

# Resource Review

Resource Development Council for Alaska, Inc. Box 100516, Anchorage, AK 99510



## ALASKA RAILROAD CORPORATION

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## Resolution urges ANWR development

The Resource Development Council has crafted a resolution that seeks Alaska House and Senate support in urging Congress to open the coastal plain of the Arctic National Wildlife Refuge to environmentally responsible oil and gas exploration, development and production.

Congress must decide in the near future if the coastal plain will be opened to oil and gas exploration and development or classified under wilderness designation.

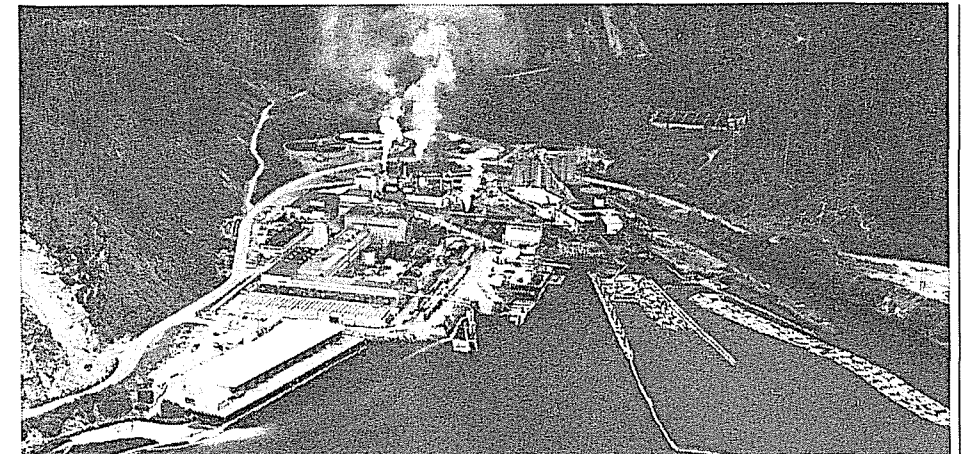
The refuge spans over 18 million acres of land in Northeast Alaska. Approximately eight percent of the refuge, known as the coastal plain, is considered to be highly prospective for the discovery of large quantities of oil and gas.

The resolution draft notes that the petroleum industry has consistently demonstrated its ability to operate in conditions similar to those found on the coastal plain in a safe, responsible manner without significant adverse environmental impacts.

The state stands to derive revenues including portions of bonuses, royalties and rents as well as severance taxes from oil and gas development on the coastal plain. Opening of the coastal plain, the resolution adds, would generate increased employment and business opportunities.

The value and development potential of state-owned tidelands and federally-owned OCS lands offshore of ANWR are dependent upon a Congressional decision to open the

(Continued on page 7)



A \$500 million wood chip contract between Japan and Russia poses serious impacts for the timber industry in Alaska. Industry has warned that Alaska hasn't made significant timber resources available, and that the Japanese are going elsewhere for their products. The Alaska Pulp Corporation's mill at Sitka is pictured above.

## Japan wood contract may harm state forestry

The Alaska forest products industry is up in arms over the recent announcement of a \$500 million wood chip contract between Japan and the Soviet Union.

According to information from Tokyo and the United States' National Forest Products Association, the Japanese Chip Trading Company and the Soviet Lumber Export Corporation have signed a contract where the Japanese will supply machinery and credit to Russia, which in turn will provide wood chips and lumber for pulp and other industrial uses in Japan.

Officials at Alaska Pulp Corporation in Sitka warned that the Japanese-Russian agreement poses serious impacts for the timber industry. According to APC president Frank Roppel, the agreement "will impact the industry in many ways that many of us have yet to realize."

Martin Pihl, Vice President of Ketchikan Pulp Company, said the agreement represents a "serious blow to the prospects for development in Alaska and serves notice that the Japanese are going to purchase their products wherever the price is most advantageous." Pihl said that the Japanese Chip Trading Company's contract with Russia "emphasizes the need for Alaska to maintain a competitive cost structure in the market." He added that there is not only a need for high level negotiations between Alaska's congressional delegation, its governor and Japan to market a package of Alaska's resources, but to "leverage the marketing of one resource along with the others we have."

