

Exxon managers and research staff, visits to offshore facilities and meetings with local business leaders and fishermen. Exxon has also released a series of 90-second radio commercials which address OCS issues as they apply to the Bering Sea.

Sohio has developed thirteen 20-minute presentations on topics such as petroleum geology, fate and effects of oil spills and marine mammals of the Bering Sea. As an additional communications tool in the ongoing program, leaders of a community gather at their radio station facility and talk via panel discussion with experts at Sohio headquarters in Anchorage. A question and answer format is used with radio broadcasts beamed to local residents. In addition, a monthly newspaper insert feature articles dealing with OCS activity.

Sohio has also sponsored extensive research programs on the fish, marine mammals and birds of the Bering Sea. Documents summarizing this research are in the final process of publication for dissemination to interested people in Western Alaska

and for government agency use.

The communication process will actually intensify rather than diminish after the lease sale, according to W.W. Hopkins, Executive Director of AOGA. Hopkins said an active community contact program will be further strengthened once winning bidders have been identified and areas of community impact are better defined. Once the lease sale is held, he said the planning for exploratory drilling can begin and the incentives for community information programs enhanced.

Hopkins pointed out that in addition to the industry efforts there are several other exchanges of ideas and information in the leasing and development process. Initially the scoping meetings conducted by the Minerals Management Service provided a mechanism for gathering a list of concerns to be addressed in the Draft Environmental Impact Statement. After the draft is prepared, a public comment period insures that the public's and the industry's concerns are addressed in open forum. Public hearings on the lease sale are then held in various localities with

local residents having opportunity to participate.

According to Hopkins, under ideal circumstances, major construction activity in Norton Sound would not begin prior to seven years after a lease sale. With a March 1983 sale date, district coastal management programs should be in place for five to six years before any major activity resulting from the sale would occur. And public input would continue through this time.

## North Slope Lawsuit . . .

(Continued from Page 11)

tions to water quality. This can only result in tremendous, costly burdens to individuals trying to get permits in these areas. Very probably, many Alaskans who own small pieces of land may be forced to abandon that land because the unnecessary expense of permits for adequate access is beyond their reach," Easley said.

The new Section 404 regulations differ from former regulations by reducing permit processing times, eliminating burdensome information requirements on permit applicants and giving greater consideration to state and local land use decisions as a factor in granting permits, according to Easley. They also expand the scope of the nationwide permit program, thereby allowing certain minor dredge and fill activities to be undertaken without individual Section 404 permits.

Easley said environmental groups in Alaska have traditionally fought any legislation or regulations that enable citizens to acquire permits in less time, and in many cases, at less cost.

Currently, parties to the lawsuit are awaiting decisions on a motion for dismissal of the suit by the Justice Department and motions by the plaintiff opposing dismissal and requesting summary judgement by the presiding judge.

## A Model For Alaska . . .

(Continued from Page 8)

In that three-year period, this is what had to be done:

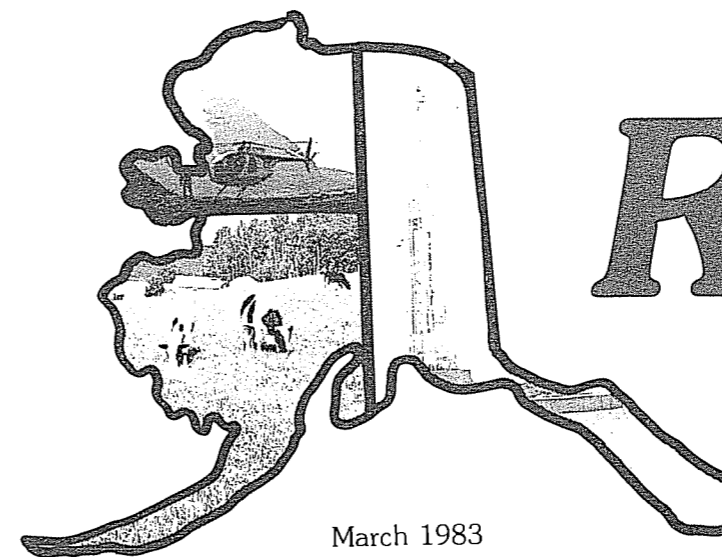
- Quintette Coal and Teck Corporation had to develop their mines
- 57 miles of highway in the province plus upgrading were scheduled
- BC Hydro had to build a power distribution system plus a 79-mile power line and substation
- BC Rail was to build an 80-mile line through the Rockies and build two major tunnels
- CN Rail, the federally owned line, had to upgrade 400 miles of its track for the added tonnage
- A new community was needed for 6,000 people
- A deepwater port and coal terminal capable of handling 12 million tons of coal annually and berthing vessels up to 250,000 dwt was undertaken by the federal government and a private company.

The reasons the project is considered a highly successful venture are: (1) Both government and industry were committed to the project (2) all the parties recognized private industry could not coordinate, finance and build the entire infrastructure, (3) government greatly assisted in the processing of some 1100 permits (5000 referrals) and (4) there was a coordinating agency.

