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for Alaska Inc. Box 516, Anchorage, Alaska 99510

# Resource Review

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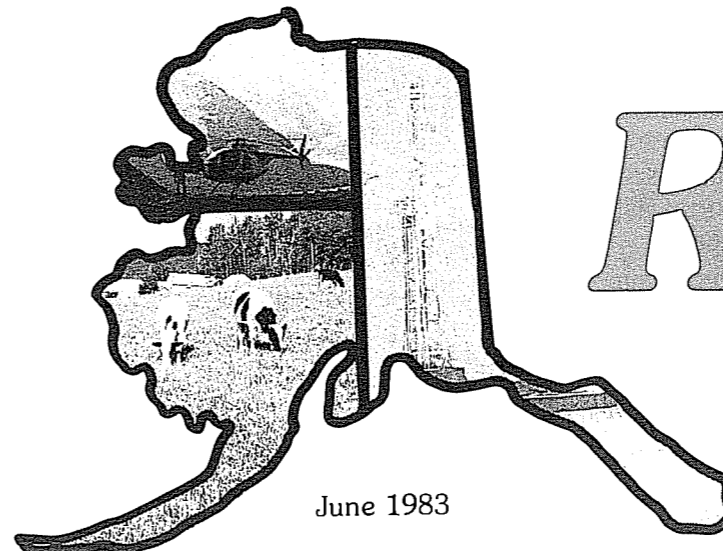
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# Resource Review

June 1983

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# OIA A Model of Industry-Community Cooperation in time of Growth

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developers will pay 75 percent of the total cost," She said, "this is an excellent example of growth paying its own way."

Additional industry mitigation funds also covers such needs as law enforcement, recreation and human services. OIA funding provided for a new crime prevention unit, additional police vehicles and sophisticated communications equipment.

The mitigation program was particularly innovative in human services by placing all community service agencies under one roof to deal with increased crime and mental health problems. OIA seed money and help in arranging a low-interest loan made a day-care facility possible. Programs dealing with family violence and alcoholism were also funded, as were low-income and senior-citizen housing programs.

One of the most important features of the mitigation plan is the provision

of technical experts who are on call to advise and help local officials in such key areas as growth management, grant writing, municipal finance, human services, education, recreation, health, transportation and municipal services.

The OIA has also developed a \$1 million Cooperative Wildlife Program to address the impacts of increased human activity on valuable wildlife resources. The program provides for a study of the impact of oil and gas development on wildlife, an environmental education program for employees and the public and increased staff for state wildlife agencies.

The cooperative effort between the OIA and various counties of the Overthrust Belt has created an optimistic spirit that challenges of growth can be met and the benefits shared by all members of the community.

## Notable Quotes

"Show me a successful person and I'll show you a salesman. The fact is that we are selling one way or another, whether we are working with products, services, education, or whatever. The end result is always some kind of 'sale.' The person who begins to think of himself as a salesman, no matter what his job, has taken the first step toward success."

—Milton Fox-Martin

"Be it opposition to a new power plant, a new dam, a new mine or a new factory, you can bet the justification is 'the public interest.' But isn't it time these so-called public interest groups be exposed for what they really are? They don't represent industry; they don't represent farmers; they don't represent labor; they don't represent minorities; they don't represent the consumer. They, in fact, don't represent the public."

