

Bear Creek Aims At Brooks Range Deposits

The development of Kennecott Copper Corporation deposits in the Brooks Range is at the top of Bear Creek Mining Company's priority list for Alaska, according to Russell C. Babcock, Vice President and Manager of Bear Creek, Alaska operations.

"Equally important is the exploration of other parts of Alaska and the discovery and development of those new deposits we know must be out there, still hidden by forests, ice or tundra," Babcock said.

His comments were delivered before a large crowd at a recent Resource Development Council breakfast meeting in Anchorage. Bear Creek is the exploration subsidiary of Kennecott Copper Company.

Exploration through the 1970's led to the discovery of several new deposits near the company's Ruby Creek and Arctic deposits in the Ambler District, situated along the south flank of the Brooks Range, Babcock said. In addition to Bear Creek's deposits in the central part of the district, Anaconda has made discoveries at Sun and Smucker on both ends of the district.

"Between these major known deposits are quite a few other prospects, some with very good potential for future ore discoveries," said Babcock. Copper, zinc, lead and silver all occur in most of the Ambler District deposits with copper most common in the Ruby Creek deposits. The Arctic Deposit has roughly equal amounts of copper and zinc.

Babcock says much of the mineralization in the district is probably only recoverable by underground mining

methods, but the Arctic Deposit may be accessible to lower-cost, open-pit mining.

The Arctic Deposit is the key to development of the district, Babcock pointed out.

Preliminary evaluation of the Arctic Deposit indicates that it could produce at the rate of 9,000 tons per day. Ore would be mined from an open pit, crushed, milled and the ore minerals recovered in separate copper, zinc and lead concentrates. The western United States and the Orient are likely markets for the minerals, Babcock said. Up to 600 people would be employed in the operation, predicts Babcock.

In what he calls an ideal development plan, activity would occur in three stages with production from the Ambler District beginning in about eight to ten years.

Babcock describes the first stage, now underway, as a two-to three-year period of low-level engineering during which time the technical and political aspects of gaining surface access to the district would be studied. At the end of this period, decisions could be made on methods and routes of access, rates of production for the mines and timing of subsequent activity.

The second stage, Babcock revealed, would be a four-year period of intensive planning, engineering work, socioeconomic and environmental studies and permitting. The third stage would involve final construction of the mine plant and completion of a transportation system, with the latter to coincide with the commencement of production.

The most attractive transportation mode appears to be rail. Babcock says rail is the most economical in both operating and maintenance costs and is environmentally sound and presents a socially controllable system under which impacts on people along the access route can be minimized. He added, "railroads last forever, with much less capital investment than other modes of transportation and offer very long-term benefits."

However, many problems face Bear Creek Mining Company in developing the Ambler District. Babcock pointed out that a railroad to the Ambler District, either from Nenana or from a new port on Norton Sound, is not yet economically feasible, in spite of the many advantages. Final ownership of the Alaska Railroad is presently in doubt, as are the terms under which it might be extended should it become the property of the State. In addition, Babcock says the attitude of the State toward resource taxation is at best unsettled.

"Another reality is the strong and justified concern of native groups and local residents, about both mine development and access," Babcock continued.

The world market economy in which the metals are priced and sold must also be considered, said Babcock.

The job that Bear Creek faces over the next two to three years is to try to pull all these needs and realities together into a reasonable, understandable and positive package," Babcock stated. "I believe we can do this."

 Resource Development Council
for Alaska, Inc.
Box 516, Anchorage, Alaska 99510

Resource Review

December 1981



Photo by Michael Broili

 Resource Development Council
for Alaska, Inc.

Box 516, Anchorage, Alaska 99510

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Message from the Executive Director

Paula P. Easley

Every now and then we hit on a publication that puts fire in our hearts. When this happens, we do everything possible to widely distribute it to people we believe would be interested.