This summary barely touches on how the project was developed — it would be worthwhile for our readers to study the process that was used to see if a similar course might be followed for development of remote resources in Alaska. The conference proceedings are now available.

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March 1983

# Resource Development Council for Alaska Inc. Box 516, Anchorage, Alaska 99510

# Resource Review





## Message From The Executive Director

By Paula P. Easley

### A Model For Alaska?

I don't know where my brain was during our February resource conference, but not until we prepared the conference proceedings did I realize the significance of the many presentations given. Heady stuff!

Even brains operating at 100% capacity would find it difficult to absorb all that material. If you ordered the proceedings, I think you will enjoy as much as I did the superb content of the obviously knowledgeable speakers' texts.

During the second afternoon, a high-powered Canadian named S. Ronald Basford, discussed a subject very close to Alaskans in the development business — how to coordinate and bring on line a major project in a remote area. Basford served many years in the political arena and before retiring was Minister of Justice and Attorney General of Canada. He accepted an appointment by the Government of British Columbia as Director, North East Coal Development Project in 1981.

Basford told us he knew nothing about coal or construction or engineering and wondered why the provincial government put a "has-been" politician in charge of the government's major economic thrust. It turned out his government and legal experience were just what the project needed.

A quick summary of why that project should be of such interest to Alaskans:

Northeast coal wasn't the typical mining project wherein the operator simply plugged into existing support systems and marketed the product. There **was** no infrastructure and at the time, no markets.

The mines are in the Peace River coal field on the eastern edge of the Rocky Mountains in northern B.C., containing some 8 billion tons of inferred coal resources, primarily coking coal for steelmaking.

Although discovered 190 years before, no one had figured out how to develop them. Rail and highways were some 78 miles away at Dawson Creek and the Roberts Bank coal port was 750 miles away. (Does this sound familiar?)

It wasn't until 1975 that the provincial government, after intensive study, decided development of the northern coal resources was THE economic priority for the province. It then set about developing a strategy to allow private companies to "get on with it."

The 1975 decision came about because of B.C.'s heavy reliance on forestry for its economic base, along with some oil and gas exploration and agriculture; and of course tourism as a result of the Alaska Highway. Economic conditions had adversely affected all these industries.

As Basford told it; the Bennett government looked at coal as the "engine of regional economic development strategy."

The first step, then, was to develop markets which private companies had been trying to do for years. Trade missions to Japan and other Asian countries were launched by the provincial government and finally paid off.

(Continued on Page 8)

Cover—Looking across the Beluga Coal Field West of Anchorage.

Printed the second week of each month, **Resource Review** is the official monthly publication of the Resource Development Council Box 100516, Anchorage, Alaska, 99510 — (907) 278-9615.

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 Ruddy Room of the Yellow Rose Restaurant. 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.

## Oil Industry Reaches Out to Villages

For over four years, the oil industry in Alaska has been conducting an intensive Western Alaska public communications program in preparation of upcoming oil and gas lease sales. The program is aimed primarily at residents of the Bering Sea area with the objective of informing them of industry activities and development plans in the OCS.

Taking the lead in the industry's public contact program has been the Lease Sale Planning and Research Committee (LPRC) of the Alaska Oil and Gas Association. Additionally, three oil companies, ARCO, Exxon and Sohio, have chosen to separately fund additional communication programs.

The programs implemented by the LPRC take the form of two-day workshops covering a variety of industry topics, including the lease sale process, geology and seismic procedures, ice research, oil spill contingency planning, fate and the effects of oil in the sea, government regulations affecting the industry and community impacts. Questions and answers follow the presentations. Leaders of each region are also flown to Cook Inlet for a tour of offshore platforms.

In addition, the LPRC has developed videotaped slide presentations which discuss specific topics of interest to Western Alaska. Newspaper advertisements informing the

public as to their availability appear regularly in area newspapers.

In response to concern expressed by coastal villages about proposed OCS leasing, ARCO in 1980 began developing a village information program. Through a series of meetings organized by the Alaska Native Foundation, the company developed a listing of the concerns of the villages and the issues that needed to be addressed. ARCO responded directly to those concerns through meetings and conferences (sometimes lasting several days) at village locations.

In addition, ARCO has provided tours on oil industry sites across Alaska. Over 500 individuals, from village leaders to organization board members, have visited the ARCO-operated Continental Offshore Stratigraphic Test drilling rigs in the Bering Sea as well as offshore platforms at Kenai.

Exxon began its Western Alaska contact program in early 1981 with a fact-finding program in which the leadership of native corporations bordering the Bering Sea were asked their views on development. Based on the responses, Exxon developed a Native leadership tour program. The program was comprised of an intensive eight-day look at industry operations in areas where local concerns were similar to those being expressed in Western Alaska.