The Resource Development Council pointed out that the wood chip potential on the railbelt and in coastal Alaska matches or exceeds that which is readily accessible from the Soviets. The Council said it is apparent the Russians gave the Japanese concessions that Alaska was unable to offer.

The Council's forestry consultant, Terry Brady, explained that the state and the U.S. Forest Service haven't made significant timber resources available, and that the Japanese have gone elsewhere for their products.

The new contract is likely to have a major impact on the U.S.-Japanese lumber trade. Brady noted that the Japanese last year bought \$132 million worth of wood chips and \$138 million worth of softwood lumber, in addition to round logs, from the United States.

## Message from our executive director

by Paula P. Easley



# Wow! What a dream!!!

O.K. I admit it. Sometimes I get crazy. Don't know if it was the full moon or my firehouse chili, but I had an Academy-award winning dream last night. I hope you can visualize the players as vividly as I did.

**Henry Mitchell** of the Bering Sea Fishermen's Association before a U.S. House subcommittee meeting: *We've observed the astounding productivity of fisheries coexisting with oil development in the Gulf of Mexico and Cook Inlet. There's every reason in the world to believe fisheries and oil can live happily ever after in Bristol Bay.*

**Don Collinworth**, Alaska Fish and Game Commissioner, to a legislative committee: *I recognize my department's charge is to protect fish and wildlife, but we have to be realistic and understand that, for our nation and its people to survive, we must allow resources to be produced.*

**Susan Alexander** of the Wilderness Society in a media interview: *My organization opposes putting lands into wilderness classifications without first determining what resources the lands contain. We also, as proponents of wilderness, are willing to support development in certain areas we want set aside.*

**Jim Stratton**, Alaska Conservation Foundation, in an editorial: *We should not penalize all miners for the sins of a very few. Imposing these water quality standards on all streams could be likened*

*to making everyone adhere to a 2-mile-an-hour speed limit because some people exceed the legal limit.*

**Jay Hair**, of the National Wildlife Federation, at a refuge public hearing: *I know we say it all the time, but this area really doesn't have the world's largest accumulation of birds and marine mammals.*

**Ralph Nader** in the National Enquirer: *My organization has falsely led the public to believe that cancer can only be stamped out by purging the land of every manmade chemical, toxin and carcinogen. We have generated unnecessary public fears that have resulted in excessive regulation. We now recognize that this regulatory climate will have a disastrous effect on the economy and everyone's pocketbook, with little positive effect on the environment.*

**Sue Matthews**, new president of the Alaska Conservation Foundation, in a press release: *Of the \$64,000 in grants we are giving various environmental groups in Alaska, \$10,000 has been donated to the Resource Development Council, Inc. Income from resource development has enabled Alaska to attain high environmental standards and sound programs other states could not afford. We're grateful for the Council's rational approach toward development.*

Why did the alarm have to ring just when I was getting to the good part?

## Alaska Pulp Corporation solving its problems

The Alaska Pulp Corporation may be approaching the light at the end of the tunnel in its trench-style war with the Environmental Protection Agency because of a technological breakthrough in wastewater treatment.

Alaska Pulp has just installed a pilot anaerobic wastewater treatment plant at its Sitka mill whose 6,000 gallon system will provide data necessary to determine the ultimate size of a full-scale plant.

Ed Oetken, director of environmental affairs of APC, told the Resource Development Council last month that completion of a full-scale plant could take three years.

"What we come up with to solve Alaska Pulp's problem could well

set the stage for the use of anaerobic treatment of more complex waste molecules," Oetken said.

The anaerobic system uses technology developed recently in Sweden. Micro-organisms digest wastestream pollutants in an airless environment. The pollutants are converted to methane, carbon dioxide and additional micro-organisms collectively called biomass.

The low volume of remaining pollutants is further broken down through a conventional aerobic treatment process prior to discharge from the mill.