—Robert V. Kimball,  
1st Vice President, Outdoors Unlimited

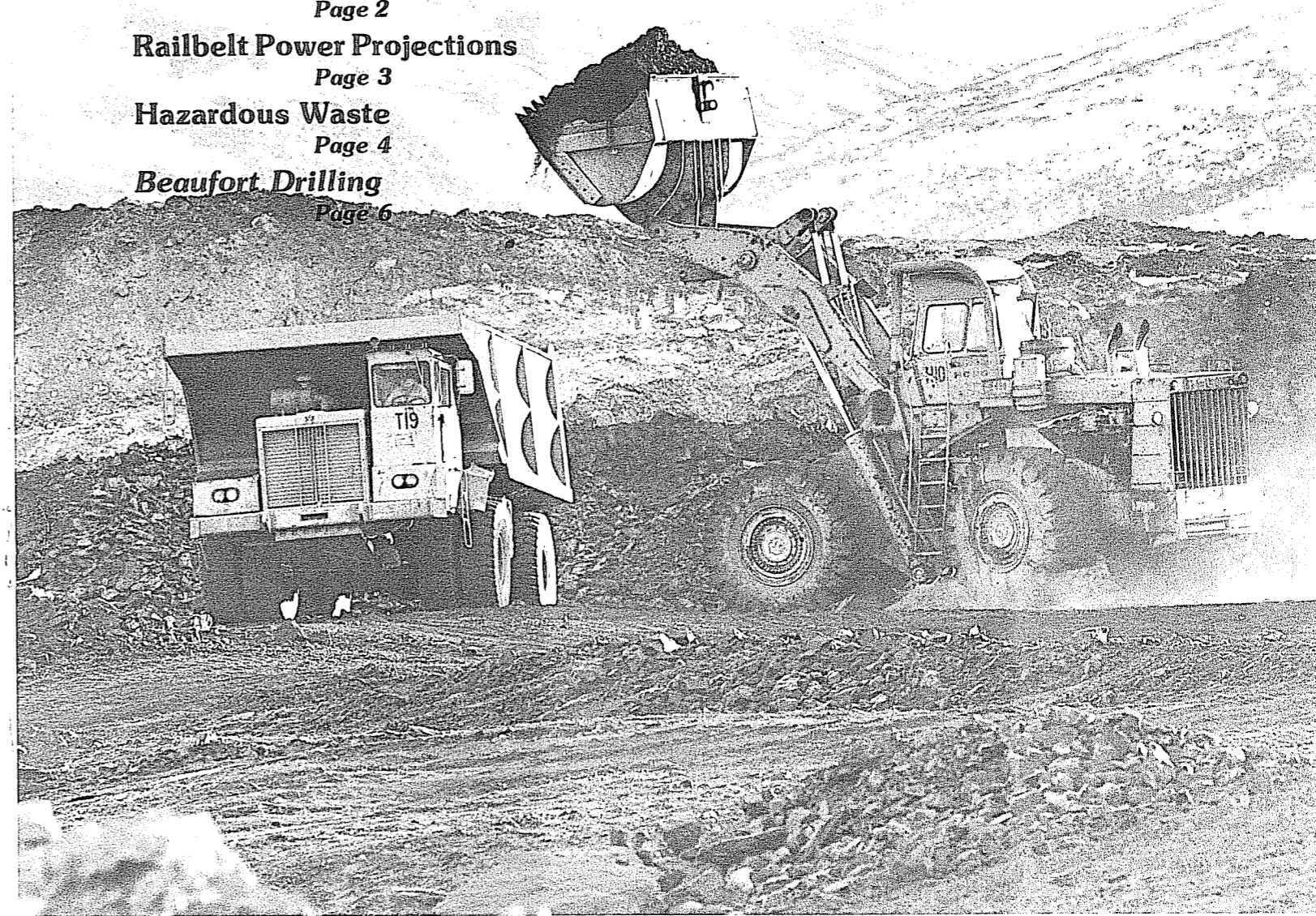
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**COVER:** The Usibelli Coal Mine at Healy finalized an agreement in May to sell 800,000 tons of coal annually to the Korean Electric Power Corporation.

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Carl Portman  
Editor & Advertising Manager

**For advertising information and special rates, contact Carl Portman at 278-9615.**

**Resource Review** encourages its readers to submit articles, announcements and letters to the editor for publication. Send all correspondence to Resource Development Council, Resource Review, Box 100516, Anchorage, Alaska 99510.

