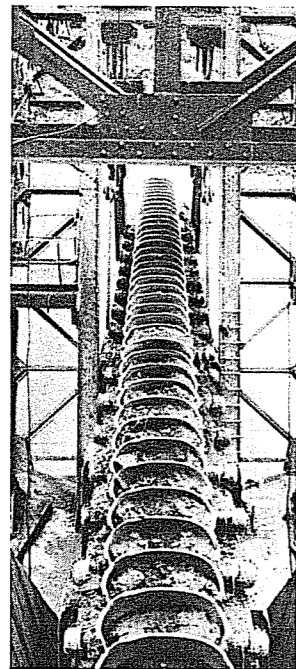
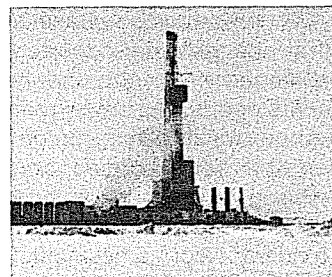
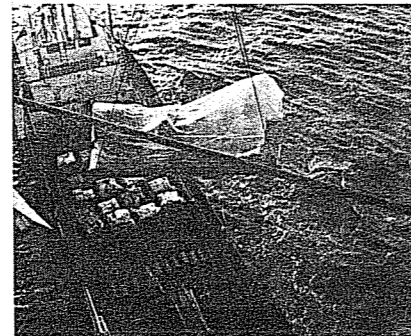


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OMAR RESOURCE REVIEW

Published Monthly by OMAR — The ORGANIZATION for the
MANAGEMENT of ALASKA'S RESOURCES, Inc.

Box 516

Anchorage, Alaska 99510

July, 1978

A WILDERNESS OF REGS AND RULES

The July 10 *Oil & Gas Journal* reports the Rocky Mountain Oil & Gas Association and four other trade groups have attacked Bureau of Land Management guidelines and procedures for determining which BLM-controlled lands will be designated "wilderness" and what activities will be permitted thereon. In a letter to Interior Solicitor Leo Krulitz the associations asked the question that OMAR, the Nevada Mining Association and others have been unable to get answered - what constitutes a "road?" Krulitz was asked to review other terms and phrases critical to the wilderness survey.

According to *OGJ*, the trade associations contend some of the solicitor's opinions are

incorrect and "ignore certain critical policies and requirements of the Wilderness Act the Mineral Leasing Act of 1920, the 1970 Mining & Minerals Policy Act and the Federal Land Policy and Management Act," and "appear to be justification for narrow preservation-oriented policies, previously arrived at, rather than accurate analyses of relevant law." OMAR has analyzed the federal legislation cited and agrees wholeheartedly with the trade associations' charges. Copies of the acts and related material are available for your review at OMAR, 627 West Third, Anchorage. Also, please refer to *Resource Review* (March 1978).

ALBERTA'S BONUS BABY: NEW GAS SUPPLIES

It wasn't long ago that Canada's National Energy Board projected a shortfall in domestic natural gas supplies by the early 1980's. Supplies to the U.S. were cut and prices raised as a result.

Now in 1978 the situation is reversed. Vast quantities of new gas, primarily in Alberta, are said to be sufficient to meet all of Canada's domestic needs and still allow trillions upon trillions to be exported, thus offsetting Canada's \$4 billion trade deficit for imported oil.

The Alberta Energy Resources Conservation Board estimates it could export an additional 14 trillion cubic feet over the next four years and, if higher industry estimates are correct, another 12 tcf could be exported in the 1980's. The National Energy Board will hold gas supply and demand hearings this fall beginning October 11 in Calgary to get to the bottom of the story.

Pan Alberta's application is expected to go before the NEB this fall as well. That project

would tie in with pre-building the southern portion of the Northwest Alaskan Pipeline taking 1.04 bcf/d to the U.S.

Petro-Canada and Alberta Gas Trunk Line want to ship Arctic gas as LNG to Eastern Canada and the U.S. These same companies are partners in the Q & M line to the Maritimes which would supply more gas to the U.S. east coast. TransCanada Pipelines may also export gas from Alberta to the U.S.

