

They maintained the FEIS failed to adequately analyze alternative means of access and did not sufficiently address potential socio-environmental impacts of road construction or impacts of — or alternatives to — the developed mine. They also felt the decision jeopardized the proposed wilderness status of the Misty Fjords area.

Watson's decision will be reviewed by the regional forester in Juneau. If opponents

are not satisfied, they may then appeal to the chief forester of the United States in Washington, D.C. After all administrative appeals are exhausted the final decision could be challenged in the courts.

Because of the importance of this decision to the Ketchikan area and the possible implications for future mineral development in the State, OMAR will keep you informed of developments and any action required.

## COAL — A TRILLION TONS OF IT

The University of Alaska, Fairbanks, may be selected as one of ten coal research laboratories to be established in the United States under Title VIII of the Surface Mining Control and Reclamation Act of 1977.

The Act requires laboratories to be located at institutions of higher education in states having abundant coal reserves, with at least one facility established within each of the major coal provinces recognized by the Bureau of Mines, including Alaska. Title VIII further stipulates that selected universities must have currently active programs in coal research and the capacity to establish and operate the facility assisted under the Title.

The University of Alaska is active in coal research, stimulated several years ago by a

Usibelli Coal Mine grant. An application for federal funds is being prepared for submission by the University. However, non-federal matching funds (50%) are limited, and according to Earl Beistline, Dean of the University's School of Mineral Industry, special legislation may be necessary.

While the amount of Alaska's coal deposits is not accurately known, some geologists estimate reserves of one trillion tons — nearly a 2,000 year supply at 1976 U. S. production rates.

To begin now to investigate the potential for productive use of Alaska's coal can only serve to facilitate economically and environmentally sound resource development.

## RIGHT WORDS, WRONG SECTION

A letter enclosed with your December 1977 *Resource Review* stated "Business contributions are tax deductible as ordinary

business expense under Sec. 506 (c) 3 of the Internal Revenue Code." The section referred to should have been 501 (c) 6.

## WESTERN STATES TO UNITE ON RESOURCE ISSUES

A Western States Coalition is being formed to address regional and national resource management issues in the thirteen western states.

An organizational meeting of labor, industry and legislative representatives will be held in Spokane, Washington, February 12 and 13. Seven states will be involved in the first meeting — Alaska, Washington, Oregon, California, Montana, Idaho and Utah. At that time the organization will be established that can then identify projects and procedures.

OMAR and the Western Environmental Trade Association based in Seattle are working together on organizational details.

Land use is certain to be a key issue, according to Paula Easley, OMAR executive director. "Regulations affecting national timber land, of which some 80% lies in the western states, coal and mineral extraction, agricultural reclamation, water, energy and transportation—these are areas in which the coalition may focus," said Easley. "By working as a strong coalition, the western states will have substantially more impact than would each state fighting its own battle."

OMAR executive committee member Guy Stringham stated: "The suggestion that Alaska become active in this type effort has been made numerous times over the years. It's exciting to have it finally under way."

## HOUSEWARMING TO BE ANNOUNCED

OMAR's new home: 627 West Third, Anchorage, 99501.

Same box number: Box 516, Anchorage,

99510.

Open house will be held soon after moving day, January 30.

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# OMAR RESOURCE REVIEW

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January 1978

## NEW YEAR'S RESOLUTIONS

Tom Kelly's weekly column (*Anchorage Times*, 1-15-78) suggested 1978 resolutions for legislators. Two we particularly liked: "Do something positive to encourage job opportunities other than in government by enacting or reenacting laws or policies that are an incentive to business and industry." The other would have the legislature uphold Article VIII

of the State Constitution: "IT IS THE POLICY OF THE STATE TO ENCOURAGE THE SETTLEMENT OF ITS LAND AND THE DEVELOPMENT OF ITS RESOURCES BY MAKING THEM AVAILABLE FOR MAXIMUM USE CONSISTENT WITH THE PUBLIC INTEREST."

## ALASKA— ENERGY CENTER OF THE WORLD

"The combination of Alaska's energy resources—oil, gas, coal, uranium, wood, hydro and geothermal power—and energy operations—such as TAPS, Cook Inlet, the Kenai and North Pole refineries, the Usibelli Coal Mine—makes Alaska the energy center of the world," said Dr. Gene Rutledge at OMAR's January 5 meeting. Rutledge is Project Leader of the Alaska Regional Energy Resource Planning Project.

