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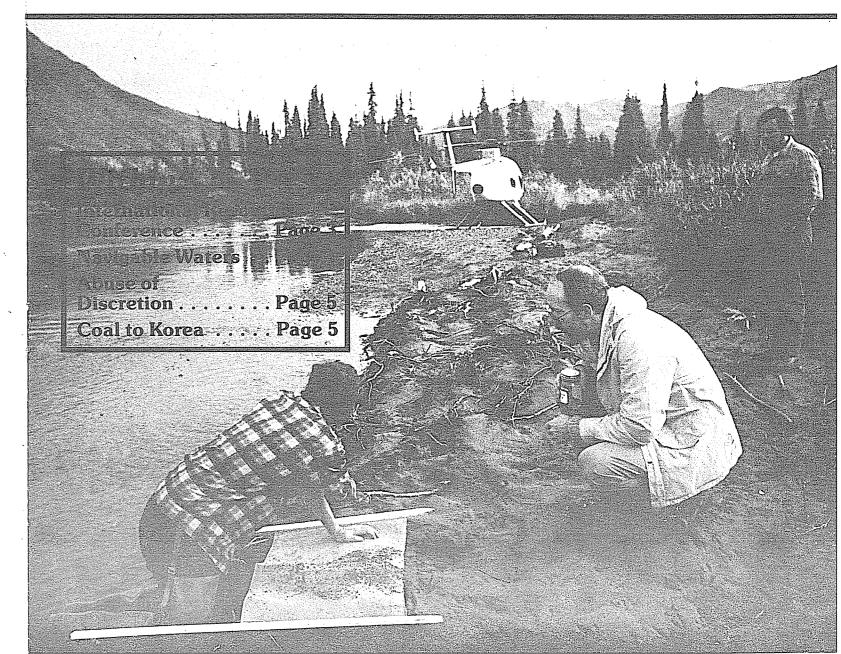


GARY WEBER

M-W Drilling, Inc.







COVER: The navigability issue is of great importance to both the private and public sectors since agreement over navigability parameters would determine the status of streambed minerals rights and public access guarantees. In cover photo, Russell Babcock, center, of Bear Creek Mining Company supervises crewmen working with mineral samples on a streambed in Interior Alaska. For a summary on the navigability issue, see page 4.

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Resource Review encourages its readers to submit articles, announcements and letters to the editor for publication. Send all correspondence to Resource Development Council, Resource Review, Box 100516, Anchorage, Alaska

Resource Development Council, Inc.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally known speakers on economic and resource development issues. The meetings are held on Thursday at 7:15 a.m. Aesops/Suite 201, 711 H Street: Meeting charge is \$2 and reservations are requested by calling 276-0700.

Membership Information

The Resource Development Council extends an invitation to all persons interested in the responsible development of Alaska's resources to join the Council's efforts. For membership information, contact:

> Mike Abbott Financial Development Center

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Message from the **Executive Director**

By Paula P. Easley

Vincent Carroll, an editorial writer for Scripps-Howard Newspapers, presented some interesting comments recently in a Wall Street Journal piece entitled "An Extra-Environmental Agenda." After reading this extract, you may want copies of the entire editorial — a quick note or call to RDC will get it for you.

Mr. Carroll discusses the long-developing movement of national environmental groups to the left of the political spectrum. One group, Environmental Action, is charged with moving even further to the left, to the point that it lists among its 1984 Dirty Dozen — those appointees "most responsible" for the president's "assault on the environment" — U. N. Ambassador Jeanne Kirkpatrick and J. Peter Grace, chairman of the Grace Commission.

He then delves deep into the motives and positions of the Sierra Club, and following are excerpts of what he observed, printed verbatim.

Consider for example, the club's attitude toward that most fundamental of issues: how and where people live. Basically, the club would Manhattanize America's cities, higher densities being preferred because they require less land and, in theory, fewer resources.

To ensure this, an article in a 1982 issue of Sierra, the club magazine, urged "public intervention in land markets" and recognition that the "price of key building materials can no longer be left solely to the

Such ominous suggestions reflect the club's official attitude, too. As long ago as 1974, club directors passed a resolution on land use urging a "new balance between the rights of real property owners and those of society as a whole.'

In the club's view, planners ought to have a far greater role in land-use decisions, with federal oversight authorized by national legislation. A federal agency, perhaps the loose equivalent of a supreme zoning board of appeals, would even require "review of existing tax structure to ensure that it is adequate to support land use consistent with feach local and regional plan.