Such a book is *The Taking*, and we want you to have it, read it and pass it on to your friends. It won't be available in book stores for some months, but you can order it from us. Cost of the book is \$6.95. Add \$2.50 for priority mail or 65¢ if you'd like it sent book rate. With that out of the way, I'll tell you why we are spreading the word about *The Taking*.

Nowhere have we seen a more concise documentation of blatant examples of government abuses of power—all in the name of environmental protection. Many of the case histories cited have been followed by RDC primarily because of the Pacific Legal Foundation's involvement in these cases. (We maintain the Alaska Liaison Office for the

Foundation.) The cases are fairly reported.

The authors, attorney Joseph Gughemetti and land-use consultant Eugene Wheeler, have been actively involved in land use and environmental issues for many years. They witness an environmental process, designed to protect natural resources and guide growth, become converted into a vehicle by which radical environmentalists hindered, delayed, altered and prevented projects and growth.

The preface asks these questions: How does one challenge the environmental movement without being labeled an anti-environmentalist? How does one reveal a series of disturbing events that make one question fundamental precepts of a movement seemingly above criticism? "It is difficult to envision an American who does not harbor a sincere concern for the protection of our natural resources and the quality of our environment. Yet it is just as difficult to envision an American who would not be disturbed by the events disclosed in this book," say the authors.

The Taking was not written as an attack on the legitimate goals of the environmental movement. It was written to tell the story of the victims of the abuses of the movement and its legal processes and of the terrifying precedential impact they have upon our future.

In addition to our readers ordering the book, we have requested funding from some of our coporate members so that we can make a gift of *The Taking* to members of local government bodies, legislators and candidates for political office, key state and federal officials in Alaska, the press, labor leaders, educators and others.

Coal Conference Aimed At Exports

The two-day Alaska Coal Marketing Conference scheduled for February 18-19 at the Anchorage Westward Hilton Hotel will feature national and international experts speaking on a variety of topics influencing development of Alaska's massive coal resources.

Geared to Alaska's export potential, the conference is being coordinated by the Resource Development Council, which staged Alaska's first coal marketing conference last January.

Governor Jay S. Hammond is expected to open the conference and Dixy Lee Ray, former Governor of Washington state, will follow with a report on The World Energy Crisis. C.R. Moore, Manager of Minerals Marketing for Getty Oil Company in Los Angeles, will speak on the Pacific rim steam coal demand. The opening day luncheon address will feature William Morris, Assistant Secretary of Trade Development, U.S.

Department of Commerce, detailing the Reagan Administration's national coal export policy. Mr. Morris is known as the "nation's top coal promo man."

Other opening day programs include Alaska's coal resources; the labor picture; coal projects and development plans, University of Alaska research projects and the state's role in industry development.

J. Ron Brinson, President of the American Association of Port Authorities, will lead off second-day activities with a discussion on port facilities planning. Carl Bagge, President of the National Coal Association, will deliver the luncheon address on the national outlook for steam coal exports.

Other speakers and programs include Baron Edmund de Rothschild of London reporting on international financing of Alaska coal ventures and Russell Schweickart, chairman of the

California Energy Commission, discussing potential markets for gasified coal and methanol.

Frank Jones, General Manager of the Alaska Railroad, will focus on rail transport of Alaska coal while John Bowersmith, Vice President of Soros Associates in New York, covers water transport of Alaska coal to the Orient.

Legislative priorities for coal development and joint venture opportunities will also be addressed before the conference concludes.

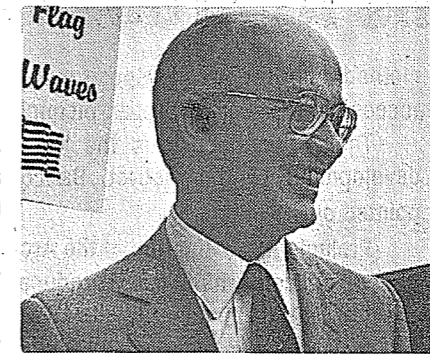
A brochure detailing various programs and registration information is now available and may be obtained by writing the Resource Development Council at Box 516, Anchorage, Alaska, 99510. Additional information is available at 278-9615, RDC headquarters.

