

Red Dog

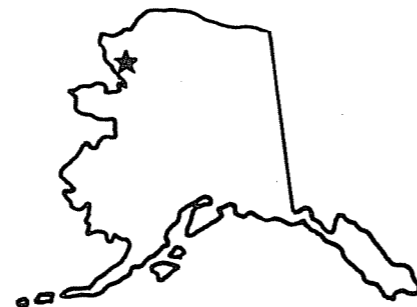
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Resource Review

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August 1987



ANWR battle escalates

Critical Senate vote may take place next month

The battle over oil and gas development in the Coastal Plain of the Arctic National Wildlife Refuge may take a critical leap forward in September with the Senate moving out in front of the House in consideration of the highly volatile energy issue.

The Senate Energy and Natural Resources Committee, chaired by Senator Bennett Johnston, D-LA., may vote next month on the limited question of whether the refuge should be opened to development. If there is support for that concept, the panel would then consider conditions for the development.

If the Committee does not take a formal record vote on this matter, it may instead do a survey of its members' attitudes and opinions.

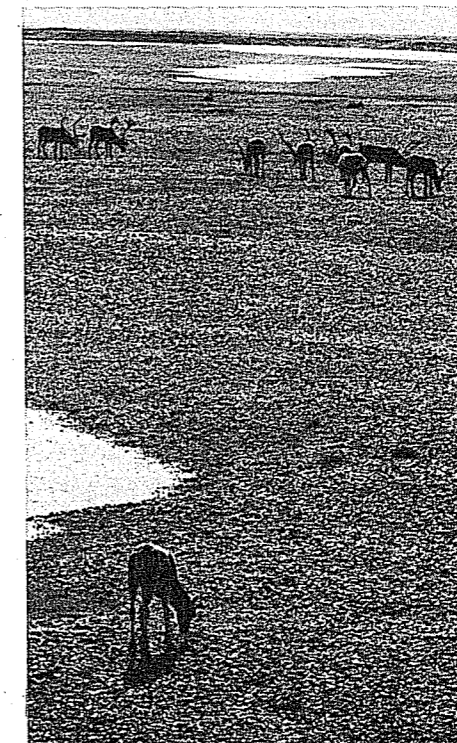
Whatever approach the Committee takes, this represents the first time in this Congress that there will be a vote or opinion survey in a committee of the Congress on the issue of opening ANWR to development.

Meanwhile, members of the House Interior Committee say it will be at least next year before they are ready to debate the issue. Interior Committee chairman Mo Udall said he would appreciate the Senate taking the lead on the issue. The House Interior Committee plans several more hearings on the refuge after Congress returns in September.

During the protracted battle over the Alaska Lands Act, the House twice passed a bill before the Senate acted.

For the past two months, the environmental organizations which are opposed to opening the Coastal Plain to development, and who favor Wilderness designation instead, have put in place a very effective grass roots letter writing campaign to

(Continued on page 7)



Since habitat is not limiting the growth of the Porcupine Caribou Herd, many experts believe that oil development in a very small area of ANWR will not adversely impact the herd. If another Prudhoe Bay was discovered in ANWR, approximately 12,500 acres would be developed, leaving millions of acres of caribou grazing and calving areas on the vast Coastal Plain undisturbed.

Congressmen flock to North Slope to see oil operations

Influential congressmen charged with deciding whether to allow oil and gas development in the Arctic National Wildlife Refuge took a first hand look at the piece of remote real estate that has become the grand prize in a monumental struggle between preservationists and those favoring environmentally-sound development.

Leading the parade to the 1.5 million acre Coastal Plain were three congressional committees studying Interior Secretary Donald Hodel's strong recommendation to allow for exploration and development in what has been defined as America's premier onshore oil and gas prospect.

Visiting committees included the Senate Energy and Natural Resources Committee, the House Interior and Insular Affairs Committee and the House Merchant Marine and Fisheries Committee.

Scores of others, including Interior Department officials, a media contingent, key Senate aides, conservation groups and pro-energy organizations, accompanied the congressmen on a tour that included existing oil and gas operations at nearby Prudhoe Bay.

Industry representatives hosting the visiting congressmen welcomed the opportunity to show off impressive facilities and let the visitors see for themselves that large scale oil and gas development in the Arctic can and does coexist with the surrounding environment and wildlife.

