

AMA Plans Canadian Arctic Trips

The Alaska Miners Association is conducting two trips to the Canadian Arctic of government and industry leaders to examine first hand the viability of hard rock mining under remote Arctic conditions. AMA anticipates that the Arctic trips, scheduled for April and July, will stimulate new ideas on what is needed to spark mining activity in Interior Alaska.

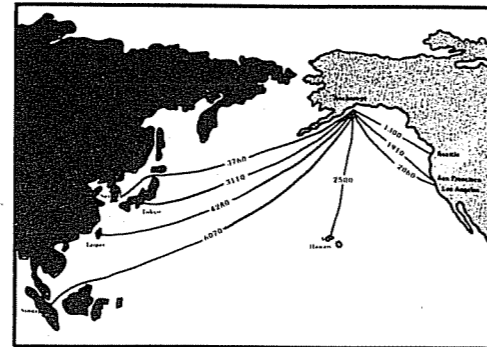
The seven-day identical trips are being coordinated by Ron Sheardown, a miner with extensive experience in the Canadian Arctic. Approximately 40 people can be accommodated on each trip at a total cost of \$2,000 per person. Besides industry and government officials, the trips will also include numerous engineers and geologists familiar with Alaska's mineral potential land development problems.

The trip begins with a stop in Whitehorse, Yukon Territory for a meeting with the Yukon Territorial Commissioner for discussion of government relations and northern mine development. Following the meeting, the Alaska visitors fly to Pine Point Mine and railroad facility in the Northwest Territories. The itinerary includes stops at the Giant Yellow Knife gold mines, the Lupin Mine at Contwoyo Lake, NWT, Reseloute, the Nanisivik Mine and the Polaris Mine deep in the Canadian Arctic.

For additional information on the trips, call the Alaska Miners Association at 276-0347.

Hurry!

Proceedings ALASKA COAL MARKETING CONFERENCE



February 18-19, 1982 Anchorage, Alaska

Coordinated by:
The Resource Development Council and
the State of Alaska, Department of Commerce and
Economic Development

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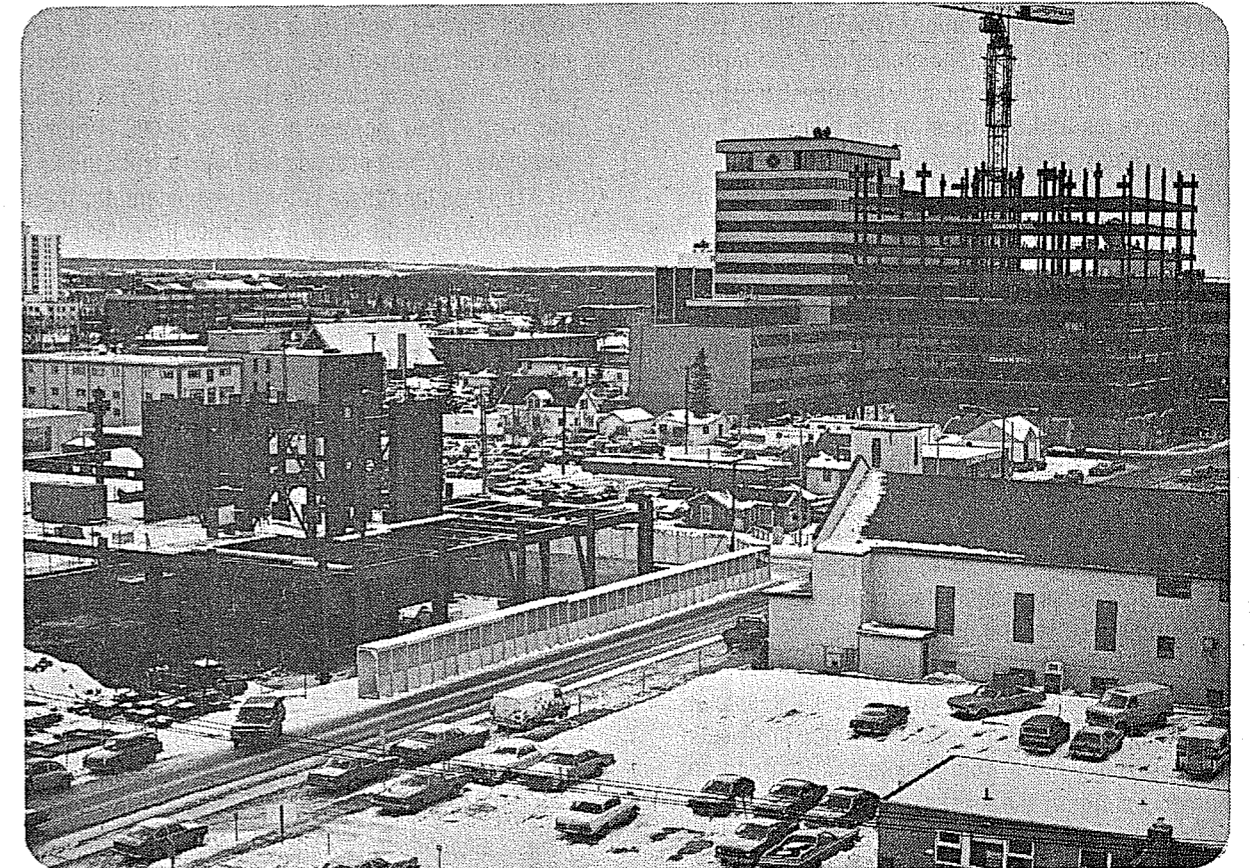
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Resource Review

