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Park inholders struggle to save wilderness home

Floods, National Park Service bureaucracy threaten way of life

A dark cloud continues to hang over Wrangell-St. Elias Park inholders struggling to save their home and business from floodwaters and a National Park Service bureaucracy which has blocked efforts by the family to prevent future flooding.

Doug Vaden, his granddaughter Toni Hankins and her three children fear that imminent floods will wash away their log buildings and a century of Alaska history if the Park Service continues to oppose issuing a permit for erosion control measures on park land near their 16-acre North Fork Island home.

Located on the White River near the Alaska-Canada border, Vaden's property is surrounded by the 13.2 million-acre Wrangell-St. Elias National park and Preserve, established in 1980 by the Alaska National Interest Lands Conservation Act (ANILCA). The century-old buildings, guest cabins and a corral that serves as an historical jumping-off point for miners and recreational enthusiasts are being undermined by spring run-off and floods from the Russell Glacier.

Until three years ago, when a natural shift in the main river channel prompted annual flooding on the island, the family-run lodge provided one of few opportunities for the public to enjoy the almost



Vaden's granddaughter, Toni Hankins, with her children, nearly drowned fleeing North Fork Island last year. Photo by Flora Collins

inaccessible rugged beauty of the area. The island's structures once provided shelter to Klondike miners making their way north through the Chilkoot Pass.

The struggle began two years ago when the property owners sought erosion control permits from the Park Service as floodwaters submerged the island and the family's drinking water supply. Dale Hankins was successful in obtaining a permit from park officials to bring in a bulldozer. However, when they began to build a dike in the riverbed six miles upriver from the island to divert the river flow, park rangers arrested Hankins.

Rangers contend the permit to drive the dozer over 100 miles of rugged country to the island was not a permit to use it. Hankins was cited for illegally digging a federally-owned mineral resource.

That was the beginning of a bureaucratic nightmare that has forced the family to flee the island in the wake of raging floodwaters. In an emergency evacuation last year, Toni Hankins and her sons nearly drowned crossing the river. Four of their horses died trying to swim to higher ground.

Vowing to protect the inholders' prop-

(Continued on page 6)

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

Forest plan severely limits timber harvest

(Continued from page 3)

noted that such an increase amounts to about a week's supply for the Weyerhaeuser mill as opposed to the amount cut in 1984, which was less than a day's supply.

Easley, in her usual shy, retiring manner, said the Forest Service officials responsible for caving in to environmentalists' demands for such a low allowable cut should be "hung by their fingernails over a Smokey the Bear sign."

Last year the Forest Service offered 1.8 million board feet in timber sales, but the actual harvest taken by loggers was only 545,000 board feet. In 1983, 753,000 board feet of timber was offered.

In the United States last year, approximately 60 billion board feet of timber was harvested while Alaska loggers cut approximately 450 million board feet, the vast majority from the Tongass National Forest in Southeast Alaska.

"Despite the fact that Alaska has two of America's largest national forests, the Alaska timber industry isn't even in the ball game when national production figures are considered," Tindall said. He indicated that future timber production would be unnecessarily constrained by Forest Service management plans in Alaska.

According to Anita Williams, Co-Director of the RDC's Minerals and Energy Division, the Chugach plan not only makes very limited quantities of timber available for sale, it does nothing to encourage exploration and development of the highly favorable mineral potential in the area.

Williams said the plan gives only a cursory consideration to existing and potential mineral resources. She said mining has been conducted in the area for over 100 years, but the plan does not adequately recognize this nor does it encourage exploration in the area.

Both RDC division directors pointed out that in other national forests in the U.S., multiple use has resulted in expanded recreational opportunities, increased productivity and expanded habitat.

"Those uses have added significantly to economies of the areas in which the forests are located," Tindall said. "The Chugach plan would deny Alaska the benefits that could be derived from having the national forests here managed as the rest of our national forests have been," he added.

