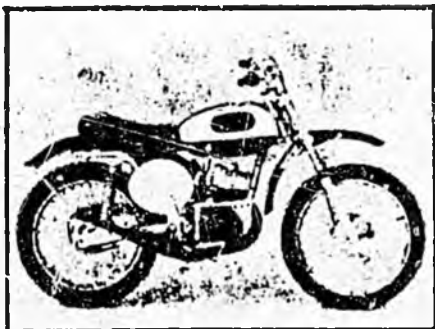
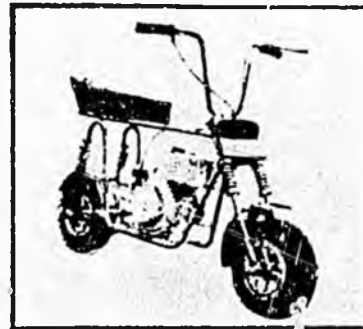


ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86 / 2

2907 SRES HCR 45 - HJR 56



EQUIPMENT REQUIRED
ON MOTORCYCLES
MOTOR DRIVEN CYCLES
AND MOTOR SCOOTERS:



Inspection of vehicle for Arizona "Title Only" is required and will be made only if vehicle is properly equipped for highway use, as required by law. Minimum basic equipment requirements for two wheel vehicles are:

1. Head Light
2. Handlebars
(Not over 15"
above seat level)
3. Rear-view Mirror
4. Windshield (Optional)
5. Horn
6. Footrests
7. Hand or Foot Brake
8. Muffler
9. Tail Light
10. Stop Light
11. License Plate Light
12. Seat

All of the above equipment must be in good working order.

Operation of these vehicles upon the highways WHEN NOT PROPERLY EQUIPPED is illegal, and no registration may be issued.

If the vehicle will not be used on the city or state roads, but only as an off road vehicle, you need not be concerned with registration requirements.

If it will be for on road use and over 49cc then emissions test will be required and registration issued at applicable county.

Utah

Typed
Transcription of hand-written letter from Utah:

11 July 1983

Mrs. Betty Long:

Yes, we do register these 3 wheelers either on-road or for off road.

I am enclosing a booklet on the off-road regulations and the applications and ownership affidavits--

If they are to be registered in Utah the county assessor will need to clear the personal property tax on them unless you are in the service, which would exempt you but we do need a letter from C.O. stating you are stationed out of Utah. We do not title ATV's-- but if they are on-road we do title them and that means different forms and proof of ownership--ATV's are licensed for off-road use only-

I am sure you will have more questions as I am not sure which way you want to register them.--

Sincerely,

Lorraine Whitesides
Title Clerk-



RONALD L. POSSELLI
DIRECTOR
EDWARD S. BERRY
ASSISTANT DIRECTOR

UTAH STATE TAX COMMISSION

MOTOR VEHICLE DIVISION

State Fairgrounds - 1095 Motor Ave.
Salt Lake City, Utah 84116
PHONE (801) 533-5311

COMMISSIONERS
DAVID L. DUNCAN
CHAIRMAN
DOUGLAS F. SONNTAG
VICE-CHAIRMAN
GEORGIA B. PETERSON
ROBERT O. BOWEN
COMMISSIONERS

11 July 1972

Mrs. Betty Long:

Yes, we do register those Bikes either on-road or for off road.

I am enclosing a booklet on the off-road regulations and the applications and ownership affidavits -

If they are to be registered in Utah the county assessor will need to clear the personal property tag on them unless you are in the service, which would exempt you but we do need a letter from C.C. stating you are stationed out of Utah. We do not tag ATVs - but if they are on road, we do tag them and that means different forms and proof of ownership - ATVs are licensed for off road use only -

I am sure you will have some questions as I am not sure which way you want to register them -

Sincerely,

Lorraine Whitesides
Title Clerk -

From

INCLUDE
MAIL
STOPS

Department of Licensing
P. O. Box 9909
Olympia, WA 98503



To

Mrs. Betty Long
P. O. Box 325
Sitka, AK 99835

Subject

FILE #

Re: ATV regulations

PLEASE
REPLY BY

NO REPLY
REQUIRED

Message

Enclosed are Washington laws concerning All Terrain Vehicles or Off Road

Vehicles. If I may be of further service or if you have additional questions
please contact me.

Encl.
N/C

Ila Lichtenwalter
SIGNATURE PHONE NO. DATE
Ila Lichtenwalter (206)753-6946 7-12-83

Reply

SIGNATURE

PHONE NO.

DATE

ORIGINATOR: SEND WHITE AND YELLOW COPIES TO RECIPIENT RECIPIENT: RETURN YELLOW COPY IF A REPLY IS NECESSARY

7-21-00

OFF-ROAD VEHICLE (ORV): Definition - Off-road vehicle (ORV) shall mean any non-highway vehicle when used for cross country travel on trails or on any one of the following or a combination thereof: land, water, snow, ice, marsh, swampland, and other natural terrain. Such vehicles shall include but are not limited to two or four-wheel drive vehicles, motorcycles, dune buggies, amphibious vehicles, ground effects or air cushion vehicles and any other means of land transportation deriving motor power from any other source other than muscle or wind.

Nonhighway vehicle does not include:

1. Any vehicle designed primarily for travel on, over, or in the water;
2. Snowmobiles or any military vehicles;
3. Any vehicle eligible for a motor vehicle fuel tax exemption or rebate under chapter 82.36 RCW while an exemption or rebate is claimed. This exemption includes but is not limited to farm, construction, and logging vehicles.

7-21-10 Exceptions: ORV use permits and ORV tags shall be required under the provisions of this chapter except for the following:

1. Off-road vehicles owned and operated by the United States, another state, or a political subdivision thereof.
2. Off-road vehicles owned and operated by this state, or by any municipality or political subdivision thereof.

3. An off-road vehicle operating in an organized competitive event on privately owned or leased land: PROVIDED, That if such leased land is owned by the State of Washington this exemption shall not apply unless the state agency exercising jurisdiction over the land in question specifically authorizes said competitive event.
4. Off-road vehicles operated on lands owned or leased by the ORV owner or operator or on lands which the operator has permission to operate without an ORV use permit.
5. An off-road vehicle owned by a resident of another state if that off-road vehicle is registered in accordance with the laws of the other state. This exemption shall apply only to the extent that a similar exemption or privilege is granted under the laws of that state, except that any off-road vehicle which is validly registered in another state and which is physically located in this state for a period of more than fifteen consecutive days shall be required to obtain a Washington state ORV use permit.
6. Off-road vehicles while being used for search and rescue purposes under the authority or direction of an appropriate search and rescue or law enforcement agency.
7. Vehicles used primarily for construction or inspection purposes during the course of a commercial operation.
8. Vehicles which are licensed pursuant to RCW 46.16 or in the case of nonresidents, vehicles which are validly licensed for operation over public highways in the jurisdiction of the owner's residence.

7-21-20 Use Permit Period: The ORV use permit shall be valid for a period of one year from the expiration of the last permit for that vehicle. If it is an original application, the ORV use permit shall be valid for one year from the first day of the month during which the application is taken. The permit fee is \$5.00. No abatement is allowed for mid-year registration.

7-21-30 ORV Numbers: The number which must be displayed on an ORV is five digits followed by an "A." Each county has been issued a block of numbers to assign to ORVs when they are first licensed.

The ORV number may be displayed on the front of the vehicle or on the rear of the vehicle or on both sides of the vehicle. The number must be at least one inch in height and of a permanent nature (paint, decal, etc.).

Vehicles currently having road license plates without a current road use validating tab must be assigned an ORV number and tab to be displayed on the vehicle. If currently licensed in this or another state, an ORV number is not required.

*7-21-40 Titling: If an ORV qualifies or with minor changes such as the addition of lights can be made to qualify for regular license, it must be titled. If not, the ORV may not be titled. The main points governing both of these situations are given below.

1. Titling an ORV: The original or transfer transaction for an ORV will be on a title application form.

Print or type the ORV number in the license plate box.

The proper proof of ownership and other supporting papers and the applicable fees will be required when titling.

2. No-Title: ORVs that cannot reasonably be modified so that they are eligible for road license are not to be titled.

For those ORVs not previously titled in Washington and not eligible for a title, use the form TD-420-001 (MV-01). The use tax must be charged and the proper supporting papers for proof of ownership must be submitted. If the vehicle has an out-of-state title, the title must be turned in. A \$10.00 inspection fee will be charged.

Any ORV that has a Washington title and the vehicle does not qualify for title and is being transferred to a new owner will be handled like a normal transfer. The old title must be turned in. Mark the "Issue No Title" box of the transaction code. There will be no \$1.00 charge for a title but in its place will be a \$1.00 transfer fee placed in the title fee box.

HJR

19

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: CSHJR 19 (Fish)
BILL NAME: Relating to U.S. observers on foreign fishing vessels.
SPONSOR(S): Gussendoy, McBride,
Wendte, Zhanoff
DATE INTRODUCED: 3-7-83
REFERRALS: Resources

RELATED BILLS PENDING:

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

CSHJR 19 (Fisheries)

RELATING TO UNITED STATES OBSERVERS ON FOREIGN FISHING VESSELS.
SPONSOR: GRUSSENDORF, MCBRIDE, WENDTE, ZHAROFF

Section 201 of the Magnuson Fishery Conservation and Management Act provides for the stationing of U.S. observers aboard each foreign vessel fishing in the fishery conservation zone, but also allows the Secretary of Commerce to waive the requirement of stationing U.S. observers under certain circumstances. In 1982 only 20% of foreign vessels in the fishery conservation zone had observers stationed aboard.

Stationing U.S. observers aboard foreign fishing vessels would provide more complete information about the degree of foreign interception of Pacific salmon and about the migratory patterns of the Pacific salmon which would assist the State in establishing optimum salmon escapement and harvest levels.

CSHJR 19 (Fish) requests the U.S. Congress to amend the Magnuson Act to:

- 1) Provide that U.S. observers be stationed aboard all catcher vessels, as well as mother ships, of foreign fleets fishing in the fishery conservation zone
- 2) Provide that the foreign vessels be required to provide adequate, safe, clean quarters for U.S. observers
- 3) Provide that a vessel for which the observer requirement has been waived proceed to a U.S. port for a review of the vessel's logs and catch after fishing in the fishery conservation zone.

RECEIVED RESOURCES COMMITTEE APPROVAL APRIL 23, 1984 - ALL DO PASS.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
MULCAHY
STURGULEWSKI



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

MINUTES

April 23, 1984
3:03 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

CSHB 376, An Act amending the Limited Entry Act; providing for landing permits.

CSSB 624, An Act relating to qualifications for a homesite.

HJR 19, Relating to United States observers on foreign fishing vessels.

SJR 44, Requesting the establishment of an Alaska National Interest Lands Act information and education center in Ketchikan.

HJR 19

Representative Grussendorf, sponsor of the resolution, explained that CS HJR 19 requests the U.S. Congress to amend the Magnuson Act to ensure that U.S. observers be stationed aboard all foreign fishing boats in the Fishery Conservation Zone.

Senator Mulcahy moved CS HJR 19 from committee with individual recommendations. There was no objection.

CSHB 376

Christine Kelly, Licensing Administrator, Commercial Fisheries Entry Commission, explained that the fiscal note for HB 376 was to cover costs that would be incurred if the commissioner finds that landing permits should be issued in several fisheries in FY 85.

Senator Mulcahy moved that the fiscal note be eliminated and moved SCS CSHB 376 (Res) from committee with individual recommendations. There was no objection.