RDC president Joe Henri and executive director Becky Gay traveled across the state to meet with members of the various committees. At a Senate Energy Committee dinner at the Chena Pump House in Fairbanks, Henri pointed out to

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Message from the executive director

By
Becky L. Gay



Becky Gay
adjusts
an RDC pin on
Mo Udall.

A soldier in every camp . . .

Key congressional members and staff have been touring Alaska this past month. Therefore, so has RDC.

RDC's Executive Committee gave staff the determined mandate to arrange for "rubbing elbows" with the various congressional delegations, no matter where we had to go in Alaska to accomplish our mission.

Although RDC would prefer to be leading the congressional delegations instead of following them, we were prepared to do whatever was necessary to show Congress there are good-quality resource development folk who live, work and play in Alaska and who foster a long-term vision and love for this great state.

Thanks to Alaska's helpful congressional delegation, RDC's statewide board, our energetic president, Joe Henri, and a wide-spread base of support, we were able to do just that.

Joe and Aletha Henri attended Senator Murkowski's dinner for Chairman Bennett Johnston (LA) and Senate Energy members in Fairbanks. Dick Tindall, Renewable Resources division director, carried the day for RDC in Kodiak with House Merchant Marine and Fisheries. Board members Pete Nelson, Don Cornett, Easy Gilbreth and I attended a dinner with Senators Ste-

vens, Heflin (AL) and Stafford (VT), strong proponents of removing the restrictions on ANWR. Other board members visited the Slope and a variety of parties, receptions and fishing trips with the committees.

A most interesting trip involved intercepting House Interior members and staff aboard the ferry Malaspina between Juneau and Sitka. Joe Henri, board member Dick Griffin and Mayor Dan Keck of Sitka, and I took the cruise. Although no one can doubt Chairman Udall's love for Alaska (however misguided in effect), we all laughed when he joked Alaskans were beginning to like him more since "lately they've been waving with all five fingers."

At the ferry terminals in Juneau and Sitka the preservationists welcomed him with open arms, demonstration signs and floats glorifying the Tongass and denigrating anything which had to do with the timber harvest.

We watched from the deck as the delegation made its way through the demonstrators, wondering if those sort of tactics are really effective and if any of the demonstrators used wood or petroleum products, like toilet paper and gasoline. If so, we wondered, where do they think those items come from — Japan?

Upon boarding, the Interior Committee immediately created a "Core Congressional area" by barricading itself in the lounge, protected by its staff and Forest Service personnel from Alaskans and other tourists. RDC managed to penetrate the inner circle, but not without using a variety of tactics which I will not detail for strategic reasons!

Overall, these trips have been illuminating from many angles, including to the Congress, we hope. At least now they have faces to associate with names, and so do we. Meeting firsthand the "soldiers in every camp" opens lines of communication which cannot be established any other way.

I would like to thank our president Joe Henri and the excellent RDC board for their help in rallying the troops we needed. RDC was everywhere, with different faces and representing all resource sectors. We made a difference in the impressions the Congressmen and their staff formed about Alaska.

And thanks to board member Don Cornett, even Chairman Mo Udall was wearing an RDC pin throughout the trip!

Alaska mining activity takes a plunge

Mining activity in Alaska took a nosedive last year in exploration, development, production and employment. The total value of the minerals industry slipped by 14 percent from the previous year.

Overall industry employment fell 20 percent, with the placer gold sector alone losing some 175 jobs. Gold still far outdistanced production of other minerals, but was off 16 percent from 1985 levels.

On the upside, dock, road and fuel-tank farm construction is proceeding for the Red Dog project near Kotzebue. Amselco Minerals Company is starting to develop the Greens Creek silver-gold mine near Juneau. Inspiration Gold, Inc., is well into its first full exploration/production season of offshore gold dredging near Nome and over 130 workers are being kept busy by Valdez Creek Mining Company on a placer gold operation off the Denali Highway.

Alaska Minerals Industry

	1984	1985	1986
Exploration	\$ 22,283,650	\$ 9,150,000	\$ 8,914,744
Development	53,348,055	34,120,775	24,331,972
Production	199,437,167	226,599,250	198,461,007
Total	\$275,068,872	\$269,870,025	\$231,707,723
Employment	N/A	3,600	2,950

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Carl Portman
Editor & Advertising Manager

Senate may take ANWR vote in September

(Continued from page 1)

key members of Congress on this issue. The anticipated vote or opinion survey in September has prompted the environmental community to redouble its lobby effort.