Tindall also stressed that the plan discourages development of a viable timber industry

in Southcentral Alaska which could provide much of the Railbelt's demand for wood products. Currently, almost all of Alaska's wood products are imported from Canada and the Pacific Northwest.

The Chugach National Forest Plan would place over 1.95 million acres of forest into wilderness classification, effectively closing over one-third of the forest to resource development.

Tindall noted that Alaska already has more land under such designation than the entire U.S. combined. He stressed that as Prudhoe Bay oil production declines and revenues fall, Alaska must seek to diversify its economy through resource development.

"The Chugach ten-year plan serves only to lock up our valuable resources and discourage the growth of both new and old industry in Alaska," Tindall concluded.

Miners Association to tour arctic mines

The Alaska Miners Association (AMA) Canadian Resource Development Tour departed Anchorage August 5 for thriving resource development sites throughout Western and Northern Canada.

The one-week tour included visits to a number of mines, hydropower facilities, harbors and cities. Smelters, railroads and other support infrastructure were also on the itinerary.

The tour began with meetings in Whitehorse and Yellowknife with Canadian government and industry officials. The tour then proceeded to the Lupin Gold Mine, a totally air-supported facility in the Arctic.

The itinerary also included a visit to Syncrude's tar sands project, one of the world's largest mining operations producing oil from large tar sand deposits in Northern Alberta. Other stops on the tour included the British Columbia Northeast Coal Development Project in Trail, B.C., where Canada's oldest smelter is located.

Current trends in state economic policy

(Continued from Page 2)

David Arnold identified the commonalities of the new strategies he studied: (1) Better quality math and science teaching in elementary and secondary schools. (2) Strengthened university-business linkages in R&D, technology transfer, scientific and engineering education and creation of spinoff ventures. (3) Capital availability programs for small business and for new product development. (4) State information and technological assistance programs for small technology-based firms (5) Increased emphasis on international trade activities. (6) Worker training and retraining programs for advanced technology occupations.

Why has Alaska not cashed in on the high-tech boom? There's little doubt that Alaska has experienced virtually no growth in this employment arena. Before considering how Alaska ranks in comparison to others, we need to be aware that there is no standard, widely accepted definition of high-technology.

The U.S. Department of Labor's Bureau of Labor Statistics groups high-tech industries into three categories. Group I contains those industries wherein the number of employees working in scientific and technical fields are at least one and a half times

the average of all industries. Group II industries are those that have a ratio of research and development expenditures to net sales that is at least double the average of all industries. High-tech industries placed in Group III are there if "the proportion of scientific and technical workers in the industry was at least equal to the average of all manufacturing industries and the ratio of research expenditures to sales was at least close to the average for all industries."

John Van Houten (Alaska Economic Trends, Alaska Department of Labor), reports that when taken as a percentage of total nonagricultural employment, Alaska ranks 46th under the workforce (Group I) definition. Alaska is tied for last place in Group II, under the definition of research and development expenditures as a percentage of sales. We rank 50th when the mix of workforce skills and research and development definition of Group III is used.

By any definition, Alaska's employment in high-tech industries is minimal, but that is not to say there is little future for high-technology enterprises in the state.

Next issue: State Strategies for Economic Development Implications for Alaska.

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Message From The Executive Director

By Paula P. Easley



State Strategies For Economic Development Part II of a three-part series

In the late 1970s, after years of using various incentives to lure major industries and branch plants into their states, the strategies of economic development officials took a new turn. From programs targeted solely at industrial recruitment, there was a shift toward fostering retention and expansion of existing businesses and creating new ones. Stealing companies and jobs from other states became more costly and tiresome, and there were no net national economic benefits from this activity.

Ford Foundation's David Arnold attributed this new direction to two events: (1) A major study on job creation, and (2) the explosion of the "high tech" revolution.