HB 624

Sandra Schubert, Aide to Senator Fahrenkamp, explained that CSHB 624 amends the homesite program to conform with the homestead program by allowing transfer of a homesite entry permit in the case of an extreme emergency or illness that disables the applicant.

Senator Mulcahy moved CSHB 624 from committee with individual recommendations. There was no objection.

SJR 44

Senator Ziegler spoke in support of the resolution.

Senator Eliason explained that Sitka is also a potential site for the center, and supported its location there.

Senator Ziegler moved CS SJR 44 from committee with individual recommendations. There was no objection.

The meeting adjourned at 3:23 pm.

Alaska State Legislature

REPRESENTATIVE
BEN GRUSSENDORF
P.O. BOX 928
SITKA, ALASKA 997 5
(907) 747-8458

HOUSE FINANCE COMMITTEE
SPECIAL COMMITTEE ON FISHERIES

DISTRICT 3
ELFIN COVE
PELICAN
PORT ALEXANDER
SITKA
HOONAH
TENAKEE



House of Representatives

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99811
(907) 465-3824
(907) 465-4965

MEMORANDUM

TO: Senator Bettye Fahrenkamp, Chairman
Senate Resources Committee

FROM: Representative Ben Grussendorf

RE: CSHJR 19(Fish)-Relating to U.S. observers on foreign fishing
vessels

DATE: April 10, 1984

I would appreciate your consideration in scheduling CSHJR 19(Fish) for a hearing in the Senate Resources Committee.

HJR 19

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3200

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 24, 1983

SUBJECT: Observers on foreign fishing vessels
(Work Order NO. 13-0500)

TO: Representative Ben F. Grussendorf

FROM: Edward H. Hein *EHA*
Legislative Counsel

I thought you should be made aware that President Reagan last week signed into law H.R. 5002, which amends the Magnuson Fishery Conservation and Management Act. Sec. 2 of the bill provides, among other things, that

It is the sense of Congress that each (governing international fishing) agreement shall include a binding commitment, on the part of such foreign nation and its fishing vessels, to comply with the following terms and conditions: . . . (2) (D) United States observers required under subsection (i) be permitted to be stationed aboard any such vessel and that all of the costs incurred incident to such stationing, including the costs of data editing and entry and observer monitoring, be paid for, in accordance with such subsection, by the owner or operator of the vessel;

The bill does not amend that portion of sec. 201 of the Magnuson Act which specifies the conditions under which the Secretary of Commerce may waive the requirement that observers be stationed aboard foreign vessels fishing in the fishery conservation zone.

If you have any further questions or comments about the subject of this memorandum or about the resolution I drafted for you, feel free to contact me at your convenience.

EHH:ljb

NSR 1984 (110)

North Pacific Fishery Management Council

James O. Campbell, Chairman
Jim H. Branson, Executive Director

605 West 4th Avenue
Anchorage, Alaska 99510



Mailing Address: P.O. Box 103136
Anchorage, Alaska 99510

Telephone: (907) 274-4563
FTS 271-4064

#5-84

October 2, 1984

Sea Resources

NEWSLETTER

The National Marine Fisheries Service announced at the North Pacific Fishery Management Council meeting in Anchorage that documents seized from Japanese fishing vessels indicate organized measures have been used by Japanese fishing associations to frustrate U.S. observer programs and at-sea enforcement.

U.S. enforcement officers during investigations of Japanese vessels for improper catch logging and reporting seized and subsequently translated Japanese language documents that indicate the Japanese Longline and Gillnet Association and the National Federation of Medium Trawlers used highly organized schemes to manipulate U.S. observer coverage on their vessels. The tactics included purposeful reductions in catch and restricting fishing areas to bias observer data, allowing the foreign vessels to avoid payment of poundage fees and resulting in inaccurate estimates of fish stocks by fishery managers.

The documents infer that vessels without observers aboard fished without restriction but reported only assigned quotas while ships with observers aboard artificially restricted fishing success in order to lower U.S. estimates of catches, thus skewing overall catch estimates for their fleet as much as 40% to 70% lower than actually caught.

The schemes also involved monitoring U.S. patrol units to prevent at-sea boardings of vessels that did not have observers assigned. Patrol craft location and movement information was exchanged by code between Japanese vessels to allow movement away from patrol vessels. When vessels without observers were boarded catch underlogging violations were often found.

The documents cover the years 1981-82 and indicate the same system was in effect in 1980. According to the NMFS report similar observer and enforcement countermeasures may, to some extent, be continuing. Observer coverage has increased from 20% in 1982 to almost 80% in 1984, making it more difficult to frustrate that program though probably not interfering with the operations of a "mutual warning network" to track and evade U.S. enforcement units.

While it is probably impossible to develop a precise figure for the difference between the actual catch and that reported through a "best blend" figure based on observer reports and Japanese figures, an estimate for 1982 suggests the two fleets in question may have taken as much as 195,000 mt of groundfish that was never reported. If it had been reported they would have had to pay

additional fees of almost 5 million dollars to the United States. A conservative estimate of the ex-vessel value for that amount of fish (sablefish, Pacific cod, turbot, etc.) exceeds 32 million dollars.^{1/}

The Council heard the NMFS report on Tuesday, the first day of their meeting, and late Thursday were asked for advice from the U.S. State Department on how the last allocation to Japan for a directed fishery for 1984 should be handled. Foreign allocations are dispersed in four portions: at the first of the year, in April, in June and in August. The last, in August, is the smallest, but Japan had been earmarked for 150,000 tons in the release which was pending in the State Department. The State Department had recommended a 20% cut in that allocation because of the violations described but were holding release until they received a Council recommendation.

On Friday morning the Council placed the subject on the agenda as its first item of business and after discussion Council member John Winther made the following motion:

"We have heard that Japanese fisheries associations which we have trusted and worked with for years have been engaged in a scheme to under-report their catches. They have confused and frustrated the U.S. observer and enforcement programs and in doing so have greatly increased their catches and profits.

Based on that information I move that the North Pacific Fishery Management Council recommend that the Department of State not allocate any more fish to Japan to catch off Alaska.

The two Japanese fisheries associations implicated in this conspiracy to steal fish say they can explain the documents found aboard their ships last year. I am willing to re-assess my motion once that explanation is brought before the Council."

The motion passed unanimously. Council members expressed concern about Japanese behavior for many reasons. They pointed out that the violations eroded our confidence in the data base for all groundfish fisheries, since they are derived in large part from observer reports and foreign catch figures, that they did not feel the Japanese had been living up to the agreements they had made for reciprocal trade in fisheries, that their trade barriers still existed, and that their commitment to direct purchases from American processors and in joint ventures had not been fulfilled as they had agreed at industry-to-industry meetings over the past year.

The State Department has not made a decision on the release to Japan as of October 3.

Senators Stevens and Murkowski and Congressman Young have all expressed their support to the Department of State for the Council's recommendation as have Senators Gorton and Packwood of Washington and Oregon.

^{1/} Figures derived by Council staff from NMFS data.

HJR

38

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: CSJR 38 (Res)

BILL NAME: Marketing & transporting Alaska's natural gas

SPONSOR(S): Cowdery, et al

RELATED BILLS PENDING:

DATE INTRODUCED: 4-13-83

REFERRALS: Resources
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

CSHJR 38 (Res)

RELATING TO MARKETING AND TRANSPORTING ALASKA'S NATURAL GAS.
SPONSOR: COWDERY, ET AL

RE: Trans-Alaska gas system and sale of North Slope gas abroad

Resolves that the Alaska State Legislature support the efforts of all owners of North Slope natural gas and other parties to secure sales commitments for the gas in any market,

encourages Japan and Korea to take advantage of the long-term trading relationship that purchase of the gas would offer,

asks the owners of the gas, our Congressional delegation, and all other interested parties to explore financing and construction of a transportation system for Alaska's natural gas,

resolves that the State immediately enter into negotiations for sale of its royalty interest in North Slope gas to in-state users as a catalyst to construction of a transportation system for Alaska's natural gas,

urges the federal government to explore the prospect of making development of the gas transportation facilities a National Interest Project of nations on both sides of the Pacific.

April 4, 1983

The Honorable Ronald Reagan
President
United States of America
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear President Reagan:

The upcoming energy talks between the United States and Japan, scheduled to begin April 6, offer the opportunity to help encourage the development of an essential American energy resource -- Alaska North Slope natural gas. The known gas reserves on the North Slope comprise about 15% of total national reserves. At present, that 29 trillion cubic feet of natural gas is not being produced, and it is in the national and state interest to explore all feasible alternatives for bringing that gas to market.

The state supports any project that can reasonably offer the prospect of bringing Alaska gas to market. This includes our past and present support of the Alaska Natural Gas Transportation System. But another reasonable alternative which has recently resurfaced is the prospect of exporting Alaska gas to the Pacific Rim, including Japan. Preliminary studies have shown that, at the very least, the option of

April 4, 1983

exporting Alaska natural gas is worthy of serious consideration and further scrutiny.

We urge your administration in your discussions with Japan to emphasize the possibility of future export of North Slope gas to that country. Presently, Japan is receiving significant amounts of Alaska Cook Inlet gas, and the receipt of increased amounts of gas from the North Slope could be in both nations' economic and strategic interests. The success of a North Slope export project will require the interest, involvement and support of the Japanese government, and consequently is an appropriate subject of the upcoming talks. We would also urge your administration to give serious attention and study to the option of exporting Alaska gas to Japan as a component of national energy policy.

This letter is not to be taken as an endorsement of any specific project or, at this point, as support for an export project as opposed to the Alaska Natural Gas Transportation System. While we will continue to support the efforts to bring Alaska natural gas to the lower-48 markets, we also believe that sound national energy policy requires at least a serious discussion of the export option.

The Honorable Ronald Reagan -3-

April 4, 1983

Sincerely,

Bill Sheffield
Governor
State of Alaska

BS/RMM/mr

cc: The Honorable George Schulz
Secretary of State

The Honorable William P. Clark
Assistant to the President
for National Security Affairs

The Honorable Ted Stevens
United States Senate

The Honorable Frank Murkowski
United States Senate

The Honorable Donald E. Young
United States House of Representatives

HJR 38 RELATING TO MARKETING AND TRANSPORTING ALASKA'S
NATURAL GAS.

In 1978 the Congress and the President gave to Northwest Pipeline Company a federal charter to construct a gas pipeline from the North Slope to the midwestern states. Last fall, the Governor's Economic Committee was established to evaluate an intrastate system to transport North Slope gas to tidewater where the gas would be liquified and shipped to the Pacific Rim for sale. The Governor's committee submitted its report early this year. It concluded that a gasline from the North Slope is feasible and economic.

As passed by the House of Representatives, HJR 38 supports the construction of the TAGS line. The Committee Substitute as proposed to the Resources Committee supports the marketing of North Slope gas in any way possible without favoring any gasline over another. This approach is consistent with the report given to the State by Booz, Allen and Hamilton. This report stated that the State of Alaska should support marketing of North Slope gas per se, and it is in the State's best interest to facilitate a market-place decision between the two by supporting both projects. The report further states that the state should fill the role of a "neutral facilitator". The Committee Substitute was drafted to serve this purpose.

pass 18-0 6/20/83

BETTYE, THERE IS A FINANCE COMMITTEE SUBSTITUTE. DIFFERENCES BETWEEN THE RESOURCES AND FINANCE C.S. ARE HIGHLIGHTED ON THE ATTACHED COPIES OF THE BILL.

ESSENTIALLY, FINANCE C.S. URGES MARKETING IN ALL MARKETS, WHERE RESOURCES C.S. LIMITS TO PACIFIC RIM.