Unless the export applications are approved and companies able to sell the gas already discovered, there will be little motivation or money for new exploration, so industry agrees to the urgency of new export contracts.

Industry also wants to conclude the sales before the U.S. gets too involved with short-term deals south of the border where Mexico's Pemex is increasing production for export.

The effect of unlimited imports to the U.S. on its energy policies remains to be seen.

NICE PEOPLE!

Lynn Reynolds of Xerox Corporation, Alida Hendershop of Rapid Action Mailing Service, Donna Musia and Doris Holden of the Holiday Inn, Bill Vallee of Alaska Map Service. Linda Good, Jinnie Holley, Bill Aberle. The folks at KIMO-TV. Thanks!

RELIEF FROM TAXES AND INFLATION?

"Taxpayers are waking up from their eternal tax nightmare. The American people want government off their backs and out of their pockets," Kansas senator Bob Dole told a State Republican Convention in Vancouver, Washington. "They want less regulation, lower taxes and a lower rate of inflation."

One proposal before Congress, the Kemp-Roth bill, addresses taxes and inflation. It would provide across-the-board tax cuts "to help restore incentive to every taxpayer in the American economy, to bring about job creation and economic growth - and without inflation," according to one of the bill's sponsors, Rep. Jack Kemp of New York.

The proposal would reduce individual tax rates by 10 percent for three consecutive years and lower corporate rates from 48 percent to 45 percent. The surtax exemption for small businesses would be raised from \$50,000 to \$100,000, thus generating capital in that area.

Asked in a *U.S. News & World Report* interview (July 3, 1978) if Kemp felt the current tax revolt was restricted to property taxes, Kemp said the revolt was against *all* taxes, "but it is directed more at the rise in taxes coming from inflation - moving property and incomes into higher and higher tax brackets."

Kemp said the plan, in addition to increasing output of the economy and jobs, would produce tax revenues instead of consuming them. "It worked in this country in the 1920s; it worked under President Kennedy in the early 1960s; it worked in Germany and Japan after World War II, and it can work again today..."

Sen. Ted Stevens and Rep. Don Young are co-sponsors of the Kemp-Roth bill. Sen. Gravel supports other legislation that would exempt 25% of Alaskans' income from federal taxes.

Another method of dealing with high taxes is "indexing." The Alaska delegation, Kemp, Roth and a host of co-sponsors support legislation that would lift dollar limits of income tax brackets, deductions and exemptions to annual levels of inflation. A 10% inflation rate would

result in a 10% upward adjustment of tax brackets.

Canada does this with the result that people receiving pay raises are not shocked to find their net incomes reduced because they were moved into higher tax brackets; the tax brackets move accordingly.

Alaskans are all too familiar with the situation of high incomes tied to high federal taxes leading to stiff state tax payments. Add to that the high cost of living throughout the state and it is easy to see why Alaskans feel unfairly treated and desperate for relief.

Milton Friedman, Nobel Laureate in Economics, in an article to be included in the Summer 1978 issue of *Policy Review*, looks at Proposition 13-type efforts to limit government spending. Friedman says we *should* limit government spending. We the people should decide how much we are willing to pay for government - then it is up to our elected representatives to face the difficult task of dividing the budget among competing proposals.

"The problem we face is that there is a fundamental defect in our political and situational structure. The fundamental defect is that we have no means whereby the public at large ever gets to vote on the total budget of the government," he explains.

"Right now total government spending—state, federal and local—amounts to 40% of the national income. That means that out of every dollar anybody makes or gets, forty cents is being spent for him by the bureaucrats whom he has, through his voting behavior, put into office. There is upward pressure on that percentage. The screws will be put on."

Friedman also supports the Kemp-Roth measures because he believes any form of tax reduction must eventually bring pressure to bear to cut spending. OMAR would like you to have copies of Friedman's paper entitled "The Limitations of Tax Limitation." Send ten 15¢ stamps to OMAR, Box 516, Anchorage 99510.

