COUNCIL SUPPORTS TAX CUT

The Resource Development Council announced on August 15, that it was supporting a program to reduce the State income tax with the final goal of eliminating the tax altogether. President Dye said Alaskan taxpayers were in a crisis situation facing spiraling inflation, unemployment and a general slow-down of the economy. "Neither the State nor the federal government has responded to the needs of Alaskans for a more equitable tax climate. Higher energy and living costs are creating additional hardships for residents on fixed incomes in the 49th state. There has never been a better time to do something about the problem," he said.

By taking this action the Council hopes to generate $125 million new dollars to the private sector in 1980 and encourage a reduction of state spending to more reasonable limits. (The tax cut would reduce State revenues next year by only 10%.) As President Dye explained, no action taken by government could have this broad an impact on the economy. By generating a groundswell of support for the tax cut, it is hoped the matter will become a priority at the next legislative session.

The Council will be joining an initiative petition sponsored by Anchorage Rep. Mike Beirne, Fairbanks Rep. Dick Randolph and Kenya resident Stanley Thompson. Potential sponsor organizations and/or individuals for this tax cut initiative are asked to contact the Council offices at 278-8614 or 444 West 7th for more information. Sponsors and signators to the petition must be qualified voters.

Numerous studies confirm that in about ten years the state will face serious financial problems if resource extraction policies are improperly administered. Our organization is extremely concerned about Alaska's economic well-being. In particular, we are afraid that certain new leasing methods being proposed will jeopardize our chances of realizing the maximum ultimate income from the forthcoming Beaufort Sea lease sale.

The Beaufort Sea sale is, in our opinion, the only hope we have for substantial state income from oil and gas lease sales in the next several years. Other state-owned lands are not particularly attractive and sales are expected to bring in only nominal income. If the Beaufort Sea sale bids are not substantial, our financial future in the 1990s is in serious doubt.

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We urge a thorough analysis of the results the federal government has had in experimenting with various types of bidding. We believe it cannot be said that the government's "take" has increased at all.

In the name of getting the State's "fair share," many exotic bidding methods have been proposed by small but vocal special interest groups - bidding methods dependent on royalties or net profits. We urge you to carefully consider that the success of the bidding variable depends on the prospective purchaser believing there is enough oil under the lease to be commercial and profitable and that he can operate without undue government interference in his internal operations. An assumption of anything less than this will result in low bids or non-development of the lease.

Experience has already shown the federal OCS experiments on royalty bidding have done nothing to encourage timely exploration or development. To the contrary, the pattern is becoming clear that those who paid high royalty percentages must wait for production to begin on adjoining acreage because their percentage is Continued next page
not great enough to carry the high-risk explora-
tion wells and the heavier royalty burden.
Examples of this can be found in the Lower
Cook Inlet sales. Those who expound on exotic
types of bidding cite the high royalties bid in
Lower Cook Inlet as indicative of what the
state can realize, but to confirm this, the fed-
eral government should be asked what it is get-
ting "in the cash register" from such bidding
methods.
Due to the importance of the Beaufort Sea
lease sale, the RESOURCE DEVELOPMENT
COUNCIL for Alaska does not believe the State
of Alaska should experiment with unproven
bidding methods at this time.

PORT OFFICIALS DISCUSS ALASKA'S
DEVELOPMENT
Mayor George Sullivan of Anchorage,
speaking in Tacoma, said the biggest problem
in developing Alaska's resources was the federal
government. Sullivan, who is also the Chief
Executive Officer of the Port of Anchorage,
was speaking at the dedication of the Alaska
Terminal at the Port of Tacoma. Stating that
the Federal government apparently believed
"Alaska must be protected from its citizens," Sillivan pointed out, "all of Alaska's natural
resources can be used to benefit all of us with-
out destroying the land from which they
come."

William R. Cotton, President of the Port
of Tacoma Commission, echoed Sullivan's sen-
timents and said the Commission "believes
Alaska, the 'Great Land,' is a land destined to
occupy a larger role in the thoughts of our
country as our population grows and our re-
sources decline. We have confidence in the
ability of Alaskans to manage Alaska's resourc-
es wisely for both present and future genera-
clusions.