FINANCE C.S. REQUESTS THE GOVERNMENT TO REMOVE IMPEDIMENTS TO MARKETING NORTH SLOPE GAS OR OIL. RESOURCES C.S. LIMITS TO JUST GAS.



UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

RECEIVED MAR 14 1983

MAR 7 1983

Honorable John J. Cowdery
State Representative
State Capitol
Juneau, Alaska 99801

Dear Mr. Cowdery:

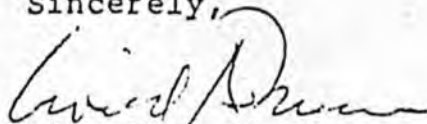
Thank you for your cable to President Reagan regarding Alaskan resources. The White House has asked me to respond.

During Prime Minister Nakasone's January visit to the United States, President Reagan and the Prime Minister agreed to form a U.S.-Japan Working Group on Energy to examine many of the issues raised in your telegram. Secretary Shultz later met with Foreign Minister Abe to begin the arrangements on the structure and agenda of the first Working Group meeting. Discussions will include a wide range of issues including coal, oil and natural gas, and their respective roles in the energy security and development of both nations.

Japan, through the Ministry of International Trade and Industry (MITI), has been active in performing assessments of Alaska's coal reserves and has expressed interest in the possibility of importing Alaskan oil. The other Pacific Rim nations are also potential markets because of proximity and the desire to deal with the United States as a reliable supplier of both coal and oil.

The export of Alaskan oil is restricted, but there has been much discussion in the Administration and Congress about removing these restrictions. The export of Alaskan oil involves a trade-off of insuring the adequacy of domestic oil supplies, and the economic incentive to export commodities not in short supply. We have sought to balance these objectives while administering the short supply regulations of the Export Administration Act (EAA). We will pay close attention to this issue during the 1985 reauthorization of the EAA. This Administration is committed to increasing the energy security and interdependence of our allies and trading partners.

Sincerely,


Lionel H. Olmer



BACK UP ARGUMENTS FOR A TAGS LINE & MARKETING TO JAPAN

DISCUSSIONS ARE PRESENTLY UNDERWAY, AS A RESULT OF PRIME MINISTER NAKASONE'S JANUARY VISIT WITH PRESIDENT REAGAN, THROUGH A U.S.-JAPAN WORKING GROUP ON ENERGY, TO OVERCOME THE IMPEDIMENTS TO PRIVATE INVESTMENT AND FREE TRADE IN ENERGY IN VARIOUS SECTORS i.e: oil, gas, coal & synthetic fuels. At the time our Washington Congressional Delegation is recommending revisions in the Export Administrations Act's restrictions on the export of Alaskan crude oil. The changing world Oil supply and demand dynamics point to a possible change in the Administration's position on oil export. Things have never looked better for a consensus to develop in the near future that will favor export. If this happens, Alaska will be in an excellent position to tie the obvious desire for Alaskan crude to the contracted sale of our NATURAL GAS.

In a recent "we told you so" editorial in the Wall Street Journal, the editor recalled their prediction backk in the midst of the unlamented "energy crisis", that even though the weight of the world was not limitless, energy prices would not go up and up forever. Today, that prediction looks right on with the recent price cut by OPEC of their benchmark price to \$29.00. Another, more recent prediction: That the great Siberian Pipeline would prove to be an economic turkey, also seems to be finding proof in the pudding. When President Reagan was trying to get the Europeans to back out of their deal to finance the Soviet pipeline in response to the crackdown in Poland, The Journal kept insisting that since it's not economic to pipe gas from Prudce Bay to Chicago, it/cannot be economic to pipe gas from Siberia to Bavaria.

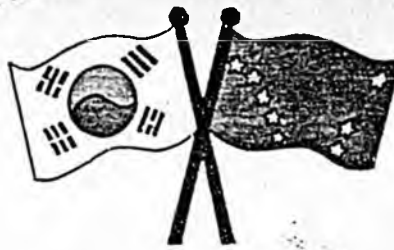
With energy prices crumbling, it is totally apparent that if the Europeans had listened to Mr. Reagan, they would have saved themselves a bundle. The Europeans have given the Russians below-market loans for the privilege of buying above market energy. I do not believe a similiar situation will happen so that the ANGTS line can be built.

The basic conclusion is that the state would benefit enormously from the construction of either gas system; be it TAGS or ANGTS.

The total revenue benefits as backed up by the Booze, Allen report are roughly speaking \$3-4 Billion including roulalty payments, severance, and even property income taxes from ANGTS over its life span (1990 to 2010). The TAGS line over a similiar life span about \$6-7 Billion..NEARLY DOUBLE.... Additional revenues will be forthcoming from potential spin off projects at Fairbanks. Employment benefits are also substantial.

26-27 thousand construction jobs measured in man years for either project....

ALASKA-KOREA BUSINESS COUNCIL, INC.



April 7, 1983

RECEIVED APR 11 1983

Representative John Cowdery
Chairman, Oil & Gas Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Cowdery:

I am pleased on behalf of the Alaska-Korea Business Council, Inc. to respond to your request for further explanation of our Council's evaluation of Korea's interest in importing Alaskan oil, gas and coal.

There exists a very strong interest in Korea in importing Alaskan oil. Korea is 100 per cent dependant on foreign sources for oil. Of these foreign sources almost 90 per cent comes from OPEC nations. Of OPEC oil imported into Korea over 80 per cent comes from the Middle East. Korea's reliance on these sources of oil create two strategic problems. First, OPEC prices are often higher than non-OPEC oil. Second, oil from OPEC nations, especially nations in the Middle East, is strategically tenuous because of political and military problems. It is thus in Korea's interest to diversify its supplies of crude oil to the greatest extent possible and to seek out the most secure and longterm supplies of oil possible.

Korea believes that Alaska offers the most secure source of crude oil. There is no question that the significant transportation savings in transporting Alaskan oil to Korea would be mutually beneficial.

Korea has embarked upon a major LNG project. Phase I of this project is to be completed in 1987. Phase I will import approximately 300 hundred million cubic feet daily of natural gas from Indonesia. The contract between Korea and Indonesia's national oil company,

Representative John Cowdery
April 7, 1983 Page 2 of 2

Pertamina, is now all but complete. Korea may be interested in seeking an incremental supply of LNG from Alaska so as to meet their full Phase I requirement. Since their Phase I LNG project will be completed in 1987 it is probable that only Alaska's Cook Inlet gas could serve as this incremental supply.

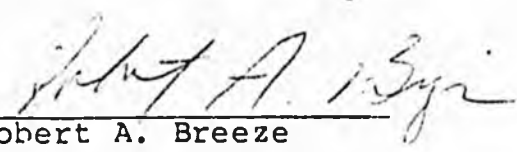
Korea's Phase II LNG project should be completed by 1989 or 1990. Korea's Phase II project will be at least as large as their Phase I project. Korea is most interested in seeking Alaska gas as the primary supply for their Phase II project. While many sources of supply are available to Korea for LNG, Korea would favor the most secure source of supply that is located the closest to Korea. That criteria favors importing LNG from Alaska assuming competitive pricing. In this regard it is important to note that the Korean's view energy imports holistically without a great deal of distinction between crude oil and natural gas. The Koreans see a linkage between oil and LNG imports. It was for this reason that they selected Indonesian gas as their primary source of supply for their Phase I project. Korea was already importing substantial quantities of crude oil from Indonesia.

It is impossible to speculate with any degree of certainty about the prospects for lifting the ban on the export of North Slope crude oil. This issue is being addressed in Washington, D.C. at this time and we will know by October 1 of this year as to whether the ban will be lifted. Arguably, it may be in the State's interest to delay pending decisions on the sale of North Slope royalty crude oil until we know whether the export option is a viable one or not.

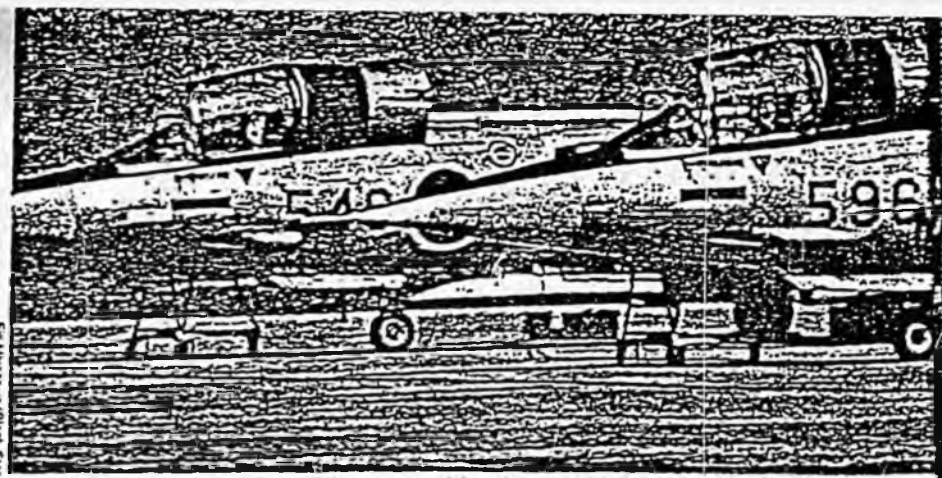
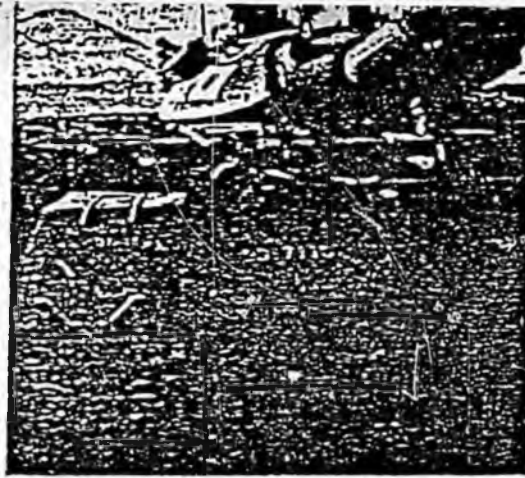
I hope that these comments adequately covered the points that you raised in your request. If I can provide you with any further information or give testimony before the committee, please do not hesitate to call upon me.

Best regards,

By


Robert A. Breeze
President

RAB/jds



SPECIAL REPORT

REARMING JAPAN

Reagan prods, U. S. business worries, and many Japanese fume



For 40 years, the issue of defense in Japan has been buried in the radioactive ashes of Hiroshima and Nagasaki. Stunned by a devastating military defeat in World War II and humbled by the American occupation, the Japanese have spent the past decades concentrating on business and trade, leaving the defense of their country almost

entirely in the hands of their conqueror, the U.S. For most Japanese, pacifism became the only acceptable alternative when militarism failed.

But 38 years after General Douglas MacArthur accepted its surrender on the deck of the USS Missouri, Japan is debating whether it should turn once again to arms. In fact, rearmament is destined to be one of the key Japanese foreign policy issues of the 1980s.

More than anyone, it is the Reagan Administration, with an eye toward the Soviet Union, that is pushing Tokyo to increase military spending and assume a much heavier defense role. "Japan is just not bearing its share of the defense load," complains a high State Dept. official. "The U.S. is not willing, or able, to carry all these burdens alone." If the Pentagon has its way, Japan would shoulder responsibility for bottling up the entire Soviet Pacific fleet within the Sea of Japan, while helping to patrol vital sea lanes to Guam and the Middle East (map, page 108).