Transportation consultant David Stevenson of Schmalle, Stevenson & Associates of San Francisco, advisor to the City of Valdez on port matters, spoke to the Fairbanks Chamber of Commerce in mid-July urging that Fairbanks promote use of the port to guarantee its feasibility. Stevenson said freight services to the Interior would be improved and freight costs reduced through utilization of the year-round ice free port.

VALDEZ SOLICITS PORT PROPOSALS

Mark Lewis, Acting City Manager of Valdez, has met with engineering firms to discuss plans for a deep water port facility for Valdez. The firms will submit cost estimates, review existing studies and develop a schedule for construction.

OMAR executive committee member Bud Dye and Executive Director Paula Easley discussed the port plans with officials in Valdez recently and were told construction could begin in two years.

SPEAK UP ON RARE II

Public comment will be received at U.S. Forest Service offices until October 1 on its recently-released Draft Environmental Statement on roadless areas proposed for wilderness classification. Sixty-two million acres of multiple-use Forest Service land are at stake, most of which are in the states of Alaska, Utah, Wyoming, Montana and Idaho.

We like the "open house for public comment" approach offered by the Forest Service as opposed to the usual scheduled public hearing which meets so few public needs. This arrangement allows you to pick up the DES, study it, ask questions and submit a more valuable statement of concerns. The input of OMAR members statewide is needed!

MINING COMMON SENSE

Mining, the #1 private industry in the Northwest Territories, is in serious trouble. At the Mining Day 1978 Conference in Yellowknife this May, the president of Echo Bay Mines told the audience, including federal civil servants attending, "if the present trend continued, in a few years all you'll have left to inspect is the caribou herds."

In a May 29 *News of the North* story, reference was made to the exploration segment of the mining industry's repeated experiences in stumbling over "roadblocks thrown up by the federal government in the name of conservation and political sensitivity."

While the *News* agreed the federal government should protect the environment from the ravages of uncontrolled exploitation, it also recognized the need for protecting the public interest with "a large dose of common sense."

A case in point was the Baker Lake community's request for a study of environmental impacts of industrial activity in the area. The Indian and Northern Affairs Minister put a freeze on land use permits in the area during the study which concluded, one year later, that "carefully managed industrial activity had little effect on the wildlife." The result?

Government's solution was to then restrict exploration in the area to the point where it will "be next to impossible for many companies to operate and completely impossible for some others."

Both the mining companies and Baker Lake residents were furious, especially since

they professed they just wanted development "held off until the land claims are settled and they are presumably in a better position to take advantage of that development."

A similar study conducted by Canadian naturalist Angus Gavin entitled "Caribou Migrations and Patterns, Prudhoe Bay Region, Alaska's North Slope, 1969-1977, was done to learn what effect Prudhoe Bay oil development may have had on caribou movements and use at Prudhoe Bay.

The ARCO-commissioned study included yearly and seasonal surveys in the Colville Canning river area and from the Brooks range to the Beaufort Sea. Sue Lewis in the *Fairbanks News Miner* (June 28) reported on Gavin's findings. He noted that changes had occurred but "So far these changes have not unduly disrupted the movements or upset to any extent the well being of caribou utilizing this region. Care, however, must still be exercised and every reasonable precaution taken to ensure that they will continue to use this area of the North Slope without hinderance or harassment." The 57-page study is available from Atlantic Richfield.

The effect of oil development on other wildlife at Prudhoe Bay is also being studied, after which results of Gavin's ten years of research will be published. We wonder if Gavin's work will be useful to environmental planning in future North Slope development or if government will find ways to justify halting development while its own studies are conducted.