Watt's Concept Under Attack

Washington DC is a city of causes. The Highway Users Federation offices are a block from Dupont Circle, the focal point for demonstrations, parades, rallies and petition-signing, so the other day while circumnavigating the Circle I was invited to sign a petition calling for the impeachment, or perhaps the drawing and quartering, of Interior Sec. James Watt. Normally I'll sign almost anything, but this time I declined.

It seems to me it is time for more people to come to the defense of James Watt. In the past few months, he has been the Administration's lightning rod on environmental matters. It appears he wants to establish a new balance between preserving and using our national resources. Highway users have a big stake in the new balance. We certainly have not done very well under the rules of the game as it has been played since Earth Day in 1970.

What seems to have inspired



Secretary James Watt

opposition to Watt is his support for the idea of multiple use. He has stated that "this country must commit itself to a reasonable and environmentally-conscious program for developing and using the tremendous energy resources our nation possesses."

There is nothing new in this approach to national energy goals. Under the mineral and mining laws passed at the turn of the century, as well as the Federal Land Policy and Management Act of 1976, federal lands are supposed to be managed under the principle of multiple use.

This principle is meant to balance

the many potential uses of federal lands, such as mineral extraction, wilderness development, recreation, grazing, and timbering. The principle accommodates longterm national needs for both renewable and non-renewable resources.

Federal lands, both onshore and offshore, hold more than half the nation's undiscovered energy resources and vast supplies of strategic minerals. If we don't fully explore and use these resources, we will continue to be at the mercy of insecure foreign energy supplies. If Secretary Watt's aim is to make fuller use of our own resources while providing adequate protection through rules that are important for cultural, agricultural, or other national purposes, then we ought to support him visibly.

In the final analysis, it is not Secretary Watt who is under attack, it is the principle of multiple use, and that principle is important to our continued mobility.

—Editorial by Pres. Peter G. Koltnow, Highway Users Federation, Washington

DEC Developing Waste-Oil Plan

Whether it's from changing the oil in your car or boat, Alaskans last year generated about 3 million gallons of waste oil. Since one pint of oil can create a slick covering a acre of water, state officials are justifiably concerned with waste oil reaching water.

"Expanded crank case, hydraulic and industrial oils, transmission fluid, gear lubricants and solvents constitute a significant threat to sensitive Alaska ecosystems," said Bill Leitch of the Department of Environmental conservation's water quality management section. "This waste is actually a resource which has value as a fuel or reprocessed lubricant."

In the past, waste oil has been used to control dust on gravel roads, but because of a new federal law, road oiling may soon be eliminated. New studies show almost seven of every ten gallons leaves the roadway on dust particles or in water runoff.

The U.S. Environmental Protection Agency has awarded DEC a grant for a pilot project aimed at finding alternative uses for the oil.

One use for waste oil is burning it as a fuel since it does contain a high BTU content per gallon. While this could aid in reducing utility bills, it would fulfill only a small portion of Alaska's total demand for fuel oils.

The biggest roadblock, Leitch says, will be setting up a reliable collection system for remote villages. A regional or statewide system will be needed to entice investors into an industry based on waste oil.

DEC is encouraging public comments in helping it find ways of dealing with the waste oil problem. Suggestions should be directed to your local DEC office or to Leitch in Juneau.

Chugach . . .

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land along the Lynn Canal in Southeast Alaska, but the Forest Service refused to release that or enough other valuable land. By law the state must receive land of equal value in any swap.

The proposal rejected by Chugach represented months of negotiations and included land on Nuchek, Latouche and Knight Islands in Prince William Sound. Other land includes about 49,000 acres thick with coal along the Bering River and about 19,000 acres of timber at Patton Bay on Montague Island. The proposal would have granted the corporation its full entitlement of 378,000 acres with comparable land values of \$111 million.