RDC believes it is imperative that its members encourage friends and family to mount a strong effort reaching each of the 19 members of the Senate Energy Committee and urging them to open the Coastal Plain to oil and gas development. **Action is needed now.**

The Council suggests brief letters, telegrams and phone calls. Congressional staffers are keeping a tally of all post cards and letters received on the issue. Send RDC a copy of your letters.

RDC urgently needs your active support to persuade the members of the Senate Energy Committee to proceed with hearings and legislation to open 8% of ANWR to oil and gas development.

Senator Jeff Bingaman
502 Hart Senate Office Building
Washington, D.C. 20510

Senator Bill Bradley
731 Hart Senate Office Building
Washington, D.C. 20510

Senator Dale Bumpers
229 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Kent Conrad
825 A Hart Senate Office Building
Washington, D.C. 20510

Senator Pete V. Domenici
434 Dirksen Senate Office Building
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Senator Daniel J. Evans
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Senator Wendell H. Ford
173A Russell Senate Office Building
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Senator Wyche Fowler, Jr.
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Senator Mark O. Hatfield
711 Hart Senate Office Building
Washington, D.C. 20510

Senator Chic Hecht
302 Hart Senate Office Building
Washington, D.C. 20510

Senator J. Bennett Johnston
136 Hart Senate Office Building
Washington, D.C. 20510

Senator James A. McClure
309 Hart Senate Office Building
Washington, D.C. 20510

Senator John Melcher
730 Hart Senate Office Building
Washington, D.C. 20510

Senator Howard M. Metzenbaum
140 Russell Senate Office Building
Washington, D.C. 20510

Senator Frank H. Murkowski
709 Hart Senate Office Building
Washington, D.C. 20510

Senator Don Nickles
713 Hart Senate Office Building
Washington, D.C. 20510

Senator Malcolm Wallop
206 Russell Senate Office Building
Washington, D.C. 20510

Senator Lowell Weicker, Jr.
225 Russell Senate Office Building
Washington, D.C. 20510

Senator Timothy E. Wirth
237 Russell Senate Office Building
Washington, D.C. 20510

Congressmen inspect ANWR (Continued from page 1)

chairman Bennett Johnston that "we can draw on the experience of oil production at Prudhoe Bay and the operation of the Alaska pipeline to provide an empirical base of evaluating the claims of both sides of the resurrected Alaskan oil debate." Henri stressed, "Unlike the Prudhoe Bay debate, a decision about developing the vast potential of ANWR can be made on the basis of fact and experience, rather than rhetoric and speculation."

Henri cautioned that those now opposing development in ANWR frequently cite arguments alarmingly similar to those brought forward by environmental groups some 15 years ago attempting to halt Prudhoe Bay development. There is one exception; many preservationists then argued that ANWR was far less environmentally sensitive or important than the land the 800-mile Alaska pipeline would cross.

"Today they have either quickly forgotten those arguments or twisted them in such a way to meet their current agendas," Henri said.

Although the attack on Prudhoe Bay development centered on the disaster certain to befall the caribou, any effect to date has been virtually undetectable. In fact, the caribou population at Prudhoe Bay has tripled since production began in 1977.

RDC contends there is no reason to believe oil exploration activities on the ANWR Coastal Plain would affect wildlife

more than they do at Prudhoe Bay or along the pipeline. To the contrary, ANWR oil and gas exploration would take place at times when caribou were not present.

Even if development were to occur, it would consume less than one percent of ANWR's 19 million acres, leaving millions of acres of untouched wilderness inside refuge boundaries. Since caribou know no political boundaries, experts believe they'll continue to calve across the Alaska and Canadian arctic coastal plain where millions of acres of caribou habitat will remain undisturbed.

RDC is continuing its national efforts directed at convincing Congress to open the Coastal Plain to environmentally-sound development. For information on how you can help make a difference, call RDC at 276-0700.



RDC Executive Committee member Pete Nelson shares a laugh with Mo Udall, Chairman of the House Interior Committee, at a barbeque hosted by former Governor Walter J. Hickel.



RDC president Joe Henri and Executive Committee member Easy Gilbreth and wife Milly discuss oil and gas development in ANWR with Roy Jones, Chief Counsel for the House Interior Committee.