TRANS-ALASKA OIL PIPELINE COLLECTORS' ITEMS

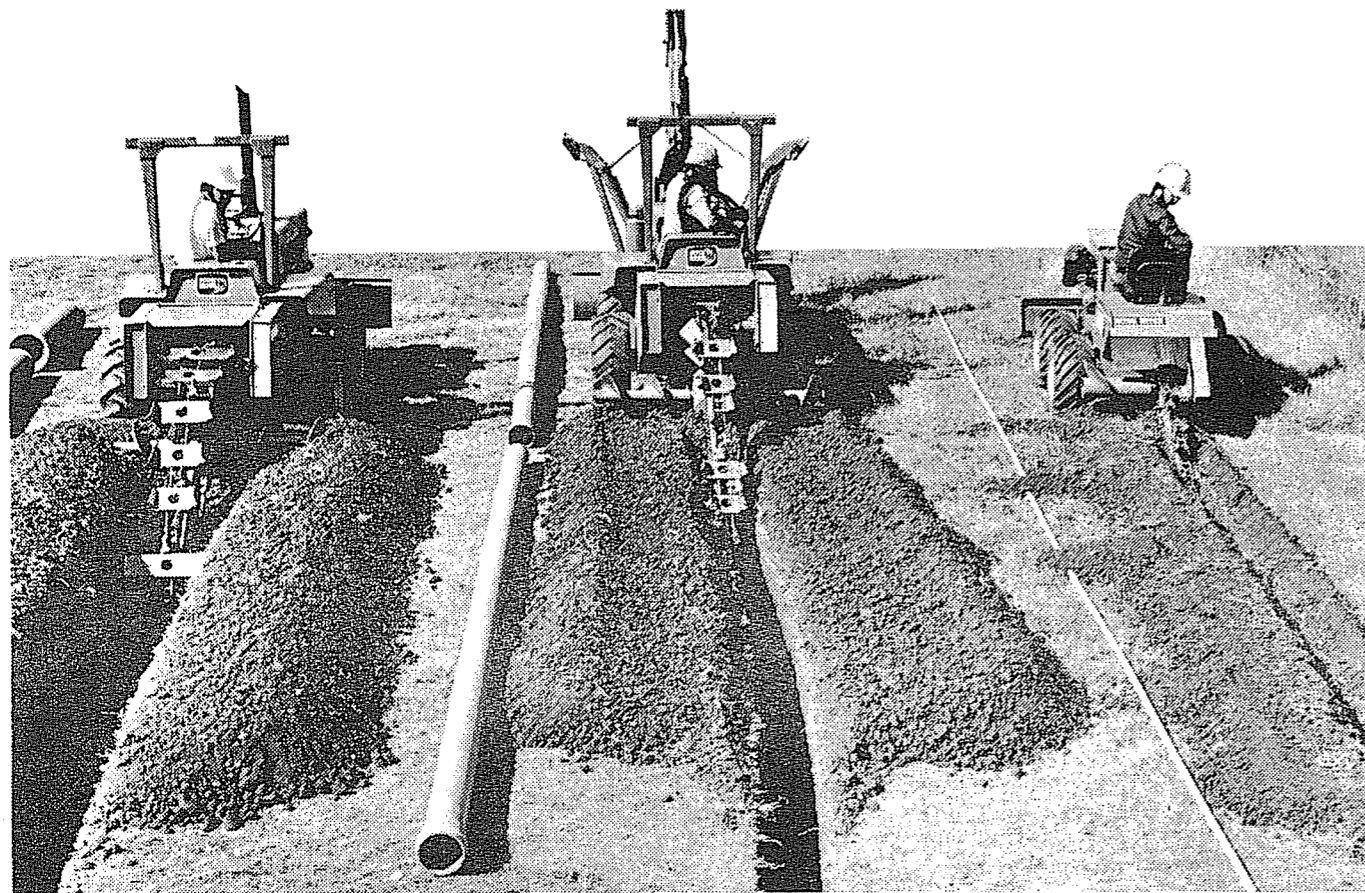
Commemorative plaques and desk weights certified to contain oil from the FIRST BARREL OF OIL received at Valdez, Alaska, from Prudhoe Bay, July 28, 1977:

WALNUT PLAQUES Distinctive and elegantly designed, each plaque is numbered for one of 799 pipeline miles. The map of Alaska is carved in bas relief, set off by inset brass corners and inscribed plate, raised lettering and miniature pipeline containing Prudhoe Bay oil. Size: 12" x 14" Cost: \$200

DESK WEIGHTS Clear lucite desk weight measures 4½ x 3¾ x 1½ inches with red base. Tube of oil, pipeline mile and inscription in center. Cost: \$30

True collectors' items, only 799 of each were manufactured. Register of owners maintained at OMAR. Send check or money order to Organization for the Management of Alaska's Resources (OMAR), Box 516, Anchorage, Alaska 99510.