The various regions were invited to select twelve of their leaders to attend the tour. They were also able to choose the Exxon field operation they wished to visit from among five selections, ranging from Prudhoe Bay to offshore Santa Barbara, California and George's Bank in New England. In turn, Exxon selected one additional location that it wished the group to visit as well.

Each program included briefings on a wide range of industry topics by

(Continued on Page 12)

### RDC Enters North Slope Lawsuit

The Resource Development Council has decided to intervene in litigation challenging interim final regulations governing the U.S. Army Corps of Engineers' Clean Water Act Section 404 program. The Section 404 program controls discharge of dredged or fill material into navigable waters.

The Council has asked the Pacific Legal Foundation, a Sacramento, California-based conservative public interest law foundation, to represent it in the litigation.

The lawsuit, entitled **National Wildlife Federation v. Marsh**, was filed in the United States District Court for the District of Columbia on December 22, 1982. The North Slope Borough has moved to intervene in the case in support of the plaintiff organizations, sixteen environmental groups, seeking to set the regulations aside.

Paula Easley, Executive Director of RDC, said the Council supports the Army Corps' position in this case because the Corps has made significant strides in reforming the Section 404 program. She noted that the Corps has streamlined the permitting process, lessened documentation re-

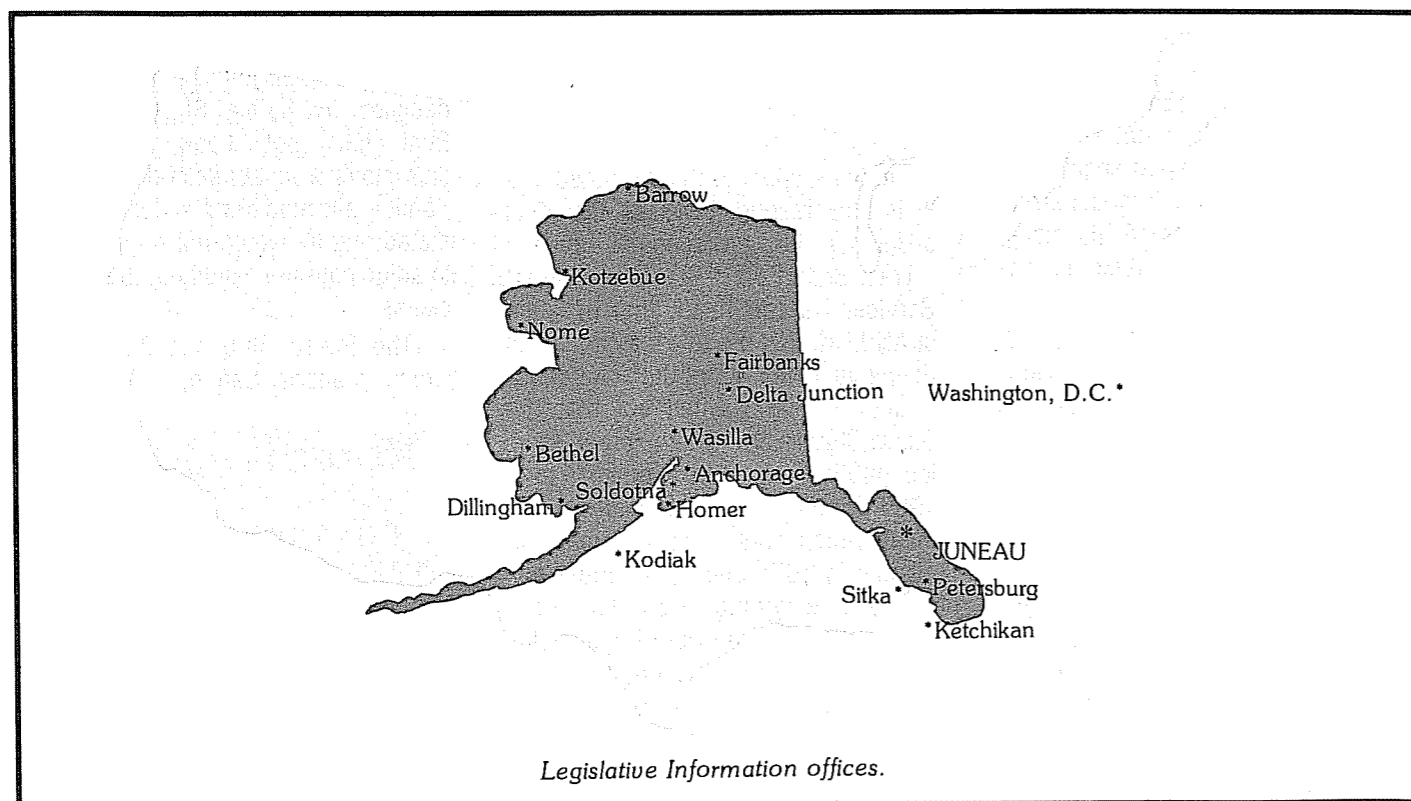
quirements for individual permit applicants and sought to bring the Section 404 program into consistency with the preservation and enhancement of private property rights.