**Resource Development Council, Inc.**

The Resource Development Council (RDC) is Alaska's largest privately funded non-profit 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.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally-known speakers on economic and resource development issues. The meetings are held on Thursday at 7:15 a.m. in the Rony Room of the Pines on Tudor Road. Meeting charge is \$2 and reservations are requested by calling 278-9615.

**Membership Information**

The Resource Development Council extends an invitation to all persons interested in the responsible development of Alaska's resources to join the Council's efforts. For membership information, contact:

Mike Abbott  
Financial Development Director

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The RDC business headquarters are located at 444 West 7th Avenue in downtown Anchorage.

# Port Funding Is Key To Coal Project

The major parties involved in a project to export Alaska coal to Korea detailed their plans before a standing-room only crowd at a Resource Development Council breakfast meeting June 2 in Anchorage.

According to Ron Garzini, Seward city manager, a state appropriation of \$4.3 million is needed for port dredging and dock construction in order for export plans to proceed. The House and Senate have pledged \$1.5 million for the coal port and coal backers are seeking an additional \$2.8 million from Governor Bill Sheffield. However, the outcome of the state budget is unknown with House adjournment and spending disagreements between the House, Senate and administration.

Bill Noll, Vice President of Suneel Alaska, the company that will ship the coal from Alaska to Korea, needs a commitment for the harbor work in addition to a financing package for coal loading facilities, rail cars and a cargo ship before the Korea Power Corporation finalizes the contract. The contract calls for the export of 800,000 metric tons of coal annually for 15 years from the Usibelli Coal Mine at Healy.

If the appropriation is granted, Noll said his company will spend over \$25 million for 75 hopper cars and five locomotives, a 100,000-ton ship, onshore coal storage facilities, a conveyor running from shore to an off-shore dock and other coal loading equipment that will make Seward a world-class coal facility. Once the Alaska port is developed, the only West Coast ports to rival Seward in terms of capacity would be Vancouver and Long Beach, Noll pointed out.

The Suneel vice president stressed that it is commonplace for private companies to finance and construct the coal handling equipment while the

## Velopme



Joe Usibelli addresses RDC breakfast audience.

public sector finances dredging and other terminal improvements.

Joe Usibelli, owner of the Healy coal mine, told the Council that he is looking forward to the export business, which will more than double his current production level and increase his work force from 91 to 125. Usibelli said that no additional infrastructure will be needed to expand operations at Healy, except for new housing for additional employees.

John Gray, Manager of Marketing and Sales for the Alaska Railroad, said the railroad would move the coal three times a week from Healy to Seward, where it would be stock-piled. The railroad signed a 55-year lease with Suneel in October 1981 for 15 acres of its land at the port and an agreement has also been reached that would have Alaska Railroad employees run the Suneel train.

The coal contract will employ about 100 people, including 50 railroad employees who would run the train and engines, 30 Usibelli mine workers and 20 Suneel employees at the Seward facility.

# OIA

In June 1980 three oil companies, Amoco, Chevron and Champlin Petroleum, founded the Overthrust Industrial Association to help local governments meet the demands of oil and gas related growth in a six county area of the Overthrust Belt of Wyoming, Utah and Idaho. Now comprised of 36 oil and gas companies, the association serves as a model of industry and community cooperation in solving the social and economic problems confronting growing communities.

The Overthrust Belt is an oil and gas-rich geologic formation 40 to 60 miles wide that runs through several western states from Canada to Mexico. The area contains millions of barrels of oil and trillions of cubic feet of natural gas, and towns within the belt have experienced rapid growth as a result of resource development.

The OIA isn't merely a source of funds to the affected communities, it provides the expertise and resources to solve the underlying problems related to growth. The Association's approach to responsible management of rapid growth is to assume a support role to help the local agencies and organizations build their own growth management capacity.