The job creation study, conducted by David Birch of MIT, reached a then-startling conclusion: More than two-thirds of all new jobs were created by firms with fewer than twenty employees. The study also concluded that regional differences in growth rates were not the result of plant closings or large corporate relocation decisions, but rather the result of differences in birth rates of new small businesses. For economic growth, business starts were more important than business relocations.

These statistics were widely quoted and in fact were the focus of a White House Conference on Small Business in 1980. Later a series of monographs published by the Council of State Planning Agencies (available at the Resource Development Council library) began analyzing the effects of state development policies.

The CSPA monographs and some development "experts"

brought to Alaska then espoused what some of us called the "small is beautiful" approach. Their thrust was that if state programs were to play a role in fostering economic expansion they should not offer loans, loan guarantees, tax, interest or any other subsidies to large, wealthy corporations. They proposed instead that development finance programs be targeted to new small businesses and minority firms with little access to capital; that these were the entities that would create the most jobs and economic growth. And, of course, job creation was of foremost concern to the majority of states.

Arnold says these arguments "were quickly fed into the policy debate on economic development at both the federal and state levels."

It was frustrating to study these and other arguments of the CSPA series and glean so little that responded to Alaska's needs and conditions. So it worked for Ohio; that did not mean it would work for Alaska. Besides, Alaska had never really substantially participated in the smokestack sweepstakes, recognizing that footloose firms sought greener pastures than were available here.

The second factor that influenced changes in state development policies was the "high-tech" revolution. When state officials witnessed the success stories in California's Silicon Valley and Boston's computer industry, they wanted their own, and fast.

To understand the extent to which officials jumped on the high-tech bandwagon, note these statistics on state technology programs reported by the U.S. Office of Technology in February 1984.

Over 150 state programs were implemented to address high-technology development. These ranged from high-tech education systems to creation of university-based technology centers to establishment of venture capital funds, and most came into being after 1980.

In Alaska, the Council of Science and Technology was created and existed for four years. Many states formed and funded public-private partnerships to promote high technology development such as Michigan's Metropolitan Center for High Technology and its Biotechnology Institute, the New York Science and Technology Foundation, Washington's Committee on High Technology Training and Advancement, and Georgia's Advanced Technology Development Center.

While electronics and computer firms have received most of the attention, states are becoming more activist in luring telecommunications, biomedical, robotics, and a vast realm of firms in the information services sector.

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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.

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The RDC business headquarters are located at 807 G Street, Suite 200 in downtown Anchorage.

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Inholders fight floods, National Park Service to save home and business

(Continued from page 1)

erty rights from park service bureaucrats, the Resource Development Council and Pacific Legal Foundation have taken strong exception to the NPS position. RDC and PLF officials contend that flood dikes would not alter the scenic qualities of the park since they would be constructed from gravel already on the riverbed, blending in the natural gravelbars along the river.

A report from the U.S. Army Corps of Engineers has confirmed a private consultant's environmental impact statement judging Vaden's erosion control plan as having "minimal" environmental impact. Despite the fact that the work would encompass less than 700 feet of riverbed that twists through 13.2 million acres of park land, the Park Service has yet to budge from its position that the dike would violate federal park service policy to "preserve, unimpaired, the scenic quality" of the park.

Last winter PLF charged the Park Service with an "abuse of discretion" for its handling of the permit application. According to PLF attorneys, the Park Service has ignored the provisions of ANILCA providing for maintenance of recreational opportunities, preservation of historic buildings and the effective resolution of emergencies within the park.

PLF attorney Robin Rivett said legislative history bears a multiple-purpose management philosophy which recognizes, assists and preserves wilderness recreational activities — the chief service that the inholders' business provides.

"ANILCA authorizes the erosion prevention measures necessary to save the applicants' land and livelihood," Rivett said. "The Park Service's single-purpose management philosophy would require the agency to look on impotently while existing wilderness recreational activities are destroyed."

Most recently Vaden and Hankins sought to exchange their 16-acre parcel for five-acres of federal land in the area. However, the Park Service refused to okay the land exchange, claiming that the North Fork Island property was worthless because of flood potential.