RDC has been involved in the Section 404 program since 1977. Easley pointed out that the Corps' regulations under challenge interpret the Clean Water Act "not as a 'wetlands protection measure' as environmentalists would like to have it, but properly as a water quality statute." She said this was significant in terms of protecting the environment, while at the same time allowing compatible development of Alaska's resources.

A 1982 estimate by the Corps puts Alaska's wetlands areas at around 223,000,000 acres. "Environmental plaintiffs and the North Slope Borough are emphasizing the importance of Section 404 as a tool for wetlands preservation and, if they are successful, this will indicate a regulator preference that **any** wetlands should be preserved regardless of size or their contribu-

(Continued on Page 12)





## Legislative Information Office Promotes Communication Between You And Juneau

Do you sometimes find it difficult to communicate with Juneau on legislative affairs? Well, three services are offered by Legislative Information offices statewide to aid you in your communications effort.

The first service takes the form of a daily, overnight and one-way mailing pouch from Juneau to Alaskan communities. The pouch contains copies of most bills as they are introduced, and copies of House and Senate journals.

Another service offers a free public opinion message of no more than 50 words which can be sent to Juneau by any interested party. The messages can be phoned into your Legislative Information Office or hand delivered. They are acted upon im-

mediately and delivered three times daily to legislators' mail boxes.

For written testimony, a third service offers a sophisticated telecommunications network which allows small groups to interact via a dedicated circuit that functions like a huge telephone party line. The system sustains audio and video teleconferencing and facsimile transmission. Participation in legislative committee hearings and informal meetings between constituent groups and legislators is possible from the regional teleconference and information facilities throughout Alaska.

The teleconference service is free in Anchorage, Fairbanks and Juneau. A bi-weekly schedule is available, and mornings are usually the best

time to set a conference.

The Legislative Affairs Information Office computer system offers fast-tracking capabilities on bill information, including voting records, historical and current status and where the bill is heading. A storage and retrieval capability allows for the print-out of all versions of the bills and laws relating to specific topics.

Floor and committee action is teletyped continually, enabling the Legislative Information Office to report up-to-the-minute happenings and give guidance in sending public opinion messages.

The Alaska Legislature has endorsed and funded public information services since 1972.

## Conference Delegates Reach Four Points

Four consensus points on issues concerning Alaska's potential as a major minerals producer and supplier to the nation and Pacific Rim countries were reached by over 500 delegates at the International Conference on Coal, Minerals and Petroleum.

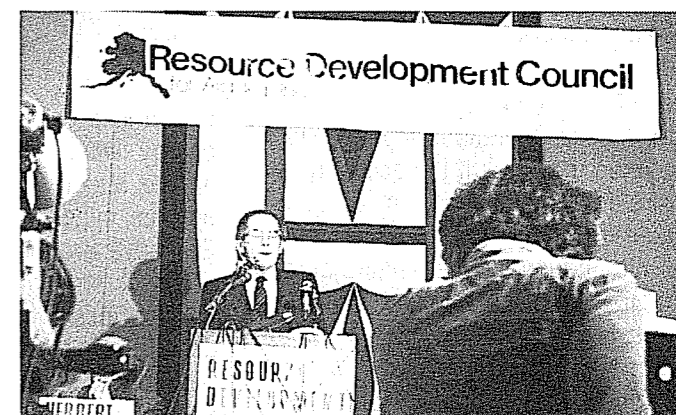
The first recommendation recognizes a need at the federal level to link the nation's domestic, foreign and defense policies in a better way, so as to strengthen Alaska's vital geopolitical role in the international development of Arctic and sub-Arctic natural resources now underway. The recommendation also promotes private ownership and initiative as the most efficient and responsible means of achieving that resource development which best serves the national interests and all of the citizens of Alaska, including owners of the native lands.

As a necessary step in developing a U.S. economic and political global strategy for the 1980s and beyond, the second consensus recommendation points out that there is a need for a minimum assessment of the minerals on all Alaskan lands. The recommendation stated that provisions would be needed for special development of minerals on withdrawn lands so as to contribute both to national interest and security.

The third consensus statement supported the export of Alaska oil to Pacific Rim countries, pointing out that it would generate many sound economic and geopolitical benefits to the nation as well as to the citizens of Alaska. However, the statement recognizes that a number of conditions would first have to be addressed by state and national policymakers.

The final conference recommendation lends support to Senator Frank Murkowski's bill to create the Arctic Research and Policy Act, provided that the resulting institutional framework is designed to serve broad nationwide interests in Arctic development, including such activities as natural resource exploration and development technology.

The four consensus statements are included in an Executive Summary of the 250-page Conference Proceedings. The summary has been sent to policymakers nationwide. Copies of the proceedings report are available at RDC headquarters in Anchorage for \$35. Orders may be placed by calling 278-9615.