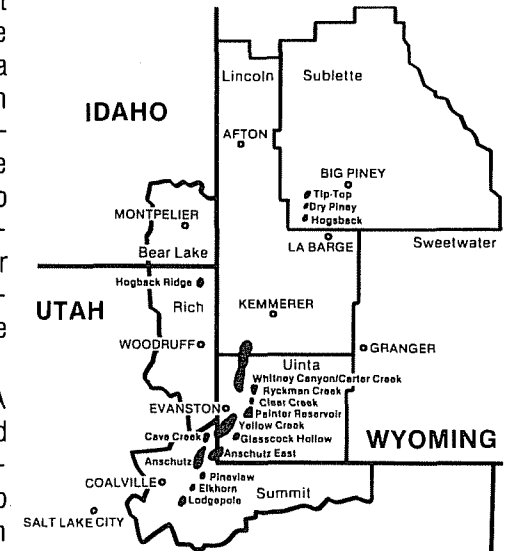
The OIA is guided by the principle

# A Model of Industry-Community Cooperation in time of Growth

of growth paying its own way. It believes that taxes of long-time residents should not be raised as a result of growth and that taxes from oil and gas development should be accessible to communities early in the growth cycle. The association also advocates that good growth management techniques should be used for cost-effective operation of local programs and that industry assistance should be temporary.

The first assignment of the OIA was to help local officials develop and implement a community needs assessment which was later used to develop a comprehensive mitigation plan. It included a detailed socioeconomic study, interviews with 250 local leaders and public involvement through community advisory committees.

The mitigation program was launched in June 1981 for Uinta County, Wyoming and is currently being implemented by an Impact Coordinating Committee composed of county and Evanston, Wyoming officials and representatives of the state and the OIA. The joint community-industry growth management program has enabled Uinta County to become a model among rapid growth communities.



Basic service needs are being met as are those needs which make a community desirable, not just liveable. For example, Evanston now has an active cultural arts program, a modern recreation center and new housing that was built in a pattern to preserve the core community.

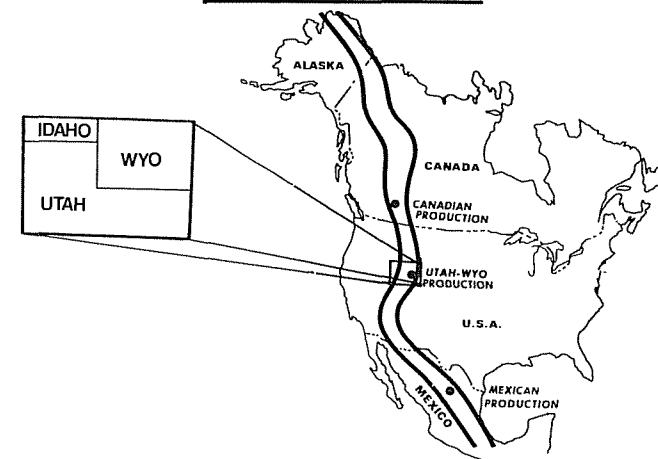
A \$23 million capital facilities financing package, hailed as "an outstanding example of industry-government cooperation" by Wyoming Governor Ed Herschler, will meet all community building needs through 1995. The package was a cooperative effort by the Wyoming Farm Loan Board, OIA and federal, city and county governments.

Wyoming State Treasurer Shirely Wittler said that 53 percent of the building funds would be provided by state and federal grants and loans. The OIA will provide grants totaling 15 percent of the package while the remaining 32 percent will be provided by the city and county and fees paid by utility users.

"When all the figures are added together," Wittler said, "new residents, industry, consumers of Overthrust energy products and

(Continued on Page 8)

### OVERTHRUST BELT





## RDC Supports Tier II Access

After reviewing the findings of an oil industry document detailing oil spill response in the Arctic, the Resource Development Council has taken a position favoring Tier II drilling access to the Arctic Ocean.

A technical committee and the Council's Executive Committee reviewed the findings of the Oil Spill Response in the Arctic Report and the two agency committee responses to those findings. RDC President Chuck Webber said the Council gives full support to the response document and urges state government to recognize and implement the measures and safeguards recommended.