ATTENTION: RDC Board Members

Homer Board Meeting

September 19, 1987
11:30-3:30 p.m.
Formal Meeting

If you are a member of the RDC statewide Board of Directors, then you recently received details in the mail of our Fall Board Meeting. Please return response form to RDC as soon as possible.

Senate partnership aims to stimulate economy

Legislature faces a challenge

This past legislative session the Senate leadership entered into a partnership with the Resource Development Council (RDC). This partnership's goal was to move forward with a package of economic development legislation which would implement the recommendations made in RDC's publication *New Strategies for Advancing Alaska's Economy, 1986-1990*.

This publication proved to be especially helpful to members of the Legislature because it contained specific recommendations for legislative action to further economic development in our state. This contrasts with many other efforts which have focused on the problems instead of offering solutions.

All Alaskans have felt the effects of downturns in the world oil market during the last two years, and it has driven home the point that we can no longer rely on only one industry as the engine to drive our economy — a point, I might add, which groups like RDC have been making for a long time. As a result, the Legislature faced a crucial challenge when the session convened this past January. It had to do all it could to turn our economy around.

The Senate's answer to this challenge was to move forward with over 20 different pieces of economic development and diversification legislation. This legislation was aimed at stimulating development in the mining, timber, and fishing industries as well as fostering international trade.

Unfortunately, the Governor and House Majority had a different approach. Instead of working on incentives for development, they proposed six new or increased taxes so Alaskans could continue to support an oversized state government which already spends many times the national average per capita! These measures included the reinstatement of an income tax, establishing a state sales tax, doubling the motor fuel tax, increasing the severance tax burden on the oil industry, increasing the premium tax on insurers, and establishing a smokeless tobacco tax. The Senate said no to each of these taxes. The Senate also said no to a raid on the earnings of the Permanent Fund in order to fuel an insatiable bureaucracy.

While the House Majority seemed to have no problem passing many of these taxes, they failed to pass a great deal of the RDC strategy legislation. By the end of the session the most crucial



Guest Opinion

By
Jan Faiks
Senate President

economic development legislation such as SB 112, relating to forest management agreements, SB 136, relating to multiple use of state land and water, SB 137, relating to state land withdrawn from mineral location or mining, and SB 182, relating to the written findings required for oil and gas lease sales was stalled in the House Resources Committee.

While it may seem hard to believe, the House Majority even killed the Senate's ANWR resolution. This is especially frustrating when a number of other states have already passed resolutions in support of oil and gas development in the Coastal Plain of ANWR.

Also in the issue of the *Resource Review* is a list of RDC's economic development legislation, along with the status of each bill and resolution. The Senate will continue pushing forward with this important legislation when the next session convenes on January 11th. However, if we are going to be successful in getting the RDC strategies passed by the House, we are going to need your help.

Between now and January it would be especially helpful if you would let your Representative in the House, and especially the members of the House Resources Committee, know that you feel economic development is important to the future of our state, and that in order to achieve this goal you would like to see them act positively on this important economic development legislation. House Resources Committee members are Sam Cotten D-Eagle River, Adelheid Herrmann D-Naknek, John Sund D-Ketchikan, Mike Navarre D-Kenai, Cliff Davidson D-Kodiak, Drue Pearce R-Anchorage, Heinrich Springer D-Nome, Lyman Hoffman D-Bethel, and Dick Shulte R-Tok.



Koncor will export over 30 million board feet of timber to China annually for at least five years.

Afognak timber to be shipped to China

(Continued from page 3)

ture a big step toward opening mainland China to Alaska exports.

Koncor is owned by natives of Kodiak and the Chenega, Yakutat and Ouzinkie village corporations. It has operations on Afognak Island and in the Yakutat area.

The China International Trust and Investment Corporation is an economic development and finance ministry of the Chinese government.

The new joint venture, known as Citikon, is unique to Alaska in that one company will harvest the timber and market it overseas. Citikon has purchased a large amount of Afognak Island timber and will

sell it to "end users" in China and perhaps to companies in other Far East countries. The arrangement eliminates some expensive steps in selling timber on the spot market and strengthens Koncor's logging operations on Afognak.

Citikon's annual shipments of at least 30 million board feet will amount to about 10 percent of the state's total annual log exports to the Pacific Rim. Enough wood will be exported to build about 3,000 U.S. type homes.

A dozen U.S. companies sell logs to China, which is second only to Japan in log imports.

Easley went the extra mile



Paula Easley, Becky Gay and Boyd Brownfield were the guests of honor at the President's Party in mid-July.