One way to control urban growth, of course, is to control population. As early as 1969, the club declared in favor of a stable national population "by no later than the year 1990."

According to Dennis Willigan, professor of sociology at the University of Utah and chairman of the club's Population Committee, today may be the right moment to design a national population policy.

Typically, Mr. Willigan favors strong medicine: internal controls on migration, for example. "It's not clear it's always in the national interest to allow [internal migration] to happen," he says. For one thing, "much of the Northeast, in ecological and wilderness terms, is pretty much devastated anyway."

Mr. Willigan does balk at internal passports, however. For now, targeted federal grants and subsidies to shaky industries will do.

Perhaps the clearest evidence of the club's expanding agenda surfaced this summer in a document titled "America's Economic Future: Environmentalists Broaden the Industrial Policy Debate." Signed by representatives of the Sierra Club and five other groups, this report proves that almost nothing is now beyond the movement's province. Among favored policies:

-"Brownfield expansion (rebuilding and expanding existing plants) over greenfield development."

-Required notices of proposed plant closings, a greater say by states and localities in those decisions, and "short-term federal adjustment assistance."

-Federal credit allocation for industries "where growth will have environmental or national security benefits not taken account of by the market."

-A "redefinition" of national security.

-Creation of an Economic Cooperation Council and an Industrial Adjustment Agency.

—A Youth Conservation Corps and a "major public works program" to rebuild urban water-supply facilities. (Meanwhile, with discordant audacity, on seemingly every other page the report plumps for decentralization

In passing, this remarkable document also calls for consideration of reduced workweeks, job sharing, more flextime, federally subsidized day care, periodic sabbaticals for all workers, expanded job-training programs and an end to the nuclear arms race.

In fact, although the report on industrial policy recognizes that future environmental gains are more likely in "a healthy economy than a stagnant one, it also notes approvingly that 68% of those polled in a recent study "think more stress should be put on teaching people to live with basic essentials rather than on reaching a higher standard of living."

With increasing regularity, it advocates policies that rely upon government planning, the control of markets and other forms of coercion couched in the language of social responsibility.

Any comments from our readers?



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RDC Moves Into New Headquarters

When RDC recently moved into its new headquarters at 807 G Street in Anchorage, the staff faced the tremendous task of organizing the resource library, consisting of thousands of documents, reports and plans dating back to the 1960s. From left to right are volunteer Kinis Goodrich, Projects Coordinator Mike Abbott, Conference Coordinator Cindy Jordan, intern Al Clayton, Executive Director Paula Easley, Research Analyst Larry Haden and Deputy Director Becky Gay. Public Relations Director Carl Portman took the photo.

Resource Conference . . .

(continued from Page 3)

meet the five-year economic diversification goal.

J. Bonnie Newman, Assistant Secretary of Commerce of the U.S. Economic Development Administration in Washington, D.C. and William Mulligan, Vice President and Senior Technical Advisor, Chase Manhattan Bank will join Bert Wagnon, Executive Director of the Alaska Industrial Development Authority, in focusing on alternate means of funding

projects and leveraging capital.

Paul Kelly, Vice President of Rowan Drilling
Company, will discuss the impact of OCS develop-

ment on rural economies. The conference will include numerous other presentations relating to legislative spending proposals, the creation of wealth through local training and employment and the

community share of state revenues.

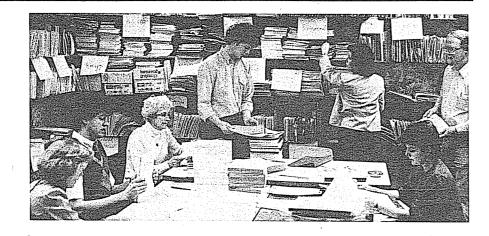
To register for the conference, call or write the Office of Continuing Education at the University of Alaska - Anchorage at 786-4779, 3211 Providence Drive, Room 103, Library, Anchorage, Alaska 99508. Firms interested in participating as a sponsor should call Becky Gay at RDC at 276-0700.

Sitka ...

(continued from Page 3)

way that gives every Sitkan a chance to be involved in a positive and educational community effort aimed at diversifying and strengthening its regional economy." Gay said.

According to Dick Griffin, President of the Sitka Chamber of Commerce, the steering committee was "amazed at the local response to the project." He added, "people who could not agree on anything in the past are working together avidly to insure that Sitka presents its civic pride and community effort on economic development at the RDC conference."