In last year's Alaska Lands bill, Congress recognized the native corporation could get mostly rugged, inaccessible land and instructed the federal government to work with Chugach to reach a fair settlement. A 60-day extension to continue negotiations has been requested.

Heatwole Stresses "Integrated Transportation"

For economic development to occur in Alaska's rich mining districts, an integrated transportation system is needed, according to Dave Heatwole, a geologist with Anaconda Copper Company.

Speaking before a transportation session of the recent Contemporary Consumer Issues Seminar sponsored by Atlantic Richfield Company, Heatwole said such a system could result in a \$250 million shot in the arm to the Alaska economy. He pointed out that hardrock mineral deposits in Alaska could generate about \$25 million and up to 700 new jobs per mine.

An integrated transportation system, including the extension of the Alaska Railroad and construction of a new port, is the key ingredient for developing a viable industry in Alaska, Heatwole said. Estimates of capital investments to upgrade the transportation system show that \$2 billion

will be required to improve highways and \$1 billion for airport improvements. No figures are available on the cost of railroad improvements and extensions.

Heatwole, also president of the Alaska Miners Association, said that when the transfer of the Alaska Railroad from federal to state control is negotiated, the state should ensure the line be allowed to cross federal lands which currently ban public transportation systems.

Expansion of the Port of Anchorage to allow for exportation of minerals to both the lower forty-eight and to foreign countries should also occur, Heatwole added.

The Anaconda geologist said of the existing known reserves, at least ten new mines could be developed and that would translate into \$250 million in state revenues and up to 7,000 new jobs.

RDC Backs Chugach Natives Request

The executive committee of the Resource Development Council has voted to back the request of Chugach Natives Inc., for valuable timber and mineral lands in the Prince William Sound area.

Chugach has been attempting to secure certain economically valuable lands in its region as its share of the

Alaska Native Claims Settlement. Chugach, whose region lies along the Gulf of Alaska and includes the Prince William Sound area, is the only native regional corporation that has received no land under the 1971 law. Its selections have been thwarted because of the complexity of federal ownership,

particularly the Chugach National Forest, within the region.

The Resource Development Council noted in a resolution passed by the executive committee that "the participants in the Chugach Region Study have been unable to reach a consensus solution to date to this issue, and the parties appear to be quite far apart."

The Council action supports Chugach's request for lands at Patton Bay on Montague Island and Cape Yakataga and the Bering River Coal deposits, all of which have strong potential for the development of natural resources.

Chugach recently rejected an Interior and Agriculture department proposal of 378,000 acres. Lloyd Meeds, legal counsel for Chugach, said 70 percent of the land would come from mountaintops, glaciers or other unacceptable areas. He also said too much of the land in the Prince William Sound area is environmentally sensitive and couldn't be developed.

The key to a settlement centers around a 78,000-acre parcel at Yakataga that's among the richest timber land the state owns. For Chugach to obtain that land, the federal government must first purchase it from the state. Meeds said the state would have traded for timber

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Mayors Applaud Industry . . .

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financial, distribution and administrative center for the state means Anchorage will continue to provide goods and services to other regions."

Becker summarized past and future impacts of petroleum development on the Anchorage infrastructure in areas including education, housing, health and social services, public safety, utilities and recreation services. He said that "proactive comprehensive planning and implementation is and will be more cost-effective for all segments of the society than reactive crisis management."

Mayor Stan Thompson, Kenai Peninsula Borough, said "the role of the petroleum industry must not be recognized only for its contributions to our economic well-being, but for its good citizenship as well." Thompson said "we feel that developments by the industry on the Peninsula are an excellent example of how much care is taken in meshing with the community, the environment and other resource industries."

City of Kenai Mayor Vince O'Reilly spoke of the 25th anniversary of the discovery of oil at Swanson River on the North Kenai. He said the significance of that find is well represented by the presence of the oil and gas industry and the magnitude of its place in the state's economy.