Much of the waste is converted to a substantial amount of methane (Continued on page 7)

### 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 7:30 a.m. in the Northern Lights Inn. Reservations are requested by calling 276-0700.

### Executive Committee Officers

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The RDC business is located at 807 G Street, Suite 200, Anchorage.

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Carl Portman

Editor & Advertising Manager

**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 99510.



# Pioneer reflects on mining dilemma

**Editor's Note:** The following editorial appeared in The Anchorage Times March 12, 1986. Charles F. Herbert is a past president and current member of the Resource Development Council's Board of Directors.

Your editorial of March 7, "Help for the miners," is timely. Coincidentally, earlier on that day, Democratic gubernatorial candidate Steve Cowper, in a strong statement, demanded that the Sheffield administration intervene on behalf of the mining industry in the lawsuit brought against the Bureau of Land Management by the Sierra Club, the Wilderness Society, the Alaska Center for the Environment and other groups that seek to stop all mining on federal lands. Will other candidates for statewide office give similar response to your editorial?

In a very similar lawsuit brought against the state by the same Sierra Club and others who would destroy a major part of Alaska history, the state responded vigorously and won every point in the litigation before the Superior Court. Hopefully, your editorial will effect a call on the state's expert legal talent.

The Sierra Club, always anxious to destroy any productive effort involving use of the state's resources, whether they are oil, timber, gravel, coal or gold, broadcast misinformation and alarms just as silly as Udall's famous "poised bulldozers" remark (in the dead of winter, no less).

For example, your newspaper quoted Jack Hession of the Sierra Club as claiming, among other imaginary catastrophies, that formerly clear streams in the Fortymile Mining District have been ruined by miners. If that is true, Mr. Hession must have been in the District before its discovery in 1886, 11 years before Dawson was discovered, 17 years before Fairbanks was founded. Or was he around over 40 years ago when many Fortymilers went off to Remagen, Guadalcanal or some such place during World War II? Or was it simply his ignorance of Alaska history that so often characterizes the Sierra Club?

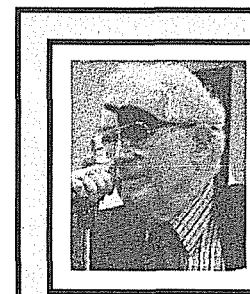
My own experience in the Fortymile dates back to the 1930s. Then and following World War II, there were bucket line dredges on Walker's Fork, Mosquito Fork, Chicken Creek, Canyon Creek and Jack Wade Creek. There were bulldozers, draglines, hydraulic plants and many prospectors on the creeks and river bars. There was the beloved, apparently ageless Billy Meldrum (who is still mining), "Deep Hole" Johnson, Andy Lassen, the Roberts family, and many others.

Our first United States senator, Bob Bartlett, had spent his early days in a cabin on Jack Wade Creek. Bill Green, the United States marshal for the Fortymile District, dispensed justice from his cabin on Jack Wade Creek. Ann Purdy, with her husband Fred, mined on Myer's Fork, raised about 19 adopted children and gathered the exciting experiences recounted in her widely acclaimed book "Tisha." Not to be outdone, miner legislator Bob McCombe told his story in "Capetown to Chicken."

In the early 1950s, a road from the Alaska Highway to Eagle and Dawson was built. Tourists, hunters, fishermen and sightseers flowed into the Fortymile, sometimes bringing trouble for the miners. In one instance, two Territorial policemen were arrested at gunpoint by an irate miner who had found them digging nuggets out of his sluice box (they didn't know what a sluice box was).

The formerly plentiful caribou were decimated when the Fish and Wildlife Service (actually, its predecessor agency) broadcast radio pleas to kill Fortymile caribou, supposedly because the range was over-grazed, which was a huge surprise to the local miners. The Fairbanks gun shops prospered — hundreds of crippled animals slowly perished.

And then came the screaming preservationists who cowed a myopic Congress into declaring the Fortymile River and many of its tributaries a "Wild and Scenic River." Mining claims, sometimes dating back to



## Guest Opinion

By Charles F. Herbert

1886, were saddled with restrictions, regulations and, of course, lawsuits.