Although Washington has

been grumbling for years about Japan's "free ride," it now has a receptive listener in Yasuhiro Nakasone, who became Prime Minister last November. One of Japan's most articulate hawks, Nakasone is a former Defense Minister who believes a country as economically powerful as Japan should play a larger role in its own defense. Unlike his predecessors, who bowed to the deep postwar pacifism of the Japanese, Nakasone is ready to challenge all the taboos on rearmament and military spending. His promise, during his January visit with President Reagan, to turn Japan into "an unsinkable

aircraft carrier" was a bone-rattling shock to a Japanese population used to oblique statements from its political leaders.

Yet that was just one part of Nakasone's rearmament campaign. In mid-January, he led the ruling Liberal Democratic Party (LDP) in calling for a new national constitution that would tear up the "peace constitution" written for Japan by MacArthur and do away with Article 9, revised by conservatives, under which the Japanese pledge to "forever renounce war" and to "never maintain any war potential." The same week, Nakasone pushed through Cabinet approval of a technology-transfer agreement with the U.S., which Washington had sought for years. Just days after that, he persuaded the LDP to begin reviewing Japan's policy of restricting the export of weapons—a key change if Japan is going to rearm in a big way. Most important, Nakasone is

Japan's forces are poorly commanded and ill-equipped.



ALASKA
STATE LEGISLATURE
MEMORANDUM

John, Thus far this Session 576 Bills have been introduced. 336 in the House, 240 in the Senate. Of those 11 in the House can be interpreted as being related to issues that will create revenue, 13 in the Senate. Of the 123 Resolutions introduced so far only 6 relate to revenue producing issues. None of them even come close to the magnitude of the revenue that would be generated by an Alaskan Gas Transportation system.

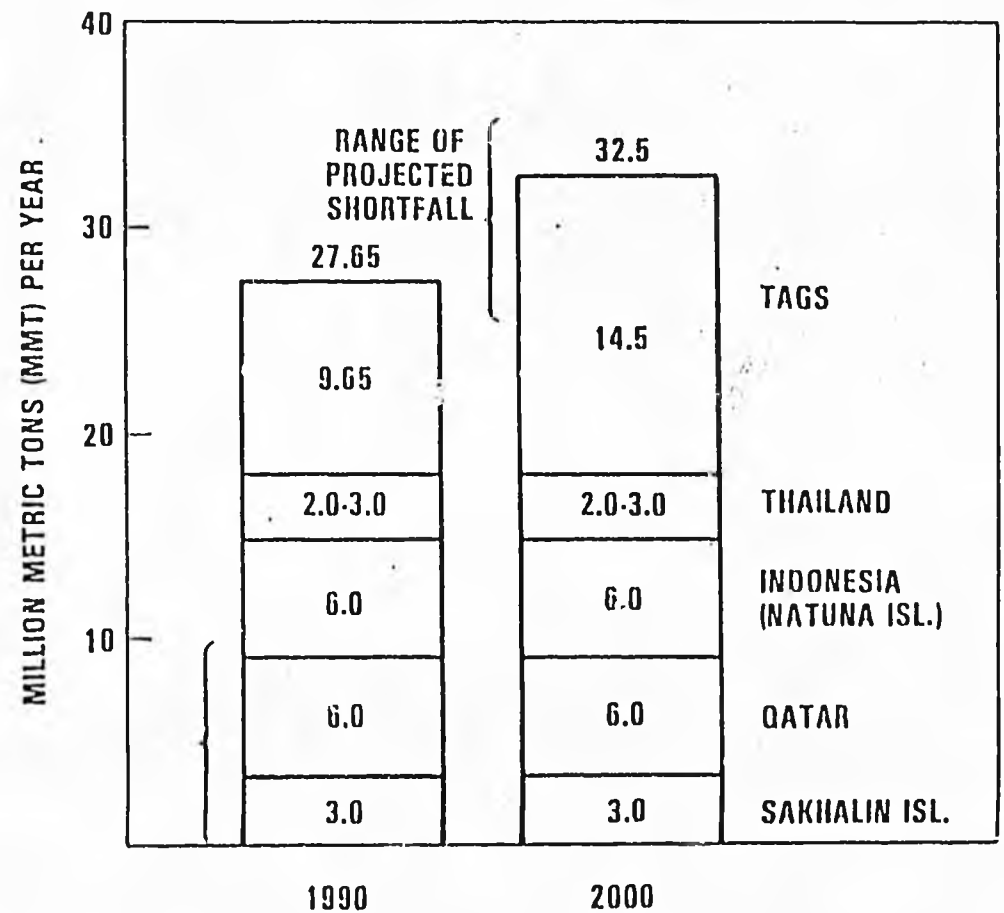
CONCLUSIONS . . . TAGS

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ESTIMATES OF LNG SUPPLY SHORTFALLS (MMT/YR)

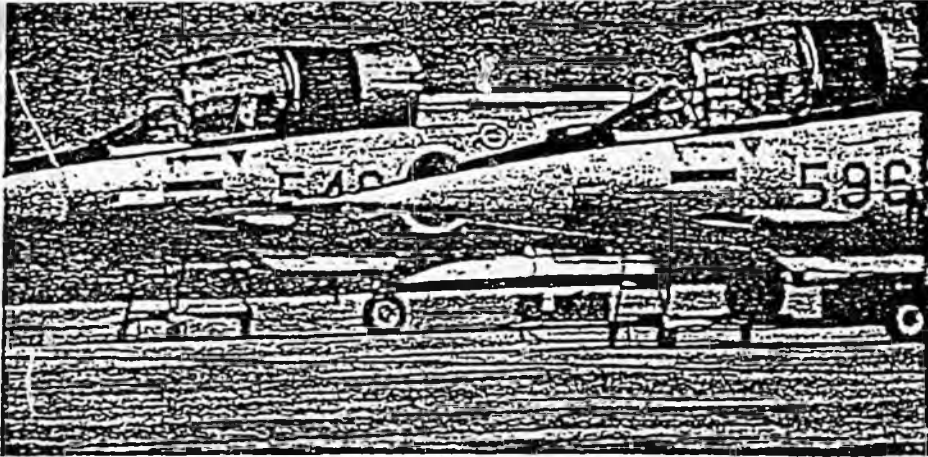
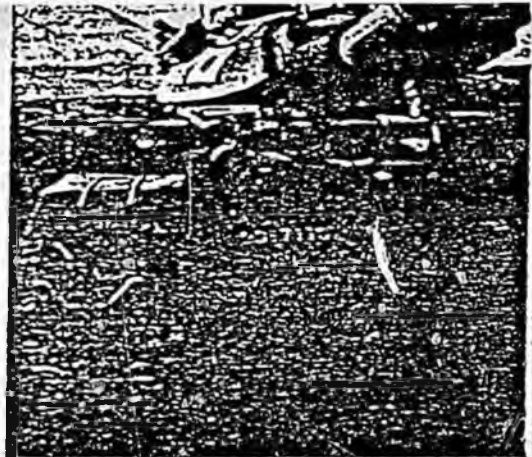
	1990	1995	2000
MITI	5.9	14.6	20.6
MITSUBISHI RESEARCH INSTITUTE	(0.1)	..	24.6
MARUBENI	4.9-8.9	..	32.6-36.6
SUMITOMO	1.9-6.9
MITSUI	1.0
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POTENTIAL LNG SUPPLY PROJECTS TO MEET SHORTFALL



CORRECTION

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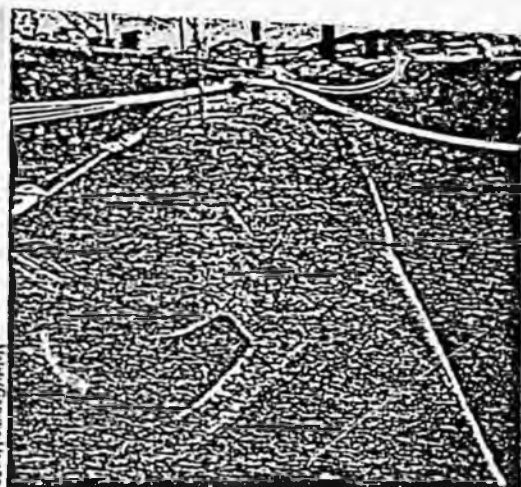
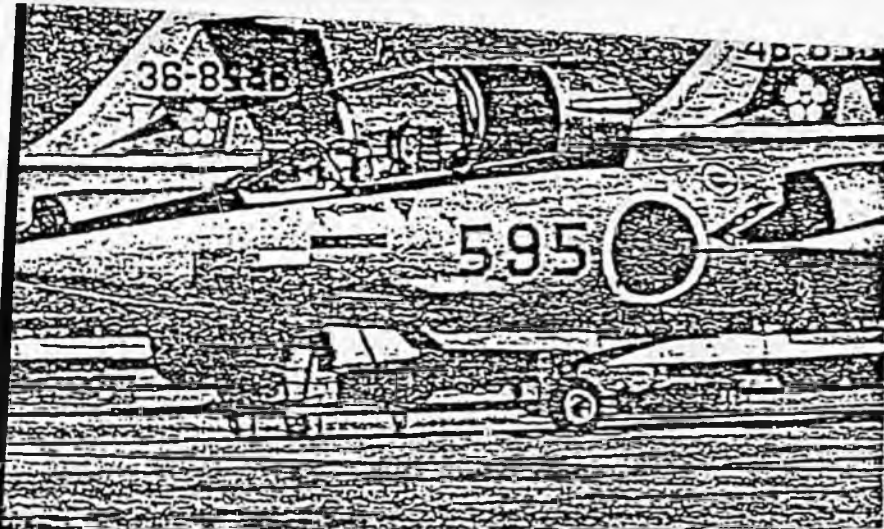
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3-14-83



Weapons made in Japan: To build its arms industry, Tokyo would have to break its own guideline that limits military spending to 1% of GNP.

... hinting at breaking the most important of all Japan's self-imposed guidelines—the limitation of military spending to 1% of gross national product. Many expect him to break through that limit in the next two years, opening up the possibility of much higher government financial support for the armed forces. "We are now approaching the ceiling," says Kazuo Tanikawa, director general of Japan's Self-Defense Agency. "Perhaps we are at a point where we have to reconsider [the 1% limit]."

That prospect may win applause in the White House and on Capitol Hill, but it alarms a great many people in Asia, including the Filipinos, who have searing memories of Imperial Japan's Greater East Asia Co-Prosperity Sphere. The growing discomfort with Washington's sponsorship of Japan's rearmament goes beyond remembrances of World War II, however. U.S. businessmen are wondering if Japan will repeat its successes in exporting autos, televisions, semiconductors, and VCRs with a new series of military exports. Japan's electronics abilities could make it a strong exporter of electronic weapons.

Others fear that technology the U.S. transfers to Japan for a military buildup may return home in commercial goods (page 109). Already, Mitsubishi Heavy Industries Ltd., the country's largest defense contractor, assembles F-15s and executive jets in Japan—in adjoining hangars. The specter of a repeat on a huge scale of that kind of technical transfer haunts many U.S. executives. "Do I think it is an eventual threat? You better damned well believe I do," says a U.S. defense industry executive in Tokyo. "Whatever they do, they do well."

