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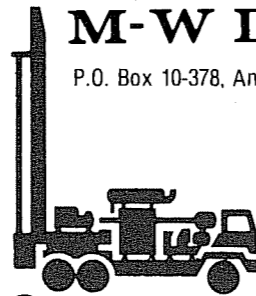
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Sohio . . .

cent decision could have major impact on the industry years into the future. The industry is facing a real dilemma, especially when well planned, environmentally-safe projects are not allowed to proceed on their own merit.

State officials must realize that each negative decision, no matter how small, compounds the load and adds another straw on the camel's back. Alaska's future will largely be decided on a series of small decisions such as this one.

In the Sohio case, the permitting agency, the Department of Natural Resources, showed flexibility and a willingness to come to an acceptable solution. However, Fish and Game showed no such flexibility. By having the equivalent of permitting authority under the new state regulations, Fish and Game's uncompromising position resulted in denial of the permit.

Until the state clearly sets forth its regulatory policies, government will

continue to operate in a state of confusion, causing chaos for any industry doing or planning to do business in this state.

A government which does not encourage exploration cannot expect

petroleum revenues for very long.

A public hearing on the Bristol Bay Cooperative Management Plan will be held in Anchorage May 21. The Sohio permit issue is expected to dominate some of the proceedings.

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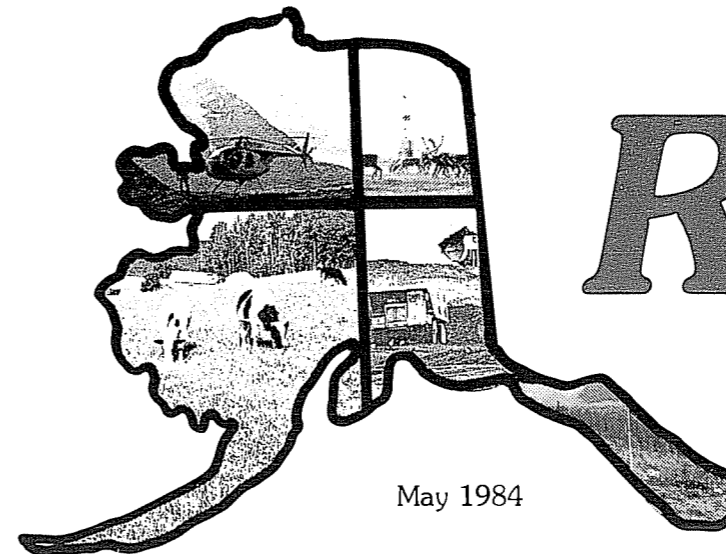
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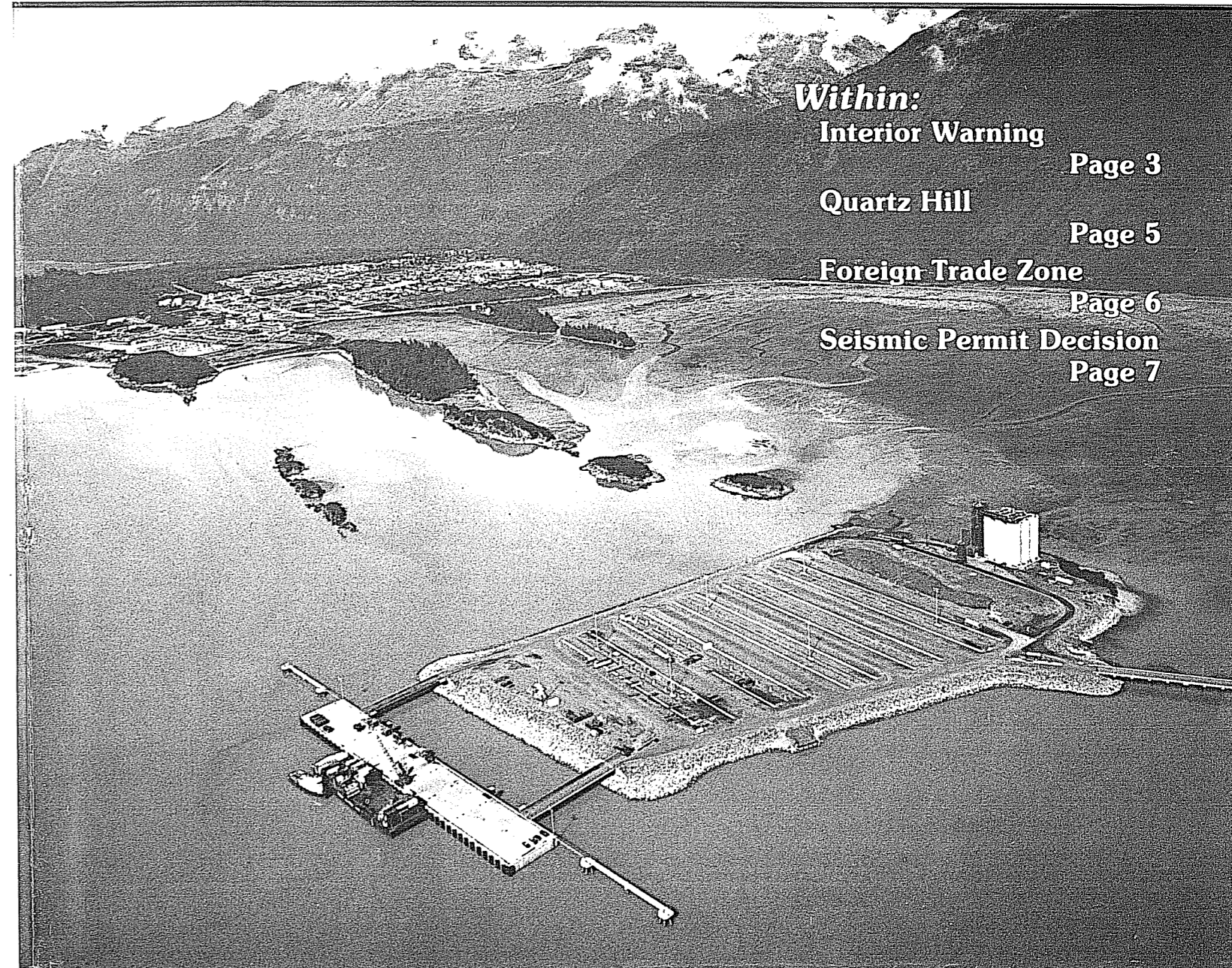
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Resource Review



