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Resource Review

November 1991

The Power Puzzle
Solving the Resource Production and Political Dilemma

Political Power  Fossil Fuel Power
Regulatory Power  Renewable Resource Power
Media Power  Precious Metals
Finance Power  Alternative Energy Power
Alaska's Role  Conservation Power

Annual conference to focus on shifts of power sweeping the globe

A wide variety of critical issues, ranging from the political realities of a national energy strategy to a one-of-a-kind look at all resource sectors and the political roadblocks they encounter, will be highlighted at the Resource Development Council’s annual conference December 4-5 at the Anchorage Sheraton Hotel.

"The Power Puzzle: Solving the Resource Production and Political Dilemma," will focus on the tremendous shifts of power that are sweeping the globe and transforming politics, the economy, resource production, finance and industry.

Other aspects of the conference include fossil fuels, alternative energy and conservation, as well as free market versus political environmentalism.

John D. Grace, a Los Angeles-based independent consultant specializing in technical and economic evaluation of oil and gas investments in the Soviet Union, will deliver the keynote luncheon Wednesday on "The Changing Face of Energy: The Soviet Wildcard." Grace, who was with the Corporate Planning Division of ARCO in Long Beach, California until November, has traveled extensively in the Soviet Union and has presented over a

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Power Puzzle will open your eyes

Message from the Acting Director
by Debbie Reinwand

Education with just the right amount of entertainment. That is one of the keys to the 1991 RDC Annual Conference scheduled for December 4 & 5 at the Sheraton Anchorage Hotel.

As most of you know, the topics RDC traditionally deals with are bread-and-butter economic issues - the things that make good stories on the business page, and supply us all with a nice standard of living, but generally don't warrant the kind of attention we think they deserve.

This year, at RDC's conference, the board and staff hopes to change that kind of thinking by bringing you a colorful look at the resource picture. We started with the conference brochure, a bright, user-friendly cataloging significant industries and influences on Alaskan business. Appropriately entitled, "The Power Puzzle," this 12th annual conference is already drawing attention through its timely topics and subject material.

A common struggle that all industries and businesses complain of are the disincentives for expansion because of the regulatory climate in Alaska - an arena largely dictated by government and societal demands. In our segment titled "Tell Us Where it Hurts," RDC hopes to pointedly address government and societal demands. In our segment titled "Tell Us Where it Hurts," RDC hopes to pointedly address these issues. Two top Alaska lobbyists will conclude the panel by answering questions about the future of the state's role in the world's energy production. By reviewing past dilemmas and lessons learned, and trying to prepare for future roadblocks, RDC's conference program will address these points, as well as several others.

Keynote speakers to address Soviet energy, free market environmentalism

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dozens papers on Soviet oil and gas geology, energy economics and the status and prospects for the Soviet oil and gas industry.

Gracie's RDC presentation will focus on the global energy balance with particular emphasis on the Soviet Union and how the winds of change there might affect the American energy industry and its interest in Alaska. Grace has lectured in Russian at the institutes of the Soviet Academy of Sciences and the USSR Ministry of Geology on resource assessment, geology and the structures of the western oil and gas industry.

Dr. Richard L. Stroup, Professor of Economics at Montana State University, will address "Free Market versus Keynote speakers to address Soviet energy, free market environmentalism

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Political Environmentalism" at the Thursday keynote luncheon. Stroup, who also is a senior associate of the Political Economy Research Center in Bozeman, has published nine books on resource, environment and energy policy during the last decade. He has been influential in focusing the environmental debate on markets, the importance of well-defined property rights and minimal political conflict.

Stroup's work has focused on exploring practical applications of free market environmentalism to issues such as public land management, outdoor recreation, water quality, timberlands, fisheries and agricultural policy. In his Anchorage presentation, he will address alternate viewpoints, as well as more complex environmental concerns such as risk and scientific uncertainty, conflict versus consensus, and global warming.

API blasts Senate vote

The Senate's refusal to debate the proposed national energy policy "is a shameful abdication of responsibility on the part of the greatest debating body in the world," according to a statement released by the American Petroleum Institute. "Make no mistake about it, this action occurred because of the extremism of environmental organizations and their allies in the Senate who refuse to acknowledge the need for more domestic energy production and to accept an energy policy that balances energy needs, environmental goals and economic growth," API said.

Still some hope for ANWR

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balanced energy measure that addressed the issues of increased domestic energy production, conservation and alternative fuels in a way that would have enhanced energy security and benefited the nation economically.

Herrera strongly encouraged Alaskans to not give up on the energy strategy, noting that several cloture votes are commonly taken before one finally succeeds in killing a filibuster.

"ANWR is still winnable, but nobody said it would be easy," Herrera said.

Based on counsel from Alaska's congressional delegation and others, RDC has launched a grassroots campaign to contact the White House and urge strong presidential involvement.

Our board and membership generated a letter to the office to let the President know Alaska fully expects him to give the ANWR effort his all," said RDC Acting Executive Director Debbie Reinwand.

State should pursue exploration incentives

(Continued from page 3)

way the state could help itself is to simplify and expedite the leasing process. The State of Alaska has made a huge tub of money from oil and gas production. To date, about the only thing the state has done to enhance its revenues from this industry is to raise oil and gas taxes. This is a chance for the state to help itself by helping the industry. Using a small portion of oil and gas and royalty receipts to bring about pioneer drilling on Alaska's offshore basins would be a very positive step forward.

Even though a discovery is a long shot, just one surprising hole could change the state's financial outlook.

Recent Senate action will delay efforts to open ANWR to drilling. Congressional authorization to build the trans-Alaska oil pipeline didn't come before frustrating delays and setbacks.