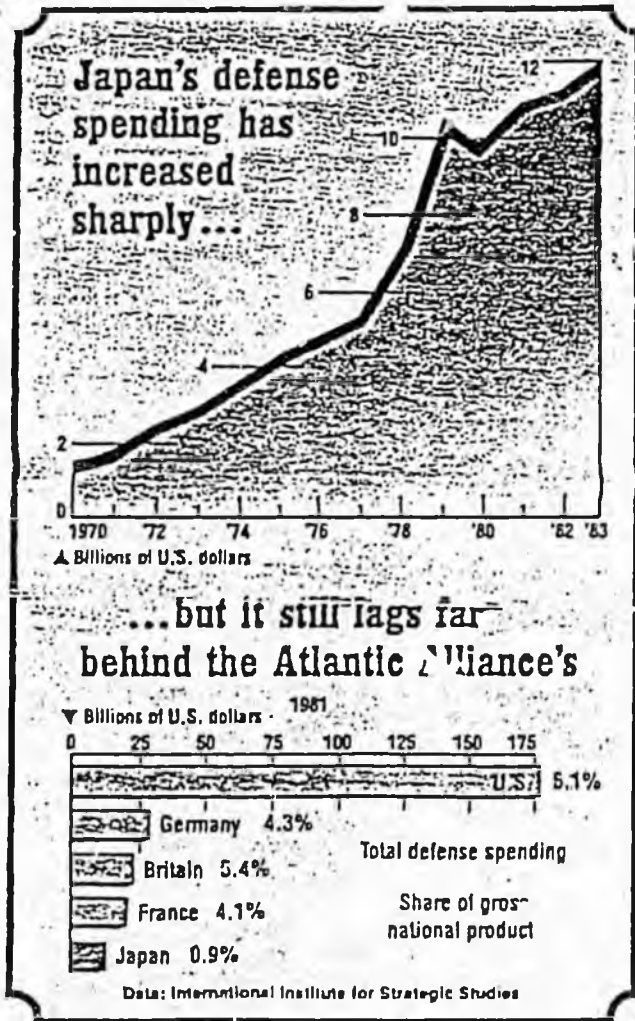
None of this yet worries most officials of the Reagan Administration. Washington is focusing on Japan's enormous economic strength and its failure to carry

out any major military or aid programs in defense of the Western alliance. "Forty years after the war, it is... anachronistic to continue the present situation of total Japanese dependence on us," says a high-level State Dept. official.

Washington discounts the possibility that bolstering Japanese military spending might rebound to hurt American exports. "I don't see much impact on our commercial policy," says another Administration official. In fact, some Administration experts believe that the U.S. can tap into advanced Japanese technology in semiconductors, fiber optics, and robotics by tying Japan into American military programs: A key defense specialist contends that U.S. efforts to persuade Tokyo to increase its military budget are aimed "at getting them to let more of their technologies come here."

Moreover, the Reagan Administration is confident that it can control any tendency toward rebirth of a Japanese militarism reminiscent of the 1930s. "Some people, to be sure, feel that there may be some danger of the Japanese reverting to militarism," says one Administration source. "Kissinger worries about this. But we are confident that that can be managed."

The basic Administration strategy is to offer Japan a limited range of weapons, making Tokyo dependent on the U.S. for most of its military needs. The key tactic is to encourage industry-to-industry technology cooperation for specific defense items. Since Japan would coproduce these weapons under license to U.S. companies; it would need permission from Washington to export them. "It is in the interest of the Department of Defense to equip the Japanese with the weapons they need to defend themselves," says a key Defense official. "But we do not intend to provide them with offensive weapons or give them access



ALASKA
STATE LEGISLATURE
MEMORANDUM

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POTENTIAL LNG SUPPLY PROJECTS TO MEET SHORTFALL

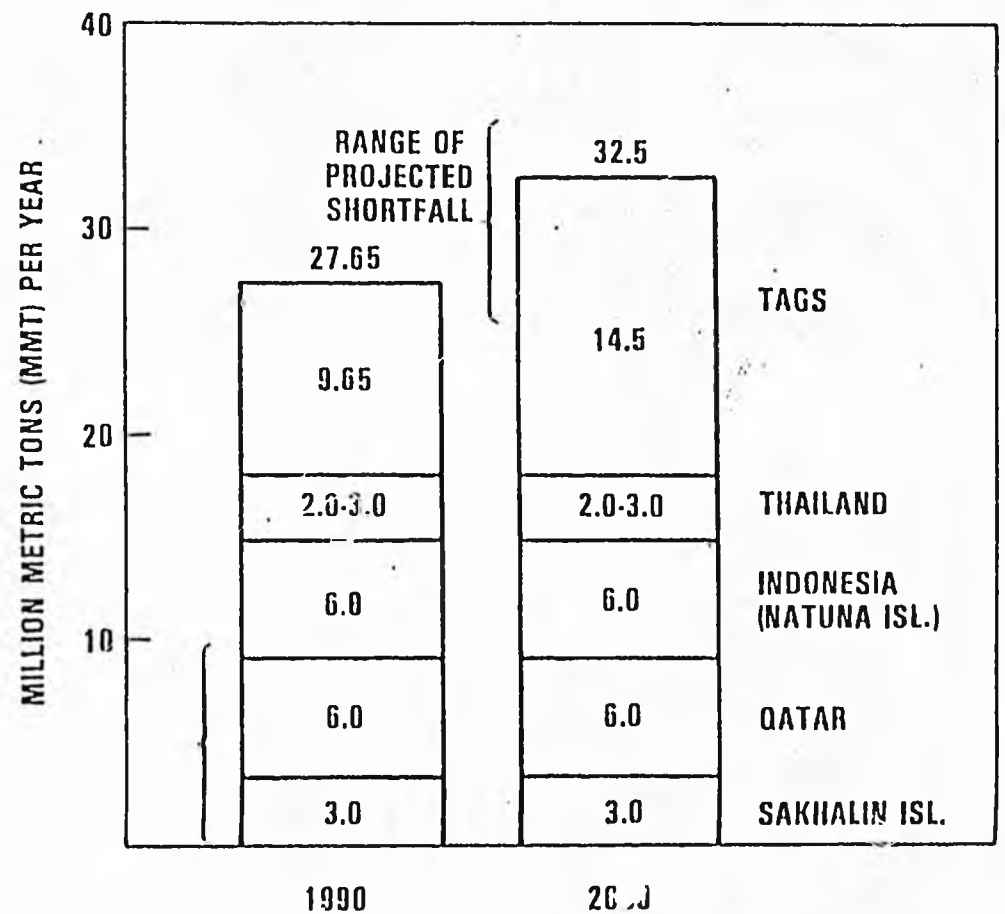


Table 4

Prospective System LNG Costs Delivered In Japan
Compared with Projected Japanese LNG Prices

(Nominal Dollars Per MMBtu)

	<u>Total System</u>				
<u>System LNG Costs Japan (Lower Tariff)</u>	<u>System LNG Costs Japan (Higher Tariff)</u>	<u>Japanese LNG Price Forecast</u>	<u>Economic Value of LNG (Lower Tariff)</u>	<u>Economic Value of LNG (Higher Tariff)</u>	
1988	5.67	7.16	7.89	2.22	0.73
2011	26.21	33.27	37.40	11.19	4.13
Average	13.52	17.13	19.13	5.61	2.00

	<u>Phase I System</u>				
<u>System LNG Costs Japan (Lower Tariff)</u>	<u>System LNG Costs Japan (Higher Tariff)</u>	<u>Japanese LNG Price Forecast</u>	<u>Economic Value of LNG (Lower Tariff)</u>	<u>Economic Value of LNG (Higher Tariff)</u>	
1988	6.94	8.91	7.89	0.95	(1.02)
2007	24.67	31.90	28.53	3.86	(3.27)
Average	14.08	18.11	16.17	2.09	(1.94)

Prospective System NGL Costs Per Barrel Delivered In South Alaska

Prospective System NGL tariffs delivered in South Alaska developed by the base analyses have not been analyzed in connection with Japanese markets but provide a basis of comparison for North Slope producers in evaluating cost estimates of alternative options of conditioning and transporting NGL products. NGL tariffs on a Btu basis are the same as LNG

MARKETING

Dome/Japan LNG Export

Dome Petroleum Ltd., of Canada, has plans to export LNG under permit from the Canadian federal government, but the project may be doomed from the weight of its special conditions. Dome must obtain pricing/term concurrence from both the (producing) provinces of Alberta and British Columbia. It must obtain a low interest loan agreement from Japanese customers for a \$2 billion LNG plant, and must go back to the National Energy Board for complex tariff review. If conditions could be met Dome could export 2.3 trillion c/f LNG under a 15 year license.

The Dome gas would be internationally priced at about \$6.68 mcf in Japan, compared with \$4.94 mcf U.S. price, but the gas must "netback," after deduction of processing and tariffs, to produce the same value to the producer (and therefore to governments in royalties/taxes) equal to North American exports. Critics say despite the higher price the netback will have a difficult time matching the netback from continental exports.

Page Se

FERC REFUSES, 3-2, TO ALLOW COST RECOVERY FOR COMPETING ALASKA PROJECT

FROM "INSIDE FERC" APRIL 11, 1983

IN A HOTLY DEBATED 3-2 DECISION, THE COMMISSION RULED RECENTLY THAT THE SPONSORS OF THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM CAN'T CHARGE THEIR RATEPAYERS FOR THE COSTS OF ENVIRONMENTAL STUDIES CONDUCTED BY A CONSORTIUM THAT MADE AN UNSUCCESSFUL BID TO BUILD A PIPELINE TO TRANSPORT ALASKA GAS:

COMMISSIONER ANTHONY SOUSA, LEAD COMMISSIONER FOR THE ANGT'S PROJECT, AND CHAIRMAN C.M. BUTLER III, FAILED TO CONVINCE THEIR COLLEAGUES THAT BECAUSE OF THE UNIQUE NATURE OF THE ANGT'S PROJECT, CUSTOMERS OF NORTHERN BORDER PIPELINE, SPONSOR OF THE EASTERN LEG, AND OF ALASKAN NORTHWEST NATURAL GAS TRANSPORTATION, SPONSOR OF THE ALASKA SEGMENT, SHOULD PICK UP THE COSTS OF AN UNSUCCESSFUL PROPOSAL THAT THEY SAID CONTRIBUTED SUBSTANTIALLY TO ANGT'S. THEY ARGUED THAT ALASKAN NORTHWEST WOULD CHARGE ITS RATEPAYERS MORE THAN \$38 MILLION AND NORTHERN BORDER WOULD CHARGE \$305,000 FOR STUDIES CONDUCTED BY THE GAS ARCTIC/NORTHWEST STUDY GROUP. SOME PARTNERS OF THAT GROUP, WHICH FAILED TO WIN APPROVAL OF ITS CERTIFICATE APPLICATION, LATER BECAME PARTNERS IN THE GROUP'S SPONSORING ANGT'S. APPROVAL OF THE ALASKAN NORTHWEST COSTS WOULD HAVE REVERSED A JUNE 1982 COMMISSION RULING THAT THE COSTS SHOULD NOT BE PASSED ON TO RATEPAYERS.

COMMISSIONER OLIVER "RICK" RICHARD III LED THE OPPOSITION TO SOUSA'S AND BUTLER'S PROPOSAL. RICHARD'S RESERVATIONS WERE "WHO ULTIMATELY PAYS FOR THE SUPERIOR BUSINESS JUDGEMENT OF THE APPLICANT WHO USED THE HEADS OF THE APPLICANTS WHO CAME IN FIRST? ...I TEND TO THINK THE SUCCESSFUL APPLICANT PERHAPS SHOULD COME UP WITH ALL THE DOUGH FOR DOING A WONDERFUL JOB."