February - March 1982



Development of Alaska's natural resources has a stimulating effect on the Anchorage economy where numerous large buildings are now under construction to meet the growing demand for quality office space. At right, the 22-story Arco Tower rises while the first level of the 20-story Hunt Building is constructed at left.

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Message from the Executive Director

Paula P. Easley

If you think the housing situation in Alaska is bad, talk to the folks in California. One outspoken resident, California Assemblywoman Carol Hallett, recently bemoaned housing costs and shortages and laid most of the blame on "our state's Zen governor and his army of social engineers."

Hallett said two castes were being created in California: "those who own homes and those who never will."

There is plenty of land in California, over a hundred

million acres, half of which is owned by the government. Only 2.6% of the state is used for urban purposes. While only an additional 1% is projected for this need in the next 20 years, very little land is receiving development approval from local agencies. Hence the reason for skyrocketing land values.

California needs a million new housing units over the next four years, but housing starts **dropped** nearly 50% in 1979 and even more in 1980. The price of average homes accelerated nearly 20% a year during the last decade while wages went up less than 6% per year.

Who's to blame? Groups fighting for decent housing say it's the red tape, government interference, tons of paperwork, conflicting codes, moratoriums, environmental impact studies, open space costs, conditions placed on permits and constant delays. Recently-passed energy conservation laws, for example, have added \$1,000 to \$3,000 to the cost of new homes. And each \$1,000 in added costs eliminates 100,000 prospective buyers from the market.

The less land there is for development, the greater the restrictions. Alaska could experience the same horrendous problem California now has. There's no question about it, we need to become more involved in land use issues.

Morris Outlines Coal Policy

Alaska will likely play a leading role in the Reagan administration's commitment to establishing the United States as the world's most reliable coal supplier, says the federal government's top coal promoter.

William Morris, Assistant Secretary of Commerce for Trade Development, told a gathering of over 400 people at the Alaska Coal Marketing Conference that "the prospects for significant coal exports from Alaska contribute to an even brighter picture for the local economy and would be welcomed enthusiastically by this administration." He said Alaska has an outstanding opportunity "with your geographic location, coal reserves and your tremendous attitude."

Morris was keynote speaker at the opening day luncheon of the two-day conference held February 18-19 at the Anchorage Westward Hilton Hotel. Coordinated by the Resource Development Council, the event attracted participants from Asia, Europe, Canada and the continental U.S. Legislators, foreign trade officials, industry executives, state administrators, shipping and railroad officials and others spoke extensively on the state's trillions of tons of coal reserves and problems encountered in developing the resource.