With this combination Dr. Rutledge hopes to see Alaska become the "energy

education center" of the world. Rutledge is working with Alaska Methodist University to assess interest in developing a "Pacific-Polar Rims Energy Institute." Rutledge sees the Institute as a center for research and planning projects related to Pacific-Polar Rims' energy resources.

A new course on Alaska's energy resources is being offered by Dr. Rutledge at AMU this semester. OMAR staff members Judy Rolle and Donna Dent are enrolled.

## OMAR FORMS NEW DIVISIONS

Five divisions have been established in the statewide operation of the Organization for the Management of Alaska's Resources. In a January 19 release, Robert Fleming, OMAR President, announced formation of the divisions "to more effectively deal with the vast complexity of resource development issues facing Alaska."

The five divisions are: (1) Land, Minerals and Energy, (2) Forestry and Agriculture, (3) Fisheries, (4) Transportation and (5) Recreation and Tourism. Technical advisors are being selected for each division. Management of division activities will be the responsibility of five division directors.

Fleming stated the new management plan would enable statewide members to concentrate their activities in specific areas of interest and to develop information for the entire organization and public.

Fleming also announced that individuals, businesses and governments will now be able to earmark contributions to any of the five divisions.

OMAR was incorporated in April 1975 "to insure the wise management of Alaska's natural resources for the benefit to all Americans" and has a membership of over 6,000. Persons wishing to work for specific divisions are urged to contact OMAR headquarters in Anchorage.

## SUSITNA/WATANA DAM PROJECT

Three million dollars of Corps of Engineers' funds have been given to the Corps' Alaska District to gather additional data to supplement its feasibility study of the power potential of the Upper Susitna River.

At Congressional direction, the Corps prepared a feasibility study of the possible construction of two dams on the river, some 110 miles north of Anchorage, to provide electrical energy for the "Rainbelt" area from Fairbanks to the Kenai Peninsula. The dams, which could supply more than 60% of Rainbelt power needs, would constitute the largest hydroelectric project in North America.

The Corps' environmental impact statement on the \$2.1 billion project came under sharp criticism for not sufficiently addressing possible seismic problems. However, Colonel George R. Robertson, Alaska District Engineer, told OMAR "the Corps recognizes that additional data must be obtained to evaluate the seismic conditions and to develop ways to insure the economic viabilities of constructing

dams in that environment, and has included more than \$1 million for these investigations in the plan of study covering Phase 1 work. Recommendation for a go or no-go decision will not be made until completion of this four-year effort costing about \$25 million." Phase 1 will include more complete environmental study, cost-benefit analyses, advance engineering and design work.

The Alaska District was allocated the \$3 million to expand the 1975 feasibility study of foundation conditions at the proposed Watana dam site, and to perform other technical and economic studies before Phase 1 investigations are initiated.

Senator Mike Gravel continues his efforts to amend the Water Resources Act of 1976 to make it possible for the state to proceed as rapidly as possible with this much-needed project to reduce power costs for Alaskan citizens.

George Easley has headed the Susitna Dam Project for OMAR since 1975.

## NEW ESTIMATE ON COST OF ALCAN PIPELINE

A full-page *Wall Street Journal* ad on December 15 begins: "THE ALCAN PIPELINE. A project to be privately financed, that will cost more than the Apollo 11 Moonwalk, the Golden Gate Bridge, the Alaskan Pipeline

and the movie Star Wars. Combined."

The ad was placed by the Bank of America's World Banking Division. Seems an odd way to promote a badly-needed project struggling to put together a financing package.

## MEMBER OF THE MONTH (YEAR?) — DON HILL

It is with sadness we leave our favorite landlord, Don Hill, the end of January. Since July 1976 we have lived in comfortable luxury, compliments of the Wometco-Lathrop Company. The value of that generous firm's contribution of office space? No less than **\$43,605.00!!**

Don also has participated in virtually every OMAR project, no matter how time-consuming. Wometco-Lathrop's management outside the state worked tirelessly on the gas line issue and is now planning a campaign to help us on D-2.

## PETROCHEMICALS — NEW INDUSTRY FOR ALASKA?

Some 350 persons attended a December 10 petrochemicals symposium sponsored by OMAR, the Alaska State District Council of Laborers and the Anchorage Central Labor Council. Industry experts and state and community representatives discussed the technological, economic and social considerations of petrochemical development in Alaska.

Symposium participants were asked to complete a survey regarding the use of Alaska's oil and natural gas. Of 135 responses, 57% indicated a desire to see all royalty oil and gas used in Alaska for fuel and for petrochemical development, and 83% wanted the State to use investment or taxation policies to encourage in-state use of all or part of producer-owned oil and gas.