At issue is the capability of the industry to demonstrate compliance with applicable laws and regulations including theoretical and physical capability to detect, contain, clean-up and dispose of spilled oil in broken ice conditions.

The oil industry has been operating in Alaska for over 25 years, with hundreds of exploration, production and manufacturing projects. According to Webber, there can be little doubt that the oil industry has demonstrated outstanding technical expertise and commendable social responsibility.

Testifying at a public hearing in late May on seasonal drilling restrictions in the Beaufort Sea, Webber said the drilling in question involves territory already designated for exploration and production activity, and is within structures and islands already designed to meet rigid technical and environmental standards.

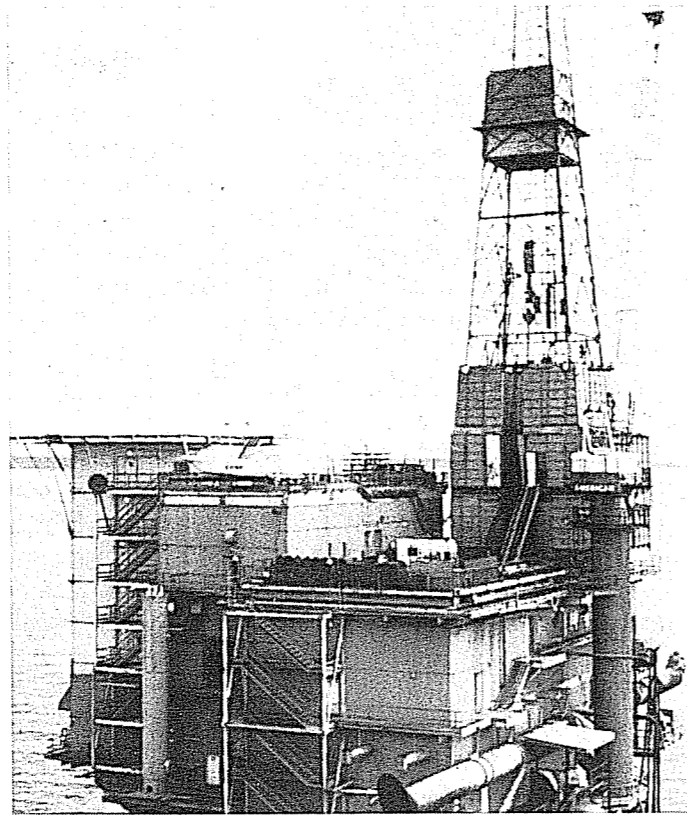
The request involves only the time in which the drilling may take place. Webber said, "the risk of oil spillage is calculated at a very low figure, due to the state-of-the-art technology that the oil industry has applied in Alaska."

"As important as its technical capability is industry's determination to maintain the ecological balance in the Arctic," Webber testified. "We feel the record of the industry speaks for itself; as do the individual commitments of the men and women who work within the industry."

Webber agreed that the environmental concerns involved in the Tier II designation merit concern, but "we do not feel they necessitate inordinate penal treatment of the oil industry."

Webber reminded those present at the hearing that both increased domestic oil production and a clean environment are national goals. Yet, risk is involved in achieving both goals.

Webber said he does not believe government leaders seriously adhere to the "no-risk society" approach, rather that government should demand that industry implement precisely the safeguards outlined in the oil spill response document and get on with the job of developing critical resources.



The oil industry has been operating offshore platforms in Alaska for nearly 20 years. The North Slope drilling in question involves territory already designated for exploration and production activity, and is within structures and islands already designed to meet rigid technical and environmental standards.

## Forest Deal Sparks Concern

Trade talks resulting in a long-term agreement by China to buy timber from Siberia has West Coast timber interests nervous.

The trade agreement, the largest business deal between the two Communist giants since relations deteriorated over twenty years ago, involves about one million cubic meters of larch valued at \$80 to \$100 million.

Although China and Russia have signed timber agreements in the past several years, this year's contract represents a large boost in Sino-Soviet trade from \$300 million in 1982 to about \$800 million this year.