In outlining the administration's national coal export policy, Morris said the federal government's role was not to subsidize coal exports but to expedite them. He added that the administration would reduce obstacles to coal



William Morris, Assistant Secretary of Commerce for Trade Development, outlines the Reagan administration's national coal export policy before 435 Alaska Coal Marketing Conference delegates at the Anchorage Westward Hilton Hotel.

exporting created by over-regulation and unnecessary red tape.

The Army Corps of Engineers will improve its ability to speed up permit-issuing and project construction, Morris said. He also pointed out that all government agencies will work to ensure that federal policies keep export possibilities in mind and that the administration will consider potential export demand in setting coal leasing procedures.

Morris called Alaska's coal reserves "America's ace in the hole" for increasing exports and improving the balance of trade. He said Alaska's strategic location on the northern Pacific Rim "puts it in an admirable position to capitalize on key developing markets."

RDC Shows Northern Tier Support In Newspaper Ads

In a show of support for the Northern Tier Pipeline, the Resource Development Council placed a full-page ad in the Seattle Times and the Seattle Post Intelligencer on January 11 urging Washington State to make a positive decision on the crucial energy project.

The ad said that since there is a need for Alaska natural gas and for lessening our nation's dependence on foreign oil, "the same logic should apply to the need for Prudhoe Bay oil and the most economic means for transporting and distributing that critical resource."

The ad asked, "We wonder why some in Washington endorse the gas line, but oppose the Northern Tier oil pipeline. Surely it's not the old syndrome that 'we want the oil, so long as it's developed on someone else's turf.'"

The ad continued, "Alaska is ready and willing to produce more oil to meet our nation's needs, but we can only do so much. Other states must assume some responsibility for getting Alaska's oil to refineries and ultimately to the consumers who need it."

Alaska has compiled an outstanding environmental record in its 25 years of fossil fuel production, and more than 2,500 tankers have sailed safely through the Valdez harbor carrying Alaska oil to southern refineries, the ad pointed out.

"It makes unquestionable sense for a west-to-east pipeline to be in place to carry Alaska's petroleum resources where they are needed, when they are needed.

"Washington's sister states--one with the supply and the others with the demands--are anxious to do their share. The missing link is Washington State."

The Washington Energy Facility Site Evaluation Council has recommended that Washington Governor John Spellman reject Northern Tier's application for state approval of its proposed pipeline and oil port. The company wants to build an oil port at Port Angeles that would feed a 1,500-mile pipeline of Alaska oil to Minnesota. The governor has 60 days in which to make his decision.

Council Chooses Blossom . . .

Continued from page 6

avalanche-generated accidents would be far greater along the Keta and would increase the incidence of adverse stream impacts.

"Although more fish may potentially be impacted in the combined Blossom and Wilson River systems, the probability of greater adverse impacts on the more valuable King and Coho species is higher in the Keta road area," states the RDC summary.

The largest of the three runs occurs in the Wilson River which has very little potential impact by road construction sedimentation, the major long-term potential impact.

The Council's ERT reached its decision supporting the Blossom river route after examining the DEIS, related documents, and holding numerous interviews with representatives of United Fishermen of Alaska, U.S. Borax,

Legislature Stands Ready To Help Coal

Senator Bettye Fahrenkamp, Chairman of the Senate Resources Committee, said the legislature is well aware of some of the problems the coal industry faces "because we are faced with the same ones."

Joining Representative Bob Bettisworth in addressing legislative priorities for coal development, Fahrenkamp asked "how do we handle the one side...who say the resources belong to all the people of the state and therefore all should derive benefits from it in the form of a large tax, and the others who say no, we have to help the mining industry get off the ground. . ."

Fahrenkamp said the Senate realizes the coal industry's potential in Alaska and that with its help, "we can make that potential a reality." The Senator added, "we can compete on the world markets and help with the balance of trade."