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Still some hope for ANWR

(Continued from page 6)
What now for ANWR?

Although a compromise energy bill calling for oil development in a small fraction of the Arctic National Wildlife Refuge has been blocked from advancing to the Senate floor by a filibuster, a glimmer of hope continues to flicker in Washington for a national energy policy, according to proponents of ANWR drilling.

The Senate’s refusal to debate S. 1220, the National Energy Security Act of 1991, dealt a setback to those wanting to open the Coastal Plain of ANWR to oil development, but it was only the first skirmish of a major legislative battle, noted ERC board member Roger Herrera.

Becky Gay, the state’s ANWR coordinator, agreed with Herrera that the Senate’s recent failure to overcome the filibuster represents a momentary setback and not defeat. She joined Herrera in encouraging ANWR supporters to contact the White House to urge President George Bush to take a leading role on the issue.

Opponents of the proposed national energy bill staged a filibuster November 1 to block the bill from advancing to the Senate floor where it would have been debated and voted upon. The Senate voted 50-44 in an attempt to kill the filibuster, but 60 “nuclear” votes were needed. Six senators were absent at the time of the vote.

“Basically half the Senate voted to stop the filibuster, but a vocal minority of 44 senators successfully obstructed the legislative process to prevent consideration of the energy bill by the full Senate,” Gay said. “If the energy bill was on the floor, the 50 votes cast would have carried the bill with the Vice President breaking the tie.”

Preservationists pulled out all stops to filibuster the energy bill and prevent a vote by the full Senate, recognizing the energy issue as a chance of gaining the necessary simple majority for passage.

Expressing frustration, Gay said the state’s ANWR effort was “gates” to a 15-round fight, yet we couldn’t even get in the ring.”

Uwe Gross, Chief Executive Officer of Koniag, Inc., and a RDC board member, noted that a number of senators supportive of ANWR drilling voted to maintain the filibuster and halt the bill at the Senate door because of numerous controversial provisions in the broad energy package. “Because the energy bill is so comprehensive and covers so many areas, there is something in it for everyone to hate,” Gross said.

Provisions to increase fuel efficiency standards in cars and trucks drew intense opposition from the powerful auto industry. The Senate failed to overcome the filibuster and halt the bill by the Senate floor where it deserves to be debated on its merits and voted upon by the “greatest debating body in the world.”

Gross called the Senate cloture vote today at 02:45 pm with a brief public opinion message urging the President to take a leading role in encouraging the Senate to end the filibuster and debate the proposed national energy bill, S. 1220.

Urge others to respond. Your call will help, encourage friends, relatives and business associates in other states to call to the White House and express support for S. 1220 and ANWR.

One surprising hole could change Alaska’s entire financial outlook

A big unknown in Alaska is the oil potential of our many onshore and off shore basins. These basins are scattered all over the state and they are huge in size. Popular geologic wisdom is that most of Alaska’s basins have low oil potential. So low, in fact that hardly a well has ever been drilled to find out what’s in them.

So low, in fact, that few wells have been drilled because the oil potential is considered low, but nobody really knows because so few holes have been drilled.

There are three major landowners involved, the State of Alaska, Native Corporations and the federal government. A lot of the federal land has been placed into conservation units, some which theoretically could be opened to oil and gas production if anyone could show sufficient reason. Federal land outside conservation units could be opened to leasing more easily.

At this time, the state receives 90 percent of the royalties on conservation units. If the state sells the properties, the state receives 100 percent of the severance tax. If oil is discovered on state lands, the state receives 100 percent of any royalties it imposes plus all of the severance tax. On Native lands, the state will also do well - all the incomes, plus all the royalty that originates beneath any navigable waterbodies. Most prospective oil and gas areas are, however, so small that water bodies that the state’s share on Native lands could be substantial in some areas.

“The state should allow companies to drill these holes and in some manner offset these direct expenses against their royalties and severance taxes.”

There are other reasons to explore these Interior basins. It huge finds are not made, smaller accumulations of gas could be a boost to rural communities without being classed as state power subsidies. Geological information, good or bad, will help the state and Native landowners determine which lands they should ultimately acquire. Finally, the information would be very useful when various future land classification proposals are considered by the federal or state government.

These areas are speculative. They saw little drilling even during the heyday of oil prices. What is needed to evaluate these lands? The answer, I believe, is that the state should invest in drilling itself. This drilling is essentially R & D, pioneering work that cannot compete with the world’s better defined geological provinces. The state should allow companies to drill these holes and in some manner offset the direct expenses against their royalties and severance tax obligations. There are other reasons to explore these Interior basins. It huge finds are not made, smaller accumulations of gas could be a boost to rural communities.

While the Commissioner’s 1994 deadline is imminent, the drilling information needed to understand the geology of these areas cannot fully be gathered in that time frame. Even though...
The land of opportunity has evolved into the land of disappointment being narrowed by power shifts sweeping society and government. Environmental legislation, a hostile regulatory climate and overly restrictive government policies have held back some firms from doing business in Alaska. In this segment, resource producers tell us where it hurts. What can Alaska do to provide relief and encourage these companies to invest in Alaska’s future?

Fossil Fuel Power: A Continuing Need

Oil, natural gas, coal and other fossil fuels will play a significant role for decades to come because the nation’s economic infrastructure requires fossil fuels. Even if the nation were to suddenly increase conservation efforts dramatically, America can’t conserve or windmill itself into a stable energy supply. In this dynamic segment, leading energy authorities examine the fossil fuel piece of the power puzzle and how power shifts in society and environment will affect the development of fossil fuels. What do these power shifts mean to Alaska? How can Alaska, with its abundant oil, gas, coal and other mineral resources play a central role in solving the puzzle?