A disagreement in Sino-American relations over the issue of textiles raised tensions in the American timber industry and the timber deal with Russia heightens that tension. China has hinted it might extend its restrictions on cotton and soybean imports to other commodities such as wheat and timber.

Saying that China wants to diversify its source of wood just as it is diversifying its source of wheat, trade experts warn against reading too much into the Chinese deal with the Soviet Union.

## Railbelt Power Projections Too Low

While the population of Alaska's railbelt area continues to increase rapidly, projections for power consumption are falling!

According to Thomas Stahr, General Manager of Anchorage Municipal Light & Power, the Institute of Social and Economic Research (ISER) power consumption forecast is so low that demand for power in the railbelt today is already higher than what has been forecasted for 1993. A Battelle study has set even lower figures, and a new, revised forecast shows even lower figures yet.

"Returning to actuality, power usage is increasing at a fairly rapid rate," Stahr told a Resource Development Council breakfast meeting audience in mid-May. "Railbelt utility sales increased last year by over 10 percent and total railbelt electric energy requirements exceeded 3.7 billion KWH for 1982."

Stahr said Battelle indicates 3.39 billion KWH for 1990 and 3.88 billion for 1995, which would put last year's requirement at about 1994's forecasted level.

The difference is not just due to a 12-year error in reading the calendar, Stahr said, but because the predictions state only a portion of the requirements. Stahr said the Battelle reports have ignored losses, military and industrial use, all of which must be included for rational power planning.

Stahr said losses of seven to ten percent are small, but they must be supplied by the generators. Military requirements are about 15 percent of public utility use and the base plants use the same fuel supply as do the industrial self-generators.

The military bases are interconnected to civilian plants and both users back up each other during maintenance periods and emergency situations. "We rely on their coal capability and large back up oil

supply in the event of gas curtailment," Stahr said. "Similarly, most industrial self-generators have provisions for tying to public utility systems."

The greatest value of the Anchorage-Fairbanks tie line will be from increasing this interconnection, thus reducing the impact of any local problem or disaster, Stahr pointed out. "It gives us more diverse capacity to draw upon and a multiplicity in type and source of fuels, including oil directly from the Trans-Alaska pipeline."

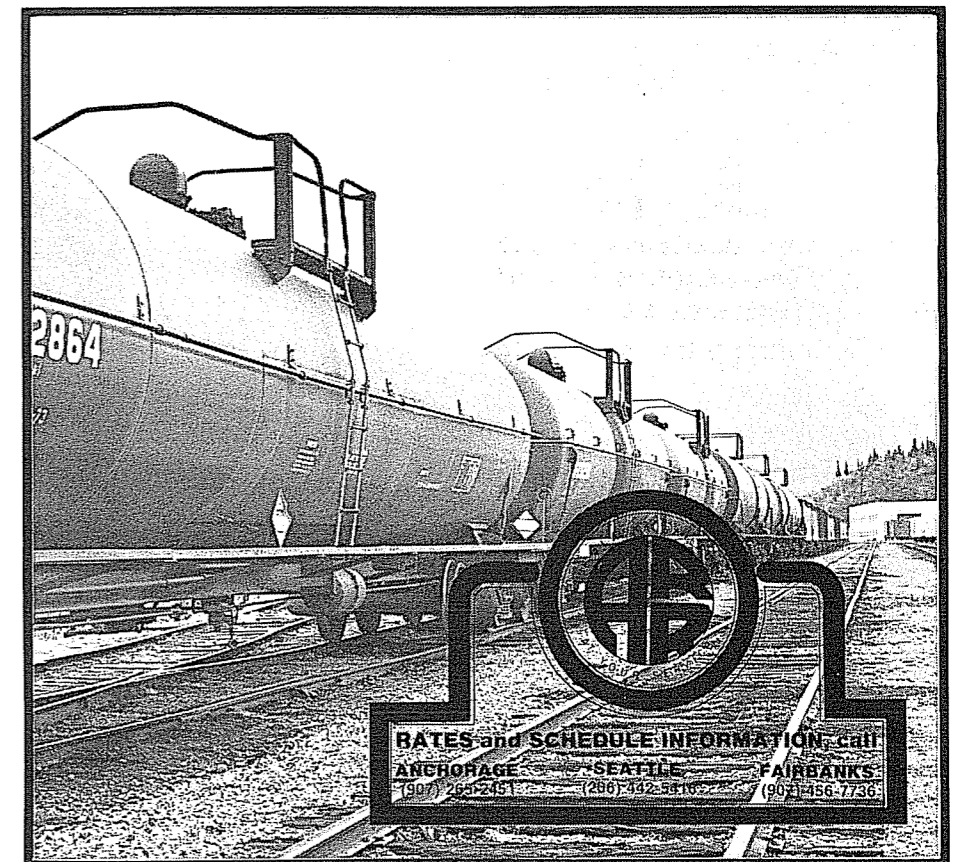
The utilities that will be interconnected by the tie line have been jointly negotiating with the Alaska Power Authority and a considerable amount of progress has been made. Stahr explained it is necessary to work out multilateral contracts among the various utilities. He said that since this is the first time power pooling of this scale and complexity has been at-