Actually, what damage can be attributed to the Fortymile miners, or generally, to any of the other Alaskan placer miners?

In the Fortymile, caribou had been plentiful until the federally-sponsored slaughter in the late 1950s. As every hunter knows, moose are often more plentiful in the vicinity of mining camps — and bears get to be a positive nuisance. At one camp, a wolf with a sense of humor greatly enjoyed scaring a camp cook on an almost nightly routine; a red fox and her family warned all away from her spacious home in the old Jack Wade Creek dredge. Grouse and ptarmigan flock to mine roads and tailing piles to replenish their crops; ducks rest and sometimes nest in old dredge ponds.

Graying readily traverse occluded waters and prosper in streams enriched with nutrients derived from soils disturbed by mining. Al Stout bypassed clear water above his mining operation on Napoleon Creek in order to catch fish from the porch of his cabin.

There are at least 40 active placer mining districts in Alaska. The Fortymile Mining District is only one of them. Although it is nearly the oldest (Rampart, the one-time home of Rex Beach, is four years older), it is not unique in its history of rugged individualism, tragedy and comedy. The mining families of today, with their employees, tally far more "visitor days" in the great Alaska outdoors than the recreationists who happen to stumble into an historic mining camp from the surrounding pristine wilderness, a wilderness that stretches for many miles in all directions.

As you so clearly see, the state has a duty to protect its people from Sierra Club ignorance.

## Pulp Mill ... (Continued from page 2)

which is in turn used to power the mill, resulting in lower energy costs.

In addition to the payback from methane production, anaerobic treatment produces very little sludge, a major waste product whose disposal can account for two-thirds of the cost of a traditional treatment plant.

In referring to APC's long-standing battle against the EPA on effluent discharge requirements, Oetken said there is now some light at the end of the tunnel.

"We are holding our own with foreign competition, the dollar problem is improving and we've been able to cut production costs," he said. "Our remaining problems are a lack of timber and that depends on the Forest Service and the EPA."

## ANWR ... (Continued from page 1)

coastal plain to further exploration and development. Facilities developed to transport petroleum resources on the coastal plain to Pump Station One may allow marginal discoveries on state lands between the coastal plain and Prudhoe Bay to be developed.

# Hodel urges support for OCS program

Secretary of the Interior Donald Hodel warned that unreasonable constraints on the federal offshore oil and gas leasing program are damaging employment opportunities and causing America to squander an opportunity to ensure adequate supplies of reasonably priced energy in coming decades.

Speaking before a Los Angeles energy conference, Hodel said "America is squandering the opportunity given us by the current, but temporary, abundance of oil to develop national policies that will help ensure adequate supplies of reasonably priced energy 10 and 50 years from now." He warned "now is not the time for complacency."

Hodel said America desperately needs to search for new oil reserves that can meet national needs when production from Prudhoe Bay declines sharply in the next decade.

Hodel noted the safety record of America's offshore platforms and pointed out that the nation's best prospects for huge oil discoveries lie in state and federal waters off California and Alaska. However, he said that the vast majority of this oil has been put off limits to the leasing prohibitions. "The Secretary added, 'constant litigation and local initiatives delay leasing, drilling and the construction of offshore facilities; drive companies out of business; eliminate employment opportunities and reduce badly needed revenues.'"

Hodel said the fundamental offshore leasing program is a "tradeoff between scenic views and jobs — a question of whether the aesthetic desires of some should be paramount over considerations of jobs, economic opportunities and the needs of people on low or fixed income for whom affordable energy is a matter of basic survival."

The Secretary pointed out that hundreds of companies in California alone provide goods and services to offshore oil companies. But, he said, a number of California companies have been devastated and many jobs lost because of four years of moratorium on some of the most promising federal acreage offshore.

"America needs a more positive and more stable economic, legal and regulatory climate," Hodel said, "one that encourages small businesses, entrepreneurship and energy exploration and development. One that offers steady and consistent opportunities for investment. One that does not unnecessarily impose costs, increase existing economic risks or create new risks. One that enables us to continue having a stable economy and society."

"We can have all this," Hodel concluded, "contrary to what some would argue — have it without harming our environment ..."



