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Critical Senate vote may take place next month

The battle over oil and gas development in the Coastal Plain of the Arctic National Wildlife Refuge may take a critical leap forward in September with the Senate moving out in front of the House in consideration of the highly volatile energy issue. The Senate Energy and Natural Resources Committee, chaired by Senator Bennett Johnston, D-LA., may vote next month on the limited question of whether the refuge should be opened to development. If there is support for that concept, the panel would then consider conditions for the development.

If the Committee does not take a formal record vote on this matter, it may instead do a survey of its members' attitudes and opinions.

Whatever approach the Committee takes, this represents the first time in this Congress that there will be a vote or opinion survey in a committee of the Congress on the issue of opening ANWR to development.

If the Senate Energy Committee votes to open the refuge, the House Interior Committee will then be faced with its decision. Interior Committee chairman Mo Udall said he would appreciate the Senate taking the lead on the issue. The House Interior Committee plans several more hearings on the refuge after Congress returns in September.

Meanwhile, members of Congress have taken matters into their own hands, charging committees with deciding whether to allow oil and gas development in the Arctic National Wildlife Refuge. Leading the parade to the 1.5 million acre Coastal Plain were three congressional committees studying Interior Secretary Donald Hodel's strong recommendation to allow for exploration and development in what has been defined as America's premier onshore oil and gas prospect.

Visiting committees included the Senate Energy and Natural Resources Committee, the House Interior and Insular Affairs Committee, and the House Merchant Marine and Fisheries Committee.

Scores of others, including Interior Department officials, a media contingent, key Senate aids, conservation groups and pro-energy organizations, accompanied the congressmen on a tour that included existing oil and gas operations at nearby Prudhoe Bay.

Industry representatives hosting the visiting congressmen welcomed the opportunity to show off impressive facilities and let the visitors see for themselves that large scale oil and gas development in the Arctic can and does coexist with the surrounding environment and wildlife.

RDC president Joe Henri and executive director Becky Gay traveled across the state to meet with members of the various committees. At a Senate Energy Committee dinner at the Chena Pump House in Fairbanks, Henri pointed out to congressmen that habitat is not limiting the growth of the Porcupine Caribou Herd, many experts believe that oil development in a very small area of ANWR will not adversely impact the herd. If another Prudhoe Bay was discovered in ANWR, approximately 12,500 acres would be developed, leaving millions of acres of caribou grazing and calving areas on the vast Coastal Plain undisturbed.

Congressmen flock to North Slope to see oil operations

Influential congressmen charged with deciding whether to allow oil and gas development in the Arctic National Wildlife Refuge took a first hand look at the place of remote real estate that has become the grand prize in a monumental struggle between preservationists and those favoring environmentally-sound development.

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A soldier in every camp...

Key congressional members and staff have been touring Alaska this past month. Therefore, so has RDC. RDC’s Executive Committee made the state-wide tour, our energetic president, Joe Henri, and a widespread spread of support, we were able to do just that.

Joe and I had the pleasure of attending Markowsky’s dinner for Chairman Bennett Johnston (LA) and Senate Energy members in Fairbanks. Dick Tindall, Renewable Resources division director, was the speaker for RDC in Kotzebue with House Merchant Marine and Fisheries. Board members Pete Naison, Don Cornett, Easy Gilbrith and I attended a dinner with Senators Stev- ven, Haffin (AL) and Stafford (VT), strong proponents of removing the restrictions on ANWR. Other board members visited the slopes and a variety of parties, receptions and fishing trips with the committees.

A most interesting trip involved intercepting House Interior members and staff aboard the ferry Malaspina between Juneau and Sitka. Joe Henri, board member Dick Griffin and Mayor Dan Koch of Sitka, and I took the cruise. Although no one could claim Chairman Udall’s love for Alaska (however misguided in effect), we all laughed when he joked Alaskans were beginning to like him more since “lately they’ve been waving all five fingers.”

At the ferry terminals in Juneau and Sitka the preservationists welcomed him with open arms, demonstration signs and floats glorifying the Tongass and denigrating anything which had to do with the timber harvest.

We watched from the dock as the delegation made its way through the demonstrators, wondering if those sort of tactics are as effective and if any of the demonstrators needed wood or petroleum products, like toilet paper and gasoline. If so, we wondered, where do they think those items come from?

Overall, these trips have been illuminating from many angles, which cannot be established any other way.

I would like to thank our president Joe Henri and the excellent RDC board and planning committee for their help as needed. RDC was everywhere, with different faces and representing all resource sections. We made a difference in the impressions the Congress, the Interior Committee, the Coast Guard and House Merchant Marine and Fisheries. Board members Pete Naison, Don Cornett, Easy Gilbrith and I attended a dinner with Senators Stev- en, Haffin (AL) and Stafford (VT), strong proponents of removing the restrictions on ANWR. Other board members visited the slopes and a variety of parties, receptions and fishing trips with the committees.

