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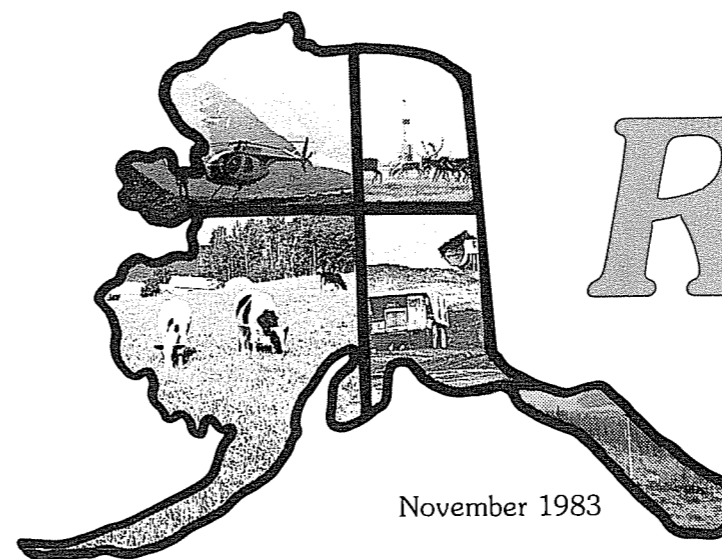
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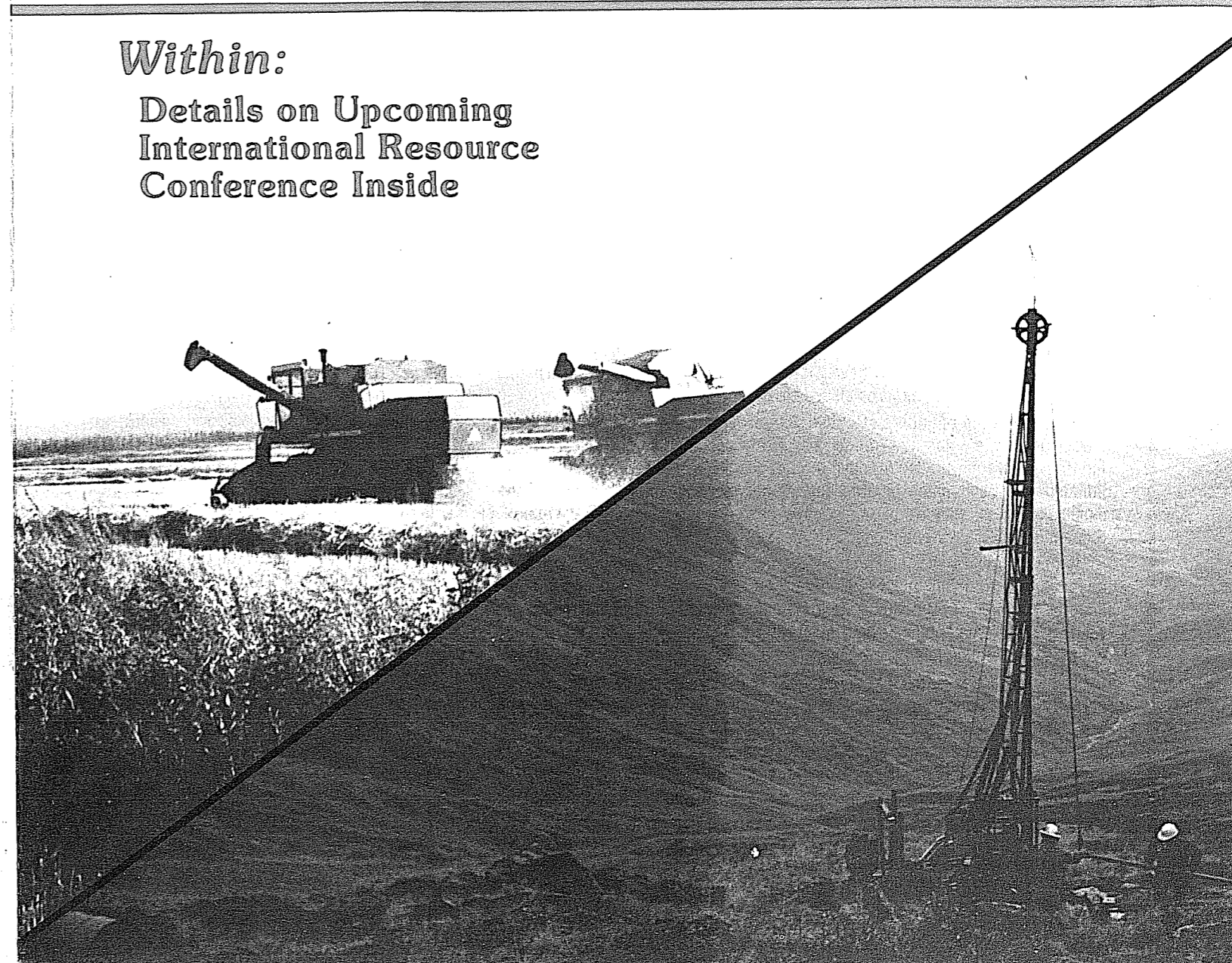
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Within:

Details on Upcoming
International Resource
Conference Inside



Message From The Executive Director

By Paula P. Easley

Public Lands Issues Addressed

Three public lands issues important to Alaska were addressed by the National Public Lands Advisory Council, meeting in Washington, D.C. this November.

One issue concerned mining claims on public lands, another a land management plan for the Bristol Bay region and the third concerned Interior Department procedures for handling administrative protests and appeals.

Of most immediate concern to Alaskans is the Council's action urging the Secretary of the Interior not to approve the Bristol Bay Cooperative Management Plan for submission to Congress. While the Council members were generally in favor of cooperative management plans, based on their experiences with them in other states, they all agreed that the Bristol Bay plan failed to provide for the rational development of all economic resources in the region. The Council's action asks the Secretary of the Interior to withhold approval of the plan until it has been rewritten by a representative team of resource specialists and meets the requirements of ANILCA.

The problem of miners' ascertaining land status when filing mining claims has been a long-standing concern in Alaska. Traditional procedures of the Bureau of Land Management have resulted in great confusion as to whether the land in question is open or closed to staking of mining claims.

Because of the multitude of public land orders affecting Alaska lands, the "tract book rule" has had greater significance for public land users. Under the tract book rule, the lands, even though opened by order, are closed until a notation has been made on the land status records. This can take years, especially when millions of acres have been withdrawn and subsequently reopened as we have experienced in Alaska.

If the Council's recommendation is adopted, public land orders will be effective the 30th day following publication of the public land order in the Federal Register. A Bureau of Land Management task force has been investigating the matter for several months at our request and is now drafting regulations to accomplish the necessary procedural changes.

The Council also asked for a thorough review of the Department of Interior's permitting and appeal process. The outcome of this should be a reduction in the number of protests and appeals on permits by obstructionists. If all goes well, we should see the entire process speeded up. An ad hoc Committee, on which I serve, will assist the Interior Department Solicitor in the review.

We owe a big "thank you" to the other members of the Advisory Council and the BLM for their dedicated attention to these important matters!

COVER: The International Conference on Alaska's Resources will focus on Alaska's vast resource potential, discuss national interest implications on northern development and study critical issues such as transportation and government policies. See story on page 3.

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Carl Portman
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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:

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

Preserving the Wetlands:

Public Interest Ploy or Water Quality Panacea?

Thomas E. Hookano and E. Carole Currin

Editor's Note: Thomas E. Hookano is assistant managing attorney for the Pacific Legal Foundation. E. Carole Currin is a College of Public Interest Law Fellow with the foundation. This article is the first of a two-part series.

A long-standing environmental battle has captured the interest of policymakers in Washington, D.C. The battle centers around the "proper" interpretation of the Clean Water Act Section 404 provisions governing the discharge of dredged or fill material in the nation's waters. Preservationists have traditionally argued that Section 404 is a "wetlands preservation" statute. Property rights advocate have argued, to the contrary, that it is a water quality statute never intended to regulate all wetlands. There exists a real potential that this controversy may be resolved through initiatives undertaken by the Reagan administration. The nature of the controversy has profound implications for developers across the country.