As Alaska strives to reach those goals, Fahrenkamp continued, "we necessarily ask, what steps do we take, where do we go from here, how can we help this industry reach its potential?" Fahrenkamp emphasized, "we do want to understand your problems and we do want to try to help."

RDC Recommends Blossom Access To Mine

Citing human safety as the basis for its recommendation, an Environmental Review Team (ERT) formed by the Resource Development Council selected the Blossom River route for access to the U.S. Borax molybdenum mine near Ketchikan. Dr. Paul Rusanowski, a biologist, headed the 15-person research team.

The Council's position urged the U.S. Forest Service to approve road access to the mine through the Blossom corridor. Persons serving on the ERT had expertise in biology, hydrology, engineering, road construction, geology, avalanche control, forestry and land-use planning and came from private industry and government agencies.

In its in-depth report, the research team found that the alternative access route along the Keta River would be "unavoidably and continually susceptible to avalanche danger."

According to Keith Stump, RDC staff coordinator of the project, the Keta townsite is also near the base of an avalanche track and located on floodplain. U.S. Borax has said it does not believe it could build a town on the Keta side nor keep workers at any available site in the hostile Keta environment.

"Not only would the Keta route delay the project one year because of construction downtime during salmon

spawning and migrating seasons, but the road itself would be more costly to build when considering expansions to a main haul road," said Stump. The road would also involve substantially higher operating costs due to constant avalanche control activities and road closures, and would increase transportation expenses due to the additional fifteen miles of distance to and from Ketchikan, Stump added.

After a thorough analysis of the Draft Environmental Impact Statement prepared by the Forest Service, the ERT concluded that arguments for and against both the Keta and Blossom routes as they relate to the wilderness and recreational values of Misty Fjord, did not clearly favor one route over the other. Stump said "each side has its valid points."

In citing fishery impacts, the ERT reported that fishery habitat would be less impacted along the Blossom corridor since the river is protected by a quarter to three-quarter mile buffer between it and the road for all but a small portion near the end of the river. The Keta road would cross and repeatedly encroach on the river bed over half the road's length, offering little or no buffering protection from road construction, says the ERT. It also found that

Continued next page

Commissioners Pledge Support For Coal

Three Alaska state commissioners addressing the Alaska Coal Marketing Conference echoed the need for the development of Alaska's coal resources to diversify the economy and break the state's singular dependence on petroleum revenues.

Charles Webber, Commissioner of Commerce and Economic Development, said Alaska has the coal and capability to compete in the international market, but developing the resource and creating an infrastructure to support that industry may only be the beginning.

"The ultimate emergence of Alaska, as not only a producer of raw resources but as a manufacturer of goods, is not only possible but probable," Webber stated. "The state can finally break its historic dependence on federally subsidized projects, and most recently, its dependence on petroleum revenues."

Webber said the state must make the commitment to facilitate the development of infrastructure, and to create and maintain a climate that allows industry to flourish in the international marketplace.

John Katz, Commissioner, Department of Natural Resources, said his perception was that Alaska had a relatively short period of time in which to create a climate for coal development and in which to establish the rules for that development.

The "rules of the game" which Katz believes are merging in the Alaska context, are beginning to create a very favorable environment for coal development. They include the Surface Mining and Reclamation Act, coal regulations, infrastructure and severance tax policy.

Katz explained the federal government requires Alaska to pass a statute that deals with surface mining and reclamation. He said DNR has been engaged in a very intensive effort with the industry, environmental groups and others in an effort to achieve "a broad consensus on this very technical and complicated legislation."

Over the last several months, Katz



Chuck Webber, Commissioner of the Alaska Department of Commerce and Economic Development, says the state must make the commitment to facilitate the development of infrastructure and to create and maintain a climate that allows industry to flourish.

said DNR has been working to revise coal regulations to reflect changed conditions and new knowledge. Through a cooperative effort involving industry, public interest groups and others, Katz's department has promulgated a set of draft regulations which have now been the subject of public hearings. The commissioner said he thought "those regulations reflect a fairly broad consensus about the future of policy respecting coal development on state lands."