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Message From The Executive Director

By Paula P. Easley

Coalescing with our resource development-oriented organizations is an important function of any like-minded group attempting to influence government policy. It occurred to me the other day that our members are probably not aware of the many groups outside Alaska with which we work on both national and state issues. Sometimes we tend to think our problems are unique, but in nearly every instance another state has had or is having the same problem and needs help or can offer assistance to counter the numerous opposing forces. Often valuable research has been done and most groups are more than willing to share the products of their research, as we regularly do.

How can we afford to belong to all the state and national organizations with which we have relationships? We can't. So we use an approach which has been highly successful and beneficial for all concerned. We trade memberships. Sometimes we join the organization for a certain amount and the organization does the same, in effect, trading checks for accounting purposes. More often we simply agree on the membership trade and no money changes hands. Some groups do not have "memberships," per se, but are willing to trade publications.

It may sound easy, but fulfilling the responsibility of functioning within these coalitions is costly, incredibly time-consuming and somewhat draining on a person's capability for staying on top of numerous issues and responding when a call for action is needed. (The RDC staff reviews and responds to approximately 60 pounds of incoming mail a week, a substantial portion generated by other organizations.)

RDC members have on occasion received appeals for financial assistance for some of these organizations — these are the ones we believe deserve our support because they, too, are working for similar goals. The RDC executive committee authorizes which organizations may contact you through our mailing service — for example, the Pacific Legal Foundation that many of you have joined.

