## FIVE ISSUES EARMARKED FOR OMAR ACTION

The executive committee of OMAR recently distributed letters to some 1,100 members soliciting comments concerning which avenues of action the organization should take regarding a number of resource-related issues. Comments OMAR has received will be consolidated and presented to a panel of economists, legislators and community, government and labor leaders for their review.

Positive, overwhelming response was generated by the following topics as "significant actions" OMAR should look to:

1. TAXATION: Develop taxation policies which free private capital for business and industry expansion, increased employment and modernization of services and facilities.

2. LAND: Resolve Alaska's land conflicts; appropriate funds to the private sector, legislature and administration to gain support for a unified position on d-2.

3. DEVELOPMENT POLICIES. Improve government policies and regulations to stimulate private sector development, profits and productivity; explore incentives programs to encourage new investments in Alaska's economy.

4. PERMANENT FUND/OIL REVENUES: Develop strategy for permanent fund investments to have broad, major impact on Alaska's economy; obtain presidential approval for removing export restrictions on Alaskan oil, thereby increasing permanent fund revenues.

5. CAPITAL INVESTMENT CRITERIA: Establish sound criteria for investing public and private funds, or combinations thereof, to support development of Alaska's resources.

Under the executive committee's recommendations, OMAR's five advisory divisions (Land, Minerals and Energy, Forestry and Agriculture, Transportation, Fisheries, and Tourism and Recreation) would continue their technical guidance role for the organization. OMAR would also continue to seek members' positions on resource issues (either as individuals or as a group) and relay those positions to federal, state and local decision-makers.

Recommendations of the panel will be published next month.


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# OMAR RESOURCE REVIEW

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## STEVENS CRITICIZES U.S.G.S. RESOURCE REPORT

The U. S. Geological Survey, responsible for assessing mineral resources in the United States, informed the Senate Energy Committee in a briefing this summer that *less than five percent of the lands* under discussion for d-2 classifications had received "a so-called level 3 investigation," the level normally used by Congress in making wilderness decisions.

According to the Senate Congressional Record of August 1, 1978, in comments by Senator Ted Stevens, "This report issued by the Comptroller General is the most critical report I have seen of the work of the U. S. Geological Survey." In a section entitled "Quality of Resource Estimates Reduced" the following charges were made:

1. Experienced economic geologists were not involved in the studies in most areas. This could have produced an inadequate understanding of the geologic framework of the mineral deposits.

2. Scientists with mineral exploration expertise were not involved in the geochemical studies. Also the purpose of the geochemical studies was in most cases not clearly understood by those involved, and the study results were not thoroughly interpreted. Therefore, the geochemical sampling and the date analysis were of reduced value for making reliable estimates of available resources.

3. Specialists in evaluating hydrocarbon potential and low-grade chemical resources were not used; thus, not enough attention was given to studying the availability of these resources.

4. Too few geophysicists and geostatisticians were assigned to the program to give adequate time to the work required.

5. In some cases, scientists were reassigned to other Survey programs before their work was completed in the areas; as a result, the quality of work probably suffered."

Senator Stevens said he interpreted the report to mean that the U. S. Geological Survey had been given a group of people to do the work from a "policy level" of the department rather than specialists who were capable of determining the mineral potential of lands in Alaska. Stevens said, "As a consequence, we cannot read the report without getting the conclusion that the mineral assessments that have been delivered to the Congress affecting Alaska's public lands involved in the so-called Alaska Land d-2 controversy are not worthwhile. They are not reliable." Stevens also stated: "I think if we examined into it deeply enough, we would find we have members of the Sierra Club, the Wilderness Society . . . on a paid vacation in my State, picking up rocks and bringing them back when they do not even know what they are.

"The reliability of this information, that is supposed to be the basis for the most historic piece of Federal legislation dealing with public lands in the history of the United States . . . has now been thrown into serious question."

## LOCAL LAWMAKERS MEET WITH OMAR

Eleven Anchorage legislators, both newly-elected and incumbents, met with OMAR members November 16 at the Holiday Inn to discuss resource-related issues. Present at the meeting were: Mike Beirne, Arliss Sturgulewski, Bill Sumner, Mike Colletta, Joyce Munson, Ramona Barnes, Ed Dankworth, Chat Chatter-

Continued on page 3

## "TRANSLATION" OF GAS BILL MAKES IT EASIER FOR EDITORS

Lloyd Unsell of the Independent Petroleum Associaton, has helped news editors understand the proposed congressional compromise to regulate gas producers. Unsell prepared a presentation, carried nationwide by United Press International, that applied the gas bill's provisions to newspaper circulation. The Associaton of Petroleum Writers Bulletin (June, 1978) carried excerpts of Unsell's draft entitled the "Proposed Federal Newspaper Regulatory Bill," which Unsell believes will help editors recognize that the gas bill will regulate some producers "beyond their ability to cope."