COMMISSIONERS DAVID HUGHES AND GEORGIANA SHELDON AGREED WITH RICHARD WONDERING, WHAT KIND OF POLICY WOULD BE ESTABLISHED FOR PIPELINES THAT WEREN'T SUCCESSFUL APPLICANTS AND DIDN'T JOIN PARTNERSHIPS THAT WERE ULTIMATELY SUCCESSFUL. ALL THREE COMMISSIONERS WERE CONCERNED THAT SOUSA'S AND BUTLER'S RECOMMENDATIONS WOULD SET A DANGEROUS PRECEDENT FOR RECOVERY OF COSTS BY UNSUCCESSFUL COMPETITORS FOR OTHER PROJECTS.

SOUSA, HOWEVER, INSISTED THAT THE ANGT'S CASE WAS SPECIAL AND THAT ARCTIC GAS CONTRIBUTED TO THE SUCCESS OF THE FINAL PLAN. IN A DRAFT HE REJECTED NORTHWEST ORDER SAID, "IN DECIDING THE ISSUES HERE, ... THERE IS NO DOUBT THAT THE SELECTION PROCESS WAS SUBSTANTIALLY ASSISTED BY THE FUNDS ARCTIC GAS EXPENDED WHICH ALASKAN NORTHWEST, BUILDING ON THE ARCTIC GAS PROPOSAL, NOW SEEKS TO INCLUDE IN ITS RATE BASE."

BUT RICHARD SAID THAT IN EFFECT FERC WOULD BE TELLING RATEPAYERS THAT THEY CONTRIBUTED TO THE NATIONAL INTEREST THROUGH AN UNSUCCESSFUL PROJECT. BUTLER, HOWEVER, NOTED THAT ANGT'S WAS APPROVED DURING A TIME OF GAS SHORTAGES. PIPELINES MAY FACE "SUBSTANTIAL DISCOURAGEMENTS" TO INVESTMENTS IN SUPPLEMENTAL PROJECTS, HE WARNED, IF THEY DON'T HAVE ASSURANCES THAT THEY CAN EARN RETURNS ON THEIR INVESTMENTS DURING FAVORABLE TIMES AS WELL AS TIMES OF RISK.

PREHEARING CONFERENCES / KUPARAK 4/27 10:00 A.M.
COOK INLET 4/28 10:00 A.M.

Japan, U.S. Agree to Exchange Semiconductor Industry Reports

Japan and the U.S. have agreed to exchange detailed reports on each country's semiconductor industry in order to help dispel mutual misunderstanding, the Ministry of International Trade and Industry (MITI) said Friday.

The agreement came during a session of the Japan-U.S. semiconductor subcommittee under the governmental Japan-U.S. High Technology Work Group held in Washington from Tuesday to Thursday.

The report will cover such subjects as the industry's market structure, investment, trade volume and research and development efforts. The reports from the two countries will be unified into a joint report in the fall of this year, according to MITI.

A MITI official said that the joint report will help Japan and U.S. to obtain a common understanding of each other's semiconductor industry.

During the Washington meeting, the two countries also agreed to exchange statistical data on monthly shipments of various semiconductor products produced by each country's industry.

From the Japanese side, not only MITI and Foreign Ministry officials, but also officials from NEC, Hitachi and the Electronics Industries Associations of Japan attended the meeting.

From the U.S. side, officials from the U.S. Trade Representative's Office and Commerce Department and from Advanced Micro Devices, Motorola, Harris and the

Semiconductor Industry Association attended the meeting.

The U.S. delegates complained that U.S. makers only have a 10 percent share of the Japanese semiconductor market, while they enjoy 60 percent in Europe, according to MITI.

The Japanese side called on the U.S. side not to look at the market only in terms of share and said that businessmen engaged in the semiconductor trade know that the Japanese market is wide open to U.S. makers, according to MITI.

Gov't Will Ask Indonesia to Ease Shrimping Rules

Japan will ask Indonesia to ease restrictions on Japanese trawl-fishing for shrimps off the Indonesian coast, a government spokesman said Friday.

The request will be made when Prime Minister Yasuhiro Nakasone confers with President Suharto during his visit to Jakarta on a forthcoming tour of ASEAN countries, the spokesman said.

Indonesia permits Japanese shrimp fishing in its waters on condition that various other fish hauled in with the shrimps be used commercially.

Japanese operators want about two-thirds of such fish thrown away because of their lesser commercial value and also because of the insufficient refrigeration capacity aboard the trawlers.

The fishing companies estimate 36,000 tons of fish are hauled in along with the 8,000 tons of shrimps taken by Japanese trawlers off the Indonesian coast every year.

TSE Trading

Share prices on the Tokyo stock exchange inched further down Friday with export-oriented stocks as main losers.

The 225-stock Dow-Jones average, a 136.95 loser Thursday, fell 7.08 to 18,435.37.

The composite TSE index of some 900 listed first-section stocks was down 1.29 points to

Tariff Cut on Nullified, U.S.

NEW YORK (AP) — The tariff on imported American cigarettes nullified the reduction by slapping a 10 percent surcharge on cigarettes sold in Japan, a man charged Thursday.

"The surcharge effectively nullified the tariff reduction," a spokesman for the American Tobacco International said. "Whatsoever for the imposition of brands."

In a telephone interview with Winston-Salem, N.C., the price reduction from 35 to 20 percent with a 120 per pack surcharge.

In the past year, the company's cigarettes in Japan have been compared with ¥180 for brands state tobacco monopoly. With the price of a pack of American cigarettes dropped by ¥30, Reynolds said the price will drop only ¥10.

"This small price change will make our brands more competitive," said a vice president of Reynolds Inc.

He said the surcharge was imposed and unwanted price increase and that American companies as a result of it. "The only products out of the reach of who want to buy them," he said.

"We had hoped that during Prime Minister Yasuhiro Nakasone's visit to Washington earlier this year toward making American brands with Japanese brands," said a spokesman. "The surcharge effectively negates much of the reduction."

Reynolds says that because of the surcharge, distribution, advertising and promotion of American cigarettes account for 10 percent of the Japanese cigarette market world. The remaining 98.6 percent is controlled by state-owned Japan Tobacco Inc. The corporation is the only American cigarette in Japan.

Japan Mulls Investment In U.S. Energy Projects

WASHINGTON (Reuters-Kyodo) — The United States and Japan Thursday completed the first in a series of high-level talks that could ultimately lead to Japanese investment in U.S. energy projects.

The two days of talks were held against a background of a Japanese desire to diversify its sources of energy for which it relies almost totally on imports.

Officials said the talks included discussion in general terms of Japanese investment in U.S. coal, gas and oil linked to long-term purchases of these fuels.

The meeting was the first of an energy working group of the two countries set up by President Ronald Reagan and Japanese Prime Minister Yasuhiro Nakasone here last January.

The U.S. delegation was led by Undersecretary of State Allen Wallis while the Japanese

team was headed by Deputy Foreign Affairs Minister Mori Yukio Motono and Trade and Industry Vice Minister Kunio Komatsu.

Officials of both sides said the talks were mostly conducted in broad terms with detailed discussion left for experts. They described the talks as useful and planned a second meeting in Tokyo this summer.

A statement issued at the conclusion of the talks said the U.S. delegation "pointed to the U.S. role as a reliable supplier with abundant energy resources and numerous opportunities for investment and purchase of U.S. coal, oil and gas."

It said the need for new investment in energy was discussed but made it clear that long-term supply contracts were needed to encourage investors to come forward.

Embassy Told to Protest U.S. Hike in Bike Duties

The Japanese government

In a move to alleviate injury

Gov't Eases On Bank Co

The Finance Ministry Friday decided to ease banking regulations and allow commercial banks install automatic teller machines (ATM) outside their branches and introduce portable computer terminals for their door-to-door services.

In its third round of financial deregulation measures, the ministry also decided to allow banks to link computer communication lines with their corporate customers as a first step toward "firm-banking" services.

Commercial banks have far been allowed to set up only

ROK Spinners Propose Talks To Settle Yarn Dumping Issue

South Korean textile makers have proposed to solve through talks the issue of their cotton yarn export to Japan, on which Japanese textile makers are calling for imposition of an anti-dumping duty, the Ministry of International Trade and Industry said Thursday.

A MITI official said that the Korea Spinners Association has proposed to its Japanese counterpart that officials from the two organizations meet to find ways of solving the problem.

Although the Japanese side is ready to meet officials from the South Korean organization, the date and venue for the meeting have not yet been finalized, the official said.

In the first anti-dumping petition by Japanese manufacturers in history, Japan's 79 textile firms filed suit with the Finance Ministry and MITI on Dec. 27 last year, calling for imposition of anti-dumping duties on 20-count and 40-count cotton yarn imports

from South Korea. The Japanese textile makers have alleged that these cotton yarns being sold here are more than 20 percent cheaper than in South Korea.

They also filed a suit at the same time calling for imposition of a countervailing duty on cotton yarn imports from Pakistan on the grounds that Pakistani firms are receiving from their government export subsidies equivalent to 7.5 percent of the free-on-board (FOB) export prices of 20-count cotton yarn,

plus other financial and taxation favors.

At their meeting with Japanese government officials on Feb. 28, Pakistani officials said that although their government is giving the export subsidies, they did not consider the measure to be a violation of the General Agreement on Tariffs and Trade (GATT), according to the MITI official.

MITI will shortly decide whether or not to start full investigation on the cotton yarn imports from South Korea and Pakistan, the official said.

Alaska Oil Sale Must Be Given Chance: Hodel

WASHINGTON (AP-DJ-Kyodo) — U.S. Energy Secretary Donald Hodel said Wednesday the possibility of selling Alaskan oil to Japan shouldn't be "arbitrarily" dismissed and sales should be allowed if the transaction proved economical for U.S. consumers.

He acknowledged in a talk at the National Press Club that a number of issues stand in the way of such oil sales to Japan, including the use of U.S. ships and labor, U.S. pipeline plans to transport the oil to U.S. markets, and political uncertainties.

Discussing Canadian energy policy, the secretary said the imposition by Canada of energy policies that best serve that country is to be expected, but he believes the Canadian government in time should realize that the best policy in one that maintains a close working relationship with the U.S.

Hodel said one issue that should be settled soon, as Canada readies itself to provide more natural gas to the U.S., is the problem of Canadian prices that currently are about twice the average price for U.S. gas.

Energy Talks
WASHINGTON (Reuter-Kyodo) — High U.S. and Japanese officials Wednesday held a day-long meeting on energy collaboration between the two countries and are to meet again Thursday morning.

The talks, expected to be the first of a series of working group meetings, were arranged when Prime Minister Yasuhiro Nakasone visited Washington last January.

Heading the U.S. official team is W. Allen Wallis, undersecretary of state for economic affairs. The Japanese officials are led by Moriyoaki Motono, vice minister of foreign affairs in charge of economic affairs.

U.S. and Japanese officials, declined to give details of the talks until they are concluded, but they centered on Japan's almost total reliance on imported energy and raw materials.

Japan wants to reduce its reliance on Middle East oil, which accounts for 70 percent of its oil imports, and would like to import U.S. Alaskan oil. U.S. law, however, bans export of this oil.

Japan Trade Curbs Main

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Fujitsu Fanuc, GM to Build Plant

TROY, Mich. (AP) — Under a joint venture, General Motors Corp. and Fujitsu Fanuc Ltd. of Japan plan to use robots to build a robot manufacturing plant, holding down the size of the human labor force to 50 workers.

Plans call for robots to build the robots, Eric Mittelstadt, president of GMF Robotics Corp., said Tuesday.

No site has been selected for the plant. Construction is to begin late this year, and company officials say they will have the plant in operation by 1985.

GMF, based in the Detroit suburb of Troy and formed last June, is a joint venture between GM and Fujitsu Fanuc Ltd., Japan's leading machine tool and robotics maker and manufacturer of 50 percent of the world's robots.