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Senate partnership aims to stimulate economy

Legislature faces a challenge

This past legislative session the Senate leadership entered into a partnership with the Resource Development Council (RDC). This partnership's goal was to move forward with a package of economic development legislation which would implement the recommendations made in RDC's publication New Strategies for Advancing Alaska's 1986-1992. This publication proved to be especially helpful to members of the Legislature because it contained specific recommendations for legislative action to further economic development in our state. This contrasts with many other efforts which have focused on the problems instead of offering solutions.

Alaskans have felt the effects of downturns in the world oil market during the last two years, and it has driven home the point that we can no longer rely on only one industry as the engine to drive our economy — a point, I might add, which groups like RDC have been making for a long time. As a result, this session's legislature faced a crucial challenge when the session convened this past January. It had to do all it could to turn our economy around.

The Senate's answer to this challenge was to move forward with over 20 different pieces of economic development and diversification legislation. This legislation was aimed at stimulating development in the mining, timber, and fishing industries as well as fostering international trade.

Unfortunately, the Governor and House Majority had a different approach. Instead of working on incentives for development, they proposed six new or increased taxes so Alaskans could continue earning 10 percent of the state's total annual log imports.

A dozen U.S. companies sell logs to China to Alaska exports.

Koncor will export over 30 million board feet of timber to China annually for at least five years.

Koncor is owned by natives of Kodiak and the Chanes, Yukon and Ouzinek villages. It has operations on Afognak Island and in the Yukatat area.

The China International Trust and Investment Corporation is an economic development and finance ministry of the Chinese government.

The new joint venture, known as Citikon, is unique to Alaska in that one company will harvest the timber and market it overseas. Koncor has purchased a large amount of Afognak Island timber and will sell it to "end users" in China and perhaps to companies in other Far East countries.

The arrangement eliminates some expensive steps in selling timber on the spot market and strengthens Koncor's logging operations on Afognak.

Citikon's annual shipments of about 30 million board feet will amount to about 10 percent of the state's total annual log exports to the Pacific Rim. Enough wood will be exported to build about 3,000 U.S. type homes.

A recent study commissioned by Yukon Pacific Corporation, the firm that wants to market North Slope natural gas in the Pacific Rim, has revealed that a transportation system to carry the gas south could be built for about $6 billion, several billion dollars less than previously projected.

Conducted by the Institute of Gas Technology of Chicago, the study also confirms Yukon Pacific's assertion that North Slope gas can be competitive in Korea and Taiwan, as well as in Japan. The study also says that natural gas can be marketed sooner than expected if the Trans-Alaska Gas System is built in phases. It said the system could be in operation by late 1993 or early 1994.

Yukon Pacific is proposing to build an 800-mile pipeline to carry North Slope gas to tidewater in Valdez, where it would be liquefied and shipped by tanker to the Pacific Rim. The company had estimated the cost to build the line, processing plants and ships to move the gas across the Pacific at $11 billion.

Backers of TAGS are now awaiting a presidential finding. But North Slope gas can be exported without affecting U.S. energy markets. The finding is necessary because the U.S.-based Yukon Pacific Corporation can enter into contract negotiations with customers. The timing of the presidential finding and necessary permits for the project is crucial if the company hopes to beat Japan to a share of the Japanese LNG market. Existing Japanese contracts with TAGS, signed in the mid-1980s and Japan is already looking for new sources of gas from several countries.

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Alaska logs to be exported to China

An agreement between a subsidiary of Koncor Forest Industries and the Anchorage-based Koncor Forest Industries calls for harvesting over 30 million board feet of spruce trees for export to China annually for at least five years.

Timber located on Koncor land on Afognak Island will be cut for industrial use in Chinese construction, packaging and crating.

On behalf of the entire statewide Board of Directors, the Executive Committee, and the Council's broad membership, Joe Henri expressed profound appreciation for Easley's intense commitment and dedication to the interests and concerns of Alaskans.

Henri noted "this is not the end of the road but merely an important juncture, which means that we can hope to work with Paula during the times ahead, anchored in a well-founded expectation that Alaska's resources will be developed, that the economy will be broadened and diversified, and that Alaskans will enjoy a good way of life in this very great place."
Cominco enters into major contract commitments

In an effort to bring the largest zinc mine in the western world into production by 1986, Cominco Alaska Inc., has entered into major contract commitments and construction work on the road and port facilities for its Red Dog project in Northwest Alaska.

To begin construction, Cominco's entry into the project required two major contract agreements, the first of which was made last month when Enserch Alaska Construction was awarded the contract for major earthwork at the mine site and the road.

Enserch Alaska bid a total of $67.8 million for the earthwork and road. The project is expected to take nine months to complete.

Cominco's second agreement involves the construction of a $48 million mine road. The company anticipates having an initial 50-mile pioneer road to the mine site completed by February 1986.

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