The "Madrona Marsh" experience in Torrance, California, is representative of the competing interests in this environmental controversy. The "marsh" is not a natural phenomenon and is not in reality a marsh at all. The area, encompassing 18.9 acres of a 182-acre undeveloped tract, was created as a sump in the 1960s by the city of Torrance. The sump area, located in the midst of high-density commercial-industrial development, was intended to serve as a temporary solution to a local drainage problem. Local government officials referred to the area as a "fluke of industrial development."

At the urging of the preservationists, Section 404 jurisdiction under the Clean Water Act was asserted over Madrona Marsh by the United States Army Corps of Engineers without any public hearing and without notification to the property owner until after the action had taken place. After over two years of debate and much expense to the property owner, the Corps of Engineers' claim of Section 404 jurisdiction over Madrona Marsh was finally withdrawn.

Notwithstanding the developer's "victory" against the bureaucracy, the property remains undeveloped. The owner of Madrona Marsh, like many other developers across the nation, is hamstrung by city zoning officials who must approve any development on the site and preservationists who keep watch

over the property to prevent any alteration. Although federal bureaucrats have sided with the property owner in round one, round two may have the courts handing him a reversal.

The Madrona Marsh example is not unique. Clean Water Act Section 404 provides, with minor exceptions, that anyone who intends to discharge dredged or fill material into the navigable waters must first obtain a permit from the Corps of Engineers. "Navigable waters" are defined in the Clean Water Act as "waters of the United States." The statute is ostensibly aimed at protecting the nation's water quality. However, the jurisdictional reach of the program, as implemented by the Corps of Engineers, has transformed Section 404 from a water quality statute into a wetland preservation statute.

Evolution of the Wetlands Bias

Ever since Section 404 was adopted as part of the Federal Water Pollution Control Act Amendments of 1972, the debate has focused on the geographic limits of the program's jurisdiction. At first, the Corps of Engineers regulated only traditionally navigable waters under Section 404. Then, in 1975, the Federal District Court for the District of Columbia ruled that Congress had "asserted federal jurisdiction over the nation's waters to the maximum extent permissible under the Commerce Clause of the Constitution." The court indicated that the Corps of Engineers' definition of "navigable waters" was inadequate because it tied Section 404 jurisdiction to traditional concepts of navigability.

The decision produced a regulatory calamity. Subsequent regulations defined federal jurisdiction so broadly and vaguely that land areas not usually inundated by water are included: jurisdiction may be asserted if the area supports a prevalence of vegetation typically adapted to life in saturated soil conditions. The expansive control over all types of wetlands which the Corps of Engineers undertook in the years following the decision was not authorized or even encouraged by the courts or by Congress. Thus began the expansion of the program to include the puddles that exist at Madrona Marsh and similar sites and the evolution of Section 404 from a water quality statute into a wetland preservation statute with severe regulatory consequences for small and large property owners alike.

(Continued next month)

Agricultural Consultant Harold Pomeroy Dies

Harold E. Pomeroy, first mayor of the Kenai Peninsula Borough and governmental consultant on Alaskan economic and development issues, died Friday, October 28 of a heart attack at his Anchorage home. He was 81.

Pomeroy, who also published several articles on public policy and economics, was serving on Gov. Sheffield's task force on agriculture at the time of his death. He had been a

long-time active member of the Resource Development Council.

Pomeroy came to Alaska in 1949 and homesteaded on Bear Cove in Kachemak Bay. Following an Anchorage memorial service, Pomeroy was buried at Bear Cove. His dedication to Alaska resource issues will be missed by all.

Guest Columnist James O. Campbell

President, Spenard Builders Supply
& Chairman, North Pacific Fishery Management Council

Governor Sheffield's Task Force Trip - Korea and Japan

Having just returned from visiting Korea and Japan with the Governor's task force, I can assure you of one thing, traveling with Governor Sheffield is about as much fun as going through the 1964 earthquake. We were constantly on the go, from early morning to late afternoon, and were fortunate to have 10 minutes to freshen up before we were off to dinner and more conversation. Our schedule included meetings with both the leaders in government and business. At the Governor's persistence, a meeting was arranged with Yasuhiro Nakasone, Prime Minister of Japan. At the meeting it was agreed that Japan and Alaska should cooperate on a long-term energy policy. Note the use of the word "long-term." We were constantly reminded of the need to be patient in our negotiations with both countries. More on this later.