RDC expresses appreciation for Easley's dedication

Over 120 friends and members gathered at the home of Joe and Aletha Henri in July to honor outgoing executive director Paula Easley, outgoing president Boyd Brownfield and new executive director Becky Gay.

On behalf of the entire statewide Board of Directors, the Executive Committee, and the Council's broad membership, Joe Henri expressed profound appreciation for Easley's intense commitment and dedication to the interests and concerns of Alaskans. Henri described Easley as the "heart and soul" of the Council she guided for 12 years as its executive director.

In a letter to Henri, former Congressman Jim Santini said "Paula went the extra mile in terms of hours and resolve."



Hostess Aletha Henri

Henri noted "this is not the end of the road but merely an important juncture, which means that we can hope to work with Paula during the times ahead, anchored in a well-founded expectation that Alaska's resources will be developed, that the economy will be broadened and diversified, and that Alaskans will enjoy a good way of life in this very great place."



Sharing a laugh are Charles and Roberta Herbert and Bob and Evangline Atwood.

Study reveals gas line price tag

A recent study commissioned by Yukon Pacific Corporation, the firm that wants to market North Slope natural gas in the Pacific Rim, has revealed that a transportation system to carry the gas south could be built for about \$8 billion, several billion dollars less than previously projected.

Conducted by the Institute of Gas Technology of Chicago, the study also confirms Yukon Pacific's assertion that North Slope gas can be competitive in Korea and Taiwan as well as Japan. The study also says that natural gas can be marketed sooner than expected if the Trans-Alaska Gas System is built in phases. It said the system could be in operation by late 1993 or 1994.

Yukon Pacific is proposing to build an 800-mile pipeline to carry North Slope gas to tidewater in Valdez where it would be liquefied and shipped by tanker to the Pacific Rim. The company had estimated the cost to build the line, processing plants and ships to move the gas across the Pacific Ocean at \$11 billion.

Backers of TAGS are now awaiting a presidential finding that North Slope gas can be exported without affecting U.S. energy markets. The finding is necessary before the Alaska-based Yukon Pacific Corporation can enter into contract negotiations with Asian customers. The timing of the presidential finding and necessary permits for the project is crucial if the company hopes to capture a share of the Japanese LNG market. Existing Japanese contracts will expire in the mid-1990s and Japan is already looking for new sources of gas from several countries.

Alaska logs to be exported to China

An agreement between a subsidiary of China International Trust and Investment Corporation and the Anchorage-based Koncor Forest Products calls for harvesting over 30 million board feet of spruce trees for export to China annually for at least five years.

Timber located on Koncor land on Afognak Island north of Kodiak will be cut for industrial use in Chinese construction, packaging and crating.

Dan Dixon, director of the state Office of International Trade, called the joint ven-

(Continued on page 6)



Foss Maritime tug and barge approaches the DeLong Regional Transportation port site.

Red Dog project moves forward

Cominco enters into major contract commitments

In an effort to bring the largest zinc mine in the western world into production by 1990, Cominco Alaska Inc., has entered into major contract commitments and construction work on the road and port facilities for its Red Dog project in Northwest Alaska.

In a presentation before a Resource Development Council breakfast forum in late August, Ralph Hargrave, Vice President and General Manager of Cominco Alaska, said the current schedule calls for moving the start up date for the \$420 million project up by one year.

The Red Dog project is a venture of Cominco Alaska Incorporated and NANA Corporation. Another key member of the development team is the State of Alaska, with the Alaska Industrial Development Authority (AIDA) financing the transportation system.

Red Dog is one of the world's great mineral deposits with a unique combination of large size, high grade and a waste-to-ore ratio which will make it one of the world's largest, and lowest cost zinc producers when at full production. The present mineral reserve is estimated to be 85 million tons, at a grade of 17.1 percent zinc, 5 percent lead and 2.4 ounces per ton of silver. Based on the present production forecast, this will yield a mine life of almost 50 years.

Hargrave noted that Red Dog is the second largest zinc deposit ever discovered. He expressed confidence that the deposit will be the largest in the world once the area is adequately explored.

The production plan is based on mining



Workers lay geotextile fabric out on the tundra as work begins on the Red Dog haul road.

at a rate of 2.1 million tons of ore per year to produce 720,000 dry tons of concentrates per year.