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DITCH WITCH HAS THE ANSWER!

Everything from veal to broccoli is now being produced by Matanuska Valley farmers for both wholesale and retail customers throughout the state. Customers can pick up Totem eggs that come from the Valley at local Anchorage supermarkets or they can dig their very own potatoes at the Mielke farm. Vegetable stands along the Parks and Wasilla Highways make Mat Valley produce available to the public. Those farmers who do sell to the general public include: Royce and Juanita Gurd sell live and butchered pigs at their farm located 2½ miles outside of Wasilla on the Knik-Goosebay Road. "Come out any time" says Royce Gurd.

Ben VanderWeele sells produce at the Red Barn produce stand at Mile 36½ on the Parks Highway. The stand is open 10 to 8 daily. Right now they have a good supply of locally

grown lettuce, turnips, radishes, swiss chard, beets and broccoli.

The Bob Mielke farm will be open to the public for "you-pick" after the first week of August. They will have potatoes, peas, cauliflower, carrots and broccoli in the fields ready to be harvested and taken home by the public. They will be open Friday, Saturday and Sunday from 9 to 6 and are located at Mile 2, Old Wasilla Highway.

Kircher Farms offers a variety of locally grown produce at their roadside stand located 1 mile north of Four Corners on the Palmer/Wasilla Highways. They are open "almost always" according to the Kirchers.

A drive up to the Matanuska Valley not only nets some of the best tasting and freshest produce but helps support a truly "local industry."

LABELS

Is OMAR a "special interest group" or a "public interest group?" The labeling can get confusing - after all doesn't a group that promotes a sane, progressive approach to growth represent the interests of the vast majority of the public? On the other hand, a group that calls for extreme measures to stop all growth and development represents a fairly narrow and "specialized" point of view, in our opinion.

David Rockefeller, in a column addressing

this subject in the July 9 *Anchorage Times*, said "American business leaders are taking note of this dilemma and are doing something about it. For lobbying or petitioning the government not only is a First Amendment right but a first-order responsibility...Corporate citizens, as leading employers, builders and producers, have a clear right and responsibility to promote their interests."

**THE RAILROAD
AND RESOURCE
DEVELOPMENT**

William F. Coghill, plans officer for the Alaska Railroad, told OMAR recently that the railroad was "underutilized" with little outlook for immediate change. Coghill said all transportation modes would grow and improve when resources were developed. "We will continue to need a combination of modes to get our resources to market." He predicted the railroad would play an increased role as natural resource development became more economic.

He said, "We know we are 'transportation poor' - but another problem is that we are also 'exploration' poor; the other states and Canada are way ahead of us." The energy efficiency of rail transport was stressed in the presentation:

"We now move 40% of our nation's freight by rail but use only 13% of fuel used by all transportation modes.

"Trucks burn four times as much fuel as trains to move a ton of freight. "A typical freight train with three locomotives can pull one million ton miles a day - or about 100 times more than a typical truckload."

Other advantages attributed to rail transport were: minimal air pollution generated, lack of support facilities needed, ability to provide limited access to undeveloped areas and

low costs for hauling large volumes.

The Alaska Railroad has used half the 1,000 miles of right of way granted by the federal government in 1914. Since it was built in 1923 only fifty miles of track have been added.

Resource areas which Coghill deemed probable for rail expansion and service were coal, petroleum feedstocks and products, forest products and ores such as copper, lead and zinc. He said, "What we need is a commitment - then we can proceed with a cost-effective rail movement. Even the commitment of 1 or 2 million tons a year would make such expansion possible."

William Dorcy, the Railroad's general manager, participated in the question period. Both representatives expressed optimism that the Alaska Railroad would grow and play a role in facilitating the "economical movement of our great land's natural resources."

Toward that goal the railroad is looking at construction of a link between Anchorage, Kenai and Fairbanks as a top priority. Senator Mike Gravel has asked the U.S. Department of Transportation to study the feasibility of such an extension.