I'll probably forget some, but here are the names of state and national organizations with which the Resource Development Council is associated in one form or another. This is also a good time to thank them for all their tremendous support and willingness to help our causes when needed.

Accuracy in Media
 American Enterprise Institute
 American Forestry Association
 American Land Alliance
 American Mining Congress
 American Petroleum Institute
 California Mining Association
 Citizens for Food and Fiber
 Coalition for Responsible Mining Law
 Council on Economics and National Security
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 National Coal Association

National Council for Environmental Balance
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 National Public Lands Advisory Council
 National Strategy Information Center
 Nevada Mining Congress
 Northwest Mining Association
 Oregonians for Food & Shelter
 Outdoors Unlimited
 Pacific Northwest Association
 Pesticide Public Policy Foundation
 Sagebrush Rebellion
 The Heritage Foundation
 U.S. Committee for Energy Awareness
 Women in Timber
 Western Environmental Trade Association

An interesting list, eh? Incidentally, these are just national organizations and groups in other states. Add to that all the Alaska groups and a multitude of environmental organizations and publications we monitor, and you can see why we have such an information exchange storage challenge at RDC.

A full-time volunteer position is open to anyone willing to help us do a better job of studying materials we receive and circulating them to members who would benefit from the information. Any takers?

COVER: The Port of Valdez may become Alaska's first foreign trade zone before the end of the year. See story, page 6.

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Carl Portman
Editor & Advertising Manager

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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. Aesops/Suite 201, 711 H Street. 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:

Mike Abbott
Financial Development Director

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President Charles Webber
 Vice President Dan Hinkle
 Vice President Tom Pargeter
 Secretary Dale Tubbs
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Executive Director Paula P. Easley
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 Public Relations Director Carl Portman
 Research Analyst Larry Hayden
 Financial Development Director Mike Abbott
 The RDC business headquarters are located at 444 West 7th Avenue in downtown Anchorage.

Seismic Permit Decision Adds Another Straw to Camel's Back

By Carl Portman
Public Relations Director

The State's refusal to issue a permit to Sohio Alaska Petroleum Company for a special seismic test program in the Port Moller area of Western Alaska is an unfortunate decision that discourages oil exploration in a state heavily dependent on petroleum products and revenues.

Most of the Sohio permit debate centers around the use of Primacord, an explosive the company would use to gather seismic data in the nearshore waters around Port Moller should conventional technology fail to obtain satisfactory results. Through its program, Sohio is seeking to tie known geologic data from four onshore test wells to known seismic data from the offshore area prior to federal and state lease sales scheduled in 1985 and 1988, respectively.

Information obtained from the program would be valuable to the State in formulating its future leasing policy for Western Alaska areas. The program is significant especially since no interpretable geologic information from this area now exists.

In an effort to mitigate any conflict with fishing activity and migrating salmon, Sohio had initially agreed to limit its use of Primacord to May 1-15. At the urging of the Alaska Department of Fish and Game, local residents and environmental groups, Sohio later accepted a compromise to conduct the test in the surf zone beginning September 15 and to thoroughly test airguns prior to using any Primacord. Sohio agreed that Primacord would only be used if airgun data was of unacceptable quality.

These were major concessions in terms of expense and quality of data on Sohio's part. The compromises won widespread support, and the Alaska Department of Natural Resources supported the program in its preliminary consistency determination on the basis of public need and that there were no feasible and prudent alternatives to meet the need.

However, Fish and Game refused to accept the compromises, despite Sohio's willingness to conduct the test in the fall when environmental risks would be at the lowest levels. Fish and Game continued to show no flexibility or willingness to find an acceptable compromise despite the fact that DNR attached up to 46 additional stipulations to its original consistency determination.

As a result, the matter was eventually elevated to the commissioner level and when no decision was made, the issue was forwarded to the Governor. The denial was based specifically on a 1975 state ban on oil company use of explosives in marine environments. The State also referred to a section of the proposed Bristol Bay Cooperative Management Plan (BBCMP) that would prohibit the use of explosives for geophysical purposes.