Our business relationships, especially with Japan, go back a long way to right after World War II when they built a pulp mill in Sitka. Additionally, both countries have been fishing off our coasts and most recently have become involved with U.S. fishermen in joint-venture fisheries. Yet, with the exception of the fishing and timber communities, our reception was almost like . . .

WHERE HAVE YOU BEEN? While there five governors from the U.S.A. were doing the same thing as we were. Among them was our neighbor to the south, Governor Spellman of the state of Washington, and in contrast, Governor Wallace from the state of Alabama. In addition there were delegations from Britain and South Africa. It is a competitive market and both countries know it.

BOTH JAPAN-KOREA HAVE COMMITTED FOR THEIR ENERGY NEEDS INTO THE 80's and perhaps there has even been an over-commitment due to a reduction in usage because of energy conservation methods. It became very apparent that any sales of Alaska coal and gas are going to be long range in nature. It is my opinion that if we are to be successful in marketing Alaska's energy resources we need to initiate a continuing marketing approach to the countries of Japan, Korea, and I include Taiwan. THIS PROGRAM MUST BE LONG RANGE IN NATURE AND TRANSCEND ANY GOVERNOR'S TERM IN OFFICE. All three of these countries want to do business with a stable government that encourages economic development. Certainly Governor Sheffield emphasized this point and his desire to promote trade with both countries we visited. The very nature of doing business with these nations necessitates a strong partnership between the private sector and state government. How we structure this alliance will be the key to our success in the future.

Almost in contrast is our relationship with Japan and Korea in fishery resources off Alaska. In October of this year there were 129 Japanese vessels and 18 Korean vessels fishing off our coast within our 200 mile Fisheries Conservation Zone. While in Korea we were able to visit SAMHO MOOLSAN CO., LTD., a fishing company processing Alaskan pollock, yellow fin sole, herring and cod. The end product was a quality filet packaged for marketing

in the U.S. While there we met two fishermen from Alaska who were negotiating with the company to form yet another joint venture for bottom fishing off the Aleutians. Certainly with the rapid decline in Alaska King crab stocks, we are going to experience an increased interest on the part of the U.S. fleet to participate in this fishery through joint ventures. At this time Japan and Korea are the prime users of Alaskan fishery resources and we may find ourselves too dependent on them as a source, just the opposite from our other resources. Japan took fully 98% of our red salmon exports, or 119 million pounds in 1982. Although the state has little influence on allocation of fishery resources within the Fisheries Conservation Zone, it certainly can play an instrumental role in providing the infrastructure to encourage both U.S. as well as foreign investment in shore side facilities. A good example is the need to capitalize on the growth of a new product being generated from Alaskan pollock.

An alternative of Japanese origin that poses both a threat as well as a potential source of promise for the Alaska crab industry, is the imitation King crab meat made from surimi (a Japanese fish paste product) that offers a taste and texture surprisingly like the real thing. The basic ingredient of this ersatz shellfish is Pacific pollock, which, after mincing and adding other ingredients (including a proportionally small amount of real crab), is extruded in a form that closely resembles sections of meat from crab legs.

World sales of this product have soared in the past few years, especially to the United States, Australia and Western Europe. Exports by Japan are reported to have increased from about 1 million pounds in 1979 to over 20 million pounds in 1982, and the latter figure is equivalent to the yield that would be obtained from a live-weight catch of approximately 100 million pounds of King crab.

The United States has been the largest customer for this Japanese product, taking over 70 percent of its 1982 output.

With most of the free world's supply of Pacific pollock at Alaska's doorstep, along with a substantial portion of the world's supplies of King and Tanner crab, the state's fishing industry would appear to be well situated to capitalize on the growing worldwide market for kamaboko-type products formulated around these species.

Finally, on a different subject, almost every foreign traveler we met complained about our new International Terminal. First they felt like they were in almost any foreign country. There were very few Americans in the terminal and little if nothing to see about Alaska. Additionally, they would have liked the opportunity to take a short tour of Anchorage during their layover. Finally, they felt that the entire area was devoted to duty-free shops with really very little in the way of traveler consideration or accommodation.

