

SUNEEL
MARKETING
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Alaska State Legislature

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Senate

Committee on Resources

April 16, 1981
1:30 p.m.

Butro Room
207 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Gilman
Senator Sturgulewski
Senator Mulcahy
Representative Zharoff
Representative Hurlbert

The members were briefed by Tai Kyung Kim, Executive Vice President, Sun Eel Alaska Corporation, and Tae Il Kim, President, Sun Eel Shipping Company, Ltd., Korea. Bob LeResche, Commissioner of Natural Resources, also testified.

Tai K. Kim stated that Korea has few natural resources, and depends heavily upon imports. After the oil crisis, the Korean government began looking for a reliable sources of coal as an alternative. Alaskan coal was decided upon, for several reasons: (1) the U.S. is the most friendly nation to Korea, (2) the shipping time between Alaska and Korea is only 10 to 11 days, (3) Alaskans have been very open and cooperative and (4) many other sources of coal are heavily invested in by Japanese interests.

Mr. T. K. Kim stated that they had test-fired 28,000 short tons of Healy coal. It burns well, but the low calorific content of the coal lessens its competitiveness, although low transportation costs help make up the difference. There is the possibility of mixing petroleum coke from royalty oil with the coal, to produce a highly competitive high-calorie product.

Mr. T. K. Kim testified that from 1980 onward, no new oil-fired power generation plants will be built in Korea. There are 14 900 megawatt nuclear generation plants planned, but these require very large capital investments. When Korea acquires a secure long-term source of coal--and with the advent of larger ships--it will move towards much more extensive use of coal. Alaska could help develop this export market by providing for the infrastructure (railroad and port facilities) thus reducing the operation costs and making the coal more competitive.

Mr. T. I. Kim stated that the test shipment was satisfactory. They hope to have Korean coal-fired plants totally dependent on Alaskan coal.

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Commissioner LeResche testified that Alaska is on the threshold of becoming a major coal exporter. Only a small amount of financing is required. The state needs to do four things: (1) develop a small-scale interior coal export infrastructure immediately, (2) endorse a state policy in favor of promoting coal exports, (3) establish policy on coal severance tax and royalties and (4) establish an Alaska Surface Mining and Reclamation Act, designed to meet Alaskan criteria.