Proposed Kalskag Road: Reaction Mixed

Possible construction of a haul road from the Kuskokwim to Paimut Slough on the Yukon issue after learning that most residents of the Kalskag area. Mayor George Morgan of Upper Kalskag says he isn't taking a particular stand on the issue after learning that most residents of the area are against it. Originally the mayor was in favor of the road because he was told it would lower the cost of gasoline and propane for residents. Residents fear the road may bring more hunters to their area to take the wild game the local people depend on. Morgan also expressed concerns that the road might cross land claimed by local residents as part of their 160-acre allotments under the Native Allotment Act. He said the road may also increase the flow of liquor into the area.

Currently a feasibility study of the project is underway and is expected to be finished by October. If construction is recommended, the Alaska Legislature could vote to fund design of the project would be 1983. Funds for actual construction could be made available the following year.

City Councilman, Dick Nash, of Lower Kalskag said that if the road is to be built, residents want training for local people as heavy equipment operators. He said their prime concern centers around local hire as they don't want to see outsiders brought in to do the work.

"Personally I am in favor of the road, but I want a good feasibility study to show that it (road) is not going to harm subsistence or natural runs of fish," Nash told the Bethel Tundra Drums last month. Nash said he would oppose the road if the study showed that small streams in which white fish spawn would be harmed.

However, Nash said he has seen cases in which development has actually increased wildlife populations. He said that when the channel between Douglas Island and the mainland was dredged he observed more fish and sea lions in areas where they had never been seen before. Nash said waterfowl populations increased following road construction and dredging. "I've seen a lot of these changes, it can work both ways," Nash said.

Nash said the road would make it much easier for Kalskag residents to visit relatives in Russian Mission and along the Yukon. "A lot of village people will be running back and forth. It would be much nicer for them."

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An impressive parade of horses, flags and scores of people carrying friendly welcome signs, greeted Secretary of the Interior James Watt during his recent visit to Anchorage. See stories and additional pictures inside.

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Secretary James Watt Calls For A "Common Sense" Development Approach

Interior Secretary James Watt told a standing-room-only crowd of 800 at the Captain Cook Hotel in Anchorage last month that Alaska can and must play a major role in solving America's energy crisis, in averting a disastrous energy crisis in the near future, and in helping to increase supplies of needed resources so that we can bring and keep inflation under control.

Watt addressed the Anchorage Chamber of Commerce August 10 as he began an eight-day swing through Alaska to discuss issues directly with the state's residents. Alaska's entire Congressional delegation along with Governor Jay Hammond and the state's three former chief executives were seated with Watt at the head table.

The controversial Watt reaffirmed what he termed a "common sense" approach to balancing resource development with environmental preservation.

"Alaska has contributed greatly to America, and you will be asked to do even more," Watt said. "I want to emphasize that the Watt administration is not going to sacrifice the environment to harvest the economic potential of the resource. We will not permit a one-sided approach in the administration's handling of the so-called "environmental preservation." Watt was speaking specifically to the need for sound management of the state's natural resources.

"Common sense was the guiding principle in revising the department's management rules for parks and refuges in Alaska Watt said. "We went as far as possible in helping to maintain traditional Alaskan Lifestyles without onerous requirements for permits or other red tape." Watt said. "Our rules encourage coordinated management of federal lands in Alaska responsive to local needs.

Watt suggested that more of Alaska's vast tracel of land be made available for mining and homeseitlum settlement. He announced plans to open 400,000 acres in the Minchumina area of Central Alaska.

"Common sense makes it apparent that we already have waited too long in developing the energy and mineral resources of Alaska," Watt stated. "In December we plan to hold the first onshore federal oil and gas lease offering in Alaska in 15 years."

Resource Development Council President Chuck Herbert greets Secretary Watt at a well-received rally organized by RDC.

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Secretary Watt's address before a standing-room-only crowd of 800 at the Hotel Captain Cook was well received.
Red Deer Prosper With Petrochemicals

Continued...

chemical plant or the recently announced additional plants, which are being built outside the city. Scott says many new projects have developed since 1975, including the construction of four major hotels, a convention facility, new shopping complexes, and a complete industrial park. "We used to have only one major department store in Red Deer," Scott smiled. "Now we have five major department stores and a lot of other facilities. The lights are on and on. "If you've got a problem with your teeth, you can phone a dentist, and usually get in to see him the next day," Scott continues. "You used to wait three or four months."

"Prior to 1975, Red Deer was a quiet city,...it was a pretty city and the citizens were friendly," Scott remembers. "Business people in the community looked forward to Thursday, because That was auction day, and therefore the busiest business day of the week."