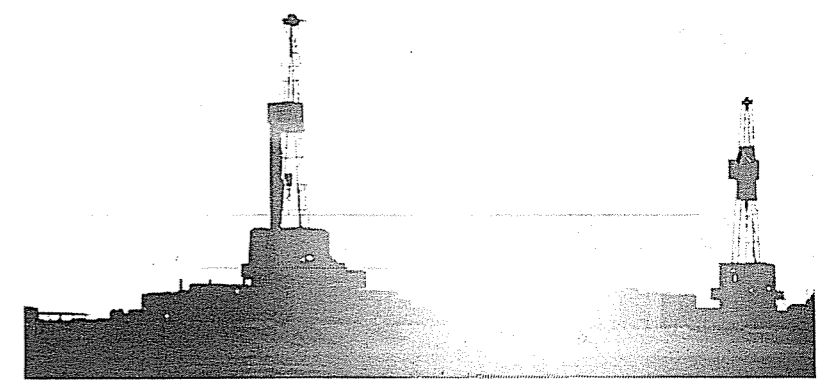
Concluding my remarks, as a businessman I have always felt the need to continue looking over my shoulder for new competition. The state of Alaska should be no different in its approach in doing business with countries of the Pacific Rim. We cannot afford to relax in our efforts to initiate and continue a long-range policy that will assure Alaskans a leadership role in the marketing of our resources.

Taiwan Market . . . (Continued from Page 4)
world which are geographically located at greater distances from Alaska," he said.

Since Taiwan shifted from an agricultural-oriented economy to an industrially-oriented business climate, the nation's gross national product has increased an average of nine percent annually.



RDC's fourth annual resource conference will focus on a northern development strategy for Alaska's resources, including oil and gas and fisheries.



Fourth Annual International Conference On Alaska's Resources Set For February

The Resource Development Council for Alaska, Inc., will hold its annual International Conference on Alaska's Resources February 15 and 16 at the Sheraton Anchorage Hotel. The theme of the 1984 conference is "A Northern Development Strategy."

The conference will focus on Alaska's vast resource potential, discuss national interest implications of northern development and study critical issues such as transportation, science and technology, government policies and resource needs of trading partners. Conference programs will help establish clear goals in the petroleum, minerals, timber, fisheries and agriculture sectors.

Over 500 persons are expected to attend the fourth annual event, which will feature some 27 speakers from throughout Alaska, Canada, the United States, Korea, Japan, Taiwan and Europe.

The conference is sponsored by the Resource Development Council for Alaska, Inc., and the State of Alaska Department of Commerce and Economic Development.

The preliminary conference program calls for Japanese Trade Minister Sosuke Uno to deliver the Wednesday keynote address while Secretary of Commerce Malcolm Baldrige is expected to deliver the Thursday address.

Governor Bill Sheffield will open the conference with a presentation on Alaska's resources. A discussion on the strategic importance of Alaska's resources will follow. Other opening day topics include a panel presentation where experts in agriculture, petroleum, native corporation ventures, minerals, fisheries and timber will meet to discuss Alaska's emergence as a resource supplier 25 years after statehood.

Representatives of Japan, China, Korea, Taiwan and West Germany will discuss resource and investment needs of trading partners and make recommendations for enhancing trade opportunities in an afternoon program.

Senator Ted Stevens will open the second day of the conference with his recommendations for Congressional actions needed to strengthen Alaska's role in the

marketplace. Panel debates on repealing the Jones Act and the export of North Slope oil have also been scheduled as well as a panel discussion on developing Alaska transportation systems. Other programs include a discussion by Canadian and Norwegian officials on improving competitiveness through science and technology and a presentation by a Chase Manhattan Bank executive on bringing Alaska to the capital markets. Additional information may be obtained by calling the Resource Development Council at 278-9615.

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A Letter From Our President

By Chuck Webber

Reputation

Reputation is a key word in the English language and it is a particularly important word to Alaskans. A favorable reputation can do much to enhance opportunity for Alaska. Since one's reputation influences the way in which a situation is viewed, it is important for us to establish a positive attitude toward enhancing our reputation at all times in ventures within our state, the Lower 48 or other countries.