Here are some of those excerpts:

1. New subscriptions sold outside a radius of two and a half miles will be considered "new newspapers" and will sell at $1.75 per month beginning April 20, 1977 and escalate at GNP plus 3.7 per cent.
2. Newspapers sold within a mile of the publishing plant will be considered "old" no matter who buys them and will only sell at $1.44 per month, plus .2 per cent. However, newspapers delivered in high-rise apartments above ten floors will be considered "new" and will sell accordingly.
3. Newspapers sold more than a mile away, but less than two and a half miles can sell at a special incentive price of $1.75 plus GNP only, but only as "new" subscriptions, not renewals.
4. "High cost" newspapers – i.e. printed in Saskatoon, Saskatchewan, during a local strike; printed on newsprint manufactured in Tibet and carried on the shoulders of Sherpas 2,000 miles or more; printed on a 1911 flatbed press cranked by hand – shall be permitted to sell at market prices after one year from date of enactment. However, the additional cost of these papers cannot be averaged in. It must be sold only to readers willing to pay the higher incremental cost for their news.
5. The Newspaper Regulatory Commission may, at its discretion, consider other categories of "high cost" newspapers.
6. In the case of a strike and news blackout in a distant city, the President can declare an emergency and allocate all "low priority" subscriptions to such areas so the readers therein will not be deprived of news. Newspapers sold in interstate commerce will be allocated first.

And the list goes on. Unsell said he has received many requests for additional copies of his "Proposed Federal Newspaper Regulatory Bill" from news editors. He said some of the editors reported that they "realized what is going on for the first time."

## FARM COMMODITIES RECORD INCREASES LAST YEAR OVER 1976

The Alaska Corp and Livestock Reporting Service said Alaska barley production in 1977 almost doubled what was produced the previous year. Some 3,025 tons of barley was produced by farmers last year, compared with 1,610 tons in 1976.

Nearly all other farm commodities reported an increase. Alaska crops were worth $5.4 million last year, up from $4.5 million in 1976. Matanuska Valley crops were valued at $3.8 million, compared with the Tanana Valley's $1.1 million producton.

The reporting service also noted that livestock production increased from $50,000 in 1976 to $4.3 million in 1977.

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ton, Ray Metcalfe, Terry Martin and Kris Lethin (who will not be returning to Juneau).

The Permanent Fund was the main topic of discussion. Senator Colletta stated that one of the holdups of the fund was the controversy over its philosophy. He outlined several alternatives for administering the fund, which will be a major issue next year, including the creation of a "super agency" to handle it, an administration trust fund, and a quasi-governmental agency headed by an elected citizen. Colletta said the concept of the fund was one he initially supported, but had changed his stance on proposals for how the fund would operate.

Chatterton said the major question was how much of the royalties would be placed into the fund. According to Chatterton, 30 per cent was statutorially earmarked for the fund (25 percent as suggested by voters, plus five per cent into a renewable resources fund). Another 25 per cent of the royalties would be put into a capital outlay fund, leaving 45 per-cent of the royalties, which Chatterton said should go to offset taxes. He said he hoped fund monies would be used within Alaska.

Summer said part of the fund should ultimately go to insure industry would thrive in Alaska, but not in the form of a subsidy. He would like to see a small group administer the fund, and if that group did not generate additional money from its investments, its members should be replaced with others who could. Dankworth, Sumner, Chatterton and Metcalfe said they would not like to see the royalty percentage into the fund increase. Beirne said there was "no magic number" one could use to determine how much of the royalties should be earmarked for the Permanent Fund.

On the topic of exporting Alaska's oil to foreign markets, Sumner stated that the frustrating part of government was having the solutions to problems, but no action on those solutions. Sumner said that he and others arrived at a solution to the issue, but that the problem was political. He stated that President Carter did not want to aid Gov. Jerry Brown of California in the West Coast oil glut issue, and didn't want to place himself in a position where other Republicans such as Ronald Reagan or Gerald Ford could "ambush" him. Sunner said the solution to the problem was to unite national Republicans on the issue, making it a national issue at election time, and using the national press as a forum for criticizing Carter's lack of action.