Katz said he felt "the lack of infrastructure, surface and port sites, are the principal barriers not only to coal development but to hardrock mineral development as well." He went on to focus on several fronts the state is working on to arrive at a satisfactory solution to the infrastructure problem.

As for a severance tax policy, Katz said he is opposed to one at this time as "it is too early in the pattern of development of the industry to really know what the margins are, whether we would be in essence hurting the industry or killing it off before it really has a chance to start." He says the Governor's decision not to propose a severance tax in this session of the legislature will sit well with legislators.

Meanwhile, Tom Williams, Commissioner of Revenue, says the coal industry will have to "recognize and accept the fact that it will have to pay for the additional impact on governmental

services which it causes." Although it is too early at this time to assess meaningfully how great that impact will be, Williams stated that "someday it will be known and taxes to recoup such costs will be imposed." Williams added, "blind opposition to the imposition of a severance tax or similar tax will yield a bitter harvest for the industry. Our oil revenues may, for the time being, allow the state and local governments to bear the costs resulting from coal development, but when those revenues decline coal will be looked at to bear at least those costs."

The coal industry, according to Williams, must also beware of gaining the image of taking an Alaskan resource without adequate or fair recompense to Alaska's people. Williams said this happened with the oil industry after the discovery of Prudhoe Bay, and the consequences were "profound and severe." The revenue commissioner warned that "unrealistically low royalties and taxes will leave the door open for this to occur again."

In concluding, Williams said if both sides recognize the problems and work together in solving them, "the foundation is laid for a strong and healthy partnership between them, and all Alaskans will be better off for it. The dialogue between them has begun; it is essential that it continue along constructive lines."



Action in Juneau

By Joyce Munson, Deputy Director, RDC

The Legislature has been in session over two months now. Action has come at a slow pace due to the Hohman matter in the Senate and the change in committees in the House. Predictions are that action will be taken on the most substantial matters while the others will fall by the wayside.

The Legislators made history by overriding five of the Governor's vetoes. SB5, sponsored by Senator Bettye Fahrenkamp, was one of the bills. This bill was supported by the Resource Development Council because of the impact of regulations on development. Another bill, SB84, is another effort toward regulatory reform. Introduced by Fahrenkamp, the bill's objective is to simplify permit procedures. RDC testified on behalf of this bill and it passed the Senate. The House Judiciary Committee revised the bill considerably by incorporating provisions of the Governor's Uniform Permit Procedures into it. The bill was sent back to the Labor and Commerce Committee. Hearings have been held on a proposed committee substitute and RDC testified in favor of the substitute.

There are several other bills that focus on regulatory reform and RDC will monitor them for possible action.

Funding for the Susitna hydroelectric project is a big issue in Juneau and at present Senator Dankworth has

introduced an appropriation bill, SB608. However, the Senate Rules Committee has introduced SB646, a new hydro-financing plan which has been labeled a priority by the Governor. This bill provides an alternative method for state financing of hydroelectric projects to that adopted by the legislature last year. RDC sent legislators a resolution reaffirming for support the legislation enacted last year.

Coastal zone management has surfaced as another controversial issue. The House Finance Committee has cut the funding for this program and Senator Mike Colletta sponsored a bill last year that eliminated the program. The Senate Rules Committee by request of the Governor has introduced SB655, the transfer of the Alaska Coastal Policy Council and the Office of Coastal Management from the Governor's Office to the Department of Community and Regional Affairs to make review amendments. We expect to see another bill that would either eliminate the program or make substantial changes in it. RDC has been an opponent of CZM.

The pending transfer of the Alaska Railroad to the state from the federal government has created the need for state legislation. Several bills have been introduced and a committee substitute for SB212 will probably surface in the coming weeks.

Industry: State Needs To Provide Positive Development Attitude

The State of Alaska needs to provide a positive attitude toward economic development in order for the state's new coal industry to grow and flourish, according to Robert Stiles, President of Diamond Alaska Coal Company.