The robots to be manufac-
tured will be able to

Prudhoe Bay gas goes nowhere despite nation's need for energy

By DOUGLAS MARTIN
The New York Times

PRUDHOE BAY—There is seldom anything poignant about an oil-producing facility. But the words scrawled on a giant ball valve at the central compressor plant situated above the vast Prudhoe Bay oilfield tell of a dream deferred: "To future gas plant 1986- plus."

The gas plant, intended as the final processing point for Alaskan natural gas before moving it south by pipeline, has never been built. Neither has the pipeline. The original goal—to have it in service this year—has slipped to 1989 at the earliest, and probably far beyond.

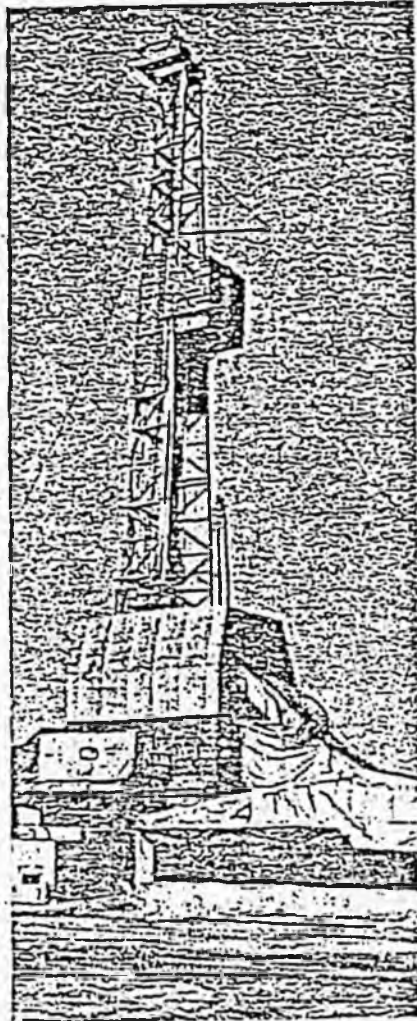
The reasons include the persistent abundance of oil worldwide, a similar abundance of far cheaper gas in the United States, the steep rise in estimated costs and severe financing problems.

The stakes are potential gas resources more than twice the size of today's proven reserves in the United States—enough gas to heat all the homes in the nation for a decade.

For lack of a market, however, millions of dollars are being spent to inject the gas back into the underground reservoir from which it came, in the hope it can someday be sold. Until that day, the gas is viewed mainly as a problem to the companies producing and selling North Slope crude oil.

"It's simply an added expense," said Richard A. Bray, president of the Sohio Petroleum Company, a unit of the Standard Oil Company of Ohio. "It's a nuisance."

Gas exists in two ways at Prudhoe Bay: in a giant "cap" overlying the oil reservoir, and mixed in with the oil. It is thus impossible to pump oil, which is transported to market through the



NORTH SLOPE WELL
Gas future uncertain

Trans-Alaska Pipeline System, without also producing gas. Currently, 1.71 billion cubic feet of gas a day are produced; some powers turbines and other equipment, but 1.54 billion cubic feet are reinjected daily.

Theoretically, this process could go on forever. But with time, the

amount of gas relative to oil brought to the surface will grow, and increasing amounts will need to be reinjected. The capacity of the injection system is 2 billion cubic feet a day.

"Will it be worth the cost to go to three billion?" asked Paul Nordgaard, president of Arco Alaska Inc., in a discussion about the impact of today's plunging oil prices on Alaskan petroleum development.

The main concern, however, is how best to use one of the nation's major sources of energy. In essence, this means finding an affordable way to get the gas to willing buyers.

If capital costs are passed on to consumers immediately, as normally happens with pipelines, the price to gas buyers in the "Lower 48" states could be as high as \$18 a thousand cubic feet, compared with a current average for domestic gas of about \$3.

"You really have to work this marketability problem before you work the financial problem," an executive of a major oil company said.

Ownership of the Prudhoe gas is divided among Arco, Sohio, the Exxon Corp. and a group of oil companies owning smaller portions.

Currently, there is only one legal way to transport the gas to market: the Alaskan Natural Gas Transportation System, a planned 4,800-mile pipeline running from Prudhoe Bay south through Gana-da to markets in the Middle West and the Pacific Coast. A consortium led by the Northwest Energy Co. and including producers of the gas has spent \$700 million designing the system.

The route, chosen by President Jimmy Carter in 1977 and ratified by Congress, has faced some of the same environmental objections

that dogged the earlier oil pipeline. But its main problems have been a sharp jump in cost estimates, from an original \$10 billion, to \$43 billion or more, and the consequent difficulty to pass these costs on to consumers.

In part, this has been addressed by the companies and Alaska through a variety of plans to make the gas price relatively stable through the project rather than through "loading" the capital cost. According to state officials, this could mean the often-cited price of \$60 a thousand cubic feet by 1989, initially. Then, the costs would be spread over years.

"Everybody has to be a part in this leveling process," an oil company official said, "and that producing companies probably have to make concessions on the wellhead price received for their gas as the banks to wait longer for financing profits."

Companies are also looking for ways to reduce costs of producing the gas and building the pipeline. Nonetheless, a growing opinion seems to hold that the line may be dead.

"When ANGTS was approved, the nation was suffering from a natural gas shortage brought on by a wellhead gas price controlled by a recent report prepared by the Alaska by Booz, Allen & Hamilton. Consequently, there was a great interest in bringing Alaska and other supply supply to the market. Now, however, the natural gas supply-demand picture has changed."

Accordingly, two former governors of Alaska, Walter Egan and William A. Egan, are looking for an alternative under the special committee approach. They suggest solutions. They

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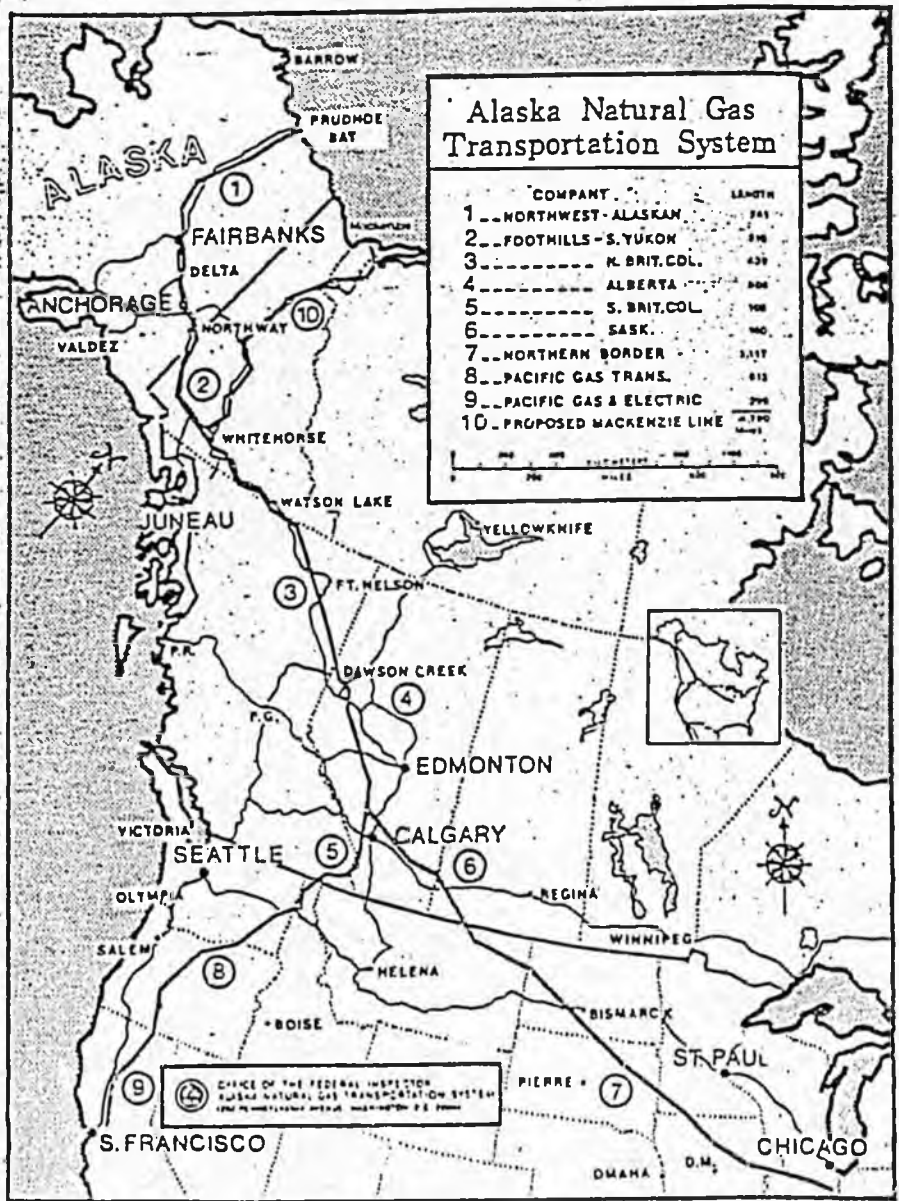
In part, this has been addressed by the companies and Alaska in a variety of plans to make the cost of gas relatively stable throughout the project rather than "front-loading" the capital cost. According to state officials, this could cut the often-cited price of \$18 a thousand cubic feet by 60 percent initially. Then, the costs would be spread over years.

"Everybody has to be a participant in this leveling process," one oil company official said, implying that producing companies would probably have to make concessions on the wellhead price they received for their gas as they asked banks to wait longer for their financing profits.

Companies are also devising ways to reduce costs of conditioning the gas and building pipelines. Nonetheless, a growing body of opinion seems to hold that the pipeline may be dead.

"When ANGTS was approved, the nation was suffering a severe natural gas shortage brought on by wellhead gas price controls," said a recent report prepared for Alaska by Booz, Allen & Hamilton. "Consequently, there was strong interest in bringing Alaskan gas and other supply supplements to market. Now, however, the domestic natural gas supply-demand picture has changed."

Accordingly, two former governors of Alaska, Walter J. Hickel and William A. Egan, are pushing an alternative under the aegis of a special committee appointed to suggest solutions. They advocate



building an 820-mile pipeline from Prudhoe Bay to the port of Kenai, Alaska, and then liquefying the gas for shipment to Japan by tanker. According to this view, Alaskan gas can probably never be competitive in the Lower 48, and its natural market is Japan.

Advocates of this plan say it will lessen the United States' \$20 billion payments deficit with Japan, prevent the Soviet Union from capturing a large chunk of the Japanese gas market—as it has in Europe—and cost \$18 billion less than the line through Canada.

Perhaps most important from

Alaska's perspective, the advocates say, the state could finally profit from what is perhaps its richest resource. This is an especially important argument because Alaska's oil revenues will begin to decline sharply at the end of this decade as the recovery of Prudhoe crude becomes more difficult.

"They've been talking about the potential of Alaska for 150 years now," Hickel said in an interview. "You have to make something happen, or a potential is just a broken promise."

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU
BILL SHEFFIELD
GOVERNOR

NEWS RELEASE



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Deputy Press Secretary
Office of the Governor
Pouch A, Juneau, AK 99811
Bus. Phone (907) 465-3500

April 6, 1982
No. 83-86

FOR IMMEDIATE RELEASE

FYI: The attached letter was hand-delivered to the White House today.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 4, 1983

The Honorable Ronald Reagan
President
The White House
Washington, D.C. 20500

Dear Mr. President:

The upcoming energy talks between the United States and Japan, scheduled to begin April 6, offer the opportunity to help encourage the development of an essential American energy resource -- Alaska North Slope natural gas. The known gas reserves on the North Slope comprise about 15 percent of total national reserves. At present, that 29 trillion cubic feet of natural gas is not being produced, and it is in the national and state interest to explore all feasible alternatives for bringing that gas to market.

