



## HARD WORK PAYS OFF

The future of Alaska and Tesoro are traveling the same road. With the completion of the \$93 million expansion project at our Kenai Peninsula refinery, Tesoro is able to refine 80,000 barrels of crude oil per day, ensuring Alaska's continued access to top-quality petroleum products. And, up on the North Slope, Tesoro's PEDCO division is working with Fraley Equipment to expand its services to that area. Wherever you live, and whatever your particular energy needs, we're working for you. We're Tesoro.



**Energizing  
Alaska!**

February 1986 sponsored by **Tesoro Alaska Petroleum Co.**

# Resource Review

Bulk Rate  
U.S. Postage  
**PAID**  
Anchorage, Ak.  
Permit No. 377

ADDRESS CHANGE  
REQUESTED  
Return Postage Guaranteed

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



*The North Slope oil fields are an important part of the range of the Central Arctic Caribou herd. Despite extensive development over the past 10 years, the herd has increased from 5,000 animals in 1975 to about 18,000 in 1985.*

## ANWR is hottest onshore oil prospect

Despite a temporary surplus of oil on the world market today, energy experts have informed Congress that unless new fields are developed now, a future energy crisis will likely find the nation without a workable solution.

In order to make the U.S. more self-sufficient in energy, we need to find more oil and gas reserves. The best way to do that is to select the places where large deposits of oil and gas are most likely to be found and concentrate exploration activities on those areas.

In Alaska's northeast corner, the Arctic National Wildlife Refuge (ANWR) is the hottest onshore prospect in the nation for significant new oil discoveries. Geologists have found structures within ANWR which indicate great promise for significant discovery of new resources. Geologists believe several of the structures on

the coastal plain of ANWR could contain large quantities of oil, perhaps as large as some of the giant Prudhoe Bay fields.

As one geologist put it, "If I were looking for another Prudhoe Bay, that is the first place I would look."

Lying between Prudhoe Bay and the Canadian border, the coastal plain of ANWR spans some 1.5 million acres, which is only a small part of the total reserve which has about 18 million acres. The area is notable for its tremendous oil potential and its wildlife values. The coastal plain is on the migration route of the Porcupine caribou herd and is home for other Arctic animals, including the Arctic fox, polar bear, and various migratory birds. Some environmentalists want the federal government to manage the entire coastal plain as a wilderness area. If exploration wells

(Continued on page 4)

**Alaskans...Working with Alaskans** to improve the quality of life through sound resource development.

# Crisis In Resource Production: Can America Compete? and Alaska's Competitive Position: Public Policy Issues

February 12-13, 1986

Welcome Delegates

Sheraton Anchorage Hotel



## Message From The Executive Director

By  
Paula P. Easley

February 14 is Valentine's Day, a day to acknowledge those special people in our lives. The 14th is a special day to RDC too, but for a somewhat different reason.

That's when we'll be meeting with community leaders from all over Alaska to consider economic development strategies that can be implemented at the local level. The Community Development Seminar will be held at the Anchorage Assembly Building, 3500 Tudor Road.

The seminar culminates a year's work with representatives of Alaska communities who have been struggling with the challenge of creating local jobs and diversifying their economies. The meetings that were held in Anchorage, Soldotna, Wasilla and Fairbanks last year brought leaders together from such diverse communities as Anchorage and Mekoryuk to consider economic needs. It began an introspective process of determining where we are, where we want to go and how we get there.

Some Alaska communities know a lot about themselves; some know very little. One thing they have in common — they don't want to lose their population bases and suffer the impacts of such losses to their economies.

There are communities that know exactly what their problems are. There are communities that have identified solutions. But common to many of them is the lack of a process or structure — acceptable to the community as a whole — for achieving their economic goals.

With the help of Scott Fosler of the Committee on Economic Development in Washington, D.C., who has accepted the charge of designing such a process for Alaska communities, I am confident 1986 will see local leaders taking the reins to bring about positive economic change.

## Alaskan's favor reduced spending, new state survey confirms

A recently-released survey by the Finance Committee of the Alaska State Senate concluded that, by a large margin, Alaskans support the idea of reducing state spending rather than finding additional sources of income. William W. Hopkins, executive director of the Alaska Oil and Gas Association, noted this parallels the results of an earlier statewide study performed by AOGA.