Dorothy Jones, Deputy Mayor and Assemblywoman of the Matanuska-Susitna Borough, said that even though there isn't any direct oil development in the valley, benefits are present in the form of road improvements, schools, utilities, health services, public safety, recreation facilities and taxes.



At left, media representatives Grace Pleasants, Jeff Day and John Valentine question Governor Hammond's Deputy Commissioner of Natural Resources Jeff Haynes, Revenue Commissioner Tom Williams, Commerce and Economic



Development Commissioner Chuck Webber and Deputy Commissioner of Fish & Game William Demmert at the Oil and Gas Policy Forum.

PIAW Features Oil & Gas Policy Forum

Nearly 200 people packed the Anchorage Elks Club November 12 to hear separate panels of administrative, legislative and petroleum industry officials respond to questions from three media representatives at a public forum on oil and gas policy. Sponsored by the Resource Development Council, the forum was one of many activities staged during Petroleum Industry Awareness Week, November 9-14.

John Valentine, KIMO-TV, Grace Pleasants, Tundra Times; and Jeff Day, KYAK Radio, posed questions on oil and gas policies, exploration and development in outer-continental shelf and coastal areas for nearly three hours to the panels.

In the first session, top Hammond administration officials downplayed the significance of a proposed billion-dollar state contribution to help build the Northwest Alaska Gas Pipeline. Revenue Commissioner Tom Williams said "The project has grown too large for us to guarantee significant financing of the pipeline in any way." Commerce and Economic Development Commissioner Chuck Webber agreed, calling eventual construction of the gas line "probable and possible." However, Williams expressed caution, saying "the jury is still out."

Two deputy commissioners, Jeff Haynes of Natural Resources and William Demmert of Fish and Game, were also questioned.

Lawmakers briefly discussed the possibility of voting next session to put

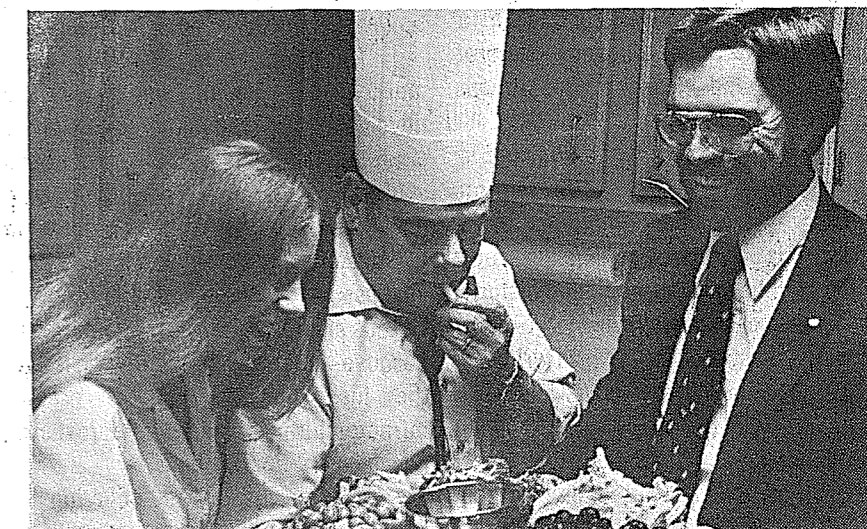
the issue of state financing of the gas line on the November 1982 ballot. The lawmakers panel, comprised of Senators Pat Rodey and Mike Colletta and representatives Rick Halford and Sam Cotten, generally feel the current level of industry taxation is about right. Both administrative and legislative panels talked of the oil industry as a partner and expressed the desire to avoid confrontation.

"I think the people of Alaska appreciate the oil industry and enjoy the benefits of it," said Rep. Sam Cotten, D-Eagle River.

Speaking of partnership, industry

officials stressed the need for all parties to determine roles and responsibilities and to work in harmony. They mentioned the partnership has in the past been one of "partner, you make it," instead of "partner, what can we do to help you make it and provide your business with a more secure and compatible climate."