Governor Bill Sheffield's Keynote address before the International Conference on Coal, Minerals and Petroleum is captured by television crews covering the conference.



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### Environmental Enhancement Award

RDC will present its annual Environmental Enhancement Award at its annual meeting in April. The award is given in recognition of a community, firm or individual's outstanding efforts to improve the quality of life through well-planned economic development and aesthetic improvements. The 1982 award was given to the City of Seward for its efforts to mitigate the impacts of the Marine Industrial Center on the area fisheries.

All entries for the 1983 award must be submitted in report form to the Resource Development Council, Box 516, Anchorage, Alaska 99510 by April 1.

## Aggressive Policy Needed For Mineral Development

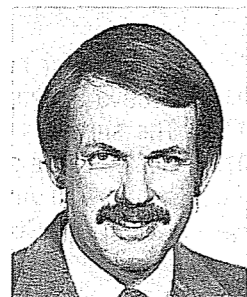
Over 500 delegates attending the International Conference on Coal, Minerals and Petroleum were told that the timing of major mineral development in Alaska will depend upon world metals prices, infrastructure development and less restrictive land management policies by both the state and federal governments.

Speaking during the minerals segment of the conference, David Heatwole, Alaska Operations Manager for Anaconda, said that if the economy of Alaska is to diversify and broaden beyond its present dependence upon the oil industry, the state must recognize its pivotal role and adopt an aggressive policy supporting the development of infrastructure that will serve the range of other resource industries. In addition to the lack of transportation infrastructure, taxation is another major obstacle to the development of mineral deposits in the state, Heatwole said.

"Although state taxes on the mining industry now are reasonable, the industry is wary because of the punitive taxes levied on petroleum production," said Heatwole. He also pointed out that land withdrawals by the federal government have not only withdrawn much of the state's high potential mineral land, but have severely restricted access to many areas of the state.

According to Conference Chairman R. Daniel McMichael, Administrative Agent of Scaife Family Charitable Trusts, mineral import dependencies constitute possibly the greatest direct threat to national security since the end of World War II. McMichael's presentation focused entirely on mineral resource dependency, warning that interruptions of vital mineral imports from foreign sources would lend to significant disruptions across the entire spectrum of American life.

McMichael said vulnerability could be reduced by cutting dependence on imports. In the case of oil, conservation and the development



David Heatwole



Daniel McMichael



Dr. Fine

of various alternative sources of energy would diminish dependence on the Middle East. As for strategic non-fuel minerals, "Congress and the Executive Branch are hammering out a set of strategic non-fuel minerals policies designed to alleviate high dependency on foreign supplies," McMichael said. He also cited stockpiling, substitution, conservation and recycling as means of protection against foreign supply cutoffs.

Keynote speaker Dr. Daniel Fine of the Massachusetts Institute of Technology, disclosed that the Soviet Union is now embarking on an ambitious 15-year plan to "Conquer the Arctic." This plan, Fine said, is aimed

at recovering vast quantities of oil and gas, coal and minerals from the Bering Sea, Eastern Siberia and other Arctic areas. Fine said that this new "master plan" is a major historic policy shift for the Soviets.

The Soviets are now operating an Arctic Technology Center and conducting advanced ice studies. They have recently ordered four drilling ships with ice-breaking capabilities from the West and plan to import resource development technology.

"Their strategy is to put minerals, oil and gas development next to defense in terms of allocating the na-

(Continued on Page 7)

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## Forest Service Denies Sierra Club Appeal

In a letter dated February 24, Regional Forester John Sandor has denied a Sierra Club appeal to an earlier decision to issue a special use permit to Clyde Holbrook for construction of an access road to his placer claims on Crescent Creek in the Chugach National Forest.

The appeal, filed on November 12, 1982, requested a stay of all activities permitted by the decision; a reversal of the decision; a finding that the claims be declared invalid; a Department of Interior Solicitor's opinion on the validity of the issues; and restoration of the land already harmed.

The Sierra Club maintained, among other objections, that the claims were invalid because of the "Tract Book Rule" and that there was a lack of valuable discovery. They also held that there were violations of the National Environmental Policy Act, the Wilderness Act and of

Forest Service Wilderness Rules and Regulations.

In his response, Sandor noted that it is the responsibility of the rival claimants for enforcement of the "Tract Book Rule" — not the Forest Service. He continued, that because of ANILCA, that the rule may not be as definitive as the Sierra Club contends. Sandor further pointed out that the Sierra Club references to Forest Service publications were, in part, to a 1969 Forest Service Manual supplement which was removed from the manual in 1974 and is no longer applicable. According to Sandor, there is no wilderness on the Chugach National Forest and thus there can be no violation of the Wilderness Act. He stated, however, that Forest Service direction does provide for reasonable access for mineral exploration and development within wilderness areas.

The decision found that the earlier decision by Forest Supervisor Clay Beal had not been "arbitrary, capricious or an abuse of discretion." Sandor affirmed Beal's decision and stated that he would not request BLM to adjudicate the validity of the mining claims.