The Finance Committee survey indicated that 55 percent of the respondents supported a reduction in state spending as a solution to the state's falling oil revenues, while 31 percent preferred measures to increase state income. In the AOGA study, 69 percent wanted to see spending cuts as a solution to declining revenues compared to 17 percent who preferred increasing taxes.

Substantial percentages of both samples supported a statewide sales tax and a personal income tax as sources of additional state revenues.

Both surveys also addressed various methods to increase the state's income, although the two surveys did not have an identical set of choices.

## Governor, RDC agree on 7-point program

The Resource Development Council and Governor Bill Sheffield have agreed on a seven-point program to present the Alaska Legislature to advance Alaska's agriculture industry.

The Council has asked its statewide membership as well as other organizations concerned with the continued viability and expansion of Alaska agriculture to support the platform.

In recent correspondence to Paula Easley, Executive Director of RDC, Governor Sheffield noted that the Council's platform would be a vital part of his administration's program for agriculture. The Governor said he sees the development of the agriculture industry as an important part of diversifying the state's economy.

The proposed platform calls for support of pending legislation to allow production credits and the restructuring of farm debt. Other points of the platform range from splitting agriculture tracts, to allowing farmsteads on new tracts, to the formation of commodity associations. The platform also supports a "Grown in Alaska" marketing campaign and adoption of legislation mandating the use of local food products by state agencies when appropriate.

The Council's priorities do not require new state funding, and in the long term encourage the shift of the basic support effort from the state to the private sector.

A "white paper" detailing the seven-point

platform explains that a production credit program would relieve the debt load on Alaska's farmers without requiring additional state funding. The program would allow producing farmers, stockgrowers and dairymen to deduct a percentage of their gross annual production from interest payments on state loans. Production credits would apply only to interest and not principal.

The Council's platform also urges support of a concept included within pending legislation that provides for restructuring farm debt. By executing flexible policies, government can help farmers overcome problems in debt payment schedules due to production risks inherent in the industry, the Council notes.

With current emphasis on building an in-state agriculture industry rather than a world-scale industry, the Council stressed in its third point that it is imperative that those farmers who acquired large parcels from the state for export production have the flexibility to reduce the size of those holdings if it makes economic sense to do so. Such a move would encourage development of the state's agriculture resources, prevent economic waste and protect interested parties.

The split portion must be of sufficient size to allow for an economically viable agriculture unit. It also noted that no more than one farmstead should be maintained on the resulting parcel.

In its fourth point, the Council pointed out that the formation of commodity associations would not necessarily require state funding since it would be managed by farmers.

Commodity associations are units formed by producers to aid their marketing efforts.

These associations exist in 41 states. The Alaska Seafood Marketing Institute is an example of a commodity entity created to assist producers in marketing seafood products.

Although these associations may be viable without statutory mandate, the Council recommends that they be created through enabling legislation.

A "Grown in Alaska" marketing campaign, recommended by the Council as part of its seven-point platform, would be targeted at Alaskans with a lack of awareness as to the availability and quality of Alaska grown products.

The Alaska marketing campaign would point out the economic contribution to Alaska that arises from the sale of these products. The Council report notes that such a campaign would help broaden Alaska's economic base and serve to stabilize food costs by increasing local food supply and consumption.

The Resource Development Council would also like to see local producers and processors capture a larger percentage of the local market. Under its sixth point, the Council urges enactment of legislation mandating state agencies purchase Alaska fish and farm products when they are of comparable price and quality to imported products. This policy would not set handicaps or quotas; it merely directs the state agencies to consider in-state products and use them when possible.

In its final priority to advance Alaska's agriculture industry, RDC has requested the governor to appoint a state resident with agriculture interests to the University of Alaska Board of Regents.

## Chugach...

(Continued from page 3)

period somewhere on the Kenai Peninsula, I believe the favorable reaction from industry would be overwhelming."

Henri said Forest Service preconditions have precluded industrial interest because the agency has embargoed the economic procurement of the wood. He said the risks are so great "that no one is induced to express an interest..."

South-Central Timber Development has been exporting round logs to the Orient for 18 years. The Alaska company has fought hard to convince the Forest Service to open Martin River timber for sale and has requested abolition of the primary manufacture requirement in the Chugach in order to allow export of round logs.

Henri said South-Central Timber Development is now completely stymied by a lack of suitable timber.