A federal appraisal report showed the value of the island property at \$102,000, but estimated that because \$610,000 of erosion control work would be needed on

the property to prevent flooding, the property was essentially worthless.

PLF has requested the Park Service to reconsider its decision, claiming the agency has made no attempt to balance the competing factors of wilderness conservation with preservation of wilderness recreational opportunities.

Meanwhile, Vaden and Hankins are bracing for new flooding this summer that is expected to be as devastating as earlier floods that have eroded approximately five acres of their property, destroyed over 130 large spruce trees and deposited tons of silt inside their cabins and home.

All of this destruction and that which is yet to come could have been prevented

Alaska's parks lack access, facilities

(Continued from page 4)

boat service, and charter boat or aircraft. This accessibility is what enables people to experience the park.

In contrast, 380 persons visited the Bering Land Bridge National Preserve consisting of 2.5 million acres. All but 10 of these visitors went to the public use cabin and small bathhouse located at Serpentine Hot Springs, according to the 1985 National Park Service draft management plan for the area. This means that only 10 people visited the rest of the park in 1984 — 250,000 acres per visitor — demonstrating how the public is able to benefit from just one small development such as Seroentine Hot Springs.

The National Park Service states that "this is the only place in the preserve where good access is combined with a public use cabin."

Some 20,124 persons visited the Katmai National Park and Preserve last year, nearly 4,000 of them using Brooks Camp, a 150-acre development in the park. These people are able to experience the park values with no impact on the rest of the 3.9 million acres within Katmai.

Yet there are people who complain that our parks are "packing people in" and that this threatens the very values which these visitors seek during their visit.

Denali contains 15 acres for every visitor if all 394,426 happened to be there on the same day! Similar figures show 1,581 acres

with just 25 gallons of gasoline and a day of work six miles upstream, Vaden maintains.

He believes that \$610,000 worth of erosion control work on his own island property, which the Park Service would permit, won't hold off the river. He maintains, along with the Army Corps of Engineers, that the best bet for preventing future erosion is to build the small dikes upstream where the channel has shifted.

Pacific Legal Foundation, RDC, Citizens Advisory Commission on Federal Areas, Congressman Don Young and Senator Frank Murkowski are continuing efforts to find some resolution to the situation before further damage occurs.

per annual visitor to the Kobuk Valley National Monument, 2,226 acres per annual visitor to Yukon-Charley Rivers National Preserve, and 3,728 acres per annual visitor to the Gates of the Arctic National Park and Preserve.

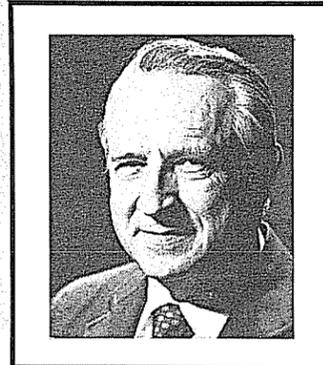
In its 1985 Draft Management Plan for the Aniakchak National Monument and Preserve, the Park Service said 25 non-local visitors have been to the area during the last 5 years, an average of only 5 visitors per year and 117,200 acres per annual visitor, if all were there at the same time.

The cost of gaining access to this area is \$1,030 from Anchorage. The high costs, combined with no visitor facilities, discourages visitor use.

If areas such as Aniakchak are to become viable National Parks consistent with the intent of ANILCA, they must be developed to the extent that visitors are able to gain access and use the areas.

Denali National Park is one of the key links to attracting visitors to Alaska. The 394,426 annual visitors to Denali contributes a crucial source of income and stability to our state's economy.

Alaska's economic base must continue to grow and diversify if Alaskans hope to maintain their standard of living through the coming decades. Our vast, undeveloped park lands are a huge untapped resource and should be part of the development equation for expanding the state's valuable tourism industry.



