

HCR 27

Relating to exploratory talks with Canadian officials concerning a possible connection between the Alaska Railroad and the Canadian railway system.

3/3/75

# COMMITTEE REPORT

## HOUSE

Mr. Speaker:

Date 3/20/75

The Committee on COMMERCE has had HCR 27

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_  
[Signature] \_\_\_\_\_  
[Signature] \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:
- \_\_\_\_\_ recommends:

[Signature] Chairman

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Date

3/20



Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEES

EDUCATION

RESOURCES

HEALTH & SOCIAL SERVICES

REPRESENTATIVE LESLIE E "RED" SWANSON

HOUSE DISTRICT 19

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April 5, 1975

Dr. William R. Wood  
Executive Vice President  
FIDC  
619 Eleventh Ave.  
Fairbanks, Alaska 99701

Dear Dr. Wood:

The resolution before you is but one early step in a logical chain of events we must set in motion as soon as possible. The purpose, of course, being to obtain the maximum value from our natural resources and a healthy economy for the residents of our state.

Immediate purpose of the resolution is to bring here for talks some influential men of industry who have expressed interest in developing those resources, and the necessary transportation system which must accompany that development. Ways and means of doing so will be the subject for discussion.

A secondary purpose is to make the world of commerce aware of the possibilities for and our interest in such industrial development.

I might add at this point that the program I am proposing for the opening of the potential treasure house of eastern Alaska has been discussed with Gov. Jay Hammond and received a generally favorable response from him.

Now the key to unlocking the resource wealth of interior Alaska, as I see it, is a railway link to the great commercial centers of the United States. At least one large industrial operation to provide an assured base traffic load is necessary, if we are to bring about construction of this rail link.

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A world scale oil refinery, processing 100,000 barrels per day, or even more, of North Slope royalty oil would provide such a base load of products. The logical location--and it has the support of the community--would be the Big Delta area. There the refinery will have ready access to both the Trans-Alaska crude oil line and the Haines-Fairbanks fuel pipeline.

Through the products line, fuel to supply Alaska's needs could move north to Fairbanks and south to the Haines tank farm for trans-shipment to every part of the state or the U.S..

The surplus, and major part, of the production--at least in the early years--would travel by rail cars for distribution throughout the rich midwest fuel market.

There is no question in my mind but that the availability of this fuel would stimulate new domestic development and an expanded local market for the refinery's production. It would also bring about development of other resources, both renewable and finite, to improve our economy and increase rail traffic. That, in turn, could result in lower freight rates for incoming goods.

For instance, the community of Whitehorse has already expressed strong interest in obtaining fuel should a refinery and the Haines pipeline be activated.

Availability of a large, nearby supply of residual, or "Bunker C", fuel could spell the difference in the now marginal economic balance and lead to the development of the Klukwan iron ore deposit north of Haines.

In addition to other basic minerals of interest--ranging from asbestos to uranium--in the region affected by the proposed rail and refinery system, there are renewable resources to be developed. Billions of board feet of merchantable timber stands, several million acres of farm land and almost unlimited tourism attractions are waiting for full commercial utilization.

The linking of a basic petrochemical plant to the refinery could, for example, bring production of a ready supply of ammonium nitrate. This versatile chemical could be used as explosives for extracting minerals, as fertilizer to restore disturbed lands and cultivate the vast agricultural lands, or it could be shipped outside by rail car as feedstock for more complex petrochemical plants.

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I should also point out that even the simplest processing within the state increases many-fold the real value of any basic resource that is being extracted. As a crude yardstick we can probably assume a 10-fold geometric progression in value with each added stage of processing or refining of our mineral resources.

The railroads of western Canada already have a welldeveloped tourist passenger traffic. By extending this transportation system into Alaska we could expect a new visitor traffic pattern equal in volume to that of the airlines or tour ships. The currently proposed extension of the Alaska railroad through the Tanana Valley and on to the westward could only expand and increase both the tourist and freight volumes.

Therefore, for these logical reasons, I am proposing that we invite officials of the Canadian National Railroad, Dow Chemical Co., Koch Industries, and the White Pass and Yukon Railway to a meeting at which we can examine ways of achieving this purpose.

I have been in recent contact with these firms and all have expressed definite interest in these development concepts.

I further propose that the Secretary of Transportation be asked to send representation to the meeting. Especially do we need a spokesman for the Alaska Railroad present. It would also seem appropriate to invite other companies, such as Tesoro Petroleum Corp. and Phillips Petroleum Co., that have previously expressed a desire to obtain North Slope royalty oil from the state.

To sum up, it is my strong belief that only through packaged development, such as I propose here, can we succeed in building a broad, healthy economic base for most of interior Alaska.

It is my absolute conviction that construction of such a broad commercial base is vital for the welfare of our future heirs to this land.

So great is the danger to any state in relying on a single resource income base that it has prompted the Arab

Dr. William Wood  
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leaders and their OPEC partners to risk global catastrophe--  
and world war three--in order to escape just such a trap  
as is now threatening to close about our state.

Sincerely yours,

Leslie E. Swanson  
State Representative

LS/jr