Chuck Webber asked legislators to pinpoint key issues of concern during the next session. Responses included: Sturgulewski: solving major land issues; Sumner: d-2, the Permanent Fund, private sector jobs; Munson: making Alaska a good place for jobs and business; Chatterton: a healthy oil industry, solving land problems, taxation, etc., that affect all industry; Metcalfe: capital move, d-2, taxes, ceiling on government spending; Colletta: development of Alaska, sound state land policies; Beirne: private ownership of land; Barnes: business stability, taxation policies; Dankworth: government spending, stimulating the economy with capital improvements.

Sen. Sumner quipped that any proposal for an oil industry tax should properly be labelled a "departure tax."

W. E. McFadzeam, a guest from Minnesota, told the group that the Minnesota Legislature, over a long period, listened only to "large business." Meanwhile, small business left the state because its problems were ignored. He said more and more taxes were imposed on both small and large business with the result that they eventually all moved to neighboring states where the "climate" was better.

"We are Number 1 in education (dollars spent) but we are exporting the jobs and well-educated work force outside the state." He warned Alaska not to make that mistake. McFadzean strongly urged Alaska to "broaden its base of industry to avoid the problems Minnesota is experiencing."

It was an upbeat meeting and we thank our legislators who contributed so much to the candid discussions.

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## OCS STUDIES BEGIN IN GULF OF ALASKA

The Department of the Interior announced that environmental studies were to have begun in the Gulf of Alaska on two million acres proposed for sale as oil and gas leases. The study, which is to be completed by August 1979, will be conducted by the Bureau of Land Management's Outer Continental Shelf (OCS) office.

The U. S. Geological Survey has estimated there is a 50 per cent chance that some 1.5 billion barrels of oil and two trillion cubic feet of natural gas is contained in the area. Some 350 blocks will be included in the OCS property, which is located from 20 to 70 miles south of Yakutat in the eastern sector of the Gulf's frontier area, and is southeast of previously leased tracts. Exploratory wells drilled on the previously leased tracts have turned up dry.

Robert Brock, the acting manager of the OCS office, was reported as saying the draft environmental statement will consider the po-

Continued next page

tential environmental impacts and discuss methods that minimize those impacts. The Alaska OCS office received three nominations and 16 comments last July, when the comment period ended. Comments were received from both the oil and fishing industries, as well as from private citizens. The Seward Phoenix-Log stated that the nominations from the petroleum industry suggested 389 of the 1,861 blocks offered will be considered further for leasing.

According to the paper the BLM—OCS manager and the U. S. G. S. staff reviewed recommendations made by representatives at the OCS manager's briefing last August. Those recommendations will be presented to officials in the Department of Interior. Once the Interior Secretary has chosen the blocks to become the focus of attention in the EIS, no blocks can be subsequently added to the proposal. The Interior Secretary cannot arrive at a final decision as to the disposition of the proposed sale until all of the steps in the process have been completed.

The earliest date a sale could be held would be June of 1980.

## WILDLIFE AWARD GOES TO ALYESKA

For the first time in the history of the Alaska Wildlife Federation's award program, the "Conservation Industry of the Year" award was handed out. Alyeska Pipeline Service Company received the honor in Juneau late last month "because of performance standards they developed that all future industry can use as guidelines regarding conservation efforts toward fish and wildlife resources." Alyeska's honor was one of several Outstanding Conservation Achievement Awards presented by the Alaska Wildlife Federation and the Alaska Sports Council.

The Governor's Award for "State Conservationist of the Year" was presented to Anchorage resident Virginia Dal Piaz, a lobbyist for the Alaska Coalition. Former Fairbanks state senator John Butrovich was named "Outstanding Conservationist Legislator."

Other recipients were Rick Reed of Juneau, Dave Brown of Ninilchik, Urban "Pete" Nelson of Juneau and Sam McDowell and the Izaac Walton League.

## LNG SITES RECEIVE FERC RECOMMENDATIONS

Federal Energy Regulatory Commission staffers, in a final environmental impact statement, stated that while both an overland pipeline and a proposed Nikiski terminal to liquify natural gas are acceptable from environmental and safety standpoints, neither system has a "clear overall advantage."

Liquified natural gas (LNG) processed into a super-chilled and condensed, energy-packed liquid, would be shipped by tanker to California.

The staff said that a pipeline carrying natural gas at normal temperatures and pressures would cause greater environmental damage, even though it may be safer and more reliable than tanker shipment.

Also labelled "acceptable" as an alternative LNG terminal site was Cape Starichkoff (Alaska). The FERC staff said however that the Nikiski site proposed by Alaska Pacific LNG was significantly superior to the Cape Starichkoff site.