Thoughts from the President

By Charles R. Webber

The common ground

Those who favor resource development are often opposed by those who believe that such development may be detrimental to the best interests of our state. This difference manifests itself in constant stress over the uses of Alaska's land. This stress is recognized by the developers and environmentalists as a factor that continually consumes time, energy and productivity.

There are other stresses of large magnitude that can concern the state from time to time such as the current political situation within the Administration, which needs and deserves the attention of all Alaskans.

Hopefully those involved in Alaska's many land issues can find a common ground. Despite our differences, if we work together in resolving the conflicts, both our goals and ideals will come closer to reality and our state will benefit as a whole.

It takes Alaskans working together to fulfill the promise of Alaska's future.

Development community: Forest Service bowing to environmentalists demands

RDC director says Forest Service officials should be "hung by their fingernails from a Smokey the Bear sign" for proposed timber harvest

The U.S. Forest Service is losing support from the development community as it writes congressionally mandated plans that will affect the use of the nation's vast national forests over the next fifty years.

Environmentalists claim that excessive amounts of timber are being proposed for sale. Those within the timber industry believe the plans are heavily weighted to wildlife and habitat protection while providing little for timber harvesting and other multiple use purposes.

A 1976 law gives the Forest Service until October to come up with 50-year plans for the 155 forests under its control. Final plans have been published for 14 forests, and 13 are being challenged by critics through the administrative appeal process.

Representing a coalition that includes the Sierra Club, National Audubon Society and the National Wildlife Federation, Peter Kirby, a counsel for the Wilderness Society, claims that "vastly excessive amounts of timber are being proposed for sale" along with excessive amounts of roads through forests.

For example, Kirby said that a ten-year plan for the Chugach forest in Alaska proposes a six-fold increase in timbering.

A proposed Forest Service amendment to the Chugach National Forest Land and Resources Management Plan calls for an annual

timber sale offering not to exceed an annual average of 6.3 million board feet for the first five years and 10.6 million board feet for the second five years. Sales over the first five years range from an annual offering of approximately 2 million board feet in 1985, 1986 and 1990 to 22.8 million in 1988.

The Chugach Forest Plan's preferred alternative originally proposed to sell 16.9 million board feet to loggers each year of an annual harvest potential of 47.6 million board feet. Private foresters have pegged the potential yield harvest over 60 million board feet annually.

The Resource Development Council, Alaska's largest private economic development organization, believes the Chugach Forest Plan actually makes very limited quantities of timber available for sale, considering potential annual harvests.

Richard Tindall, Director of the RDC's Lands and Renewable Resources Division, pointed out that the proposed timber sales are so small that a viable timber operation in the nation's second largest national forest would not be cost effective. He indicated that future timber sales would keep loggers busy for only a few days each year, and provide less than ten days' supply of wood products to the Anchorage market.

To give readers a better picture of how



Alaska's timber industry holds great potential for renewed growth with two of America's largest national forests, but proposed management plans will greatly hamper new growth.

small the allowable timber cut is for the years 1985, 1986 and 1990, 2 million board feet, the Council's executive director reported the following. "I recently visited the Weyerhaeuser Pine Mill in Klamath Falls, Oregon, a state-of-the-art operation. I was astonished to learn that the proposed cuts for the Chugach, the nation's second largest forest, would amount to a little over a two-day supply to keep that mill running." When environmentalists refer to a 600% increase in timber production from the Chugach, Easley

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Workshop to focus on strategies for offsetting declining state oil revenues

Four points relating to community income and future growth will be identified and examined at an economic development workshop in Soldotna August 9.

Coordinated by the Resource Development Council, the workshop is the third in a series of meetings scheduled by the Council in 1985 to address economic needs, opportunities and strategies for dealing positively with declining oil revenues. A fourth meeting will be held in conjunction with the Alaska Municipal League meeting in Fairbanks in November.

The August workshop, conducted in cooperation with the Alaska Department of Commerce and Economic Development, will take a look at how income is generated in Alaska communities.