tempted in Alaska, "it will take some time to get up to speed."

Construction of the \$122 million tie line was to begin late in May with completion estimated by December 1984. Over \$78 million has been appropriated, but a funding source for the remaining \$40 million has not yet been finalized.

The utilities strongly support additional state funding so that all benefits can be realized by the ratepayers, Stahr said. Legislation to this effect is in both houses and it has strong support in the Legislature.

"The Anchorage-Fairbanks tie line is essential to developing stable, reliable power in the railbelt of Alaska. This is a critical part of the infrastructure necessary to developing a productive, sustainable economy to meet our needs and the needs of our children," Stahr said. "Over its economic life it can return to Alaskans benefits far in excess of its cost."



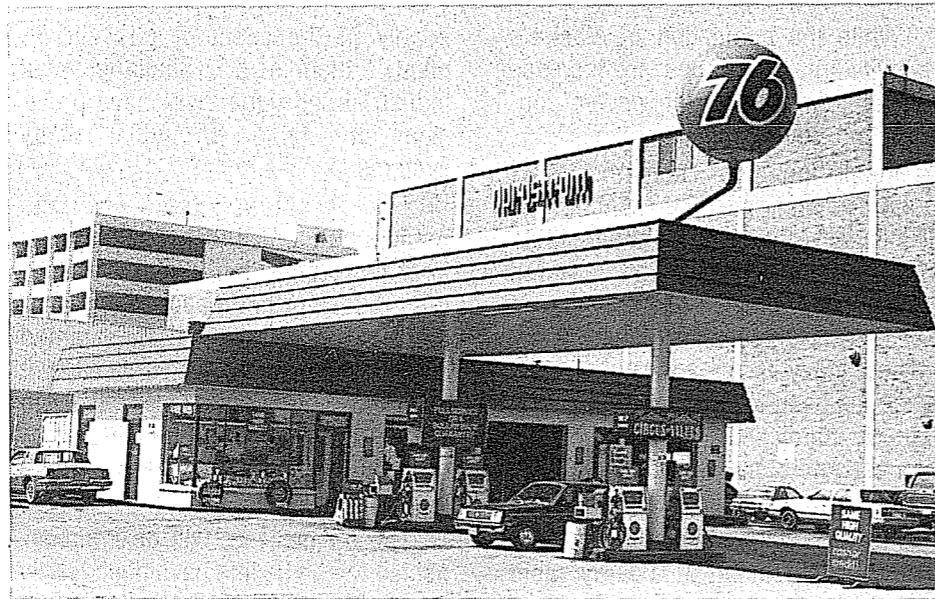
## Proposed Waste Regulations Unnecessary

The Alaska Department of Environmental Conservation (ADEC) has issued draft regulations on Hazardous Waste Management which could result in a great deal of unnecessary expense to small Alaskan businesses.