As Prudhoe Bay production begins to decline, America will need to develop more of its OCS to ensure an adequate supply of energy resources in the 1990s and beyond.

## Portrait



RDC Board Member  
Lin Sloane

Whenever the topic of Alaska's economic development is discussed, Lin Sloane is usually there, working hard for a prosperous economy.

Currently the development director for the Anchorage Organizing Committee (1992 Olympic Winter Games), Lin has traveled extensively throughout Alaska and has a keen awareness of the numerous development issues which exist in the state.

In addition to coordinating fund raising, volunteer assistance, advertising and educational efforts of the AOC, Lin is deeply involved in other public relations, advertising and marketing campaigns for various businesses in Alaska. She also consults to outside firms considering expansion in Alaska. And if that isn't enough, she performs market research and economic analysis for both land a political consultant, lobbyist and financial advisor.

Serving her third year on the Resource Development Council's Board of Directors, Lin is a strong advocate for sensible resource development. In addition to her many RDC commitments, Lin serves on the Economic Development Committee of the Anchorage Chamber of Commerce and the Permanent Fund Committee of Commonwealth North. Since tourism is also a resource, Lin is active in the Anchorage Convention and Visitors Bureau and Alaska Visitors Association.

"We all care about the environment, and RDC is interested in sensible resource development," Lin said, "We need RDC to get the message of economic development out to the public so that our residents are informed and choices are not based on emotional rhetoric."



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## Notable Quotes

"To the extent that we allow disunity and lack of direction to prevent our area from attaining its highest potential, we are our own victims. We need to support the timber industry on every level. It is also important to look for new and innovative ways to use and market wood."

Mayor Ralph Gregory, Ketchikan Gateway Borough

"The fundamental offshore leasing issue is this: a tradeoff between scenic views and jobs — a question of whether the aesthetic desires of some should be paramount over consideration of jobs, economic opportunities and the needs of people on low or fixed incomes for whom affordable energy is a matter of basic survival."

Secretary of the Interior Donald Hodel

"The rebound is likely to be worse than 1973. In about 1989 or 1990, we'll be importing an immense amount of oil and there will be very little U.S. production."

Charles J. Dibona, president of the American Petroleum Institute

"In most of the world, it is apparent that environmental protection and economic development are the same. There's no need for antagonism between the two. If we can get over the idea of economics and environmental protection as adversaries, we can have a win-win situation."

William Ruckelshaus, former EPA Administrator

## Thoughts from the president



Charles R. Webber  
by

### Declining oil prices

1986 has brought a sudden decline in oil prices and today's crude prices are the lowest since 1978. The effect of lower oil prices on Alaska is dynamic and surely illustrates the need to expand the state's resource development activities to sustain our economy.

The income from current resource development must be allocated so that a fair share is used to stimulate development activities in minerals, fish, timber, tourism, agriculture and other areas in which Alaska may have an economic advantage and be able to compete in the world markets.

Alaska must spend less, but spend more wisely. We must use our current income to create new sources of wealth. By doing so, we'll plant the seeds for a strong and stable economy in the 1990s and beyond.

## RDC plans fun event for development community

Are you standing up? Well, sit down, and find the most spectacular chili recipe! Are you sitting down? Well, stand up and start practicing some fancy footwork!

What for? The Resource Development Council's 11th Birthday Party, Friday, April 25 at 7 p.m. in the Alaska Helicopter Hangar on South Airpark Drive.

RDC's Really Big Deal features a chili cookoff with celebrity challenges and a Big Band Era dance contest. Alaska statewide candidates will judge the events, but they promise no speeches.

The rules are easy, and anyone can enter — even the judges. There are many categories and prizes, including weekend travel packages to Fairbanks and Valdez. In addition, a drawing will take place at the party for a gold nugget necklace valued at \$1,000.

The menu includes barbecued ham and pig, salads from the Matanuska Valley and the world's best chili! Admission to RDC's Really Big Deal is \$20 per person.

