas across the Pacific.

Once in operation, the gas line would add up to \$3 million each day to the state treasury. Over 10,000 construction jobs and 550 permanent jobs would be created by the project. In addition, the gas line would likely spur other development in Alaska, especially the refining of petroleum products.

The project would produce \$3 billion annually in exports and dramatically impact the existing trade imbalance between Japan and the U.S. Over a 25-year period, the export of liquefied natural gas would equal the combined 1986 trade deficit with Japan, South Korea and Taiwan. It would also establish by contract a long-range energy relationship between the U.S. and Japan, relieving some of the pressure now forcing the intervention of American naval forces in the Persian Gulf.

All of Japan's new long-term contracts for gas supplies come on line in 1991, and



Only tankers carrying North Slope crude sail from the Port of Valdez. Gas rising with the oil at Prudhoe Bay is reinjected into the wells.

Japan is already looking for new suppliers for future growth. If Yukon Pacific is to take advantage of this brief window of opportunity, permit approvals and market decisions must come during the next couple of years to allow construction of the pipeline and delivery of gas by the mid-1990s.

Japan currently buys LNG from Kenai, Alaska, Indonesia, Brunei, Malaysia and Abu Dhabi, but will need another 9 million metric tons annually by the year 2000. Other Pacific Rim countries will require another 8.5 million tons per year by the turn of the century.

Yukon Pacific is confident that it can capture up to 14 million metric tons of the projected LNG markets.

With no gas pipeline in place to carry North Slope gas to market, the gas that now surfaces with the oil at Prudhoe Bay is being injected into the ground. Some 30 trillion cubic feet of gas is in place at Prudhoe Bay, making it one of the largest natural gas fields in North America. By the time the fields are fully defined, gas reserves may actually exceed 100 trillion cubic feet.

## ARR expansion would spur development

Alaska is a secure and vast source of critical and important strategic minerals, but nearly all of its large mineral deposits are located in remote and inaccessible locations. Lack of adequate infrastructure to develop and transport the minerals to markets is one factor which grossly retards development and prevents the minerals industry from making an annual multi-billion dollar contribution to the Alaska economy.

Just as America's pioneering railroads played a vital role in opening the West in the 19th century, so may the Alaska Railroad play a key role in opening vast areas of resource-rich land in Interior and Northwest Alaska in the coming decades.

In a RDC breakfast presentation last month, Frank Turpin, Chief Executive Officer of the Alaska Railroad, said a 130-mile stretch of wilderness between Nenana and Tanana on the Yukon River is the most appealing prospect for extending the state-owned Alaska Railroad. Turpin said the route is practical because it opens vast timber reserves and provides for more efficient barge service to villages along the Yukon.

(Continued on page 6)

### TRANSPORTATION CORRIDOR STUDY

