

316

SRES.

COOK INLET LAND EXCHANGE

Alaska Legislature for review. The State will agree to the land trade unless the Legislature disapproves it within 60 days of the opening of the Session."

Hammond also said he would make available to the Legislature detailed documents to explain the Administration's support of the land trade. At the same time, he said, the Administration would investigate the entire area of future land exchanges of this magnitude with the Legislature. He also said he would seek constructive legislation to ensure the public interest is protected in these future instances.

Hammond pointed out this proposal was presented publicly on October 2. Since that time, it has been exposed to a series of public hearings, briefings, and comments. As a result there have been substantial changes made in the agreement which will be presented to Congress.

Hammond said these changes, most of which will improve the value of the exchange to the State, include:

- 1) a reduction by 75 percent of the amount of known and recoverable coal deposits which would have been conveyed in the Beluga area to the Cook Inlet region and substitution of speculative coal areas;

- 2) the additional conveyance of the Campbell tract from the Department of the Interior to the State and the ultimate transfer of the Point Campbell and Point Woronzof properties to the State or the Anchorage Municipality as soon as possible;
- 3) a provision giving other Native regions control over Cook Inlet selections in other regions;
- 4) the addition of substantial State control over other Cook Inlet Region selections from a pool of Federal surplus property in the Cook Inlet area;
- 5) a reduction of the 30 townships the State was to receive from the Department of the Interior in the Bristol Bay area to 25 and the substitution of five additional townships for the State in the Lake Chakachamna area;

Hammond said, "These changes were all undertaken as the result of the public participation to make the exchange sensitive to the legitimate interests expressed during the period since the original proposal was presented."

In announcing the Administration's position, Hammond said, "It is the opinion of the Attorney General that authority exists to undertake the proposed land exchange. At the same time other detailed research leads to our finding that the exchange will result in an excess value for the State over that

received by either of the other parties. This conclusion does not include an assessment of the unquantifiable values connected with gaining control over important resource lands in the Talkeetnas or other valuable land management patterns which would accrue to the State."

Hammond said the decision was reached only after careful consideration of many factors including: a description of the implications of the exchange, an outline of the objectives, a broad public participation, a response to the public comments, an analysis of legal authority and value considerations, and issue analysis.

The Governor said, "Our analysis shows that the implications of failing to proceed are substantial and represent a number of possible results that are extremely detrimental to the best interests of the State of Alaska."



RESOURCE ASSOCIATES OF ALASKA, INC.

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February 20, 1976

Mr. John Huber
Alaska State Senate
Pouch V
State Capital
Juneau, AK 99801

Dear Senator Huber:

I feel that it is in the best interest of the State of Alaska to approve the Cook Inlet-State-Federal Agreement. This Agreement does the following for the State of Alaska.

- (1) Nets 30 more townships of land (691,200 acres) to State above entitlement. The State needs all the land it can get from the Feds and this is the last chance to get it.
- (2) Provides the State with an opportunity to select valuable future mineral lands from withdrawals to be abolished by the Agreement.
- (3) Protects the State-Federal Agreement of September 1972 involving 45,000,000 acres of valuable mineral lands.
- (4) Increase likelihood of early mining at Beluga which will generate tax revenues in excess of lost royalties.
- (5) Increases the land tax base of boroughs in the Cook Inlet basin by 453,888 acres.
- (6) Provides lands in private ownership in the Anchorage basin badly needed for expansion.
- (7) Provides for Native owned lands in the 17D-1 areas outside the region. These will be private lands which can be bought by all and the existence of which helps prevent formation of more grand park plans by the Federal government.
- (8) Resolves pending litigation which is adverse to the State's best interest.

I believe that the Agreement is in the best interest of the State of Alaska and should be passed in an expeditious manner.

Sincerely yours,

Lawrence E. Heiner

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Geological & Geophysical Surveys

DATE: January 2, 1976

TO: Michael C.T. Smith, Director
Division of Lands

FILE NO:

FROM: Gay R. Martin, Commissioner
Department of Natural Resources

TELEPHONE NO:

FROM: Cleland N. Coowell *CNC*
Mining Engineer

SUBJECT: Mineral Analysis of Proposed
Cook Inlet Land Trade

On or about the 8th of October, Ross Schaff, Don McGee, and I met with you in your office to advise you of the value of coal land the State was proposing to give away. It is my recollection that we advised you at that time of the value of coal on these lands and of work in progress by the private sector in exploring the Beluga coal field. As I recall, all three of us, especially Ross and I, expressed personal disapproval of the trade. It was and is our opinion that some of the most valuable land in the State is being traded for land that has little or no economic potential.

In direct comment on the articles by Mr. Galliett:

Don McGee and K. O'Sonvor in AOF 51, page 7, estimate 7.8 billion tons of coal in the Beluga field. Therefore, Mr. Galliett has a reference from a report of the Alaska Geological Survey. My only comment on the first article is that recovery of 50% of the coal is low by the standards.

In reference to the second article, it is my understanding that Fish and Game have control of fishing and the streams. I believe that this is covered in Section 16 of the State Statutes, so there is no need to control the Lake Clark or Iliamna areas for the fishing potential.

In the 3rd article, Galliett appears to be accurate. I am sure we could check on the number of natives and the allocation, but the figures are approximately those that I have read.