The State's decision is unjustified. The 1975 DNR policy was formulated in response to the use of dynamite which was a common technique at the time. The use of Primacord, a linear explosive designed to eliminate the peak pressure problems associated with dynamite, would have afforded the best compromise for safety and would have minimized any field damage while maintaining adequate field output.

When it comes to the draft BBCMP ban on explosives, state policy is not only discriminatory but inconsistent. A section of the BBCMP states that "permits issued for geophysical surveys in fresh and marine waters will require the use of non-explosive energy sources." Yet in cases other than oil industry surveys, the plan states that "blasting permits for single blasts in marine and fresh waters may be approved on a case-by-case basis when all steps have been taken to minimize impacts and when no feasible and prudent alternatives exist to meet the public need."

This policy is extremely unfair, especially in the Sohio case where explosives would have been used in such a way and at such a time to avoid impacting the fishery resources.

It is important to note that Fish & Game has used explosives to scare beluga whales feeding on smolt and salmon smolt away from the Kvichak River. Fish and Game report found explosives generally unsuccessful in repelling the whales. The authors also found sound from the explosives had no effects over fish movements, other than the initial fright reaction. These findings alone shoot a couple of holes in Fish & Game's case, considering the agency's use of explosives was during a peak fish period as opposed to Sohio's use of Primacord during the off-peak.

It should also be pointed out that fishermen in Western Alaska acknowledged using explosives to scare marine mammals away from their nets.

Sohio made every effort to identify potential impacts to important surface resources, to provide effective mitigation to minimize those impacts and to maximize conformance with the habitat standard. In reviewing the need for specific mitigation, it became apparent that just by virtue of the small size of the program, many of the inferred impacts would not likely have occurred.

The controversial portion of the Sohio survey would have required less than 30 hours of actual data collection. If used, Primacord would only have affected an area comprising one one-hundredth of one percent of the Port Moller area. And limiting the use of Primacord to a period in the late fall would in itself mitigate the possible impacts on offshore resources.

It is also important to note that the location of the activity was chosen because it specifically avoided any area defined by Fish and Game as critical habitat areas or as waters important to anadromous fish. The program complied with all of the special conditions of nationwide permits, the Federal Mammal Protection Act and the Endangered Species Act.

State government has repeatedly called for orderly and efficient oil and gas exploration. Yet its actions don't serve to honor this commitment. Although small in comparison to others, the re-

(Continued on Page 8)

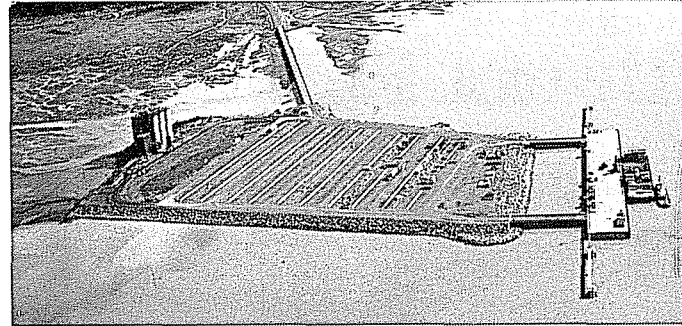
Valdez Has High Hopes For Foreign Trade Zone

The marketing manager of the Port of Valdez has predicted that the Prince William Sound community will receive a foreign trade zone classification before the end of the year.

Addressing a breakfast meeting of the Resource Development Council April 26 in Anchorage, Vern Chase said the approval will lead to increased foreign investment in Valdez and more economic opportunities for Alaska. He said Valdez is geographically well-situated between the Far East and the southern states for an efficient foreign trade zone. Other attributes include regular service by waterborne carriers, easy access into the Interior and a 3,000 acre marine industrial park.

The proposed zone would encompass five sites on a total of 202 acres along Valdez's ice-free port.