"Forest Service decisions could have aided our economic vitality," Henri said. "Instead the government, through the Forest Service, has been ruthlessly against us."

## Who owns the land?

The wise management of land is necessary to meet present, near-term future and long-term future needs. Adequate supplies of food, forest products, minerals, water, energy and space for people to live, work and recreate must be provided.

To gain information for an article dealing

with public perceptions on land use, we would like your "off-the-cuff" response to the questions below. Mail your response to us by February 28 so your answers can be included in the tabulation. The answers will be published in the March RESOURCE REVIEW.

1. What percent of land in the United States do you think is used for settlement, commerce and industry, energy and mineral production, transportation, water storage and other consumptive uses? \_\_\_\_\_ %

2. What percent of land do you think is used for agriculture and forestry, including rangelands? \_\_\_\_\_ %

3. What percent of land do you think is devoted to non-consumptive uses (parks, wilderness, glaciers, deserts, wildlands and water)? \_\_\_\_\_ %

### 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

President ..... Charles Webber  
Vice President ..... John Forceskie  
Vice President ..... Tom Pargeter  
Secretary ..... Boyd Brownfield  
Treasurer ..... Shelby Stastny  
Past President ..... Mano Frey

### Staff

Executive Director ..... Paula P. Easley  
Deputy Director ..... Becky L. Gay  
Public Relations Director ..... Carl Portman  
Research Coordinator ..... Larry Hayden  
Projects Coordinator ..... Mike Abbott  
Staff Assistant ..... Cindy Jordan  
Membership Relations Director ..... Lynn Gabriel  
The RDC business headquarters are located at 807 G Street, Suite 200 in downtown Anchorage.

Resource Review is the official monthly publication of the Resource Development Council, Box 100516, Anchorage, Alaska 99510 — (907) 276-0700.

Material in the publication may be reprinted without permission provided appropriate credit is given.

Carl Portman  
Editor

For advertising information and special rates, contact Carl Portman at 276-0700.

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.

© RDC 722C

## RDC recommends forest management agreements

(Continued from page 3)

Another problem facing the industry is the system the state has developed for selling timber. The RDC report pointed out the state's system is labor intensive and very inefficient. It predicated the state would never be able to sell a reasonable amount of timber under this system, given the necessity to cut state spending.

Reforestation is also a problem, according to Tindall. He said right now reforestation isn't happening close to acceptable levels. The key to the management of timber as a renewable resource is making sure that the resource is renewed, Tindall said.

To solve these and other problems, including permitting, stumpage, processing requirements and loans, RDC is urging the state to implement Forest Management Agreements (FMAs), a process used with success in the Canadian province of Ontario.

FMAs would contract forest management, including harvesting, road building and reforestation, to private companies. The agreements replace the policing duties of government with contractual agreements beneficial to both parties. The contracts contain stiff penalties for poor performance and incentives to stimulate good performance.

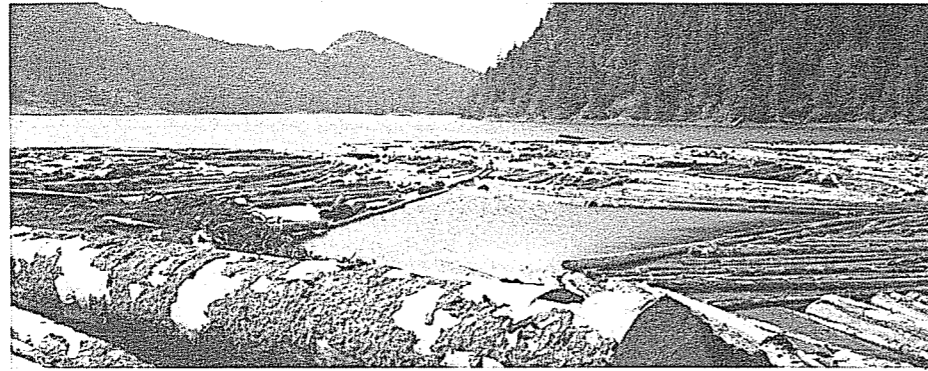
The greatest reported gain from the FMAs is the integration of timber harvesting with regeneration, which is proving successful, and providing for a larger annual timber harvest in Ontario.

The results of the Ontario FMAs have been overwhelmingly positive with greater timber cuts, increased employment opportunities, greater public use of forests, more timber generation for future harvests and less money spent by government to oversee the process.