According to RDC Deputy Director Jim Jinks, the proposed regulations will place very onerous, expensive and unnecessary burdens on businesses and individuals. Jinks said he's confident that federal regulations for hazardous waste management are adequate and that Alaskans should carefully analyze the impact of these proposed additional state regulations before they are imposed.

The ADEC regulations have been developed specifically for small generators of hazardous wastes. Numerous Alaskan industries currently exempted from the federal regulations will be covered by the ADEC proposals.

Currently federal guidelines require that only companies which produce more than 2,000 pounds of hazardous waste per month are sub-



Service stations are among the small businesses which could be severely impacted by the proposed regulations.

ject to intense regulation. Under the state program, companies or individuals who produce 400 pounds of waste each month would be subject to detailed monitoring.

Service stations which collect waste lube oils in quantities greater

than 55 gallons would most likely fall under the new regulations as well as printers, dry cleaners, film developers and paint manufacturers who use solvents or other fluids containing small quantities of heavy metals or halogenated hydrocarbons.

Under the new proposals, affected businesses would have to send the waste to a hazardous waste facility approved by the federal government. The nearest facility to Alaska is in Arlington, Oregon.

Cost to ship 400 pounds of hazardous waste from Anchorage to Arlington and dispose of it is \$3,000. Additional expenses would be encountered for required labeling and a pile of detailed paperwork.

If the regulations are approved, crankcase oil left over from an automobile lube job could be classified as a hazardous waste. As a result, service stations may be forced to charge customers four times the current rate for a simple oil change.

To learn more about the status of these regulations and what you can do about them, contact RDC immediately.

## Murkowski Protests Lab Dismantling

In a letter to the Secretary of the Navy, Senator Frank Murkowski has protested the proposed dismantling of the Naval Arctic Research Laboratory (NARL) in Barrow.

Murkowski wrote John Lehman that it is "imprudent to dispose of this facility when Congress is actively considering legislation to coordinate, upgrade and fund U.S. research activities in the Arctic."

The Senator's letter was sent in response to recent reports that the Naval Facilities Engineering Command is proceeding with plans to dismantle NARL. Murkowski has been informed it will cost the federal government approximately \$420,000 for environmental studies, demolition conceptual studies and demolition specification determinations which must be completed before the lab is torn down. Actual demolition is expected to cost \$10 million.

"Spending \$10 million to tear down the research laboratory at Barrow, only to turn around in a few years and possibly find ourselves in need of a similar facility would result in a duplication of effort and an incredible waste of taxpayer money," Murkowski said.

The Senator suggested that the Navy refrain from additional disposal proceedings until Congress has completed consideration of the Arctic Research and Policy Act of 1983, which Murkowski introduced in January and has been passed by the Senate Governmental Affairs Committee. That legislation requires the federal government to set a national Arctic science policy and authorizes \$25 million per year for conducting research and forming an Arctic scientific data and informational center.

## New Agriculture Markets In Korea

According to a survey conducted by the Pacific Rim Intelligence Report newsletter, South Korea is one of the West Coast's best prospects for major agricultural export expansion in this decade.

A number of experts was surveyed by the publication in conjunction with a series of Korean-U.S. trade and economic talks in Washington D.C. in April. Overall, experts looked at Korea as having the highest potential for increased agricultural export growth in the 1980s.

Korea is already a major importer of American agricultural commodities with a third of this country's trade with the Asian nation being in wheat, cotton, rice and feed corn. In many cases, such as grain, the U.S. is the sole supplier to Korea and attempts by Canada and Australia to break the American monopoly have failed.

However, there are numerous products that sell well in other Pacific Rim markets, but have not been exported to Korea. These products, including cherries, alfalfa, frozen potatoes and corn, almonds, apples and processed foods, hold the greatest potential for increasing export growth.



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