Governments have a great deal to do with establishing reputation for political and geographic areas. Our leaders must feel a keen sense of awareness to this responsibility as they act and react in the national and international scene. For a state such as Alaska, the establishment of a reputation for fairness and directness in dealing with others is most important as we emerge into the area of greater world trade.

The private sector should make a substantial effort to reinforce its good reputation and ensure that the actions of government are carried on in such a way as to encourage a favorable view of Alaska.

PLF Elects Fred Eastaugh To Board

The Pacific Legal Foundation (PLF) a non-profit public interest law firm, has announced the election of Frederick O. Eastaugh to its Board of Trustees. Eastaugh, 70, is president and director of the Anchorage and Juneau law firm of Robertson, Monagle, Eastaugh & Bradley.

As a trustee, Eastaugh will join ranks with 18 other individuals from law, business and education to guide case selection and set policy for PLF. Trustees meet monthly at their own expense.

Eastaugh is a member of numerous civic and professional organizations, including the Board of Directors of the Resource Development Council and the Alaska Miners Association. He has served as a Juneau municipal judge and as a representative in the Alaska Legislature.

The Pacific Legal Foundation is the nation's foremost public interest law firm dedicated to the preservation of the free enterprise system and individual rights.

External Factors To Play Major Role In Alaska Development

A number of external factors will have a major role in determining what development occurs in Alaska over the next ten years, according to Jim Jinks, Deputy Director of the Resource Development Council.

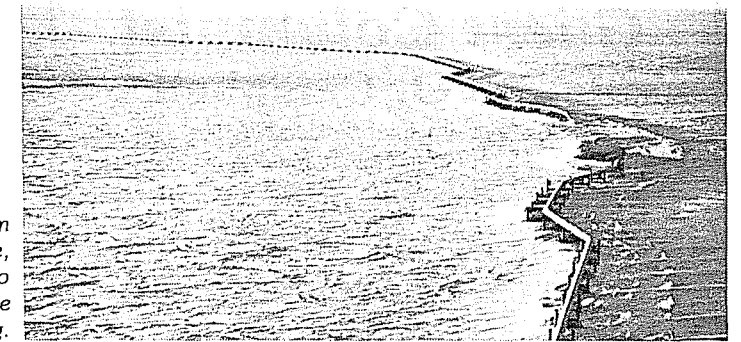
In a November address before the Society of American Military Engineers at Elmendorf Air Force Base, Jinks said that for the immediate future, Alaska's economy is irrevocably tied to the fluctuations of world oil prices.

"At present, we see world oil prices and, with them, state revenues, continuing to decline," Jinks said. "While the decline is certain to continue for the near future, I do not believe we can expect it to continue beyond a few months or a year."

When the prices begin to rise, Alaska still won't see a return to the astronomical income that the state experienced in 1981. More likely we will see a gradual rise in state revenues that will not keep pace with demands for state expenditures, he said.

Another major external factor is likely to be a major national emphasis on energy and mineral independence. It's significant to note, Jinks said, that many critical and strategic minerals are known to exist in commercial quantities in Alaska. As the nation's leaders recognize that the U.S. can no longer depend on such nations as Zambia and the Soviet Union for stable primary supplies of critical and strategic minerals, Alaska will be called on to meet the nation's energy and mineral needs.

Jinks said the rigorous enforcement of regulations, and the continued addition of new regulations, will have a major role in determining how or if Alaska is to develop its resources. He pointed out that there has been no oil produced in Alaska from lands leased after 1970, and



Petroleum revenues to rise, but not enough to offset state spending.

warned that as new regulations are added, the situation will worsen.

In discussing the issues that will dominate state policies in the coming decade, Jinks said that in a broad sense, development will itself be the major issue facing state policy makers. He said state government has the largest role in Alaska's economic development. He expects the role of the private sector to increase while the federal government's role decreases.

Jinks said the state should seek every opportunity to allow private enterprise to develop the resources of Alaska. He said the most important actions the state could take to encourage development include expand-

ing transportation infrastructure, providing inexpensive power, increasing financial incentives, and advance planning and coordination.

The most likely industries to receive strong state support are fisheries, oil and gas, tourism and coal, Jinks predicted. He expects coal, hard rock mining, fisheries and tourism to exhibit strong growth.