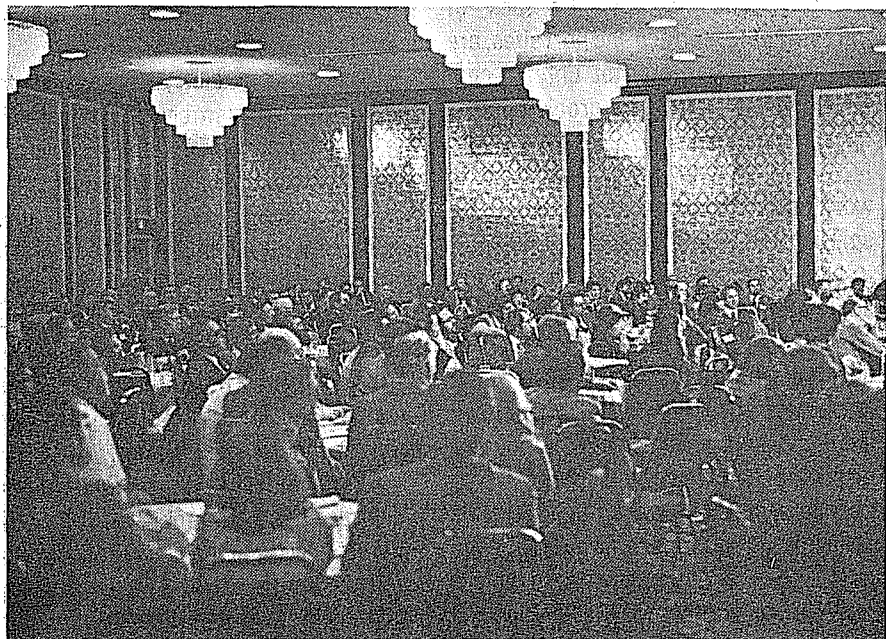
Stiles joined West Boettger, Mobil Oil Corporation, Charles Boddy, Usibelli Coal Company and Cole McFarland of Placer Amex Inc., in a panel discussion on coal projects and development plans at the Alaska Coal Conference.

The Diamond Alaska Coal Company president said the state needs to provide a stable business environment and understand that the development of coal is not like the development of oil. He pointed out that the pricing and contracting system is totally different. "Coal is unique, it's not like hardrock mining," Stiles said.

Stiles stressed the coal industry would not generate large revenues for the state coffers as the oil industry has since production began at Prudhoe Bay. "There's not going to be two more Prudhoe Bays in Beluga," said Stiles. He and the other coal leaseholders appeared quite concerned that many people were thinking that coal may be another oil industry to Alaska. They were careful to point out that two or three mines did not make an industry.

"None of us is here to avoid regulations or to avoid carrying our fair share for the costs associated with our developments," Stiles said. "The establishment of taxes, the veiled threat of taxes, make not only us nervous but the market nervous and when the market gets nervous, you don't sell coal and when you don't sell, you don't mine."

Stiles says the state needs to obtain an adequate, reasonable return for utilization of its assets, namely coal. He says the state's role should be one of "assuring the long-term maintenance of the environmental resources that will be affected by our developments. And they have a role to establish a stable regulatory and taxation environment in which we can all do business."



Over 400 persons attended the Alaska Coal Marketing Conference at the Anchorage Westward Hilton Hotel on February 18-19. Some participants came from as far away as Spain, England, Korea and Japan.

Easley Named To ALA Board

Paula Easley, Executive Director of the Resource Development Council, has been appointed to the 21-member National Public Lands Advisory Council by Interior Secretary James Watt.

"The Advisory Council will be asked to offer objective advice on the many issues surrounding multiple-use management of the public lands, especially those issues affecting energy and mineral development and overall rangeland management," Secretary Watt said. Council members will report to the Secretary through BLM director Robert R. Burford.

Burford noted that the expanded Council (up four members from the Council that served the previous administration) "provides a good balance of interests that will be valuable in establishing better communications with all public land users."