"MISSING LINK" FOUND TO BE ECONOMIC
Transportation Commissioner Robert Ward
has moved to set aside a right of way for the
proposed rail extension from Eielson to the
Canadian border. Coming after completion of a
$865,000 report by the Department of Trans-
portation engineers, Ward made it clear "it
would be imprudent of the state not to acquire
the right of way." In spite of the fact that
Canadian officials are lukewarm on the idea of
the link. Gray confirmed in a preliminary report that the
rail link was economically feasible. Under an
extremely conservative development scenario,
Gray found that the link would begin paying
its operations costs in 1992--assuming construc-
tion would start in 1988 and there was contin-
ued planned development. Gray esti-
mated that the rail link would carry about
950,000 tons a year to generate enough money
for the expansion. The link costs would
be about $1.2 million/mile for the 297 miles in Alaska,
exclusive of rolling stock.

GOOD-OLD-BOY STATE HAS LAND PROBLEMS TOO
The Nevada Mining Association received
a call from an Alabama attorney about Nova-
da's "Sage Brush Rebellion" the effort to turn
de facto federal lands over to the state. The
Alabama attorney said "We have 9,000 acres in
this state under BLM management. And we're
having a lot of trouble with that bureau-

ANNUAL SUBSCRIPTION – $25.00

Should our recommendations be ignored
and innovative leasing methods implemented
instead, we hope the low bids received will
not be grounds for the State to step in and
attempt evaluation and development with tax
dollars. We believe the State has no business
whatever risking public funds in the explora-
tion and development of these new resources.
Private enterprise has both the expertise and
the will to do the job.

President
James G. Dye

MINING AND MONUMENTS DON'T MIX
Kenneth M. Reim, manager of mining
development for U.S. Borax, told the Ketchikan
Rotary Club, "We believe mining and mono-
ments and wilderness are incompatible. What
permits mining is multiple-use land designa-
tions." Asserting that U.S. Borax had "no ob-
jection to environmental controls," Reim lam-
ented that although the company had the right
to mine, "regulations cause higher costs and
the threat of litigation and delays make financ-
ing doubtful."

Borax, which is spending $4 million this
year investigating its Quartz Hill molodyen
claims near Ketchikan, can still legally mine in
the area, but the federal regulations on devel-
lopment in a national monument are so restric-
tive that it may become economically unfeasi-
ble. Objecting to the high cost with little bene-
fit of such regulations, Reim noted that ultim-
etly it is the consumer who pays.

For the past forty years Franch has been
trying to market his product. Now, in these
days of gasoline crunches from Los Angeles
to New York, Franch is getting a bit more atten-
tion.

Franch says it costs about $100 to make a
pound of granules. Mass production would
drive the cost down to $4 a pound or about
eight cents a gallon for the liquid fuel.

TALKING TO THE EAST WIND
Along Gambell, on St. Lawrence Island,
the U.S. Public Health Service has allocated
funds for construction of a windmill. Cost of
the project is $50,000 but it will save the 200
villagers who depend on it more than $20,000
per year. The windmill can use winds as slow
as 3 mph and can take a maximum gust of 150
mph. Winds measured in Gambell have ranged up
to 66 mph and "it is almost never calm on
the island."

The system appears almost maintenance-
free and is designed to power the village's water
plant, and provide electricity for water pumps
and other community facilities.

RESEARCH PRIORITIES CHANGE
Worldwatch Institute reports a sudden
shuffling of research priorities for many govern-
ments around the world. Although military pro-
grams still take the largest chunk of the budget,
many countries consider an assured energy
source as important to national defense as new
missile systems. But amounts spent for energy
research are still relatively small. Of approxi-
mately $150 billion per year spent on research,
energy accounts for only about 8%. The com-
bined percentage of health, transportation,
pollution control and agriculture is 15%. En-
ergy research is expected to show greater gains
as the price of petroleum continues to rise.

FLORENCE NIGHTINGALE AND ECOOLOGISTS AT THE EPA
Theodore Barrington, Senior Editor for the
Oil & Gas Journal, has discovered some "rare
birds" at the EPA. Although an ecologist is an
important scientist, the eekologist! "is some-
one who takes his cockroaches to the psychia-
trist when they begin suffering light-trauma
headaches. The doctor usually prescribes group therapy, Valium, and welding goggles." Some eekologists, needless
to say, live in the EPA with none other than Florence Nightingale. This time the pre-
ventive medicine comes in the form of fenc-es
six feet high. Those who say the EPA should be put
around every oil and gas well in the United
States. The fences would keep horses and cows
and "gambolling" hogs from going up in the
third time in the reserve pits. The cost would be
about $520 million for the industry -- not
counting the expense of sending someone out
to check each fence each day. Interesting. Mr.
Wyatt Craft of Craft Petroleum was informed
by his "keep out" signs and dying weeds as well as
"fugitive air emissions." A fugitive air emission
is perhaps one that has jumped the fence and
escaped! The next question, of course, is how
does one recapture a "fugitive air emission?"
SEWARD TRAIN TRIP RESERVATION REQUEST