"We must all work together to encourage all levels of government to institute a program of regulatory reform that will promote the development of a diversified economic base and attract new businesses," Jinks said. In addition, that reform must include a stabilization of taxation policies and incentives to potential new ventures.

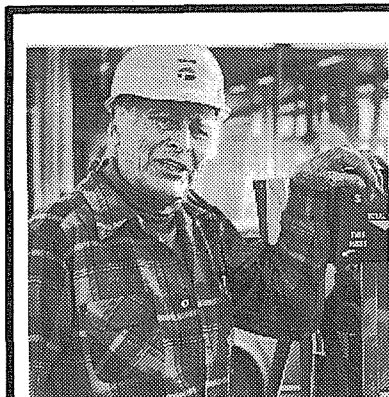
Taiwan Seen As Big Market For Alaska's Resources

Taiwan is a nation of 18 million people, crowded into an area about the size of Alaska's Kenai Peninsula. In the past three decades, this small island nation has experienced tremendous industrial growth with a minimum domestic mineral resource base.

Speaking before the eighth annual convention of the Alaska Miners Association in Anchorage last month, Donald J. Cook, Associate Director of the Mineral Industry Research Lab of the University of Alaska, says Alaska can provide Taiwan with much of its needed resources to continue industrial growth.

"If we are to view this country, and others in the Pacific Rim as a potential market place, then we must aggressively pursue a promotional program to advise the Taiwanese as to the potential and advantages of Alaska as a source of supply," Cook said.

"Taiwan imports minerals and energy resources from other states and countries throughout the free (Continued on Page 8)



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Before Investing in a Community Several Questions Should be Answered

In deciding where to locate new plant operations, the Chairman of the Board and Chief Executive Officer of the 3M Corporation says that an efficient system of distribution, both to get raw materials into plants and finished goods out to customers, is essential.

In a mid-summer address before the Alabama Legislature, L.W. Lehr said that before his company invests in a community, several questions must be asked.

"Is there an abundance of good suppliers in the area? Are zoning requirements reasonable and will they permit additional expansion at a later date? Are waste disposal facilities adequate? Are taxes on businesses and individuals in line with what would have to be paid in similar communities?"

Like an individual, Lehr said his company prefers to establish ties in a friendly environment where there is cooperation, as well as a fair amount of certainty regarding the future. He said 3M wants to locate in communities where regulation is fair and consistent, and taxes are reasonable.

Due to the economic recession and the declining health of certain industries, Lehr said there has been

growing recognition among states and communities of the importance of attracting new business investment.

However, he said states should recognize that it is important to have a climate in which businesses can compete effectively not only with companies from other states, but from other parts of the world as well.

"More and more, competition is becoming global in nature," Lehr said. "It is not enough for a state's business climate to compare favorably with just the environments found in neighboring states or regions."

Since over 95 percent of the world's population resides outside the United States, the potential for increased economic growth through foreign trade is enormous, Lehr said.

Lehr said the states and communities with good business climates will attract an above-average share of new investment as the economy gathers steam and companies consider expansion.

"The reward will be more jobs, bigger incomes and greater tax revenues, resulting in a higher quality of life for the state's people."

Pulp Mills Plea . . .

(Continued from Page 5)

Representatives of the Department of Commerce and Economic Development and the Department of Environmental Conservation reported at the hearings that the wastewater discharge standards being imposed would not result in a significant improvement in water quality. In fact, compliance with the new rules would actually create a sludge disposal

problem since there are no suitable land disposal sites in Southeast Alaska. The mills would be forced to incinerate the sludge, resulting in substantial air pollution problems.

Ketchikan Gateway Borough Manager Gary Bloomquist testified at the Ketchikan hearing that the EPA's "job is not to create economic equality, but clean water and clean air."

Alaska Senator Frank Murkowski told some 450 people at the hearing that "Alaska is different and warrants

special consideration and understanding." He said EPA staff decisions have been bound by an "institutional bias" against variances.

In a February 3, 1982 memorandum, EPA's Washington office staff recommended against approving the variances because it would increase the paper work burdens of the agency. The only other opposition to granting the variance is from ITT-Rayonier, a Washington-based company that competes directly with ALP and LPK.