"We guarantee a great time and some surprises," said Chuck Webber, the Council's president. "It will be an hilarious good time for Alaska's economic community, and we're

## Arctic coal project would cut Bush heating costs

An \$1.7 million coal mine development proposed for western Alaska would lower heating costs for Bush residents by 50 percent, strengthen the regional economy and create new jobs and general business, according to the Alaska Native Foundation (ANF).

Using state and federal grants, the ANF has been studying the feasibility of the Western Arctic Coal Development Project. Construction is scheduled to begin in 1988 with the first shipments delivered by the fall of 1989.

Addressing a public forum of the Resource Development Council last month, the group's president, Jane Angvik, and consultant Howard Grey said the project would allow Bush residents to substitute coal for home heating oil. Angvik said the project would be a long-range stable source of energy for northwest villages.

The coal would be used for institutional facilities, electric generation and home heating. Angvik said, "We have enough market on a small scale to make the project feasible. It's not a huge monolithic project."

The coal deposit is situated in an area along the Chukchi Sea between Cape Beaufort on the south and Point Lay on the north. The coal is low in sulfur and would significantly reduce sulfur dioxide emissions when compared to diesel oil.

An estimated 122 million tons of mineable coal has been identified. The mine would be about five miles inland and would employ traditional surface mining techniques. About six acres of land would be mined in a season.

A haulroad would be used by 35-ton capacity trucks to haul the coal to the coast where up to 50,000 tons could be stockpiled. Barges of 2,000 ton capacity would take the coal to market.

## RDC Annual Meeting set

The Resource Development Council's statewide Board of Directors will meet in Anchorage April 26 for its 11th Annual Meeting.

The meeting will open Saturday morning at the Holiday Inn with the election of new board members. Following board orientation and lunch, the 78-member body will consider the adoption of policy statements targeted at Alaska's various industries.

The new strategies identify actions needed to generate measurable growth in Alaska's basic industries to 1990. Task forces comprised of industry and government have worked extensively on the documents, examining policies and programs that affect the productivity of each industry and outlining specific recommendations.

Once adopted, the Council will distribute the papers across Alaska to encourage widespread involvement in the process of developing a strategic plan for statewide economic development.

The above \$1,000 gold nugget necklace, awarded to a lucky winner Rocky Miller, will be made by Alaska miner Rocky Miller, will be awarded at RDC's birthday party April 25.

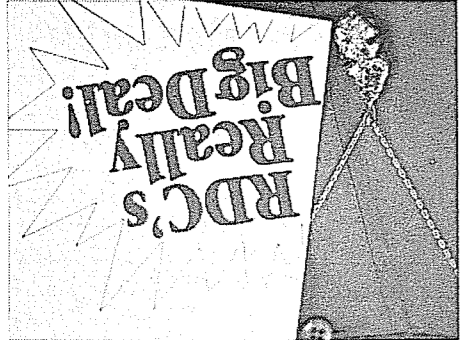
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## Agreement clears way for summer mining, but industry still concerned

Placer mining will be allowed to continue this summer on Bureau of Land Management lands in Alaska under an agreement signed recently by the federal government and the Sierra Club Legal Defense Fund.

Michael Penfold, director of the BLM's Alaska office, said the new agreement requires his agency to inspect about 200 placer mines operating on federal lands during the next six months and examine operator efforts to reclaim the sites.

The BLM agreed to write environmental assessments of the largest 20 percent of mines on its lands. The agency will also take water solids tests to check for suspended sediments.

In addition, BLM has agreed to help the Environmental Protection Agency and the

state Department of Environmental Conservation enforce water quality standards if those samples show mines to be in violation of the Clean Water Act.

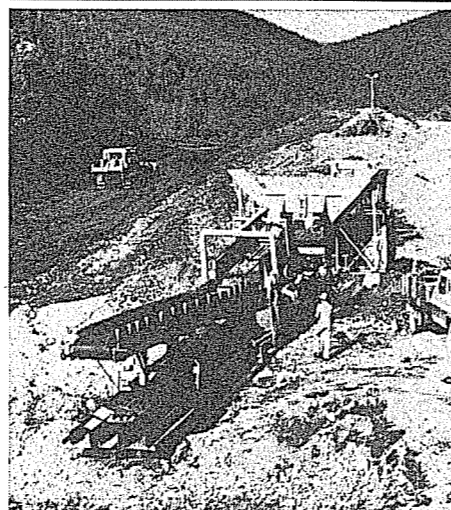
In return, environmental groups agreed to end an effort to get an injunction to halt summer mining, but the groups still will push ahead with the suit, claiming the settlement does not go far enough.