Hargrave explained that the AIDA agreement commits Cominco to pay AIDA an annual toll fee of about \$12 million. On the basis of this guaranteed toll fee, AIDA will finance and build the \$150 million road and port with funds from the state, plus the proceeds of a bond sale.

Cominco's toll fee is calculated to give the state a 6.5% return on the total investment in the system over 50 years. The toll fees will amount to about \$600 million during this period. In addition, the state will receive from Red Dog at least \$300 million in taxes and fees, which are the direct result of the state facilitating this development. This will give the state a total of \$900 million on a \$150 million investment. Red Dog will inject up to \$100 million annually into the Alaskan economy.

Completion of this agreement has allowed AIDA to start construction of the DeLong Mountain Transportation System. The first contract was awarded last year to Enserch Alaska Construction to build a shallow water dock and staging area at the



Geologists tour the Red Dog Mine site.

port site. In February a second contract was awarded to Rockford Corporation of Anchorage for the construction and installation of four double-wall diesel fuel storage tanks.

Last month Enserch Alaska began construction of the \$48 million mine road. The company anticipates having an initial 52-mile pioneer road to the mine site completed by February 1988.

Green Construction of Anchorage will do the major earthwork at the mine site. The work will consist of building the tailing dam, fresh water dam, initial stripping of the orebody and preparation of the mill site area for the modules which will begin to move into the area next year.

Green began work at the mine site in July preparing its construction camp for major construction commencing in February.

Other major contracts will be awarded for accommodation module fabrication, a services complex, concentrate haulage, general mechanical and electrical, module fabrication, module bases and structural steel and a mine concentrate storage building.

Upcoming contracts which will be issued by AIDA include the port site concentrate storage building, offshore structures and the conveyors.

Hargrave said Red Dog ore will be mined by open-pit methods since the mineral is very close to the surface. He said the process plant layout is based on the concept of construction off-site in large modules, a technique which has been successfully used in development of the North Slope oil facilities.

Because of a restricted shipping season, Hargrave said concentrates will be stored over the winter for shipment in the summer, adding significantly to the cost of the project. The shipping concepts are based on a 100-day season.

For land transportation, the present concept is to move the concentrate in truck-trailer units on the 52-mile road, to a storage building at the coast which will hold about nine months production.

Beluga coal developer optimistic

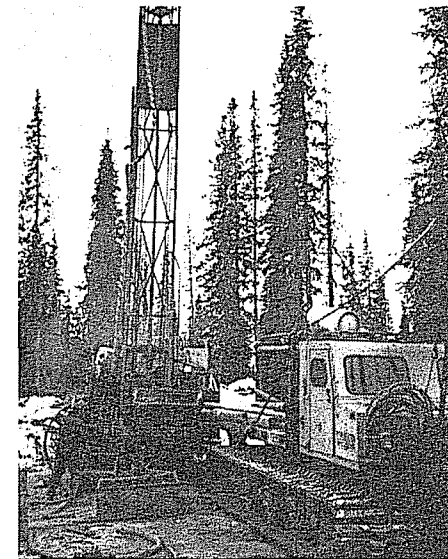
Diamond Alaska project offers economic stimulation

Since the 1890's Gold Rush, Alaska has built its future on the development of its resources. With the sudden fall in oil prices and the subsequent decline in Alaska's economy, state leaders have come to recognize that recent efforts to diversify the economy will depend greatly on the state's determination to develop a variety of resources.

The Beluga field, 25 air miles west of Anchorage, is one example of a vast source of mineral wealth offering a major shot in the arm to Alaska's future prosperity. However, before this tide-water coal can help usher in a new horizon in terms of jobs and other economic benefits, RDC says the state must do everything reasonably possible to allow the Diamond Alaska project to become a competitive coal source in domestic and international markets.

The project could become one of several major mineral developments to play a role in expanding Alaska's economic base. Over its 34-year life, it will employ hundreds of Alaskans and provide tax revenues to the Kenai Peninsula Borough and the state.

Speaking before an RDC breakfast forum earlier this month, Luke Franklin, Manager of Environmental and Regulatory Affairs for Diamond Alaska Coal Company, said his company has been working steadily on the project since 1981 when it launched exhaustive environmental studies in an effort to obtain necessary state and federal permits.



Exploratory drilling was conducted by Diamond Alaska Coal Company in 1982.

On June 22, Diamond submitted an amended application for a mine permit from the Alaska Department of Natural Resources.