"Because it is impossible to determine where we want to go unless we know where we are," Paula Easley, the Council's Executive Director, has asked community officials to compile statistical information that best describes their local economy.

To determine what options communities have to strengthen and diversify their economies, the August and November meetings will attempt to identify how income is generated in the local community how communities would like to see local income generated in the future, what actions at the local or state levels are needed to change



A number of rural and urban Alaska city majors and managers attended the Council's economic development workshop in Wasilla last spring to address sources of local income and strategies for strengthening local economies.

the structure of local economies and the strategy by which needed actions can be implemented.

Once communities examine economic and demographic trends and assess their competitive strengths and weaknesses, community economic diversification projects can move forward, Easley said.

"The results of our efforts will be identification of problems and opportunities and an agenda for action — a process for pursuing economic vitality at the local level," Easley said.

"As community leaders share their knowledge and experience with others, much time and effort will be saved," Easley concluded. "We cannot afford to waste valuable resources on processes that don't work!"

Alaska's parks not "packing people in"

by
David Parish

Most of our Alaska national parks are currently undeveloped and receive little or no visitor use, including the Cape Krusenstern

National Monument where only fifty "non-local" persons visit per year.

The 1980 Alaska National Interest Lands Conservation Act (ANILCA) increased the total acreage of national parkland in Alaska

from 7.6 million acres to 51.2 million acres, an increase of 674%. The stated purpose (Sec. 101(a)) of this designation was "to preserve for the benefit, use, education, and inspiration of present and future generations certain lands and waters in the state of Alaska

However, many of Alaska's national parks receive little or no visitor use because most of these areas have no visitor facilities or access from population centers to allow the park visitor the "benefit, use, education..." of these lands.

By far the best example of a National Park fulfilling the purpose for which it was created is the Denali National Park and Preserve. In 1984, 394,426 people visited Denali. These people went there because opportunities have been developed for them to see the park and its wildlife up close without disturbing the wildlife or its habitat. Denali consists of some 6 million acres; therefore if every visitor were there at the same time, each person would have 15 acres to himself.

The Glacier Bay National Park and Preserve contains some of the world's most impressive tidewater glaciers. Last year 108,297 people visited the park, which is accessible by commercial cruiseship, scheduled air and

(Continued on page 6)



The Aniakchak National Monument and Preserve has seen only 25 visitors over the past five years. Like many of Alaska's national parks, Aniakchak has no visitor facilities and is accessible only by expensive air charter.

U.S. dependency on foreign oil rising

Congress was warned last month that unless more government-owned offshore lands are opened to petroleum exploration, the United States could become dependent on other countries for one-half or more of its daily needs for gasoline, heating oil and other petroleum products.

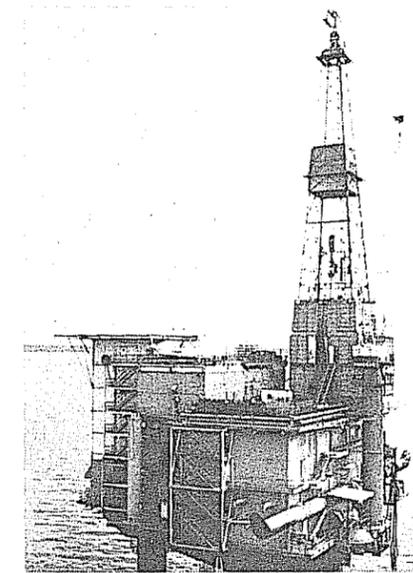
The warning was sounded by Dan Chappell, Division Exploration Manager for Offshore Texas and East Coast, Amoco Production Company, who presented testimony to the House Subcommittee on the Panama Canal and Outer Continental Shelf.

"Americans are now dependent on foreign sources for about one out of every three barrels of petroleum they use," Chappell noted. "Last year this country's cash outlay for that oil averaged more than \$1 billion a week."