RDC stressed that the process does not lessen state control over its lands. It obligates the operators to meet the forest management goals set in the contracts. The operator manages for habitat, recreation, timber harvesting, road building and reforestation.

The standards and requirements are written in the FMA along with penalties and incentives.

RDC pointed out that Alaska could have more than 25,000 people employed in the forest products industry if it develops its forest products industry to the extent that Ontario has under the Forest Management Agreements.



Alaska has the timber to support a viable wood products industry, yet it has failed to allocate sufficient land for commercial harvests. (South Central Timber Development photo)

### Portrait

## Dr. Earl Beistline speaks from experience



RDC board member Dr. Earl H. Beistline talks from experience when he discusses roadblocks to the establishment of new businesses and industry in Alaska. For over 50 years, long before Alaska became America's 49th star, he watched the state mature and grow through the development of its abundant natural resources.

In his 69 years in America's last frontier, Dr. Beistline considers his biggest Alaskan accomplishment that of developing excellent educational programs at the University of Alaska focusing on mining and mineral extension services.

For nearly four decades, Dr. Beistline played a major role in developing the University of Alaska's mineral education program at the Fairbanks campus. One of his most satisfying accomplishments was the initiation of a degree program in petroleum engineering and overcoming problems to allow the formation of the Tanana Valley Community College.

When Dr. Beistline retired three years ago as Dean of the School of Mineral Industry, he vowed to remain active in helping solve the problems that confront the development of Alaska's mineral resources. Today he lends his time and expertise to organizations such as the Resource Development Council, the Alaska Miners Association and the Alaska Resource Policy Coalition.

Dr. Beistline believes the greatest

threats to the expansion of Alaska's mining industry are "unreasonable environmental regulations and laws that are detrimental to initiation of new projects." Transportation, access and taxation are important factors in new industry operations, adds Dr. Beistline.

Land classification and the lack of adequate mineral assessment before parks and refuges are created are not encouraging industry development, Dr. Beistline points out. He believes Alaskans concerned about economic stability should unite under RDC to work with industry, state officials and the legislature to achieve an equitable solution to the problems confronting Alaska's economy.

"The Resource Development Council must continue its work of identifying problems detrimental to resource development and work with other organizations, private and government, to solve problems and present the case for resource development and economic stability," Beistline said. "Educational programs directed at the general public are essential."

Dr. Beistline has served on the RDC Board of Directors for seven years and is a member of the Council's Lands and Renewable Resources Division and the Minerals and Energy Division.

## Chugach agreement discourages forest industry

The U.S. Forest Service has admitted that its settlement agreement with environmental groups over the Chugach National Forest Plan appeal does not encourage the growth of a viable timber industry in the nation's second largest national forest.

In replying to a strongly-worded letter from Joseph Henri, President of South-Central Timber Development, Inc., Regional Forester Michael A. Barton said there is a need for sustained timber offerings in the Chugach that will support a regenerated timber industry. Barton agreed the settlement does not allow sufficient opportunity to encourage timber industry growth.

However, Barton noted the reduced timber

volume of the settlement agreement is preferable to no volume if the forest plan were litigated and the environmentalists were sustained.

Foresters have estimated the annual sustainable yield of the Chugach National Forest at approximately 47 million board feet. The Forest Service had initially proposed an annual cut of 17 million board feet, but later slashed it to 8.6 million board feet as part of its agreement with environmentalists.

Private foresters believe the annual cut is far too small to encourage a viable timber industry in the forest, let alone a good firewood industry.

South-Central Timber Development blasted the Forest Service for the small allowable cut and for failing to make Martin River timber, which is said to contain some of the best trees in the Chugach, available for sale.

In defending his position, Barton said the Martin River timber stands are not economical to develop. He said the only way Martin River timber could be considered economically suitable is if a road connecting the Bering River Coal Fields to the Copper River Highway is constructed. Without such a road, Barton said it is unlikely the timber harvest could sustain the costs of road construction necessary to provide the needed access.

However, Steve Connelly of South-Central Timber Development disagreed, pointing out the Martin River timber base is large enough to justify construction of a 26-mile access road. He stressed that road access is not the chief obstacle, but that Forest Service resistance to a sizable timber sale is the biggest factor hindering logging efforts.