ALASKA GETS FARMERS HOME ADMINISTRATION OFFICE

John (Jack) Roderick has been appointed director of the Farmers Home Administration. Alaska was previously served by the agency's Oregon office. The new Alaska office will be in Palmer, according to Sen. Mike Gravel, who had urged Agriculture Secretary Bergland to set up a separate Alaskan operation.

The Farmers Home Administration administers a wide range of credit programs for rural development in farming, housing, community facilities, business and industry. Last year loans by the agency in Alaska totaled \$16 million.

HEARINGS ON GAS LINE STIPULATIONS SCHEDULED

Proposed stipulations for construction and operation of the Alaska Natural gas pipeline will be discussed at four public meetings in August:

August 7, 7:30 PM-Anchorage Historical and Fine Arts Museum, 121 W. 7th Avenue.

August 9, 7:30 PM-Fairbanks Borough Assembly Chambers.

August 10, 1:00 PM-Tok Multi-Purpose Recreation Center.

August 15, Barrow.

Copies of draft stipulations are available at BLM and the State Pipeline Coordinator's Anchorage office. Let's hope the final stipulations for the Alaska section reflect more common sense than proposed regulations released for the Canadian section by the Northern Pipeline Agency this May.

Yukon MP Erik Nielsen, after reading the 380-page, two volume draft, said some recommendations were simply absurd. "All motor vehicle traffic on the highways must yield the right of way to wildlife. That means every thing from field mice to moose. You'd be committing an offense if you ran over a gopher. It is ridiculous to think that people are going to argue with a moose."

Nielsen said there was no way to estimate the costs involved in meeting the stipulations, but he was certain it would require a small army of private bureaucrats to collect all the data for Foothills which governments required.

And even more government bureaucrats to review it.

ALASKAN SURF CLAM POTENTIAL

An industry-government survey of the seabed north of the Alaskan Peninsula has discovered commercial quantities of surf clams.

If developed it could create a major new fishery and help alleviate the shortage of clam meat for the chowder and strip industry.

The 1977 survey found a resource conservatively estimated at between 238,000 and 324,000 metric tons of Alaskan surf clams. This stock may be able to supply an annual yield of 25,000 to 32,000 metric tons of whole clams. A catch this large would yield 19 to 25 million lbs. of clam meat. The estimate was considered very low because of the inefficiency of the gear used in the survey. Actual production could be two to six times greater.

For the last decade the Atlantic clam has accounted for about 69% of the total U.S. clam landings. However the decline of the Atlantic catch has been dramatic—reportedly due to overfishing, climatic changes, increased pollution and predation by green crab infestation. In 1974, 96 million lbs. of clam meat were landed; in 1976 this dropped to 45 million lbs. The 1978 harvest is expected to be 30 million lbs.

The Alaskan surf clam is smaller than the Atlantic but its shell is thinner and the clam yields 35% of its total weight in meat vs 21% for the Atlantic clam. They were tested and found to be of high quality. Flavor and texture were excellent and compared favorably with the Atlantic species.

Before the industry can be developed, testing is needed to determine if paralytic shellfish poison (PSP) will be a problem.

Surveyors found evidence indicating that the organisms which cause PSP do exist in the area. However, after initial studies, they were optimistic that PSP will not pose serious problems.

The *National Fisherman* article concluded that prospects for a new major U.S. Clam fishery appeared bright. (Source: *National Fisherman*, April 30, 1978.)

The 1978 Bering Sea Surf Clam Joint Venture is being conducted as an expansion of the 1977 survey. Participants in the study are: New England Fish Co., Borden's Snow Foods Division, Campbell Soup Co., Gortons Division of General Mills, Peter Pan Seafoods, Dutch Harbor Seafoods, Gilford Packing, Northwest Underseas Harvesters, National Marine Fisheries Service, Alaska Dept. of Fish & Game, Alaska Dept. of Commerce and the North Pacific Fisheries Management Council, according to Jim Branson, Executive Director of the NPFMC.