He also said U.S. proved reserves of oil and natural gas have declined about 30 percent since 1970 because withdrawals from existing fields have exceeded discoveries and additions to reserves by a wide margin.

"Let me illustrate that fact by pointing out that from 1971 through 1983, the U.S. consumed 41 billion barrels of oil from domestic proved reserves, while finding only 30 billion barrels," Chappell said. "In the same period, this country used up 255 trillion cubic feet of its natural gas reserves, while finding only 165 trillion cubic feet."

Chappell said that to maintain today's level of reserves and domestic production, the U.S. needs to find the equivalent of about nine million barrels of oil and 55 billion cubic feet of natural gas every day. But exploratory drilling for oil and gas reached a peak near the



As much as half of America's future oil and gas production may come from offshore areas.

end of 1981 and has dropped almost 30 percent since then.

What is needed, Chappell said, is "a vigorous leasing program that will bring about the discovery and development of this country's offshore oil and natural gas in an expeditious and orderly manner, with appropriate environmental safeguards."

Chappell noted that such a goal was adopted by Congress in 1978 when it declared that the federal program for opening up offshore areas for petroleum exploration should be carried out as rapidly as possible

"in order to achieve national economic and energy policy goals, assure national security, reduce dependence on foreign sources and maintain a favorable balance of payments in world trade."

If these congressional goals are met, Chappell said the nation must maintain a balanced and predictable leasing schedule. He said the federal government must "eliminate such unnecessary and counterproductive barriers as Congressionally-imposed moratoria, which now closes vast areas before anyone can determine what vitally-needed supplies they may contain."

Chappell said some oil company geologists have estimated that as much as half of this country's future oil and natural gas production may come from offshore areas.

"But, in the three decades since federal offshore leasing began in 1954, only four percent of the federal Outer Continental Shelf (OCS) has been leased for oil and gas exploration," Chappell said. "Only about two percent of the total acreage is now under lease, and only about one percent of the federal OCS is currently producing oil or natural gas."

Nevertheless, wells in federal waters now provide about 12 percent of the oil and 25 percent of the natural gas produced in the U.S., Chappell noted.

"Greater results can be expected in the years ahead if unnecessary restraints are eliminated," he said.

"This is not a matter that concerns the coastal states alone. It is a matter of vital importance to the future of all Americans, wherever they live."

Governor urges export of inlet crude

Calling it a matter of "national interest," Governor Sheffield is urging President Reagan to authorize the possible export of Cook Inlet crude oil to Pacific Rim nations.

The state is considering the export of up to 6,000 barrels per day of its royalty oil from state-owned Cook Inlet fields.

In a letter to President Reagan, Sheffield emphasized that unlike the export of North Slope crude oil, approval for Cook Inlet would not require additional Congressional authorization. "Sufficient statutory authority already exists as a premise for the revision of present regulations," he said.

Sheffield said the exports would reduce the trade deficit between the United States and Pacific Rim nations, as well as enhance national security by providing Pacific Rim allies with a secure source of crude oil.

In addition, Sheffield said such exports would encourage further oil exploration in the Cook Inlet Basin and enhance Alaska's economy and tax base.

Sheffield urged President Reagan not to confuse the export of Cook Inlet oil with the export of North Slope crude. Because the statutory authority and volumes are very different, the Governor said "many people who have expressed concern about the export of North Slope crude oil do not oppose the export of Cook Inlet oil."

Sheffield said he had received positive responses to the state's proposal following meetings with Prime Minister Nakasone of Japan and other Pacific Rim officials, as well as with representatives of private companies and trade organizations with Pacific Rim ties.

President Reagan's Cabinet Council on International Economic Policy is expected to make a recommendation to the President on Alaska's proposal late this month or in early July. Following a general finding of national interest by the President and the selection of a specific purchaser by the Department of Natural Resources, the state would have to obtain an export license from the U.S. Department of Commerce.