The Beginning

Approximately 75 people attended groundbreaking ceremonies for the DeLong Mountain Transportation System in Northwest Alaska on July 3. The ceremonies were held at the future location of the DeLong Mountain Transportation System port site on the coast of the Chukchi Sea. The port site is about 600 air miles northwest of Anchorage and 60 miles north of Kotzebue.

The transportation system and port will service the Red Dog mine, which will be the world’s largest producer of zinc once the mine is brought into production in the early 1990s.

Following the groundbreaking ceremonies, work commenced on a shallow-water dock and port site staging area. The Alaska Industrial Development Authority earlier this year awarded a $1.6 million contract to complete this work. It will take approximately three months to construct these facilities.

This year’s construction program will facilitate the construction of both the 52 mile road from the port site to the Red Dog mine and the remainder of the port facilities. Once the transportation system is completed, actual site work can begin at the mine.

The Cominco Board of Directors has not yet made a production decision regarding the Red Dog mine. However, Cominco Alaska is working to schedule which would bring the mine into operation in the early 1990s.

Nearly half of the concentrates from the Red Dog mine will be sold to the Cominco metals division smelter in Trail, B.C., with the remainder being distributed to smelters in the Far East and Europe.

Development, environmental concerns can exist harmoniously in ANWR

Sound reasons support oil development

The brewing national debate on opening the Arctic National Wildlife Refuge coastal plain to oil and gas exploration should be based on intelligent analysis of factual information. Emotional rhetoric tying the issue as a great conflict of energy development versus environmental values would be a tragic misfortune for the nation.

There are sound reasons why the coastal plain of the refuge should be opened to oil and gas development, and virtually no compelling reasons why it should not.

Industry and government geologists believe the coastal oil range could hold discoveries that rival the size of the great oil pools of Saudi Arabia. As a result, this area is the nation’s most promising onshore prospect for new oil and gas discoveries.

Falling U.S. oil production, coupled with an alarming increase in America’s dependence on foreign reserves, up 43 percent in the first four months of 1986 over the same period last year, underscores the strategic role the oil range plays in America’s energy equation.

Current oil production from Alaska’s North Slope accounts for 20 percent of total U.S. production, but next year Prudhoe Bay production will begin to decline. A steep decline in total North Slope production is expected by the early 1990s, and new discoveries are needed to replace existing reserves.

Revenue experts estimate that as much as $22 billion in direct revenues could be generated through the development of a Prudhoe Bay-size field in the coastal plain. In addition, thousands of new jobs would be generated nationwide by a discovery.

However, environmental groups believe the wilderness values of the refuge far outweigh any benefits from oil and gas that may be present.

The effort by national environmental groups to convince Congress to prohibit oil and gas drilling in the refuge appears similar to campaigns in the early 1970s to stop the trans-Alaska pipeline. Americans were told that the pipeline and North Slope oil development would divert the annual migrations of caribou, dividing the herds and severely disturbing the wilderness values of the refuge far outweigh any benefits from oil and gas that may be present.

The Prudhoe Bay experience has demonstrated the adaptability of caribou to development activities associated with Arctic oil and gas production. Above, caribou stand on a large pad, 100 feet away from large and noisy compressor fans and other equipment associated with the Central Process Facility at Kuparuk. Photo: Roger Mechan

A caribou grazes under a Kuparuk pipeline. Photo: Roger Mechan

The Prudhoe Bay experience has demonstrated the adaptability of caribou to development activities associated with Arctic oil and gas production. The Central Arctic

(continued to page 7)
The RDC business is located at 807 G Street, Suite 200, Anchorage, Alaska 99510 - (907) 276-0700. Material in the publication may be reprinted without permission provided appropriate credit is given. The growing existence of caribou at Prudhoe Bay is spectacular, but not unique. For example, there are similar herds of reindeer (the same species as caribou) calving and grazing in the presence of industrial development in Northern Europe and the Soviet Union.

The petroleum industry has operated in the Arctic for over 40 years. During this time, there have been hundreds of research projects directly across the pipeline and Richardson Ground pipe. Further, the Nelchina herd has also been growing rapidly in the past decade. Communities were asked to identify priorities for state appropriations that would help expand their local or regional economies in the longer term. Many mayors and local officials agreed our approach was necessary and correct, but they could not sell it to the voters. Why? Voters wanted the quick fix, and they didn’t believe oil dollars would dry up. They also had little notion of how much their local economies were dependent upon state appropriations.

At the same time, citizens in various rural villages (sponsored by Alaska Legal Services Corporation attorneys) sued to stop oil leasing and exploration — and all the time oil dollars were subsidizing their home fuel bills! The legislature, seeing the revenue handwriting on the wall, considered various oil tax increases and paid little attention to the problems and potential of other industries.