Readers Write

Editor's Note: The Sierra Club prematurely claimed victory in "halting all activities relating to goldmining claims along Crescent Creek" in its fall newsletter Borealis. Ed Ellis recently won another battle in a long line of Sierra Club appeals when the Forest Service ruled in favor of granting the miner a permit to build a road to claims on Upper Crescent Creek.

Dear Paula,

The Crescent Mine Road is no longer a question, but for us the Crescent miners, it's reality!

We pioneered it through 9 days after receiving the go ahead. All who worked on it are elated and each of us owe much to those who strongly supported our effort — namely yourself and RDC.

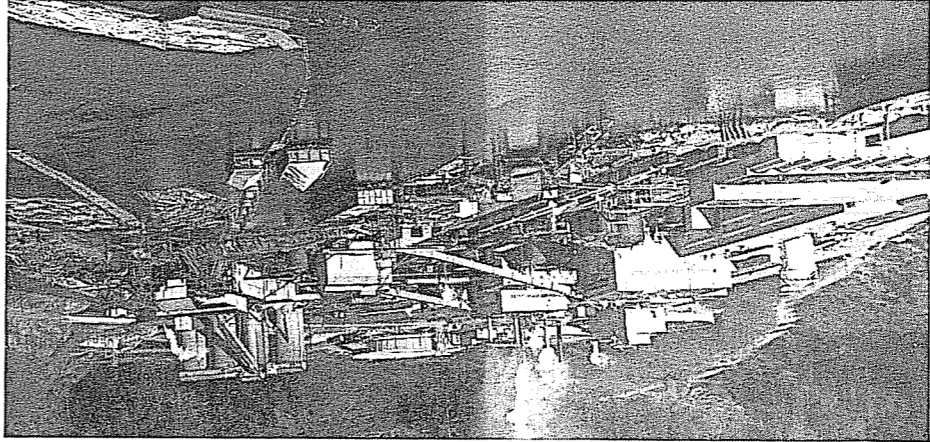
Thank you Paula and also to your staff, especially Jim.

Also your article about the Sierra Club claim jumping was well written and I appreciate your kind words.

I will be in soon to thank you in person. It was quite an experience to arrive on upper Crescent at the end of a road!!

Sincerely,
Ed Ellis

Alaska Pulp Mills Make Plea For Variances



Alaska Lumber and Pulp in Sitka

Joseph Henri, Vice President of the Resource Development Council, warned that if the Environmental Protection Agency (EPA) upholds a decision to deny wastewater treatment variances for two Alaska pulp mills, the destruction of the timber industry in Southeast Alaska could be set in motion.

Testifying at a public hearing in Sitka this month, Henri urged the EPA to allow Louisiana Pacific Ketchikan and Alaska Lumber and Pulp of Sitka to continue to discharge a conventional non-toxic pollutant known as BOD (Biological oxygen demand) at a level especially set for the Alaska mills in 1974.

At issue are federal regulations issued in 1977 that created uniform national discharge guidelines. When those guidelines were invoked, the Southeast mills already had purchased and installed equipment that

met previously issued EPA requirements in 1974. The earlier standards were not as stringent, Henri said, because the EPA found peculiar land, energy and logistic constraints associated with the Alaska mills to justify special consideration. The EPA now says the Alaska mills must comply with new

standards in order to share an equal economic burden of compliance with mills outside the state.

However, Henri pointed out that the new standards could force the closure of both Alaska mills, leaving sawmills and native corporations with no market for their pulp logs. In addition, Henri said the new standards will not provide more protection for the environment.

Ed Oetken, Environmental Affairs Director for Alaska Lumber and Pulp, warned that closures of both mills "would have a devastating impact on employment in Southeast Alaska, not only for the pulp mills, but the rest of the forest industry." He estimated that up to 6,000 people in Southeast Alaska alone could be affected by the closures.

EPA regional administrator Ernesta Barnes issued a tentative denial for EPA standards which are based on a model mill.

LPK pulp mill manager Ed Fisher claims that costs of reducing non-toxic biological material in the mill effluent would be about 20 times that of the model mill.

LPK and ALP received strong support from state officials, local governments and chambers of commerce at the hearings, also held in Ketchikan and Seattle. (Continued on Page 6)

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