"In and of themselves they aren't a major development, but they are a powerful tool to promote economic growth," Chase said of foreign trade zones. "They can really help an already attractive area to grow."



The proposed Valdez foreign trade zone would encompass five sites on a total of 202 acres along Valdez's ice-free port.

Under a foreign trade zone, foreign and domestic merchandise are considered by the U.S. government as not being within the U.S. Customs territory but in international commerce. Foreign or domestic goods may enter this enclave without a formal Customs entry or the payment of Customs duties or government excise taxes.

Goods shipped into Valdez under the classification could range from fish to pipe and other materials destined for points throughout Interior Alaska and the North Slope. The materials could be stored, processed, tested, repaired or assembled in Valdez.

In 1982 35,000 workers in 91 zones and 30 subzones in the United States produced goods worth \$9 billion.

Notable Quotes

Definition of an American:

A person who drinks Brazilian coffee out of an English teacup, sitting on Danish furniture, after coming home from an Italian movie in a German automobile and sits down and writes his Congressman a letter with a Japanese ball point pen, demanding that he do something about all the gold that is leaving our Country . . ."

Points to Ponder

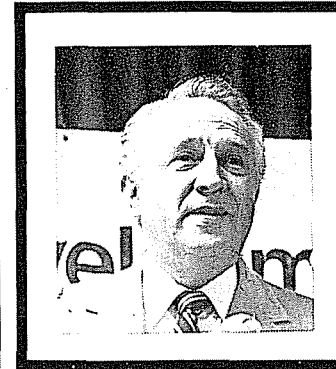
"I pride myself on being intelligent, but you have no idea how stupid I can be in some areas. I could have lived a thousand years and not have devised the first bridge, or possibly even the first wheel — or painted the first bird, or played the first lyre, or conceived the first rule of geometry. Yet the persons who first did these things may have been woefully deficient in some kinds of sense — philosophic, or social, or financial, or whatever we may pride ourselves on. If the human race had only one sort of intelligence — and thus only one sort of aptitude we might still be living in caves."

— Sydney J. Harris, columnist, Field Newspaper Syndicate

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A Letter From Our President

By
Charles R. Webber

Second Term

I am very pleased to serve a second term as president of the Resource Development Council. It is truly an honor to lead this citizens council, well known for its devotion to the betterment of Alaska, for another year. I look forward to continuing and expanding the work of the Resource Development Council.

Alaska is poised and on the verge of greatness. Our oil and natural gas, fisheries, hydroelectric potential, agriculture and timber lands, minerals and coal are all destined to play world-class economic roles. We've been evaluating our potential and studying possible options for many years now. The 49th state is ready. Our actions today will set the course for the Alaska of tomorrow.

As president, I can assure you we will be effective in laying the foundation for a strong economic base. Our work will lead to new job opportunities, a clean environment and laws on the books that recognize development and environmental protection are not mutually exclusive.

Interior Official Levels Warning

A top U.S. Department of the Interior official warned that the ability of the oil industry to conduct reasonable exploration activities offshore could be eroded if control of offshore waters is fragmented among individual state agencies.

Carol Hallett told some 300 people attending the Resource Development Council's annual spring luncheon in Anchorage April 20 that proposals to give states veto power over any development on federal lands affecting coastal areas goes so far as to threaten any developmental activities. She said Alaskans interested in greater oil and gas development in federal waters should oppose proposals to grant states power to stop such development.

Hallett is the new assistant to Interior Secretary William Clark and is his top aide for the West.

Tough amendments proposed for the Coastal Zone Management Act are unnecessary to protect legitimate state interests, Hallett said. "Provisions in these amendments give states control not only on water, but over federal lands onshore, provided

that activity there might affect the OCS," Hallett said. She cautioned that amendments could also seriously affect timber and mining production which would be "truly detrimental to a state like Alaska."