In February, environmental groups filed suit in U.S. District Court seeking to shut down placer mining until the Bureau of Land Management made sure the \$100 million a year industry was abiding by strict water quality standards.

Rose Rybachek, president of the Alaska Miners Association, said she was very disturbed that BLM reached an agreement before the miners had a chance to enter negotiations.

The AMA, RDC and the Miners Advocacy Council are trying to intervene in the lawsuit, but so far have not been accepted into the formal lawsuit and thus are not involved in the talks between the Sierra Club and the BLM. They are concerned that no one is representing their interests in the negotiations.

The Resource Development Council has



A sluice box with elevated tailings conveyor on Jack Wade Creek. (photo by C.B. Green)

asked Governor Bill Sheffield to reconsider his decision not to intervene in the lawsuit.

"No matter what position the state takes regarding this case, it is clearly in Alaska's best interests to be represented in the proceedings and decision," said Paula Easley, the Council's executive director.

In a letter advanced to Governor Sheffield, Easley noted thousands of mine workers and support service employees are directly threatened by this case. She said "millions of dollars generated by this industry are desperately needed by our economy, especially since many of those dollars are spent in cash-poor rural areas."

## Placer miner calls it quits

A pick and shovel were all Don May had to work with when he first started mining in the Central Mining District in 1950. Twenty-four years later, he introduced a bulldozer and a bigger sluicebox to his mining operation.

Since 1974, May has developed Polar Mining Company into one of the larger placer gold operations in Alaska. However, May is about to lay off 12 employees, sell his D-10 Caterpillar and abandon his 480 acres of claims on Crooked Creek northeast of Fairbanks.

Like other miners around the state, May said he is being forced out of business by strict environmental regulations and costly lawsuits largely financed by Outside special interest groups.

May believes he has a good working relationship with government agencies, but he finds the paperwork unmanageable and has difficulty keeping up with changing regulations.

The Alaska placer miner is well known for his efforts to clean up water from his operation. He diverted the muddy water from his sluice boxes through numerous settling ponds, slowing water down so that it took about three days to travel a half mile. At one point, he routed water across Crooked Creek through a 20-inch pipe and into more settling ponds.

When it returned to the creek, the water was only slightly dirtier than it was when it entered May's sluice boxes. Sometimes it was more than 10 times cleaner.

Improving the water quality was complicated by 20 other mines upstream. Sediment from those mines often ended up in May's settling ponds.

"We're trying to comply, but I know I can't do it," May said. He insists he can't do much more to meet the EPA's stringent water quality regulations. So he's leaving.

May read in a newspaper article two weeks ago that he and ten other miners were being put on notice by the EPA. If they didn't meet water quality standards this summer they would face penalties of up to \$10,000 a day, the article warned.

"I still feel I'm completely innocent of whatever citation they bring against us," May said. May kept accurate records of the silt in the water leaving his mine and submitted them to EPA.

"We felt we were meeting the standards," he said.

## Report details role of placer mining in economy

Placer mining has played a major role in the exploration, development and settlement of Alaska and continues to be an important element in the Alaska economy.

According to a report by the Alaska Department of Commerce and Economic Development, expenditures by Alaska placer miners for labor, goods and services were approximately \$75 million in 1985. Of these expenditures, \$63 million were made in Alaska. About 36 percent of the total expenditures were made in Fairbanks and 31 percent of the workers reside there.

Entitled, "The Role of Placer Mining in Alaska's Economy," the report noted Anchorage also plays an important role in the placer mining industry, accounting for 23 percent of the expenditures and 16 percent of the work force.