The Sierra Club has 30 days in which to appeal Sandor's decision.

### Notable Quote

"Blaming business for everything that goes wrong is a natural pastime embraced to excess by the network news media. The Love Canal affair has passed into our folklore as one of the biggest lies since the Battle of Breed's Hill was mistakenly reported to have occurred on Bunker Hill." —Washington Watch, US Chamber, August 1982

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Anchorage, AK 99510

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## Environmentalists Force Oil Through Foreign Pipeline

An 80-mile pipeline across a foreign country has recently been constructed to carry Alaska oil to gulf coast refineries after environmentalists in Southern California opposed an all-American pipeline from the

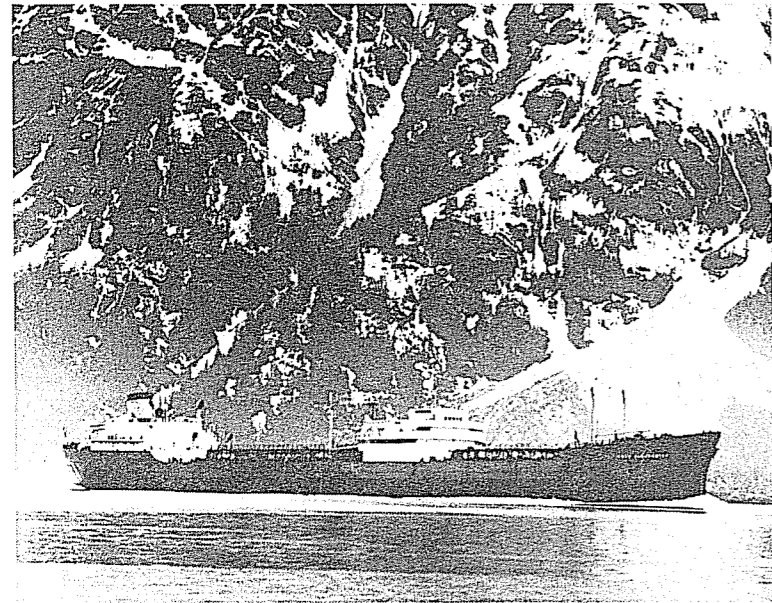
West coast to Texas on the basis that it would increase tanker traffic through Long Beach Harbor.

Ironically, today there are just as many tankers fueling in Long Beach

as there would had the Pacific-Texas pipeline been built since tankers must now refuel in the Californian harbor for the voyage to Latin America. According to Senator Frank Murkowski, the Panama project was completed after the Pacific-Texas pipeline was abandoned.

Instead of sending oil through a U.S. pipeline system, much of which was already in place, America is now faced with sending its Arctic oil outside U.S. jurisdiction and borders. As a result, Murkowski said the Panamanian government receives a 40 percent equity interest in the pipeline simply by letting it cross its land.

Murkowski pointed out that the oil must be moved an additional 4,400 miles by tanker, increasing transportation costs, which will ultimately be passed on to the U.S. consumer.



An oil tanker leaves the Port of Valdez.

## A Model For Alaska . . .

(Continued from Page 2)

Federal-provincial negotiations began for sharing the costs of studies needed before final decisions could be made. Seventy-seven studies costing \$15 million were undertaken and paid for by all the parties involved.

B.C. owned the coal, the federal government owned the railroad and had jurisdiction over ports and responsibility for international trade, and there were four major potential coal producers.

The producers were told by the provincial government what it was prepared to do to see the resource developed. Because of the project's remoteness, this was a critically important step, according to Basford.

Now, listen to this: Letters from the provincial government said that, in the event the mining companies sold coal and developed the mines, the province would develop the rail and highway system, organize the town and provide power transmission facilities. A special freight rate was established for the pioneer producers for six years, but no tax or royalty concessions were offered. Complex cost recovery techniques were provided and the companies were to negotiate with the federal government for construction of the terminal facility.

Basford said the letters were, in effect, a comprehensive development commitment. They allowed executives of exploration, development or marketing to go to their boards of directors and say "Look, if we can get our act together, here are the firm commitments on infrastructure."

This preliminary agreement was critical in convincing the customer that not only would mines be developed to meet a sales contract, but assured the customer that the public and private sectors were committed to infrastructure development.

Finally in January 1981 long-term contracts with the Japanese steel industry for 7.7 million tons of metallurgical coal annually were negotiated and the first coal was to be delivered in less than three years!

(Continued on Page 12)

## Coal . . .

(Continued from Page 6)

According to Sheffield, later this spring the Department of Natural Resources will conduct a call for nominations to determine industry interest in state-owned lands that have the potential for coal development. "The recommendations we receive will play a major role in which lands the state will offer for competitive coal leases in the future," Sheffield told conference delegates. "Just as we have a long-range schedule for oil and gas leasing on state land, I hope we can develop a long-range coal leasing schedule too."