PLEASE RESERVE SEATS ON THE "ROARING TWENTIES" EXPRESS TO SEWARD ON SEPTEMBER 15, 1979 AND MAIL TICKETS TO THE FOLLOWING:

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*Indicate check, Mastercharge or BankAmericard number

FARE INCLUDES TRAIN TICKET, LIVE MUSIC AND OTHER ENTERTAINMENT, TWO MEALS, BEER AND WINE, GROUND TRANSPORTATION AND FOOTBALL GAME. BRING EXTRA $$$ FOR RAFFLE TICKETS, MIXED BEVERAGES AND BAIL.

$75 PER PERSON

RETURN THIS RESERVATION FORM TO: RESOURCE DEVELOPMENT COUNCIL BOX 516 or 444 West 7th Anchorage, AK 99510

NOTE: Reservations by mail must be received by August 31. Refunds for cancellations will be given up to and including September 3.

DRESS IN THE COSTUME OF YOUR FAVORITE "ROARING TWENTIES" CHARACTER. PRIZES WILL BE AWARDED BEST COSTUMES.

LARGE (14 x 19) POSTERS OF PHOTO COLLAGE AVAILABLE AT 444 WEST 7TH FOR $2.50 EACH.

CHECK-IN TIME: 8:30 AM (CEREMONY, COFFEE & DOUGHNUTS) DEPARTURE: 9:30 AM RETURN: 11:30 PM

ALASKA LAND

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ALASKA LAND

National Park Service .................................................. 47.8 million acres
U.S. Fish and Wildlife Service ......................................... 34 million acres
U.S. Forest Service ......................................................... 20.7 million acres
Military withdrawals ...................................................... 2.5 million acres
State land (includes patented and tentatively approved for conveyance) ........ 36.1 million acres
Native land (includes patented and interim conveyed) .......................... 7.6 million acres
Private land ................................................................. 227 million acres

...THE LAND, SUMMER 1979

LAND CLASSIFICATIONS PROCESS GOES ON

The Division of Lands recently requested public input on state lands that lay within the boundaries of boroughs, municipalities and cities. The object of this identification was to decide whether these lands should be placed in disposal or public interest categories.

There were two problems with this request. First, all recommendations had to be received by August 10, less than three weeks after receipt of the Division's letter. Second, the disposal categories were limited to five acres. If, for instance, the Council had requested that certain townships be reserved for disposal, they could only be released to the public in blocks of five acres or less. Coal and other mineral lands would then be uneconomic to develop. Timber and agriculture would be impossible except for very small-scale development. Even ranching would be constrained.

The Council's letter noted that the time allocated for the identification of lands was too short and the disposal acreages too small. The Division of Lands itself was struggling with an impossible timetable.

Although the Council could not make specific recommendations, it was officially requested that the Council be able to review all proposed identifications by the Division prior to formal identification.

THE SPIDER'S WEB OF REGULATION

"They got no right to bitch if they don't play the game." Thus stated William McConkey of members in the private sector who would not participate in the regulatory reform program currently underway.

In an interview with staff, McConkey said he was reaching into the private sector to help cut down the bureaucratic red tape. He noted outstanding contributions had already been made by the Alaska Oil and Gas Association, the State Hospital Association and the Associated General Contractors. "Maybe they know something the others ought to know," he said.

In the interview, McConkey emphasized that the regulatory reform program was a golden opportunity for the private sector to put an end to the red tape they were constantly complaining about. "If they don't participate in this program," he commented, "then they will continue to be captured in the spider's web being spun by an active bureaucracy." If the private sector chooses not to participate in this program, they have no right to complain about government paperwork, he said.

Once again the Council urges its members to start griping to the person who wants to hear it - Bill McConkey, 700 Mackay Bldg, 338 Donati, Anchorage, 99501.