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Conference Keynote Speakers To Address Economic Diversification, Future Growth

The head of a major Canadian economic development authority and an internationally-recognized economist will deliver the keynote addresses at the Resource Development Council's Fifth Annual International Conference on Alaska's Resources February 13-14 at the Anchorage Sheraton Hotel.

Allan G. Bleiken, General Manager of the Edmonton Economic Development Authority and Jude Wanniski, founder and president of the Pennsylvania-based firm of Polyconomics, Inc., will join 31 other speakers from across Alaska and the nation in discussing Alaska's economic priorities.

The conference will focus on the dilemma of declining state oil revenues, state spending practices and the need for economic diversification. The two-day event will also report on state development strategies and revenue forecasts, discuss community development planning and present recommendations of other states.

Bleiken's Wednesday address will pertain to diversification of the economy through petroleum revenues. Bleiken has more than 20 years' experience in the field of corporate marketing and business management with the oil industry, the telecommunications industry and in economic development. His experience has been at the senior level of industry and government, and on a local to international basis.

Under his direction, the Edmonton Economic Development Authority has been the recipient of numerous national and international awards. These awards were received in competition with both the private and public sectors.

Bleiken is a member of the Industrial Developers Association of Canada, American Economic Development Association, the Edmonton Chamber of Commerce, the Alberta Chamber of Resources, Pacific Northwest Development Council, the Canadian German Chamber of Industry and Commerce and the Edmonton Research and Development Park Authority.

Thursday's keynote address features Jude Wanniski spotlighting "Gold, Oil and Economic Growth in the Decade Ahead."

Since 1978, Wanniski has advised corporate and financial clients on political, economic and communication strategies. He was in the forefront in popularizing "supply-side economics" in a 1978 essay in *The Public Interest*.

Wanniski assisted in the formulation of the Kemp-Roth tax reduction bill that was enacted in 1981 as a centerpiece of the Reagan economic program. He drafted the monetary plank in the 1980 Republican Party Platform and was an advisor to Reagan during the Presidential campaign. He appears frequently in the broadcast and print media as a commentator on economic and political developments.

In 1977 Wanniski was a Fellow of the American





Allan G. Bleiken

Enterprise Institute in Washington, D.C., where he researched and wrote *The Way The World Works: How Economies Fail — and Succeed,* which was published one year later. A general theory of the global economy, the book received critical acclaim in the national press and in the business and political communities.

From 1972 to 1978, Wanniski worked as an editorial writer for the Wall Street Journal and was named Associate Editor in 1976. He joined Dow Jones and Company in 1965 as the Washington columnist of the National Observer. Earlier he worked for newspapers in Alaska, California and Nevada.

Governor Bill Sheffield will open the conference with a presentation on his administration's strategy for economic development. Mary Nordale, Commissioner of the Alaska Department of Revenue and Harold Heinze, President of Arco Alaska, Inc., will follow with discussions on their five-year revenue forecasts.

A major part of the 1985 conference will be devoted to presentations by Alaska community and borough leaders who will discuss elements of their present economies and contingency plans for adjusting to declining state revenues. Up to 18 speakers will present their community or borough's recommendation for the single most important action or project that would allow their economies to strengthen or diversify in the next five years.

Since it is expected that projects proposed for state funding will far exceed the state's financing capabilities in the next five years, other presentations will focus on the question of resolving regional demands for capital.

As a result, the conference will also feature a panel of neutral development specialists from other states to share their views as to which projects can best stimulate regional economic diversification.

Slated to rank capital projects are Allan Bleiken, Edmonton Economic Development Authority, Hardin Wiedeman, Director, Texas Economic Development Commission and John C. Anderson, Director, Oregon State Economic Development Department.

RDC will also ask the audience to rank, within budget constraints, projects it believes would best (continued on Page 6)

Sitka Gathers To Determine Economic Priorities

Alaska communities from Sitka to Barrow are responding eagerly to an opportunity to present their regional economic priorities at the Resource Development Council's upcoming International Conference on Alaska's Resources.

Entitled Alaska's Economic Priorities: A Five-Year Strategy, the conference will be held at the Sheraton Anchorage Hotel February 13-14. This year's program will feature Alaska community and borough leaders who will discuss elements of their present economies and contingency plans for adjusting to declining state revenues.

As a model of community effort, Sitka has been most innovative in responding to the conference program, according to Becky Gay, the Council's projects coordinator.