"In 1981, Red Deer is a bustling city of 40,000 people. It is still a pretty city, inhabited by friendly people. Thursday is still a busy day in Red Deer, but so are the other five business days, and the business community has never had it so good."

Our thanks to Ben Harding of the Fairbanks North Star Borough for sending us Mr. Scott's comments.

RDC Says Alaska Railroad Transfer To State Must Include All Existing Rights-of-Way

Portions of proposed Federal legislation by Senators Ted Stevens and Frank Murkowski on the transfer of the Alaska Railroad to the State of Alaska have drawn stiff opposition from the Resource Development Council.

Although RDC supported State acquisition of the Railroad at the Senate Committee Hearings last month, Ron Hauver, Chairman of the Council's Transportation Division, says the legislation as currently proposed is not appropriate because it would make it impossible for the State to extend the ARR. The proposal has excluded existing railroad rights-of-way across both federal and patented land.

One purpose of the Alaska Railroad was to provide the transportation means which would enable private enterprise to develop the natural resources of the interior, Hauver noted. "The purpose of any transfer to the State should have the same goal and should not place any impediments to its accomplishment," he said.

Hauver says the bill is a wholly unwarranted denial to the State of power to use the rights-of-way which are now reserved on private lands for the benefit of railroad expansion. He said the rights-of-way reserved represent a valuable and essential asset to assure the future viability of the Alaska Railroad.

RDC considers the Stevens-Murkowski bill less than fully responsive to Alaska's needs because it does not encourage future expansion. Hauver said certain corridors which would be given early consideration for expansion of the Railroad to the north and east already have been tentatively identified. "Alaskans don't want to be saddled with indefinite litigation," Hauver said. "He urges Congress not to hoist the Railroad on Alaska with only a portion of the assets needed for its continued viability and extension.

Watt Receives Warm Welcome

All elements of a Resource Development Council welcoming campaign for Interior Secretary James Watt were a complete success, says the Council's elected executive director.

"It was a lot of work and expense, but it was worth it," said Paula Easley. "Our public efforts were designed to neutralize the "Dumpy Watt" campaign stoked by environmental groups."

A petition drive which netted over 9,000 signatures, an airport welcome, a rally at the hotel Captain Cook and a newspaper ad with almost 3,000 names were organized by RDC for Watt's visit in Anchorage August 8-10. "At the hotel rally August 10, scores of RDC members and friends paraded politely in single file, dressed in business suits and work clothes, out of the way of hotel guests. Meanwhile, long-time Alaskan Rex Harmes led parade,

Watt Calls For Common Sense Action

Continued...

According to Watt, industry has been given an opportunity to identify those areas which it believes have the greatest potential.

"We are examining those areas, plugging in the estimates of the U.S. Geological Survey, and assessing environmental effects," Watt said. "Appropriate tracts will be offered for lease after a thorough exploration can begin."

Watt's remarks were received warmly as he was interrupted by applause many times and given two standing ovations. After his Anchorage meeting, Watt toured Denali National Park, Fairbanks, Bristol Bay, Katmai National Monument and Glacier Bay National Monument.

Before returning to Washington, D.C. on August 16, Watt joined Lt. Gov. Terry Miller in Juneau to ink a major cut-out-court settlement p~e~~ing each year to give Alaskans at least 13 million acres of its long-deluged statehood land entitlement, Watt, to the surprise of his critics; alas, made permanent regulations limiting powerboat travel in Glacier Bay to protect whales during a study period to determine why they have sought new feeding grounds. However, during his visit, Watt made no specific promises to immediately respond to the pleas of Governor Hammond and others that he postpone or cancel accelerated federal offshore oil lease sales in Alaska coastal areas, particularly Bristol Bay. Watt said the Interior Department will make its final decisions on Bristol Bay lease sales in several months, possibly in January.
Coal Policy Group's Proposed Tax Hike Draws Strong Opposition

A proposal by Governor Jay Hammond's Coal Policy Group to boost Alaska's tax on the state's developing coal industry has drawn strong opposition from industry officials who say it will increase the cost of mining and weaken their efforts to market coal in the Far East.

Bill Neil, vice president of Sunfel Alaska Corp., the state's first and only foreign coal customer, says the tax and royalty increases threaten the fragile balance that now makes Alaska coal competitive. "It's a buyer's market as far as Alaska coal is concerned, and those buyers must be convinced that they are getting a commodity they can use at a price which is at least competitive," Neil said. "Obviously, Sunfel and the Korean users will be watching carefully for any unexpected upward motion in coal costs which will throw that fragile balance into a negative state."