Hallett pointed out that Clark has agreed states will be consulted before oil and gas lease sales off their shores. In addition, states will be given control over siting of storage, transportation and support facilities for oil development onshore.

The Interior official stressed that the need for development of oil and mineral resources becomes greater everyday. She said the nation was im-



Carol Hallett, Assistant to Interior Secretary William Clark, urged citizens to make their views known before Congress.

porting \$8 billion worth of oil in 1973 compared to \$60 billion today.

In her address, Hallett discussed her two-day visit to Alaska, noting that in Valdez she saw how development can take place without harming the environment. Hallett was also the keynote speaker at a Resource Development Council sponsored luncheon April 19 at the Valdez Civic Center.

Hallett urged persons at both luncheons who favor development to consistently make their views known to their congressional delegates. She said too often senators and congressmen vote against development in areas far from their home states just so they can cast an "environmental" vote.



The 300 people attending the Council's special spring forum luncheon were treated to a special showing of the Alaska Native Dress Review coordinated by Audrey Armstrong, Cook Inlet Native Association.

Magazine Cites 'Ruthless Mining' In Misty Fjords, U.S. Borax Responds

In *Airborne*, the inflight magazine for the nation's 12 million airline commuters, a Juneau-based environmentalist has charged U.S. Borax with ruthless mining in Misty Fjords National Monument, despite the fact the company has yet to begin mining its deposit.

Durwood J. Zaelke, Jr., an attorney for the Sierra Club Legal Defense Fund, appealed for financial contributions from around the country so that the Club can win the fight to save Alaska from "careless and ruthless development." In a letter, which was published over three pages in the magazine's winter edition, Zaelke called the winter snowfall a blessing because it "silences for one more winter the saws and shovels and other machines that tear the land apart."

After describing the beauty of Misty Fjords, Zaelke focused on the U.S. Borax molybdenum mine within the Monument. He said the "ultimate pit would take 70 years to dig, and each day for the 70 years, 70,000 tons of toxic tailings will be dumped into the rich commercial fisheries.

"And of course, to support an open pit mine of this size, Borax plans to build roads and facilities to handle the constant stream of boat, barge, aircraft and helicopter traffic."

In contrast to Zaelke's comments, Quartz Hill is still in the development stage. Construction of facilities hasn't even begun and mining is at least four years away. What he calls "mining" was the removal of a 5,000 ton "bulk sample" that was used to test the ore and the resulting tailings to design both efficient and environmentally safe processing plants and procedures.

Don Finney of U.S. Borax in Ketchikan disputed Zaelke's charge of toxic tailings, pointing out the tailings are "uniquely clean tailings, virtually



Congress set aside an enclave of 235 square miles out of 3,600 square miles in Misty Fjords to accommodate the Quartz Hill project. The open pit will encompass only two square miles.

ground up country rock." He said they would not be "dumped into the rich commercial fisheries." The company proposes to deposit the tailings into a deep fjord adjacent to Quartz Hill where they will sink below the "euphotic zone," the upper most portion of water in which commercial fisheries feed.

Of the \$100 million the company has spent so far on the project, \$25 million has gone toward environmental studies and protection. The U.S. Forest Service praised the company's construction of a 10-mile access road to the site from saltwater in an "environmentally sound manner under extremely difficult conditions."

The road was built in the same valley as a major salmon-producing stream. Even with treacherous terrain, the road was completed with extremely minimal impact on the fishery, far below what was predicted in an Environmental Impact Statement written by the U.S. Forest Service. (See related story)

The Quartz Hill deposit is the largest known molybdenum deposit in

the world. It was discovered by U.S. Borax geologists in 1974, four years before the area was declared a national monument. Recognizing its importance, Congress, in the Alaska National Interest Lands Conservation Act, made special provisions to allow development of the Quartz Hill project.

Misty Fjords covers 3,600 square miles and within the Fjords, Congress set aside an enclave of 235 square miles to accommodate the Quartz Hill project. And of that, the open pit will encompass only two square miles. The remaining sections of the enclave will remain virtually untouched.