The Martin River area contains over 400 million board feet of exportable timber which could provide employment, taxable profits and export sales if the government would open it to loggers. Private foresters stress that Martin River timber has been left out of the forest base not because of specific rules or regulations, but simply because environmentalists wanted it that way.

The Forest Service claims it has received little interest from logging companies on potential timber sales. However, South-Central Timber Development's president Joe Henri explained that government would have seen a great deal of response from the private sector had the Forest Service put up a significant allowable cut in one area.

"As it is, the economics simply are not present to justify a small show in a remote location," Henri said. "If you were to allow a bid on 20 million board feet per year over a long

(Continued on page 7)

## Forest industry in deplorable situation

The forest industry in Southcentral and Interior Alaska is in miserable condition, and given the volume of timber land owned by the state and the fact that only a fraction of these lands are being managed consistent with the constitutional mandate for sustained yield, the situation is deplorable.

That was the message delivered by the Resource Development Council in a presentation before the House and Senate Resources Committees January 27.

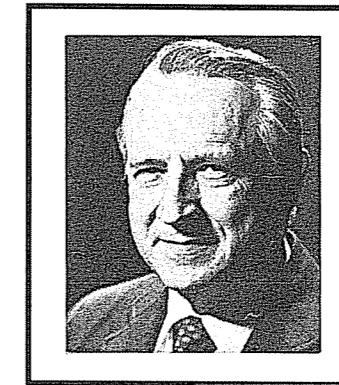
Michael Abbott, RDC Projects Coordinator and Richard Tindall, Chairman of the Council's Lands and Renewable Resources Division, noted that there are three main problems with the state's management of its timber resources.

According to RDC, the lack of commercial forest land dedicated to timber management is the chief problem. The land classification process of the last few years has systematically removed millions of acres of timber land from the timber base, the testimony explained.

One answer to this problem has been to create state forests, but the forests which have been created to date, especially Haines, are not being managed for timber harvesting close to their potential.

Industry has no faith in the ability of this or future administrations to withstand environmental pressure to mandate preservation over timber harvesting and other forest uses on state forests as they presently exist or are proposed, Abbott said.

(Continued on page 6)



## Thoughts from the President

By  
Charles R. Webber

## Pioneering

Webster says that a pioneer is one who goes before, preparing the way for others to follow. Our young country is a land of pioneers and perhaps our state is the epitome of that activity.

Alaska's youthful population has the opportunity to move forward with vigor in addressing the issues that concern us and participate in the development of Alaska's resources.

Relatively free from the normal constraints of high population and heavy industry, our pioneers should be allowed to develop the methodology and technology that will lead to preparing the way for others in the development of Alaska's abundant resources. Although the pioneering trail is risky and not for the faint hearted, its rewards can be substantial in terms of economic and national progress. Let us then commit ourselves to a pioneering spirit and get on with our mission.

## Refuge is hottest onshore prospect

(continued from page 1)

are drilled, and if oil and gas are found, the wildlife need not be seriously affected.

Although some environmentalists opposed development on the North Slope as early as 15 years ago, the Central Arctic Caribou herd, which has been carefully managed by the Alaska Department of Fish and Game, has successfully coexisted with oil operations. In the spring they herd calves in close proximity to oil field operations. In summer large numbers lie under or move about the buildings and large groups can be seen moving through the oil fields to the coast to escape the mosquitos.

The North Slope oil fields are an important part of the range of the Central Arctic Caribou herd. The herd has increased from about 5,000 animals in 1975 to about 18,000 in 1985. In recent years the herd has increased at a rate of about 13% per year, which is about as good as any herd in Alaska.

The Alaska National Interest Lands Conservation Act of 1980 charged the Department of the Interior to study ANWR's energy potential and wildlife values to help Congress decide whether to open the coastal plain to oil and gas drilling. The information and recommendations in the report will be submitted to Congress in September, and environmentalists will be lobbying Congress once again to preempt any oil development, regardless of the nation's energy needs and industry's excellent tract record in the Arctic.

As required by law (ANSCA and ANILCA), the Fish and Wildlife Service has begun to assess private lands within refuges across Alaska in preparation for possible land exchanges involving the coastal plain of ANWR. Several Native corporations have proposed exchanging some of their land for land managed by the federal agency.

Land exchanges would enhance fish and wildlife management across Alaska by allowing the government to acquire private Native inholdings within wildlife refuges elsewhere in Alaska. The proposed exchanges would result in more wilderness protection and wildlife habitat under the Agency's management, since land of equal value would be traded.