The study is aimed at assessing surf clam resources in the Bering Sea and determining potential impacts to the benthic community within areas of clam harvest. Although additional biological and PSP studies need to be addressed in 1978, the tasks for this year's research are establishing commercial production potentials of the grounds and determining impacts of commercial scale fishing on the benthic environment. The North Pacific Fisheries Council is providing \$107,000 for environmental impact studies. The cost of conducting these studies, exclusive of the \$107,000, has been estimated at about \$230,000.

BORAX VOWS TO FIGHT

Dr. Carl Randolph, president of U.S. Borax and Chemical Corporation and Eugene Smith, manager of environmental affairs for the firm, were welcome visitors to Alaska this month. From Ketchikan to Fairbanks, Alaskans learned first hand the firm's plans for exploring what may be the world's second largest molybdenum deposit to determine whether mining is feasible.

Randolph and Smith brought OMAR up to date on testimony being presented to Chief forester John McGuire by the Sierra Club. (Sierra opposes construction of an 11.5 mile gravel road to the mine site, preferring bulk

sampling and core drilling be accomplished by helicopter.)

McGuire's decision, expected the end of July, has been postponed to mid-August. Regardless of the outcome, it is expected the courts will decide if Borax may proceed.

Randolph, in a July 12 *Ketchikan Daily News* interview, said "We are prepared to play the game with the Sierra Club for quite a few years." He observed that opponents were wrong for opposing the project on the basis that there was an overabundance of molybdenum. He said it takes ten years to develop an ore deposit, and if the country waited for an emergency, it would be too late.

NORTHERN TIER PIPELINE OPPONENT OFFERS NEW PROPOSAL

From Pacific Northwest Waterways Association's July 1978 Newsletter:

Tavern owner John Hall, who opposes construction of the Northern Tier Pipeline to move crude from Port Angeles to Montana refineries and farther east, has a humerous side. He is promoting construction of a refrigerated beer pipeline from Milwaukee, Wisconsin to Port Angeles where a keg farm and suds port would be constructed. Hall would help

relieve the British Columbia beer shortage problem by shipping the brew to BC via super tankards known for their deep draft. EPA requirements are negated under the proposal because environmentalists wouldn't report any beer spills. In fact, they're in support of Hall's heady idea. Hall also isn't worried about the potential beer spills. He proposes to line the route with bar towels.

ANCHORAGE RESOURCE INFORMATION SERVICE

The Anchorage Resource Information Service is currently preparing its Quarterly Report of socio-economic indicators for publication on September 30.

Mirima Morrow has been named Director for the Service, an OMAR project partially funded by the Municipality of Anchorage. The Service was designed to provide a reference library of economic, development and resource information. Ms. Morrow will also be preparing quarterly reports and periodic reports on topics of interest to the community.

Ms. Morrow is a graduate of the University of Washington with a degree in English and Journalism. She has worked for financial news-

papers as a correspondent and associate editor of the *Alaska Journal of Commerce*. She has worked on a variety of free-lance projects, including technical writing for Dittman and Associates, the public opinion/survey organization.

Topics to be included in the first Quarterly Report include; population trends, consumer price index trends, housing growth, the community tax, utilities, housing growth, the comment statistics and transportation figures. Copies of the report can be ordered from the Anchorage Resource Information Service at a cost of \$3.50 each. To order the report send a request with either check or money order to OMAR, Box 516, Anchorage 99510.

CMAL-OMAR LETTER CAMPAIGN BRINGING RESULTS

Two letter campaigns organized by OMAR and CMAL are being carried out by thousands of supporters of the two groups.

One campaign involves letters sent by Alaskans in other states urging them to write their U.S. senators. The project can be termed an "overwhelming success" judging by the numbers of letter copies received back in Alaska. The letters are well-written, concise and effectively explain why a balanced approach

between the environment and the economy is needed on the d-2 issue.

The other campaign asks Alaskans to write each senator to inform them that the great majority of Alaskans oppose the Seiberling-Udall approach. Alida Hendershot of Rapid Action Mailing Service is making mag cards and address labels available to assist with the project. Contact OMAR for details. More letters are needed at this critical stage of the d-2 land debate.