Sheffield said that he hopes the enthusiasm expressed by Diamond-Shamrock Company officials on the prospects for a 1984 start on development of a port and other facilities on the Beluga coal leases they share with the Hunt brothers, will translate into action. "If the Diamond-Shamrock investment does go forward, the state's plans for a coal lease sale in the Beluga area will be that much more attractive."

## Petroleum Specialists See Stormy Days Ahead

Petroleum specialists at the International Conference on Coal, Minerals and Petroleum focused on the problems and opportunities the industry faces in the Arctic at a time when the world oil market is growing at a slower rate than the world's economy.

Although Alaska may hold over half of all oil and gas reserves to be discovered in America, activities within the state could be severely curtailed by increased regulations and cumbersome government policies regulating development, said Sohio Alaska Exploration Operations Manager Roger Herrera. He noted that government permitting procedures are now delaying development of reserves, and when these regulations and procedures are combined with the high cost of development in the Arctic with lower worldwide oil prices, there is little incentive on behalf of industry to launch new exploration and development activities.

Allen Brown, Regional Exploration Manager for ARCO Alaska, and Vice President of ARCO Exploration Company, warned that the large capital spent by successful bidders on the Diapir Field sale should not be taken as an indication of the levels to be seen in areas such as the Bering Sea. High development costs, lack of transportation systems and potential operating restrictions are factors

which could lead to the abandonment of Alaska exploration efforts in favor of areas that would lead to higher economic returns, Brown said.

Regarding petroleum's share of future world energy requirements, John Grundon, President, BP Alaska Exploration, stated that the market will continue growing, but at a slower rate than the world economy because of the increasing efficiency with which energy is being used.

Grundon said supply factors will prevent oil's share of energy con-

sumption rising or stabilizing. On the contrary, oil's share is likely to fall, but with no clear trend in the level of oil demand over a 20-year period.

The world incremental long-term demand as a whole will tend to be met by increases in the use of other fuels, particularly coal and nuclear, but including gas in some places. Grundon said the share of gas may remain more or less constant for the world as a whole, but will vary locally according to the cost of incremental supply.

(Continued on Page 7)



Although Alaska may hold over half of all oil and gas reserves to be discovered in America, industry activities within the state could be severely curtailed by increased regulations and cumbersome government policies.

## Notable Quotes

"If the auto industry had made technological advances as the computer industry has in the last 30 years, a Rolls Royce could be purchased for \$2 and we'd all be getting 2-million miles per gallon."—Professor Richard Bassler, American University

"One does not depressurize a deep-sea diver in five minutes. One does not reverse 40 years of economic policy in 40 days."—Lee A. Iacocca, Chairman, Chrysler Corp.

"Long-range thoughts about energy are not within the capability of Congress — too much emotion and not enough common sense."—Representative Malcolm Wallop, Wyoming, Speaking to National Association of Manufacturers

One F-100 Turbofan fighter jet requires:

5,366 lbs of titanium  
5,204 lbs of nickel  
1,656 lbs of chromium  
171 lbs of columbium  
910 lbs of cobalt



## Speakers Cite Coal Roadblocks

Coal specialists addressing RDC's resource conference in Anchorage last month painted a dim picture of Alaska's coal exports, citing worldwide supply and distribution as major roadblocks.

Mark Joseph, President of the Coal Exporters Association, joined Peter Szabo of Cyprus Coal Company in stressing that the state should conduct more detailed analyses of its coal-export potential and markets before embarking on large investments for new ports, rails and other facilities.

Meanwhile, Dr. Bong Suh Lee, Secretary to the Korean President for Economic Affairs, said that Korea's energy policy for the next decade promises to provide an important coal market in the Far East, and Alaska with its ample reserves, could play an important role as a stable supply source.

Joseph said America's participation in the steam coal market through the mid-1980s will be primarily on a spot or short term basis. He insisted that foreign long-term contracts will be the exception and not the rule since demand is now stagnant with supply increasing.

The United States is now exporting steam coal at an annual rate of about 27 million tons and should maintain this level through the mid-1980s. Because coal supply capability exceeds coal demand, Alaska and the rest of the U.S. will be faced with stiff competition from Australia, Poland, Canada, China and South Africa.

Joseph also pointed to forecasts that show lower growth rates in energy consumption as the amount of energy required per dollar of GNP is expected to be only 75 percent of that required in 1973. This means that the



total energy requirements in 1990 and 2000 will be one third less than previously forecasted.

The depressed market conditions worldwide led Governor Bill Sheffield to scale down the state's first competitive coal lease sale in eleven years to 1,677 acres in the Beluga River coal field. Scheduled for May 17, the sale was to cover 25,000 acres.