Roger Herrera of Sohio Alaska Petroleum Company said there is no reason why problems between the industry and the state can't be solved quickly. Other industry representatives included Dennis Juren, Tesoro; Robert Crosky, Arco Alaska; and Al Herman, Exxon USA.



Karen Sandland and William Purrington, right, sample goodies made by Marshall Stockwell of International Superior Services for the Resource Development Council's "Blowout" party November 14 at the Elks Club. The get-together attracted a large crowd and served as the climax for Petroleum Industry Awareness Week. Purrington is a member of RDC's statewide board of directors.

Mayors Applaud Industry

"The role of the petroleum industry must not be recognized only in their contributions to our economic well being but to their good citizenship as well."

—Mayor Stan Thompson
Kenai Peninsula Borough

"We are proud of the fact that when others attempted to block the construction of the pipeline and its terminal, we accepted it to our community," said Steven McAlpine, Mayor of Valdez.

McAlpine and four other top community officials discussed the impact of petroleum development in their areas at the Oil and Gas Policy Forum luncheon November 12 at the Anchorage Elks Club.

"While others said don't build, the fish will die, we joined other Alaskans and urged its construction," McAlpine said. Last year, he said, a record 24 million salmon were harvested from Prince William Sound with a predicted return of 31 million for next year.

McAlpine said, "In the past, we could afford to do little more than pump our sewage into the bay, but today it is treated in a system designed to handle not only today's needs, but tomorrow's growth." He added, "We were told the monstrosity (oil terminal) being built across the bay would ruin a thriving tourist industry. . . today you cannot find an empty hotel room between Memorial Day and Labor Day.

It was not conservation that brought Valdez the highest per capita income and the most stable economy in the state, it was action, and it was oil," McAlpine stated. "We know now that man has the technological capability to build and live in harmony with nature."

Chuck Becker, Director of Economic Development for Anchorage, said future oil and gas development projects in virtually any part of the state will have significant impacts on Anchorage. "Not only will Anchorage continue as the primary service center and headquarters for oil companies, but its role as

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Timber Processing Key To Diversification

Possibly the most important issue in diversifying Alaska's natural resources economy, is the domestic processing of timber resources, says Guy Martin, a former Alaska Commissioner of Natural Resources and Interior Department official.

The issue is scarcely addressed in the regional forest plan which encompasses all Alaska national forest lands. "It is considered beyond the scope of the plan because existing and historic policy has been to restrict the large-scale export of most species," Martin writes in a November newspaper guest editorial. "Alaska should press this issue to begin to gradually increase both the understanding and direction of the state's timber policies in response to the international timber economy."

Martin believes Alaska plays a genuine role in maintaining the U.S. position in the world timber market, but that role is subservient to the Pacific Northwest and the fast-growth timber

resources of the southeastern United States. He sees Canadian exports also cutting into potential markets for Alaska timber.

"The big issue is where the future markets for Alaska timber will be developed; the subsidiary question is what products the state should be selling," said Martin. The state should now consider greater in-state processing of Alaska timber resources, not only because it is timely during another serious slump in the timber business, but because the state has the revenues and the inclination to support greater infrastructure for renewable resource development, Martin adds.

Martin says it is sobering to remember that in Alaska, as with so many other resources, Alaskans live next to the forest yet import many thousands of dollars in timber products from the Pudget Sound area every year.

Developing greater industrial capacity to process timber in Alaska

should be considered, in Martin's opinion. "Creative initiatives in this direction," he stresses, "will improve Alaska's position for future marketing in the Pacific Rim, could play a part in diversifying the state resource economy and add jobs to the renewable sector."

Resource Review is the official monthly newsletter of the Resource Development Council for Alaska, Inc., Box 516, 444 West 7th Avenue, Anchorage, Alaska 99510. Phone (907) 278-9615.