Spearheaded by the Greater Sitka Chamber of Commerce, an organizational framework to involve the community-at-large was developed, Gay said. As part of this framework, Gay explained that a coordinating committee consisting of a broad-based group of citizens was formed to invite all segments of the community to participate in the planning process and help identify the city's economic priorities. The effort resulted in widespread input from numerous organizations, agencies and citizens representing diverse economic interests.

In addition, the local chamber of commerce formed a group of shareholders to design and build a Sikta exhibit at the All-Alaska Community Expo held in conjunction with the conference. The chamber group also elected to help sponsor the conference.

"Sitka has embarked on this project in a (continued on Page 6)

Key Navigability Issues Still Unresolved

State and federal officials addressing a December Resource Development Council breakfast forum acknowledged that several key issues remain unresolved in the Alaska rivers and lakes navigability issue.

Tom Hawkins, director of the state division of Lands and Water Management: Mike Penfold, director of the Bureau of Land Management in Alaska: Nelson Angapak, president of Calista Corporation and Sam McDowell of the Izzak Walton League led the discussion on what criteria determines navigability.

State, federal and native officials have been at odds over what parameters distinguish a river or lake's navigability. If the federal government recognizes Alaska's navigability criterion, the state would be entitled to select up to 8 million additional acres of its statehood entitlement.

The navigability issue is of great importance to both the public and private sectors since agreement over navigability parameters would determine who would profit from streambed mineral rights and where public access is quaranteed.

The state owns the beds of all navigable rivers and lakes, guaranteeing public access. The state may lease land under those navigable waters for mineral or petroleum development. The beds of most non-navigable waters can be privately owned with water uses restricted by the owner.

In their discussions, Hawkins and Penfold re-

ards had narrowed considerably, but pointed out that their agencies differ on such issues as whether frozen rivers are natural and ordinary and therefore officially navigable. The two agencies also differ on what size boat should be used as a standard, whether trapping constitutes commercial use and whether float planes can be considered navigational vehicles.

The state contends that frozen water is navigable because it provides a "normal" corridor for transportation in many areas of rural Alaska throughout much of the year. It is also the state position that any stream or lake wide or deep enough to accommodate small crafts such as canoes and kayaks are navigable since these crafts are customary modes of transportation in Alaska. The state also believes floatplanes should be considered customary in Alaska, given their wide use in Alaska since statehood.

Meanwhile, the federal government's position is based on standards common in other states, defining customary mode of travel as an 18 to 24-foot boat, BLM also insists that the waterway be liquid, not frozen, to be navigable.

Angapak tended to agree with federal definitions, but scolded BLM for having applied standards differently in Alaska and other states. He said there has been a double standard applied by the federal government. He also said the Bureau, which



Page 4 / RESOURCE REVIEW / January 1985

vealed that the gap between federal and state stand- he termed a "bottleneck," has transferred ownership of small lakes and rivers to third parties in other states more readily than in Alaska.

> McDowell said local discussions are irrevelant since the "main players that's gonna call the shots are in Washington, D.C. right now and you're being

Petroleum Industry Good For Alaska Economy

Petroleum industry activity in Alaska has not only provided substantial revenues for state government; it has had a very positive effect on the state's private economy as well.

This was the main conclusion of an economic survey released last month by Robert B. Richards, Vice Chairman of Alaska Pacific Bancorporation. The survey was commissioned by the Alaska Oil and Gas Association.

According to the survey, 6,141 persons were permanently employed by the oil and gas companies in Fiscal Year 1983. Wages, salaries and benefits naid during this period totaled \$450 million. The total dollar volume of purchases made by petroleum companies from Alaska firms during the same period was more than \$913 million and capital expenditures totaled 1.37 billion dollars.

The figures released for wages, salaries, purchases and capital expenditures by the petroleum companies were in addition to the billions of dollars received by the state and local governments from the petroleum industry through taxes and royalty payments.

The survey showed that over one-fourth of all Alaska households have at least one member employed either directly by the petroleum industry or by a company which provides equipment, supplies and services to companies in the oil and gas business. Gross estimated income earned by these 42,960 households in 1984 was expected to top \$1.7 billion or 29.1 percent of all household income earned statewide.

Of those firms which derive a majority of their business from Alaska's oil and gas industry, 85 percent of their entire work force were Alaska residents at the time of employment.

Over 78 percent of those surveyed statewide feel that the petroleum industry has had a positive effect on their households.

Approximately 86 percent of all state revenues are derived from the oil and gas sector.

NPS Charged With Abuse of Discretion

The Pacific Legal Foundation (PLF), a Sacramento-based public interest law foundation, has charged the National Park Service with "an abuse of discretion" for its handling of a permit application for emergency erosion measures in the Wrangell-St. Elias Park and Preserve.