Easley has also been named to the National Advisory Board of the newly-formed American Land Alliance.

Easley, who has served as the Council's executive director since 1976, addressed members of the alliance on February 5 when she spoke on Alaska land and resource development issues at a National Land Use Conference in San Francisco. Several hundred persons with specialized interests in land use attended the meeting, sponsored by ALA and the California Coastal Council.

"The American Land Alliance is seeking to establish an equitable and rational land use policy in the United States which will serve the needs of the community while protecting the rights of the individual," says Easley. She says the ALA's main purpose is to "serve as a coalition of those independent organizations and individuals concerned about the erosion of private rights and the growth of abusive land use practices."

RDC ANNUAL MEETING
Friday, April 16
Sheraton Anchorage Hotel
278-9615

Bagge, Rothschild Advocate Action

"We are riding the crest of a new energy tide which is lapping at the shores of Europe and is moving swiftly toward the nations of the Pacific Rim," said Carl Bagge, President of the National Coal Association.

Speaking before the Friday luncheon of the Alaska Coal Marketing Conference, Bagge said "for years the people of the free world have been little more than passengers on an energy ship adrift in the ever-changing tides of OPEC pricing and production decisions." The former federal power commissioner added, "those days are quickly drawing to a close for we have an opportunity to fire our energy ship with coal, and with a steady hand at the helm to chart a new energy course."

Bagge said Alaska must get in on the action of the three-year old "world steam coal explosion." He said Australia is in a "commanding position" to meet the burgeoning coal needs of the Orient, but Alaska could change that through export production in its strategic location.

Bagge won a loud applause from the audience when he praised Interior Secretary James Watt. "Finally we have a Secretary of Interior who understands the real meaning of balance." He added, "it takes guts to be a Jim Watt in Wash-



Carl Bagge, President, National Coal Association.

ington today."

In wrapping up the conference, international banker Edmund de Rothschild of London urged the state and industry to hasten Alaska's development and capitalize on the arrival of a new energy age.

Rothschild told the audience to "let boldness prevail" in seeing "development on a grand scale" of Cook Inlet area resources. He urged the harnessing of Cook Inlet tides, a project he has been considering for some time, building the Susitna dams and causeways across Knik and Turnagain Arm and the development of a city north of Anchorage. He



Baron Edmund de Rothschild, Chairman, N.M. Rothschild & Sons Ltd.

also suggested construction of a chemical complex and an aluminum plant on Fire Island, development of a deep water port in Anchorage and the production of coal from the Beluga coal fields.

The chairman of N.M. Rothschild & Sons, Rothschild said the United States must overcome its difficulties and resume a strong world leadership role. "I am confident that the pioneering spirit of yesterday that opened up those vast lands could be the driving force to overcome your present difficulties and could lead to great developments in Alaska."

Survey: Nuclear Energy Cheaper

Electricity produced by the nation's nuclear plants was cheaper than that from coal and oil plants, says the Energy Daily. The well-respected publication reported this finding from an Atomic Industrial Forum survey of 44 electric utilities representing 56 nuclear, 36 coal, and 21 oil units.

In 1980, nuclear power cost 2.3 cents per kilowatt-hour while coal power cost 2.5 cents and oil 4.3 cents a KWh. However, the gap in electric rates between a nuclear plant and a coal plant has significantly narrowed over 1979. In the year before nuclear power cost 1.9 cents a KWh while oil was running at 4.3 cents per KWh.

According to the AIF survey, nuclear plants performed better overall than coal-fired facilities in 1980. However, in two of three rating areas, (capacity factor, forced outage and availability) oil-fired plants performed better. Nuclear power plants had a 59.3 percent capacity factor in 1980, comparing favorably with 58.2 percent for coal plants and 39.5 percent for oil plants. Nuclear's forced outage rate was 10.8 percent, better than coal's 13.9 percent rate but much higher than oil's 6.2 percent. In availability, nuclear scored worst with a 67.4 percent availability rate while coal rated 75.1 percent and oil 77.1 percent.

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