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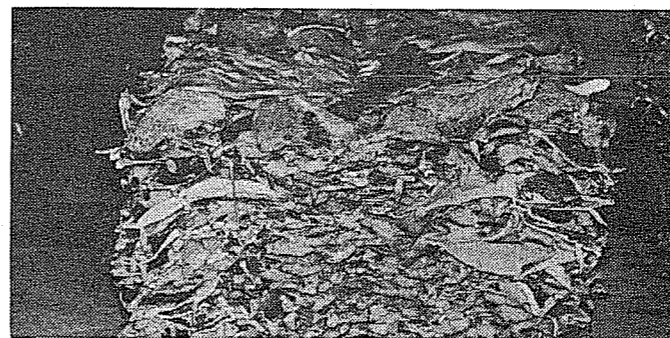


Photo by Michael Broili

Alaska Pollock Industry Needs Infrastructure Development

State efforts in stimulating the world's biggest individual fishery, Alaska pollock, should be directed at building shore-based facilities and harbors, says Dayton Lee Alverson of Natural Resources Consultants.

Speaking at a Resource Development Council breakfast meeting last month, Alverson said Alaska should focus on building harbors instead of providing low-interest loans to fishermen in promoting development of the fishery. Once the facilities are built a large portion of the southern forty-eight fleet would base its boats in Alaska and hire crews directly out of Alaska fishing communities, Alverson predicted. In addition, the fleet's catch would be discharged in Alaska. Almost the entire southern fishing fleet is based in Seattle with most of its crews hired there too.

Currently 39 vessels in joint ventures with foreign fishing companies are fishing for pollock in Alaska waters. More than 450 boats are engaged in profitable joint-venture operations off the Pacific Coast in Washington, Oregon and California. However, Alverson states that the fleet operating in Alaska produces more bottomfish than the entire southern fleet.

"Ultimately we would like to transfer that (Alaska joint ventures with foreign companies) into an all U.S. activity, but it's going to take time," Alverson said.

The biggest roadblock Alverson sees to the development of the Alaska fishery, besides the lack of support facilities on shore, is high interest rates. Foreign vessels now dominate the fishery because they are

equipped with low-interest financing and high technology.

Alverson said foreign governments provide their fishing industries with three percent loans while in the United States the rate has been as high as 18 percent. "We've made major strides in the first step (of developing the fishery) and that is learning how to harvest," Alverson said. "It is now strictly a matter of economics as high technology is now available."

The value of the pollock resource in Alaska waters is approximately \$4 billion at the consumer level, said Alverson. To fisherman, the fish is worth about \$1 billion.

He said about 25 percent of the world's pollock can be found in Alaska waters while the rest live off Japan, Korea and the USSR.

Alverson, who also addressed a pollock seminar sponsored by the Alaska Fisheries Development Foundation, predicts that through 1985 joint ventures will continue to dominate the domestic pollock fishery. "Then more U.S. processors will enter the field at sea, which is the way to get the highest volume at the least cost," said Alverson.

By 1990, Alverson sees shoreside processing plants that will concentrate first on processing the high-value species.

The pollock fishery will never be Alaska's largest industry, but according to Alverson, it will "provide a significant avenue for profit and employment."

Watch Your Business Cards In Japan

Many Americans take business cards for granted and that is a mistake when conducting business in Japan.

The business card in Japan is an instant mini-resume which ceremonially draws people together and is known as an executive's trademark.

Due to the importance of business cards to the Japanese, one should not carelessly dispense or accept cards, according to a report in TRAK, a newsletter compiled by the Alaska State Asian Office. For an Alaskan businessperson to make a call or receive a Japanese visitor without a card is like "going off to hunt Kodiak bear without

a rifle," the newsletter said. It is considered bad form to greet someone and then, flipping through a card holder, apologize for being out of cards.

In addition, one should always stand when giving or accepting a business card. The card should not be put away until one is familiar with important data such as name, position, location and company of the visitor. It is considered inexcusable to put a card away with the briefest glance and then peek into your pocket to recall the visitor's name.