Sunfel Alaska is the local branch of the shipping company that will transport more than seven million metric tons of coal to South Korea customers during the next decade. A ten-year contract has been signed between Sunfel and the Usibelli Coal Mine, but according to Neil, and the Interior secretaries Andrus and LePage, only 20 new proposals have been announced by the federal government since November. Interior secretaries Andrus and LePage have vacated by executive order. Only 20 new proposals have been announced by the federal eliminated.

Secretary Walt Takes On Regulations

In 1789 Thomas Jefferson wrote: "The execution of laws is more important than the making of them." Today any observer of the federal bureaucracy's tendency to write 50 pages of regulations to carry out one page of law can appreciate that statement made 182 years ago.

In the 1970s we saw an explosion of federal regulations. In fact, it's our own growth industry. Business spends $100 to $150 billion a year complying with what regulations — many of them absurd and inappropriate — and Secretary of Interior James Watt believes some of these can be eliminated.

Interior Secretaries Andrus and Udall were not pre-development, so the regulations reflected that philosophy. James Watt recognized the profound effect excessive regulation has on our nation's economic vitality, on inflation and unemployment and has set out to do something about it. It is in the national interest that he do so.

Neated in a parkland setting in Central Alberta is the relatively small city of Red Deer. In 1975 the population of Red Deer was just under 30,000 after an annual 1.64 percent growth rate over the past decade. The economy of the area was based on agriculture and the community depended heavily upon the surrounding communities, as they provided an additional population of 75,000 people. However, by 1975 the petroleum industry had taken on the number one growth industry. Business spends over $1 million complying with the construction of the facility. (Editor's note: We should have Alaska do our permits?) Suddenly changes began to occur. A higher demand for housing was noted as key personnel from the main contractor, Dow Chemical Corp., settled in.

But the long-time Alaskan miner pointed out, however, that industry officials support the coal group's recommendations regarding strip mining reclamation policies and state-backed financing. REC's recommendations are being formulated for submission to the administration this month.

Reagan Aims To Cut Unneeded Regulations

When President Reagan entered office he pledged to revamp the role of the federal government as a regulator of American business. After nine months in office, Reagan appears to be keeping his word to business.

Between January and July, the Reagan administration has delayed, withdrawn, rewritten or targeted for review more than 1,828 regulations. Nearly all are aimed at curbing the government's power to dictate how industry, states and local communities should conduct their affairs. Only 31 of the 182 regulations pending since last November are now in effect while 28 have been withdrawn. Twenty regulations have been postponed, six downgraded to minor rules and three vacated by executive order. Only 29 new proposals have been announced by the federal government since November.

The administration is considering easing regulations affecting auto pollution and safety standards, environmental barriers to mining and industrial development, appropriate action requirements for employers, restrictions on drug and chemical manufacturers, industrial pollution and waste disposal, nuclear plant licensing, hospital planning and shipping operations. Reagan says he is aiming to eliminate unwanted and costly regulations and to reduce the government's presence in the private economy.

Red Deer Prosper With Petrochemicals

Nestled in a parkland setting in Central Alberta is the relatively small city of Red Deer. In 1975 the population of Red Deer was just under 30,000 after an annual 1.64 percent growth rate over the past decade. The economy of the area was based on agriculture and the community depended heavily upon the surrounding communities, as they provided an additional population of 75,000 people. However, by 1975 the petroleum industry had taken on the number one growth industry. Business spends over $1 million complying with the construction of the facility. (Editor's note: We should have Alaska do our permits?) Suddenly changes began to occur. A higher demand for housing was noted as key personnel from the main contractor, Dow Chemical Corp., settled in.

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The combined efforts of the Resource Development Council and the Alaska Oil and Gas Association may have persuaded Governor Jay Hammond from implementing the Uniform Procedures Regulations. During the past legislative session, the Senate addressed permit reform through creation of SB 84, which would result in sweeping changes in the state's permit procedures. SB 84 failed to pass and Hammond's Uniform Procedures Regulations were adopted. However, the regulations have yet to be put into effect as the House and Senate will likely pass the final version of SB 84 early in the 1982 session.

In a strongly worded letter addressed to Hammond, RDC Executive Director Paula Easley urged the Governor to refrain from implementing the new regulations and encourage speedy legislative approval of regulatory reform bills. She called SB 84 a bill that is "truly aimed at correcting the problems of permit processing," while faulting the administration's regulations as a "blatant abuse of power which will only support the interests of no-growth and no-development philosophies."

Easley says she cannot understand why the administration has dismissed out of hand the substantive research compiled by the Alaska Oil and Gas Association which supports the contention that the proposed regulations are a "roadmap to disaster." AOGA spent some 385 man hours researching the impact of the new regulations and formulating a flow chart which dramatically reflects why the oil industry is alarmed with the state's regulation laws.