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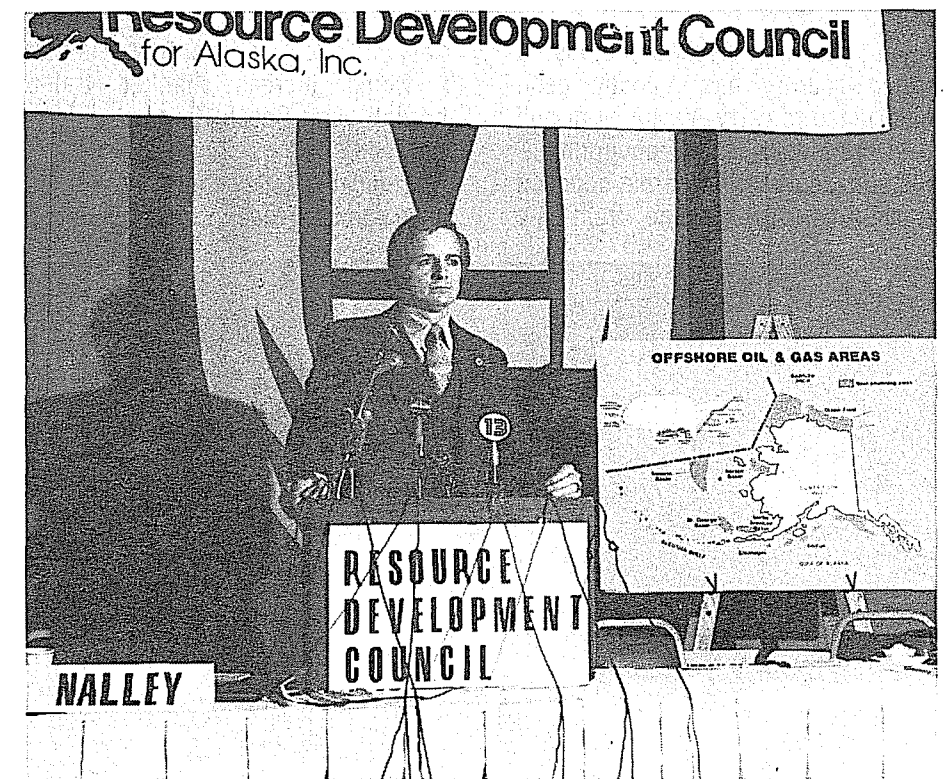
## Exclusive Economic Zone To Be Created

Perry Pendley, Deputy Assistant Secretary for Energy and Minerals of the Department of Interior, announced the creation of an exclusive economic zone at the International Conference on Coal, Minerals and Petroleum.

An exclusive economic zone proclamation expected to be signed shortly by President Reagan, would give the United States exclusive jurisdiction for mining and would establish sovereignty, not merely management authority, over fishing within the 200-mile limit. Foreign passage over those waters would not be affected, Pendley said.

Pendley pointed out that the U.S. has been exercising its sovereignty only over those waters above the outer continental shelf and in many areas the shelf stops well short of the 200-mile limit. Since the extent of the shelf has never been established, the proclamation would have the effect of establishing definite limits.

France, New Zealand, Iceland and 53 other nations have signed similar proclamations. Pendley, who is also chairman of the Interior Department's Minerals Management Task Force, said the proclamation would have the effect of law, but it would be fine-tuned under legislation introduced by Senator Ted Stevens.



Perry Pendley, Deputy Assistant Secretary for Energy and Minerals, explains the Exclusive Economic Zone Proclamation.

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## Minerals . . .

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tion's rate of investment and capital outlays," Fine said. "The Soviet Arctic plan is based on global power projections, with Siberian and Arctic natural resources flowing to world markets as a surplus through an aggressive marketing strategy."

By contrast, Fine said the United States has no significant Arctic policy which is scientific, technical, resource, military and defense oriented.

"Unless the Americans respond with a strategic Arctic policy, the U.S. will fall far behind in the Arctic."

## Petroleum . . .

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In the near term, Grundon predicts worldwide spare capacity in the oil industry will mean that its share will fluctuate with oil prices with demand somewhat recovering.

In projecting the price of petroleum, David Willmer, General Manager of the Economics Department at Standard Oil Company of California, said prices rise when the world cushion (excess of capacity over demand) is less than about five million barrels per day. This cushion, Willmer said, will likely exist entirely within OPEC, with Saudi Arabia being the main swing supplier.

Long-term forecast of prices (in the year 2000) ranges from \$30 to \$55 per barrel (in 1982 dollars). Willmer said that by 2000, the OPEC cushion will have decreased to such

an extent that "real" annual price increases can be expected on the order of \$1 per year. Because of the many uncertainties involved, a "best guess" case is not very meaningful, according to Willmer. "Perhaps the most pertinent is the conclusion that there is likely to be no real price increases before the early 1990s.

If oil exports to Japan and other nations become a reality, Dr. Daniel Fine of the Massachusetts Institute of Technology suggested that Alaska impose a three percent economic security and development tax on the sale price of exported oil and that tax revenues be dedicated to construction of railroads, ports and other facilities to encourage development of Alaska coal, minerals, oil, gas and other resources.