Placer mining is a major contributor to the economy of rural Alaska as 34 percent of the work force comes from there and 18 percent of the total expenditures are made in small communities.

Direct employment in the industry is estimated at 2,626. In addition, an estimated 841 people are employed by support industries serving placer mining.

The placer mining industry has a significant indirect impact on the Alaska economy. The \$63.4 million of statewide expenditures had a total impact on sales in the Alaska economy of \$127.4 million.

## Transportation

# Access to resource deposits holds key to diversifying state's economy

Government funding to developing cost-competitive transportation systems in Alaska to access remote resource deposits could hold the key to diversifying the state's economy, according to Lorne Sivertson, Assistant Deputy Minister of Mineral Resources of British Columbia.

Addressing over 400 delegates at the Resource Development Council's International Conference on Alaska's Resources in Anchorage, Sivertson said his country has learned that there are compelling reasons for a government role in planning, coordinating and participating in transportation systems.

Without government funding to build roads, power lines, rail lines and ports, British Columbia's massive resource development projects employing thousands of residents would have been impossible to develop.

Due to the vast size, difficult physical geography and widely dispersed mining and forest industries, an extensive transportation system is a fundamental requirement of the B.C. economy, Sivertson said.

The province is served by two national railways as well as the British Columbia Railway. It has two major ocean ports loading over 60 million tons per year of bulk cargo.

While the government has helped build an extensive transportation system to move resource products to market, provincial policy has required that there be a clear economic justification before transportation infrastructure investments are made. Sivertson said that when new roads, rails, townsites and power supplies are required to facilitate natural resource development projects, the province looks carefully at the bottom line before becoming involved financially.

In the same way that the province promotes efficient and productive investments in infrastructure, it generally promotes cost-based user charges, when possible, for infrastructure services.

After several years of analysis and planning, the province agreed with the owners of the Northeast B.C. coal project in 1981 to provide coordination and financial assistance to build necessary roads and other infrastructure. This was done on the basis of a comprehensive agreement between the province, the mines, the federal government, two railroads, the port developer and a power utility.

The project cost, including infrastructure, which was about one third of the amount, was



The access and bulk sampling road from tidewater to the U.S. Borax Quartz Hill molybdenum deposit was one of the most heavily regulated and monitored road construction projects ever undertaken in Alaska. Environmental permits in 20 different categories from nine separate agencies were needed before the ten mile road was completed in 1983.

\$2.9 billion. Over 6,000 people were employed at peak construction.

The project was completed and the mines commenced production and shipments of coal to Japan two years ago.

Included in the provisions of the agreement were two levels of surcharges imposed by the province designed to help amortize its infrastructure investment as well as cost-based user charges for facilities provided by the railroads, ports and utility.

The province was also heavily involved in the development of a remote gold mine by Serem Inc. Serem asked for help in building 80 miles of road to their discovery.

After several months of study, B.C. officials offered to provide up to 50 percent of the capital costs for the road, secured by a legally

binding contract which included a provision for repayment of the loan. If the price of gold fails to rise to a specified level after the mines go into production in 1988, the province will not be repaid. However, if the price of gold exceeds a specified trigger price, payments will be due with interest.

In recognition of multiple use benefits, if major new mines are developed in the area which makes use of the road, the outstanding balance of the loan will be forgiven.

Sivertson stressed that while governments may need to be involved in developing transportation infrastructure, this need not preclude the recovery of investment through user charges or repayments in installments. In this way government helps overcome capital cost barriers, shares risk and reward.

## RDC supports access to resources

As oil prices and state revenues continue their downward plunge, the development of Alaska's vast renewable and non-renewable resources offers the best hope for a stable economy in which the residents of the 49th state can prosper.

However, placement of millions of acres of land into restrictive classifications, while failing to provide adequate access corridors through those lands to prime resource deposits, jeopardizes Alaska's efforts to diversify its economy.

RDC believes that if Alaska is to enhance its competitive position in the world marketplace and diversify its economy, reasonable and economical access must be provided to resource areas. Transportation systems, within or across withdrawn lands, are a key ingredient to keeping the range of options open and meeting the needs of an uncertain future.