Eighty-five mineral exploration firms, long associated with the state’s oil industry, left Alaska. Mineral exploration spending dropped from over a hundred million dollars in 1986 to zero by 1989. Oil field sales to support existing and new ventures were virtually non-existent. Tourism and economic interest was accomplished not by expensive consultancy (which involved a $250,000 consultation contract) turned that state on its heels, and we were confident we could do the same. With Indiana’s pro-development governor and lieutenant governor at the helm and a legislature anxious to follow their lead, the state’s economic direction and policies were reversed in a five-month period! The RDC study, New Strategies for Advancing Alaska’s Economy, 1986-1990, which said who must do what, why and how, was accomplished not by expensive consultants or outside experts, but by Alaskans whose jobs and profitability were at stake. These representatives of all the state’s resource sectors were precisely the group whose expertise the now-defunct Council on Economic Policy lacked. We learned a good lesson in this process of raising economic development concerns on the statewide public policy agenda: people will not focus on such “unglamorous” issues as public land management, regulations and permitting problems, access to resources, private property rights, tax policies, building resource transportation systems or how the state spends its income until it is in their economic interest to do so. That time has arrived.

If Alaska voters and elected officials can shirk the complacency of the last decade and vigorously support the actions outlined in New Strategies, we, like Indiana, will immediately improve the economic climate of the state we’ve chosen as home. Alaska’s governor must lead the effort as other governors have so ably done in recent years. For it to be successful, however, the legislature, state and local officials, private organizations and citizens must all show their support. That means you.
Bill aims to compensate Alaska guides

Congressman Don Young has introduced legislation which would establish a fund in the general treasury to compensate hunting guides for the property and revenues resulting from passage of the Alaska National Interest Lands Conservation Act.

Guides who held a lawfully issued permit for an exclusive or joint use guide area upon enactment of ANILCA and who lost the permit as a result of the Land Act's passage would be eligible for compensation. Guides would be required to present evidence of income derived from guiding in the area during the five-year period preceding the closing date along with certified maps showing acres lost.

Compensation would amount to approximately $1 for each exclusive guide area lost. Compensation for improvements made solely to facilitate guiding services would be equal to the fair market value of such improvements before the area was closed to sport hunting. Loss of the fair market value of the improvements after the area was closed would be included.

This legislation is intended to compensate those hunting guides who lost revenues, businesses and possessions when their rights in exclusive guide areas were abrogated and the improvements they had made in the form of camps and forward bases were absorbed by the National Park Service. Young said, "These guides have suffered great financial losses through no fault of their own."

Notable Quote
The trees are always greener...

(Anonymous)

The following quotation is from a study of the forest product market structure in the Rocky Mountain states conducted by us to Thyes Shaut, Alaska Division of Minerals and Forest Products.

A common misperception about timber products manufactured in the Rocky Mountain states, especially timber, is that they cannot compete on a quality basis with products manufactured in other western regions. The result is that numerous remarks about the Rocky Mountain states, for a wide range of product types and grades, continue to be filled by imputed products, even though local products could meet required performance standards. Sound familiar?

ANWR debate heats up, RDC stands by its charges

"RDC can only conclude that the Wilderness Society did not oppose Dr. Cade's findings since his report was submitted in support of its position opposing the oil pipeline route through Alaska."

— Paula Easley

The Resource Development Council stands 100 percent by its statement in early August charging The Wilderness Society with misleading the American public in its national campaign to convince Congress to prohibit oil and gas exploration and development activities in the Arctic National Wildlife Refuge.

The Council reported earlier this month that testimony compiled by The Wilderness Society in 1972 stated that the "Arctic National Wildlife Refuge has practically no exceptional or unique natural values in its northern foothills and narrow coastal plain sections."

The report, authored by Dr. Tom Cade, Ornithologist, said "a pipeline route through the refuge is preferable to any other and would cause the least impact on the environment of the wildlife."

Cade's article was submitted by The Wilderness Society as part of its response to the final environmental impact statement on the trans-Alaska pipeline.

In his comments, Cade said the "protected status of the Arctic National Wildlife Refuge should not blind the nation to the fact that the proposed trans-Alaska pipeline route would place in jeopardy far more and, in many places, far richer natural habitats and wildlife than exist in the wildlife range."

The Wilderness Society is leading an effort to close the ANWR oil range to exploration and development activities. The Society claims the oil range should be "among the very last places slated for exploration or development."

"The Resource Development Council concluded that The Wilderness Society did not oppose Dr. Cade's findings since his report was submitted in support of its position opposing the oil pipeline route through Alaska," said Paula Easley, RDC's executive director.

A 15-page transmittal letter accompanying the various articles of expert remarks solicited by The Wilderness Society did not disclaim Dr. Cade's comments, but in fact highlighted points in his article on page 9 of its transmittal letter to support its position.

The letter states, "the experts whose comments we have summarized do not necessarily share the views of The Wilderness Society... on the pipeline." However, the Society does not state that it disagrees with the views of its experts, specifically Dr. Cade's comments regarding ANWR.

Susan Alexander, Regional Director of The Wilderness Society, said Dr. Cade's comments were not made on behalf of the Society, but simply made upon its request.

"The experts whose comments we have summarized do not necessarily share the views of The Wilderness Society... on the pipeline. However, the Society does not state that it disagrees with the views of its experts, specifically Dr. Cade's comments regarding ANWR."

"It is important to remember that these expert reviews were compiled to discredit the views of the Society in 1972.

Notable Quote
"The industries that made Alaska great, particularly mining and timber, are hard pressed these days in the face of over-regulation particularly mining and timber, are hard pressed these days in the face of over-regulation particularly mining and timber are hard pressed..."