Easley asked Hammond to consider the view of RDC's membership of nearly 10,000 citizens. "These are people who want to build homes, move equipment, construct bridges, harvest fish and trees, extract and process resources, etc., and they run the gamut from taxi drivers to school teachers to government workers," Easley said. "It is their interest, their livelihoods and their quality of life that concern us. The uniform regulations can only succeed in making their lives unnecessarily miserable."

Easley concluded her letter by imploring Hammond to reconsider his position. "The State of Alaska will be better served if the concerns of the majority of its citizens are addressed now, rather than having to admit the new system failed after much damage has been done." Apparently Governor Hammond has reconsidered his position to the advantage of the state and its citizens.

RDC Appoints

NBA’s Steven Hasegawa Named Trade Advisor

Steven H. Hasegawa has been appointed International Trade Advisor to the Resource Development Council, according to its president Chuck Herbert. Hasegawa is Senior Vice President of National Bank of Alaska and Director, Secretary/Treasurer of NBA International Banking Corporation.

As the Council's International Trade Advisor, Hasegawa will direct the group's activities to attract foreign investment and expand export markets for Alaskan resources and goods. Hasegawa will assist the Council in determining major factors influencing foreign investment decisions and in formulating policy recommendations for improved state trade activities.

Born in Toyko, Japan Hasegawa became a naturalized U.S. citizen in 1962. He graduated from Keiijji University in Toyko in 1955 with a Bachelor of Arts Degree in Economics. Four years later Hasegawa earned a BA Degree in Business from the University of Washington in Seattle. Hasegawa is a member of the Alaska-Japan Chamber of Commerce and the District Export Council.
Large ocean-going tugboats were used to pull 14 barges to the North Slope in the 1981 sealift.

According to Paul Norgaard, President of Arco Alaska, Inc., the most significant happening at Prudhoe Bay today is the daily production of 1.5 million barrels of oil through the pipeline. Norgaard joined two other oil industry executives in updating a Resource Development Council breakfast audience August 20 on North Slope activities.

The number one priority at Prudhoe Bay this year centers around the summer barge flotilla, Norgaard says. Heavy equipment to be used in second-stage recovery from the Prudhoe Bay deposits is in modules, some of which are ten stories high and weigh 2,000 tons. The modules are now moving across the tundra at very slow speeds after being unloaded from the barges. They will soon be linked to wells in the area.

The equipment in these modules will drain off gas and thus speed the flow of petroleum up the well pipe. The $1.5 billion addition to field equipment this summer will add 1.2 billion barrels to the life of the field, Norgaard says. In 1982 an additional $2.5 billion will be invested in the field, Norgaard revealed.

“We’ve invested about $6 billion so far in Prudhoe Bay and we plan to invest an additional $6 billion in the coming years,” Norgaard said.

A sizable portion of the oil industry investment is targeted for the Kuparuk field, believed to hold about 750 million barrels of recoverable oil. Initial facilities were installed last year and an oil and gas processing plant is being built this year, Norgaard said.

Production from the Kuparuk field will begin in 1982. The field is expected to produce 60,000 barrels a day shortly after startup and reach a peak of 100,000 barrels a day in several years.

The Prudhoe Bay Field (Sadlerochit deposit) is believed to hold 30 billion barrels of oil of which more than 9 billion barrels are said to be recoverable. However, Robert Vickery, President of Arctic Alaska Drilling Company, told the group the Sadlerochit deposit would begin a sharp decline in about eight years. In 1984, Vickery says the industry will begin a water injection program to force the remaining oil toward the existing wells. This will cost $1.9 billion and will increase by 1 billion barrels.

According to Sohio Alaska Petroleum Geologist Bob Metzger, Prudhoe Bay production will continue for about 30 years and possibly beyond because of technological breakthroughs. He rates the Prudhoe Bay field as a “semi-mature exploration area.” New exploration activity is underway on the North Slope, Metzger says. Promising areas include Sig Delta, Duck Island, Flagstaff and Lisburne. Overall, 5,000 people now work on the North Slope, 2,000 in production and drilling operations and 2,500 in construction.

The Energy Bureau is holding a two-day conference on Alaskan Energy Development November 5-6 at the Sheraton Washington Hotel in Washington, D.C.

Participants in the conference will analyze and discuss, with leading experts from industry, finance, state and federal government and the legal community, the forces and factors shaping Alaskan energy development onshore and offshore. A detailed look at resource development, energy tax policies and regulations, the Alaska Lands Act, native corporations as well as the latest estimates of crude oil, natural gas and coal will occur.

The conference will also examine the recently completed Dow-Shell Group Petrochemical Study. To register, call Anna Denton at 212-687-3178 or write, The Energy Bureau, 41 East 42nd Street, New York, New York, 10017. Registration fee is $650.

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