"We feel the state decision on the permit will be positive, but whether the stipulations are those of which we can live with the economically develop the mine is important," Franklin said.

The two key issues that appear to be the crux of the amended application are

topsoil handling and sediment and drainage control.

In a letter to Jerry Gallagher, director of the state Division of Mining, RDC said the state should study these issues carefully and insure protection of public resources, without unnecessarily challenging the commercial viability of the project.

Topsoil handling is an issue of major concern to the entire coal mining industry. In its comments RDC asked the state to be open-minded and not rely on formulas and processes used with greater utility in other parts of the U.S.

The Resource Development Council believes state proposals to force the developer to remove, stockpile and regrade up to three times as much soil as Diamond's proposal are "overkill" and have no higher likelihood of sustaining sufficient re-vegetation.

Water quality treatment, as proposed by Diamond Alaska, involves primary, secondary and tertiary treatment regimens in addition to rigid effluent release monitoring.

"Diamond Alaska has demonstrated the effectiveness and efficiency of its proposed sediment control program," Gay said. "By requiring further treatment processes without actually demonstrating need, the state may very well be insisting on a level of protection that is unnecessary and commercially debilitating."

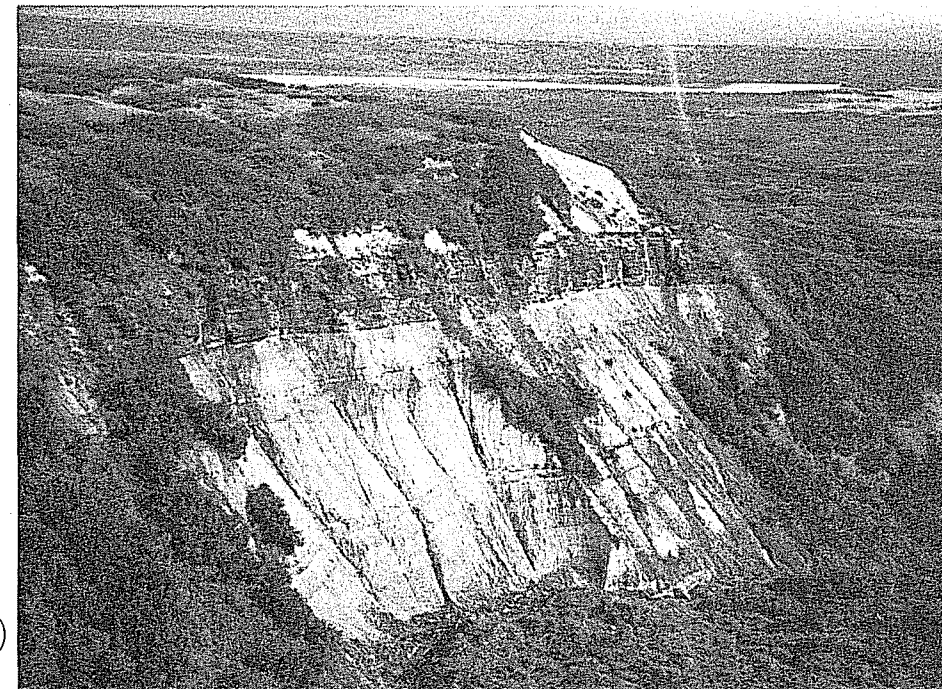
"Alaska must recognize the precedent setting nature of this permit process," Gay said. "The state must make sure that every stipulation and requirement, and ultimately the permit itself, is fully supportable, based on the empirical evidence at hand."

After the state permit is granted, Diamond Alaska will move into phase II of the project, focusing on the environmental impact statement process, additional federal permits and the remainder of the state permits. Franklin estimates that 40 permits will be sought under phase II.

Franklin is anticipating a pre-draft EIS to hit the street by the end of September. After a public review process, the final EIS should be out in early 1988. Once dozens of new permits are granted, construction could begin later in 1988, but markets for the Beluga coal must first be secured.

Franklin said the company's main marketing effort is being handled out of Dallas where executives are optimistic that markets will be in place for the coal.

Diamond Alaska anticipates several years of operation before reaching peak production levels. With that being the case, RDC believes the state can use the experience gained in early stages of development to determine the most appropriate environmental protection measures.



A coal seam is visible along a ridge line in the Diamond Alaska coal project area about 45 miles west of Anchorage.