"Every step U.S. Borax has taken has been backed by care for the people of Alaska and concern for the environment," Finney said. "These are not empty promises, our words are backed by dollars and our dollars are backed by people committed to a project that will exist in harmony with the people and the environment for decades to come."

Quartz Hill Road

Borax Fulfills Pledge, Does it Right

A 14-foot wide gravel road, not quite ten miles long, hardly seems a major construction project in a state noted for an 800-mile oil pipeline.

However, a road in a remote area near Ketchikan qualifies because of a unique set of environmental, political and logistical circumstances.

The access and bulk sampling road from saltwater to the U.S. Borax Quartz Hill molybdenum deposit was completed in 1983 at a cost of approximately \$14 million.

It was built after years of controversy over the potential impact on nearby salmon streams and following months of intense debate in the community and the state over the project's Environmental Impact Statement.

When the road was completed and the bulk sample removed last fall, the final results were in:

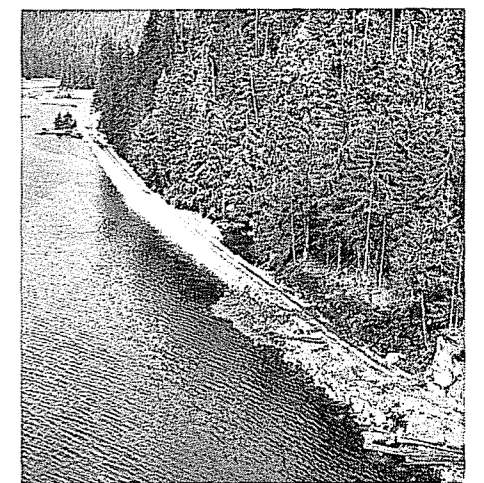
- Impact on the nearby salmon streams was extremely minimal, far less than what was predicted by the EIS.
- The project used the largest construction airlift in history, hauling more than 2.4 million pounds of heavy construction equipment by helicopter to mountain slopes.
- It was one of the most heavily regulated and monitored road construction projects ever undertaken in Alaska.
- Only one minor blast-induced landslide occurred even though much of the blasting took place on rain-soaked slopes.

U.S. Borax had gone into the road construction phase of its project with its eyes open — it had already spent more than \$75 million on Quartz Hill, much of it on environmental studies and protection.

But it was still a challenge. Nobody had ever built a road that was part of a national forest, within a national monument, surrounded by 2.3



The access and bulk sampling road from saltwater to the U.S. Borax Quartz Hill molybdenum deposit was one of the most heavily regulated and monitored road construction projects ever undertaken in Alaska.



million acres of statutory wilderness, and paralleling a major salmon stream. However, having already initiated the most intensive environmental studies of any comparable coastal area in Alaska, the company was ready to meet the environmental and engineering challenges.

Environmental permits in 20 different categories from nine separate federal and state agencies were needed. Several permit categories required multiple permits. In addition, the Forest Service required a detailed access road construction monitoring manual describing procedures to be used in monitoring water quality.

Special environmental procedures used during construction included specific blasting techniques and staged construction. Seismic monitoring was done on all rock blasting in critical areas. This included blasting near anadromous fish streams or in steep terrain.

Construction in many sections of the road was staged to minimize environmental impacts. Construction was delayed in critical areas until 90 percent of the salmon eggs in the affected streams had developed to a

point that would minimize impact due to potential increases in sediment.

Extensive monitoring of eagle nests in the area was instituted under a Forest Service eagle monitoring plan. This included restrictions on blasting within a half mile of any nest during certain stages of the eagle nesting cycle.

Bridge construction was also staged in accordance with salmon spawning cycles.

U.S. Borax President Dr. Carl Randolph stated at the road dedication ceremony last fall, "As I have pledged, we'll do it right, with utmost care and concern for environmental values — in meticulous compliance with the Alaska National Interest Lands Conservation Act. This I believe is demonstrated by the access road we've just built."