The Foundation intervened on behalf of Toni Hankins and members of her family to seek reversal of a National Park Service (NPS) permit denial. The permit would have allowed the park inholders to protect their business and way of life which have been "all but completely destroyed by floodwaters as a result of National Park Service management," said PLF attorney Robin Rivett.

The Hankins' 16-acre parcel on North Fork Island within the Wrangell-St. Elias National Park and Preserve consists of century-old buildings, several quest cabins, and a corral in serving as an historical jumping-off point for miners and recreation enthusiasts. The Hankins site has suffered extensive flooding over the past several years after a recent climatic change led to the formation of a glacial lake which has in turn overflowed its boundaries every spring since 1982. The flooding has forced the White River into a new channel, sending deep water over North Fork Island.

In denying the permit, the National Park Service cited the wilderness protection provisions of the Alaska National Interest Lands Conservation Act (ANILCA) and the Wilderness Act. It claims that dikes the Hankins would construct five miles upstream from the island to prevent flooding would alter the scenic qualities of the park. The Hankins had planned to build the dikes from gravel already on the riverbed.

In a letter to G. Ray Arnett, Assistant Secretary for Fish, Wildlife and Parks, Rivett pointed out that while the NPS has a responsibility to preserve wilderness values, it has ignored other provisions of ANILCA providing for maintenance of recreational opportunities and the effective resolution of emergencies within the park. In addition, Rivett said legislative history bears a multiple-purpose management philosophy which recognizes, assists and preserves wilderness recreational activities — the chief service the Hankins North Fork business

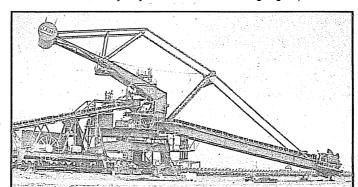
"ANICLA authorizes the erosion prevention measures absolutely necessary to save the applicants' land and livelihood," Rivett wrote Arnett. He said the Park Service's single-purpose management philosophy would require the agency

Seward Coal Terminal Opens

Coal shipments from Alaska to Korea began in December through the new Suneel Alaska Corporation Seward Coal Terminal.

Featuring the Stacker/Reclaimer pictured below, the Suneel operation has the capability of placing 3,000 metric tons of coal from the Usibelli Coal Mine in Healy into storage at the facility.

The Stacker/Reclaimer retrieves coal at a rate of 1,000 metric tons per hour for transfer to the conveyor system which loads ocean-going ships.



"to look on impotently while existing wilderness recreational activities are de-

Rivett also referred to the Wilderness Act of 1964 which makes allowances for reasonable measures to be taken to combat emergency flood conditions threatening the health and safety of persons in the area.

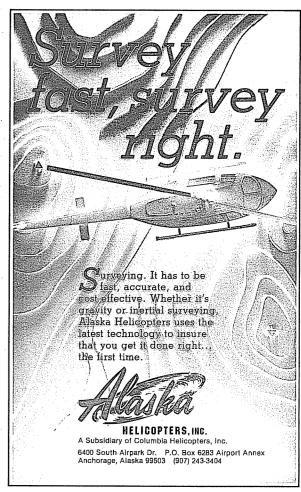
The struggle began when Dale Hankins obtained a permit from the NPS to drive an earthmover 100 miles to North Fork Island. He assumed that since the NPS issued a permit to bring the cat tractor to the park, he would be allowed to use it to build the dike. However, park rangers criminally cited Hankins for engaging in erosion prevention activities in the wilderness without a permit. Hankins immediately requested a permit, but was informed that the U.S. Corps of Engineers would have to issue a Section 404 wetlands permit before work could proceed.

After an on-site inspection of the conditions, the Corps found that an emergency existed on the island, threatening public health and safety, and that the wilderness rechannelization site six miles upriver was the least environmentally intrusive way to avoid further serious threat to lives and property.

Despite an exhaustive environmental assessment by the Corps and its finding that no significant impact would occur, the NPS continued to maintain that with regard to the wilderness area, it has a single-purpose management responsibility that absolutely precludes consideration of special use permits for the emergency activities necessary to prevent further destruction at North Fork

The Pacific Legal Foundation is appealing the initial National Park Service decision to Arnett's office.

The Resource Development Council brought the Hankins' plight to the attention of PLF after the inholders approached the Council for assistance.



January 1985 / RESOURCE REVIEW / Page 5