Respondents identified specific policies to encourage a petrochemicals industry: 28%

wanted incentive programs concerning loan guarantees or bond financing, 25% favored tax incentives, and 16% saw an advantage to making feedstocks available at reduced prices. 22% chose to let free market conditions decide the question.

Assuming such industry became a reality, participants were asked where it should be located. An overwhelming majority, 59%, responded: "Whichever region possesses the greatest economic and environmental advantages."

This response tells us Alaskans are moving to the conclusion that industry space benefits the entire state, regardless of its physical location.

Highlight of the meeting, in our opinion, was the valuable contribution made by community representatives John Carlson, Fair-

banks North Star Borough; Don Gilman, Kenai Peninsula Borough; Vincent O'Reilly, City of Kenai; Carl Heinmiller, City of Haines; Raymond Menaker, Haines Borough; George

Sullivan, Anchorage; and Lynn Chrystal, Valdez. Their comments were generally positive and supportive of development. Transcripts are available from OMAR.

## TO SUBSIDIZE OR NOT TO SUBSIDIZE

On the subject of an oil and natural gas-based petrochemicals industry in Alaska, Governor Jay Hammond recently commented, "I'm not saying I will absolutely oppose any subsidy whatsoever," and "I am disinclined because I don't think it is necessary. But I am willing to take a look at a modest subsidy if it reflects a broad, collective public benefit that couldn't be met as well by using the money

for something else."

OMAR, aware of political implications of the subsidy issue, is researching pros and cons of loan guarantees, capital loans, bond financing, tax holidays and other industrial incentives and exploring subsidy policies of other oil-producing states, with the assistance of A. Kermit Black, Vice President of the Pace Company consulting firm.

## SEED MONEY FOR AGRICULTURE

Last issue reported on state administration efforts to develop export markets for Delta-area barley. On January 6 Governor Hammond announced plans to create the "Alaska Agriculture Action Group" to coordinate future agriculture development and recommend agricultural projects" in which the state can and should play a legitimate role of encouragement and front end assistance." The governor said some 8 million acres of Alaska land were suitable for cultivation and another 8-9 million suitable for livestock pasture. To help the industry become self-

supporting, Hammond will request legislative funding of \$5 million this year and another \$8 to 10 million next year to place 50,000 acres of Delta land into production. He expressed confidence the venture could become profitable within a few years. Front end money would be used to clear land, divide it into farmable units and convey agricultural rights to farmers. Federal funds may be available to assist with land clearing and certain other costs.

OMAR, an advocate of this project for over a year, will support legislative funding.

## VALDEZ GETS CLEAN BILL OF AIR

A Dames and Moore study of the Valdez airshed was presented to the Valdez Council January 19. Mayor Lynn Chrystal said he was "extremely happy to see the results of this particular study. We think this will once again open the door for serious consideration of

Valdez as a site for the royalty refinery." The study concluded, in part, that the city could accommodate development equal to another oil terminal without violating clear air standards.

## UPDATE— U.S. BORAX MOLYBDENUM PROJECT

Eleven organizations have appealed to the Forest Service to cancel a permit allowing construction of an access road to U. S. Borax and Chemical Company's molybdenum claim in Southeast Alaska.

U. S. Borax began exploratory drilling in 1974 and found what could be one of the world's major molybdenum deposits at Quartz Hill, 45 miles east of Ketchikan. Molybdenum is used as an alloying agent to give strength and corrosion resistance to steel, cast iron and non-ferrous metals. There are no competitive substitutes for molybdenum in these applications.

If brought into production, U. S. Borax would construct an open pit mine, a concentrating plant to process 30,000 tons of ore per day, a dock and other support facilities at an estimated cost of \$250 million. The project would employ 700 to 1000 people during

construction and 500 full-time workers during operation.

To facilitate the larger scale operations, U. S. Borax applied for approval to build an access road from tidewater to the site. On November 4, 1977, Ketchikan Forest Supervisor Jim Watson approved the Final Environmental Impact Statement (FEIS) on the road and issued a special use permit.

Notice of appeal was filed on December 7 by the following groups: Sierra Club, Alaska Conservation Society, Southeast Alaska Conservation Council, Tongass Conservation Society, Wilderness Society, National Audubon Society, United Fishermen of Alaska, Commercial Fisherman's Cooperative Association, Alaska Trollers Association, Southeast Alaska Seine Boat Owners and Operators, and the Ketchikan Indian Corporation.

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