Wildlife refuges in Alaska cover over 77 million acres, and 12 to 15 million acres are inholdings of regional and village Native corporations. The exchanges could provide government agencies with an opportunity to assure greater protection of wildlife and better management of the resource by acquiring some of these inholdings.

With the ANWR only 60 miles from the trans-Alaska pipeline, and given the region's giant energy potential and industry's proven

ability to safely develop oil and gas resources in the Arctic, the region is the next place that should be explored for oil as soon as possible. A major discovery of oil on the coastal plain would propel Alaska's economy into the 21st century and help offset the trend of declining state revenues.

Environmentalists claim ANWR is the last place we should look for oil. They tell us there are greater prospects elsewhere but they don't say where.

The arguments the more adamant preser-

## Alaska's mining creeks are getting cleaner

Alaska's mining creeks are getting cleaner.

Overall, the mining industry is drastically reducing its solid and water discharge into receiving creeks. As environmental laws have been adopted, miners have tried to adapt their operations to meet the new requirements, according to Dr. Donald Cook, dean of the University of Alaska School of Mineral Engineering.

"Most miners are making every effort that they can to answer the EPA and the DEC regulations on discharge water. They aren't having trouble with the settleable solids, because they are put in settling ponds," Cook said. "All of the miners I know want to do things the right way."

Part of the problem, as Cook sees it, is a change in public attitudes. What appears to be a refusal on the part of the miners is in reality a lack of technology or financial capability. Technology to meet these changes hasn't been advanced as rapidly as the change in public attitudes.

"It can take years to develop new technologies," Cook said. "Even today, agencies are taking samples that emphasize the problem, but the money is not being put into engineering solutions. We have tried for years to get financing, through various government agencies, to do something about turbidity by using flocculation agents."

Only in the last few years has funding been available for applied research. Three School of Mineral Engineering graduate students are now working on various projects related to placer mining water quality.

In meeting the recent regulations imposed by the state and federal governments, miners have been concerned about settleable solids and turbidity. Settleable solids are the larger particles which will drop out of water when the movement of water slows down enough that it can no longer carry the particles forward with its current. Turbidity refers to the cloudy look water gets when it is carrying minute clay

particles. This results in what is called non-settleable or suspended solids.

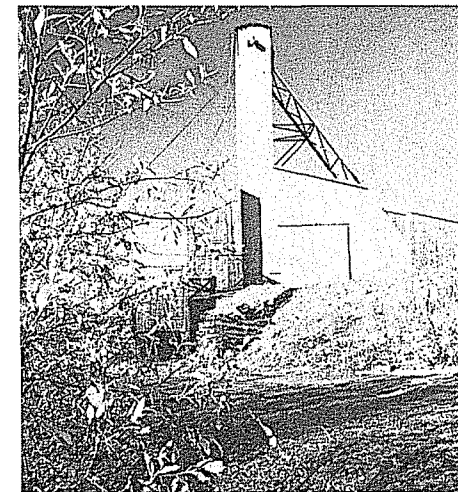
In addition to settling ponds, many miners are changing their operations to meet the new standards. Some are decreasing their discharge through mechanical methods.

"Most of the success that they are experiencing is that they are using less water," Cook said. However, using less water to discharge into settling ponds for treatment of water content is only a partial solution. Conquering turbidity will require application of new methods that haven't previously been utilized in small-scale mining operations.

"It can be done with the addition of a chemical coagulant, but this is something that can't be done overnight," Collins said.

Other industries have successfully used chemical reagents to solve similar problems.

Cook believes that the university and the state and federal mining agencies must become involved in finding answers. Alaska's placer mining industry is fragmented, with many small operators. No one company is large enough to finance the research needed.



Mining operations of all types face enormous governmental regulations.

particles. This results in what is called non-settleable or suspended solids.

In addition to settling ponds, many miners are changing their operations to meet the new standards. Some are decreasing their discharge through mechanical methods.

"Most of the success that they are experiencing is that they are using less water," Cook said. However, using less water to discharge into settling ponds for treatment of water content is only a partial solution. Conquering turbidity will require application of new methods that haven't previously been utilized in small-scale mining operations.

"It can be done with the addition of a chemical coagulant, but this is something that can't be done overnight," Collins said.