ALASKA ON BROADWAY

Broadway may soon have an Alaskan perspective if Doug Herring gets his way. Herring, working with Alaskans and professional musicians and dancers from the New York theater, has created a musical called Alaska. The theme is the struggle of Alaskans against the Federal bureaucracy and the logo for the musical is explicit: "Alaska—the land of the individual and other endangered species."

Herring's play centers on two people who decide to fight the bureaucracy in the only way they know how, through the arts. The musical climaxes with the artists battling federal agents at the Seattle-Tacoma Airport.

Those who are interested in an evening of songs and routines from Alaska are advised that there will be a concert in Anchorage on September 14 in the Ball Room of the Captain Cook and on September 16 at the Travellers Inn in Fairbanks. In addition to the entertainment there will be wine with cheese and fruit. Herring's group of entertainers will also perform on the Seward train trip and for the crowd in Seward on September 15.
Louisiana-Pacific Corporation has announced a $5.4 million expansion which would include a modern, high-speed small log processing mill and a chipper-canter. This will add about 25 jobs to the local economy of Metlakatla. Louisiana-Pacific, which currently leases the Annette Hemlock Mill from the native community, will begin construction as soon as the Bureau of Indian Affairs sanctions the program. When the lease of Louisiana-Pacific expires, the mill and additions will become property of the community, thus insuring continuing employment for Metlakatla.

The mill will produce railroad ties, cants and construction lumber, based on fluctuating market requirements.

NOTABLE QUOTES

"Some legislators are informally referring to John McMillian, chairman and president of the Northwest Alaskan Pipeline Company, with a new last name ... In lighter moments several House and Senate members referred to the corporate officer as "McBillion."

... Anchorage Times

"If he (Carter) wanted to do something dramatic, he should open the wildlife ranges and refuges to exploration by private industry ... If it is constructed, that pipeline (Northwest) would back off at least 1 million barrels a day of foreign oil."

... Senator Ted Stevens

"The government says one thing and does another. There are two military power plants in Anchorage which converted to gas a few years ago. But they are still fully equipped to burn coal, they could convert easily. But they have no intention of switching to coal. ... It's (Carter's energy program) a blueprint for disaster."

... Bob Huffman, Manager Golden Valley Electric

"Even if Carter has bypassed such a core issue as production, his plan still has merit. But why he has insisted on such a redundant and wasteful method of financing the plan is beyond reason. The tax on so-called "windfall" oil company profits is as roundabout a method as we can think of for achieving the goals of research and development. It makes no sense to deprive the oil companies, who will end up doing most of the research and development anyway, of the direct profit incentive to do so."

... Kenai Peninsula Clarion

"These guys are going bananas, (the Congress and its proposal for a $100 billion plan for synthetic fuel). I think this is going to be one of the more ludicrous national efforts ever put forward on the energy issue."

... Dr. Harty Habicht

Environmental Defense Fund

"Society can be shaped by energy. This is particularly well-known by those who want to change the shape of our society—politically, sociologically, culturally.

"Technology is now widely regarded in moral ways. Nuclear power is seen as an immoral technology. This is tragedy."

... Llewellyn King, publisher The Energy Daily

"Nader's viewpoint is incompatible with the philosophy of a constitutional republic. Instead of holding that government is the protector of man's inalienable rights, Nader believes that government is a creator of rights which it can revoke at will.

"In proposing to strip corporations of any right to privacy and subject them to unlimited search warrants, he is really attempting to strip individuals—officers and shareholders—of their Fourth and Fifth Amendment rights. Yet no one has protested this assault upon individual rights because the intended victims are businessmen."

... Dr. Robert Hessen

In Defense of the Corporation

Hoover Institute, Stanford

NOME HEARS RECOMMENDATIONS FOR DEEP-WATER PORT

"There's a time to stop cutting pictures and to start cutting out boards." So said Dr. Frank B. Chmelik, representative of Tetra Tech, the company helping Nome develop plans for a deep-water port. Chmelik predicted there would be oil wells in Norton Sound by 1983 and construction of a deep water port in Nome might attract the oil companies into using Nome as a supply base. Additionally, the new port facilities could be used by barges, fishing

... Nome Nugget

According to the Nome Nugget a deep water port has never been constructed in an arctic area. If it were, it would place a squeeze on Nome to come up with the space necessary for support and storage facilities on land. There would also be increased needs for housing, office space, loading and unloading facilities, ice breaker mooring, oil spill equipment and

Continued page 7