A related environmental report was also prepared on proposed California terminals which would receive Alaska LNG. First preference for such a site went to Oxnard (California). A Rattlesnake Canyon (Calif.) site ranked second. The staff was critical of a terminal proposal at Point Conception Calif.), ranking last because of its nearness to an active earthquake fault.

## NATURAL RESOURCES REORGANIZATION PLAN MAY RESURFACE SOON

A White House task force is attempting to put together a final recommendation for Office of Management and Budget (OMB) Director James McIntire for the administration's natural resources reorganization proposal. A task force staff member told Public Lands News "it is more than rumor" that the administration plans to propose such a plan in late 1978 or early next year.

McIntire's recommendation will be sent to President Carter, who in turn, will submit it to Congress. Congress does not have to approve the reorganization plan, but does maintain a veto.

There are three basic options in the recommendation that will go to McIntire: (1) creation of a Department of Resource Conservation with the Interior Department as a lead agency, (2) creation of a Department of Agriculture and Renewable Resources by moving most of the Interior Department to the Agriculture Department, or (3) the improvement of coordination of existing programs.

The White House and the OMB have preferred the first plan, which would transfer the Forest Service and Soil Conservation Service to Interior from the Agriculture Department. The Natural Oceanic and Atmospheric Administration (NOAA) would be transferred to Interior from the Commerce Department and the Water Resources Council would also be sent from the President's office to Interior.

This first option was proposed earlier this year, and raised much controversy among Forest Service clients and congressional sympathizers. OMAR, in a letter to the President's office dated Jan. 13, 1978, provided recommendations concerning the proposal. OMAR suggested that once national goals for resource management have been identified and the decision-making process outlined, "the reorganization of federal natural resource and environmental functions should be based on commonality of interest, in an attempt to eliminate duplicative efforts and overlapping responsibilities among departments."

Among the examples OMAR cited were (1) the farm-related activities of the Agriculture Department be combined with the management of public and private non-urban land and related renewable resources now under the Agriculture and Interior Departments and other agencies, to form a single Department of Agriculture and Renewable Resources management, (2) Ocean resource activities (NOAA, Coast Guard, Interior Department, etc.) be placed under a new Department of Oceanographic Resource Management, and (3) those agencies involved in the "identification, regulation, monitoring and research of toxic substances resulting from the environment, the work place, foods, products, etc." be combined to form a Dept. of Environmental Health.

If those recommendations do not prove feasible, OMAR suggested to the administration that several steps could be taken for improving the operation of natural resource and environmental departments, among them: (1) the improvement of cooperative efforts and communication among agencies in matters of common concern and (2) the initiation of changes to improve organization placement of various programs or activities, such as the assignment of navigation functions to the Dept. of Transportation rather than the Army Corps of Engineers, the transfer of responsibilities for irrigation projects from the Bureau of Reclamation to the Agriculture Department, and the combination of responsibilities now in the USGS and NOAA to form a single civil survey agency.

OMAR President Lee Fisher told the Resource Review that, "when the subject is open once again for public comment, we will reiterate our strong opposition to the Forest Service being absorbed into the Interior Department."

## BIDS ON PIPE ARE IN FOR CANADIAN SEGMENT OF GAS LINE

Twelve firms have submitted bids to Foothills Pipe Lines, Ltd. for the 1.5 million tons of pipe needed for construction of the Canadian portion of the natural gas pipeline from Prudhoe Bay.

Four U. S. firms (Armco Steel Corp. of Houston, Bethlehem Steel Corp. of Bethlehem, Pa., Kaiser Steel Corp. of Oakland and United States Steel Corp. of Pittsburg) have requested bidding documents from Foothills. Those who submitted bids included three firms from Canada, four from Japan, three U. S. firms, one German and one Italian company. Their identities were not released by Foothills.

The Oil and Gas Journal reported that bids were requested on 36, 42, 48 and 56-inch diameter pipe. Only two North American firms, Steel Co. of Canada, Ltd. of Toronto and International Steel and Pipe Ltd. of Regina, currently have the capabilities to mill 56-inch pipe. The publication also stated that the European and Japanese firms will only be considered if North American firms cannot supply the pipe.

Foothills officials are hoping to award the pipe contracts by December or January.

Meanwhile, Northwest Alaskan Pipeline Co. spokeswoman, Kathleen Kelly, said her firm will not be soliciting bids until October 1980. Northwest will be constructing the Alaska portion of the gasline.