Other industries have successfully used chemical reagents to solve similar problems.

Cook believes that the university and the state and federal mining agencies must become involved in finding answers. Alaska's placer mining industry is fragmented, with many small operators. No one company is large enough to finance the research needed.

## State, oil companies share common interests, opportunities and challenges

With over 90 percent of Alaska's finances based on oil production, America's largest state and the nation's oil companies share a number of common interests, opportunities and challenges.

Larry Smedley, Area Manager of Exxon's Alaska Operations, said that declining worldwide oil prices have an adverse impact on both the state and his industry while future development of Alaska's resources offers great potential for both.

However, to realize this potential will require that both Alaska and the oil industry remain strong during difficult times, Smedley told delegates attending the Alliance Meet Alaska conference January 18.

Smedley cautioned that state annual operating expenses have ballooned from about \$500 million ten years ago to \$2.3 billion today. Alaska spending is the highest in the nation, Smedley said, at a level of almost \$8,000 per resident — five times the national average.

With the outlook for Prudhoe Bay production declines in the next couple of years, and falling worldwide oil prices, Smedley issued a plea to reduce government spending to a sustainable level.

Smedley said existing tax laws are providing the state a very large share of oil production revenues. He explained that a recent Alaska Department of Revenue study revealed Alaska's share of net oil production revenues after costs are deducted have increased from 31 percent in 1982 to 40 percent today. By 1990, he said the state will receive almost half, with the federal government and the oil companies sharing the remainder.

ARCO Alaska President Harold Heinze warned that increasing taxes on the oil industry to bring in additional revenues to state coffers would discourage oil company development, drilling and construction, resulting in yet smaller future oil revenues for the state.

"We in the oil industry would like to have the same encouragement Alaska is now offering to potential trade partners in the Orient," Heinze said. "Our commissioner of commerce says he is offering tax incentives, less red tape, and a hospitable business climate in order to entice Asian investment. We would be delighted to have such encouragement — even just one of the above."

Heinze pointed out that New York changed its attitude toward business and has taken an aggressive role in creating new jobs and strengthening the private sector economy by encouraging productive economic growth through the expansion of the private sector. The ARCO president noted that as a result of



1986 will bring the biggest summer sealift ever and the largest construction year yet to the North Slope. Oil companies say such activity is the result of a stable tax climate, adopted by the legislature in 1981.

New York's economic progress, it has been able to implement the largest tax reduction program in the state's history.

The ARGO executive urged Alaskans to support candidates who want to encourage new development so that the private sector can provide jobs and income. However, he warned that there are some in Alaska government "who are proposing to injure the companies by adding to an already-heavy tax burden."

"Marginal fields already discovered on the North Slope are becoming ever more marginal," Heinze stressed. "The last thing we need is an increased tax burden, which would not only cut deeply into the amount of money available to invest in new projects, but would also send a signal to the investment community that Alaska is a risky place to do business."

Besides providing 90 percent of the state's income, the oil industry also provides jobs for one of every four Alaskans. The direct and indirect impact of oil revenues and employment has ripples that extend to every Alaskan. Among other projects and programs, oil re-

venues fund new schools, roads, hospitals, fish and game programs, boat harbors, hatcheries, airports and recreation facilities.

Heinze noted that his industry has invested over \$40 billion in Alaska since the discovery of oil 30 years ago on the Kenai Peninsula.

"For my company, that means we have invested in Alaska more every year than we have taken in net profits," Heinze said. "That is a superlative example of good corporate citizenship."

## Notable Quote

"To the extent that state government can affect its economic climate, I am happy to say that New York state ... has taken an aggressive role in creating jobs and strengthening our private sector economy. In New York state, government knows that the only lasting and productive economic growth is growth through the expansion of private sector employment."

Governor Cuomo  
New York

## ANWR task force to meet

The Resource Development Council is forming a task force to work on issues surrounding potential oil and gas development in the Arctic National Wildlife Refuge (ANWR).

The first meeting of the task force will be held February 18 at 4:00 p.m. in the RDC conference room at 807 G Street, Suite 200. U.S. Fish and Wildlife Service officials will be

present to deliver a briefing on the status of various programs associated with ANWR and some of the issues to be resolved in the future.

The Council encourages members with interests in this highly volatile and important issue to join its task force and help RDC develop and advocate a thoughtful, considered position.