With regard to the specific "Lands to be given by the State to CTRI":

Pt. MacKenzie (Appendix C - 1.B) and This is within the Anchorage area and is a valuable section for port facilities.

Kuik-Wilow (Appendix C - 1.B and 3) — This is an excellent recreation area near Anchorage. It contains the Nancy Lake State Recreation area, Meadow Creek Campground, and many lakes. There is both a coal potential and oil and gas potential in the area. Coal at one time was mined at Huston.

Kashwitna (Appendix C - 1.B) — This is prime agricultural land — Ref: Alaskas Agricultural Potential, Alaska Rural Development Council, Publication No. 1, 1974. It also contains a site selected for the future capitol of Alaska. It is accessible by road and railroad, and has many home sites. The land has potential for fossil fuels and uranium.

Chickaloon (Appendix C - 1.D and 3) -- This is excellent coal land and part is under coal lease. Coals in this area have a higher calorific value than the Beluga area, i.e., 7,200 Btu Beluga vs. 12,000+ Btu Matanuska. Some of the Matanuska coals have coking qualities. Therefore, Matanuska coals have a higher market value than Beluga coals. The railroad right-of-way to the area is retained by the Alaska Railroads. There are excellent home sites in this area.

Alexander Creek (Appendix C - 1.D and 3) -- Coal, oil, gas, and uranium potential.

Salamatof (Appendix C - 3) and Kenai Peninsula (Appendix C - 1.E and 3) -- These are excellent coal lands. The coals are nearly horizontal, therefore, favorable for mining. Several beds at least 5 feet thick underlie the area. Undoubtedly there are at least 11.7 billion tons of coal in these areas. In addition to the loss of coal there would be a loss of recreation along the beaches of the peninsula. This includes both clam digging and fishing. I have been informed by native groups that they intend to protect these rights, and prohibit non-natives from trespassing. A law suit on this matter is presently in court (Edwardsen vs. Norton). These lands also have a high agricultural potential. In the case of strip mining the agricultural potential could be utilized the year following cessation of mining.

Beluga (Appendix C - 2(a)) -- This area contains the outcrops of the Cassin and Waterfall coal beds which can have respective thicknesses of 27 and 50 feet. Some sections could contain 70 million tons of coal with a stripping ratio of less than 3 to 1. One township could contain 2.5 billion tons of coal. This is also an area of high agricultural potential, and experimental work has proven that reclamation can be done after strip mining.

In regard to the lands to be given to the State by the Federal Government:

a In general, these lands are underlain by Jurassic intrusives that have a low mineral potential for hard minerals, lack equivalent agricultural potential, lack the recreational value, because of inaccessibility, and, if not selected by the natives might still be open to selection by the State.

In regard to the report by Dobby, Welch, and O'Connell:

There are many misleading statements in the report. I find errors in the calculations regarding the discounted cash flow. The Stanford Research Institute has a report issued in 1975 that gives figures that conflict with those of Robert Bottge. Nevertheless, assuming the inaccurate figures do have meaning, should the State give away such valuable revenue producing land?

By a separate memorandum I am requesting the report by Dobby et. al, be kept for in house use and not issued as an open-file report by the Division of Geological and Geophysical Surveys.

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Geological & Geophysical Surveys
DATE: January 2, 1976

TO: Guy Martin, Commissioner of
Natural Resources
FROM: Gil Eakins, Acting State Geologist

FILE NO:

TELEPHONE NO:

FROM: Cleland N. Conwell *CC*
Mining Engineer

SUBJECT: Economic Resource Analysis of
Measured and Indicated Coals
November 28, 1975
P.L. Doherty, J. Welch, K.M. O'Connor

At the request of Gil Eakins, Acting State Geologist, I have reviewed the subject report. I find that the report is misleading, contradicts Alaska Geological Survey open file report #51, is inaccurate and biased. I respectfully request that the report not be published as an open file report under your name and that of Ross G. Schaff. It may be of some use to Mike Smith within the department, but I feel that the quality is too low to justify publications as a Division Report. If published, the report certainly should be reviewed by Ross Schaff beforehand.

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Geological & Geophysical Surveys

DATE: January 2, 1976

TO: Michael C.Y. Smith, Director
Division of Lands

FILE NO:

ATTN: Guy R. Martin, Commissioner
Department of Natural Resources

TELEPHONE NO:

FROM: Gilbert R. Eakins *GRE*
Acting State GeologistSUBJECT: Mineral Analysis of Proposed
Cook Inlet Land Trade

In response to your letter of December 29, 1975 to Ross Schaff, I requested Cleland Corwell, State Mining Engineer, to review the three newspaper articles by Harold Galliett and again to assess the tracts of lands involved in the proposed land trade.

I concur with Mr. Corwell's assessment that it is not in the best interests of the State to make the proposed land trade. A purely economic view indicates a high potential dollar value of the tracts to be traded to the Cook Inlet Native Association. Large reserves of quality coal are known, agricultural lands are present, and a reasonably good potential exists for petroleum and uranium. In addition, the lands to be given to CIWA have wisely been selected near populated areas and where industrial and population growth may be expected. We believe the potential revenues are very significant and that an attempt to put a discounted cash value on the resources today is not a fair evaluation.

In contrast, the lands to be received by the State in the trade do not appear to have an important mineral potential, are relatively inaccessible, and are not suitable for development.

cc: Ross Schaff, State Geologist