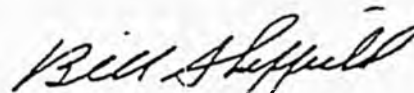
The state supports any project that can reasonably offer the prospect of bringing Alaska gas to market. This includes our past and present support of the Alaska Natural Gas Transportation System. But another reasonable alternative which has recently resurfaced is the prospect of exporting Alaska gas to the Pacific Rim, including Japan. Preliminary studies have shown that, at the very least, the option of exporting Alaska natural gas is worthy of serious consideration and further scrutiny.

We urge your administration to remove all legal impediments to the export of North Slope gas and, in your discussions with Japan, to emphasize the possibility of future export of North Slope gas to that country. Presently, Japan is receiving significant amounts of Alaska Cook Inlet gas, and the receipt of increased amounts of gas from the North Slope could be in both nations' economic and strategic interests. The success of a North Slope export project will require the interest, involvement and support of the Japanese government, and consequently is an appropriate subject of the upcoming talks. We would also urge your administration to give serious attention and study to the option of exporting Alaska gas to Japan as a component of national energy policy.

April 4, 1983

This letter is not to be taken as an endorsement of any specific project or, at this point, as support for an export project as opposed to the Alaska Natural Gas Transportation System. While we will continue to support the efforts to bring Alaska natural gas to the lower-48 markets, we also believe that sound national energy policy requires at least a serious discussion of the export option.

Sincerely,



Bill Sheffield
Governor
State of Alaska

cc: The Honorable George Schulz
Secretary of State

The Honorable James Baldrige
Secretary of Commerce

The Honorable William P. Clark
Assistant to the President
for National Security Affairs

The Honorable Ted Stevens
United States Senate

The Honorable Frank Murkowski
United States Senate

The Honorable Donald E. Young
United States House of Representatives

Pipeline Pains

Back in the midst of the late and unlamented "energy crisis" we kept writing that, even though the weight of the earth was finite, energy prices wouldn't go up and up forever. This fearless (at the time many thought reckless) prediction looks pretty good right now, with OPEC officially cutting its benchmark price to \$29 and probably facing further downward pressure.

Which reminded us to check up on another and more recent prediction: That the great Siberian pipeline would prove to be an economic turkey. When President Reagan was trying to get the Europeans to back out of their deal to finance the Soviet pipeline in response to the crackdown in Poland, we kept insisting that since it's not economic to pipe gas from Prudhoe Bay to Chicago, it can't be economic to pipe gas from Siberia to Bavaria. The Europeans kept insisting that even though they were lending the Soviets money at below-market interest rates (an average of 8.67% on the \$3 billion lent so far), they would make that back by receiving below-market gas prices when deliveries started. By now, with energy prices crumbling, it is totally apparent that if the Europeans had listened to Mr. Reagan, they would have saved themselves a bundle.

It's apparent, that is, to those who understand the complicated gas pricing contracts. This is not easy; if the contracts were understood by the man in the street, Europe would be awash in a consumer revolt. By way of explanation, take what has been published about the otherwise secret German contract, which is for the largest volume and set the standard for the other deals.

The contract has two prices: a base price and a floor price. The base price is around \$4.70 per million BTUs, but goes up and down with movements of an index of oil prices. This is the price the Europeans had in mind in claiming they had negotiated a good deal. However, to apply, the indexed base price must be above the set floor price.

The floor price, intended to give the Russians a minimum return on their investment, started out below the market but assumed a 3%-a-year increase in the real price of oil—producing a price of about \$5.70 per million BTUs in 1981 dollars by the end of the decade. This is about equivalent to the now vanished OPEC benchmark oil price of \$34 a barrel. Unless energy prices reverse themselves and return to this price plus inflation the relevant price in the Siberian gas contract will be not the base price but the floor price. That is, the price will be well above the world energy price. The Europeans have given the Russians below-market loans for the privilege of buying above-market energy.

Worse yet, the contracts include a take-or-pay clause for 80% of the contracted gas volumes, meaning that whatever happens to energy prices,

the Europeans have guaranteed the Soviets the floor price for 80% of their scheduled deliveries. West Germany, France and Italy have placed dibs on 23 billion cubic meters of gas a year once the pipes are full, with deliveries starting next year and stretching through the end of the century. So they will be buying enormous amounts of gas at prices that may be enormously above the going rate. Perhaps this explains the otherwise cryptic remark by former German Chancellor Helmut Schmidt, whose government set the pipeline in motion in the first place, "I do not think that OPEC should be allowed to break down, certainly not."

Still worse, gas consumption in Europe isn't rising but falling. In its most recent annual report, Ruhrgas, the German supplier and lead contractor with the Soviets, blushing noted that higher prices had mysteriously led to less gas consumption than predicted. The European Community has just released figures showing that European natural gas consumption fell by 6% last year. Gas imports from outside the EC actually fell for the first time ever.

Ruhrgas denies rumors that negotiations are still taking place on one crucial aspect of the contracts, saying that the final contracts are signed and refusing to comment on their terms. The rumor has been that Ruhrgas would like to delay the "plateau phase" of the contract, when the pipelines would be full and the floor price would start to apply. It's easy enough to see how such ideas would arise; if Ruhrgas isn't trying to find a way out of its contract, it ought to be.

There are many reasons to explain why European governments and energy concerns fell prey to such bad economics. One is the general Chicken Little reaction to increased energy prices. On the one hand, this led potential sellers like Norway to keep their energy resources in the ground, where they will now remain for a long time to come. On the other, it led potential buyers into a lot of bad investments. Just as Exxon was collapsing its shale oil projects, though, the Europeans were defending the pipeline against Mr. Reagan's onslaughts. This myopia of course results because governments were involved, partly because they are inherently inflexible, partly because they wanted to subsidize European steel jobs, and partly because they wanted to keep "détente" alive by subsidizing the Soviets.

We hate to say we told you so, but as regular readers know, we did. In rebuffing Mr. Reagan, Europe lost its best and perhaps last chance to get out of a losing deal. Everyone else's energy prices will fall as the OPEC house of cartel cards collapses, but Europe will be stuck with a lot of high-priced Siberian gas. All the European consumers can hope for is that in the future their governments will take a closer look at Russians bearing bargains.

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QUIZ:

How many veterans were there in 1930, when the Veterans Administration was created to look after their needs? How many are there now?

(Answer below)

THE FEDERAL REPORT

DOE Official Speaks Out for Oil Firms

By Cass Peterson
Washington Post Staff Writer

An Energy Department official has been traveling the statehouse circuit in recent weeks, testifying at government expense against legislation that would bar oil companies from charging extra for credit-card sales.

The official is Leonard Coburn, head of the DOE's Office of Competition, who has appeared recently before legislative panels in at least three states to argue against any restrictions on the so-called "credit surcharge," usually advertised at the pumps as a discount for cash customers.

Coburn says he sees himself as a messenger for the Reagan administration's free-market philosophy, giving "expert guidance" to state legislators "before they do something to the marketplace that somehow will mess it up."

But his activities have been attacked by some gasoline wholesalers and service station dealers who oppose the surcharge. They say Coburn's activity amounts to "gratuitous lobbying" by a government official and runs counter to the administration's vow to keep the federal nose out of state business.

Rep. Berkley W. Bedell (D-Iowa) passed along their complaints, and a few of his own, in a letter to Energy Secretary Donald P. Hodel this month. Finding a "remarkable coincidence" between Coburn's views and those of the major oil companies, he pointedly suggested that Hodel might even save federal money by abolishing Coburn's office.

"I can confidently predict that whatever work they do in that office would quickly be picked up by the big oil companies, whose budgets are in better shape than the government's right now," he wrote.

Coburn's boss, Assistant Secretary Robert C. Odle Jr., says that Coburn's activities have his full approval and are "totally consistent" with the administration's pro-federalism and anti-regulation policies.

"It is a perfectly proper thing for government officials to present their views on administration policy," said Odle, who added that Coburn testified at the request of several states. "If he wasn't welcome, the appropriate state body would tell us and he wouldn't go."

But Texas legislators say Coburn's appearance before a House committee in Austin last week was his idea, not theirs.

"He was not invited by the committee," said Rep. Hugo Berlanga, who sponsored the anti-surcharge bill. "This gentleman called and indicated to the committee that he had been traveling around the states offering testimony in opposition to similar legislation and he wanted to come down."

"I find it rather disturbing," said Berlanga. "I'm appalled that someone from the Department of Energy would come in and interfere with the state's ability to deal with the major oil companies."

State Rep. Leo Jackson, chairman of the committee that held Tuesday's hearing, confirmed Berlanga's account.

"I've never had an out-of-town witness come and ask if they could speak, but our rules are that hearings are open and anyone can speak," he said. "They said they needed something in writing, so I sent them a letter saying they'd be welcome. I assume someone needed that as evidence for reimbursement of travel."

Jackson said he didn't share his fellow Democrat's sense of outrage at Coburn's appearance, noting that the legislature frequently hears witnesses from federal agencies. "We have somewhat selective indignation," he said.

Odle also attributed the complaints to special-interest concerns. "I suspect that there's more concern about the policy as opposed to the methods by which he's doing it," he said.

In his testimony before a Maryland Senate committee, which eventually killed the bill, and a Texas House committee, Coburn said the surcharge puts the cost of credit where it belongs—on the upper- and middle-income customers who use credit cards—rather than on the "poorest segments of our society" and the elderly.

By barring the surcharge, he suggested, a state might force an oil company to drop credit-card programs or pass the costs along to all customers by raising the price of its gasoline to the dealer.

Opponents of the surcharge, or cash discount, say their price comparisons show that both cash and credit-card customers pay less for gasoline at stations that don't offer the discount.

"That discount is the biggest phony in the world. Coburn knows it and so do the oil companies," said Vic Rasheed, executive director of the Service Station Dealers of America, who has sent a formal complaint about Coburn's activities to the DOE's inspector general.

The inspector general's office said it is conducting a preliminary investigation into Rasheed's complaint. But the department's ethics officer said he knew of no provision in the DOE standards of conduct that would apply to Coburn's activities.

Legislation to spur development of Alaska's renewable resources, mainly fisheries and timber, will be among his top priorities this year, Senator Ted Stevens said in his annual address to the State Legislature in February. At the same time, the senator stressed that Alaskans must continue the effort to correct misunderstandings about their state in Washington.

Following are some of the highlights of the senator's speech:

Alaska's Image In Washington

"Our relationship with Washington, D.C. is difficult, in part because of the loss of institutional memory in the Congress and the fact that so few members of Congress have been to Alaska. Sixty-one new senators and 299 new congressmen have come to Washington since the '70's when several committees came to our state to acquire a better comprehension of Alaska's unique geographic, economic, and political conditions.

"The vast majority of those now in Congress were not there during debates over Native claims, the Trans-Alaska pipeline, the natural gas pipeline, and certainly not statehood.

"This means we must make a special effort to obtain cooperation from Washington. We hope to bring members of Congress to Alaska during the recesses again this year.

Severance Tax Battle

"We've had a long battle with representatives of the Midwest and Northeast Coalition over Alaska's right to levy severance taxes. It will be even harder this year to defeat punitive tax legislation targeted at Alaska, but at least we know that logic is not on the side of our antagonists.

"The argument of the Northeast-Midwest coalition used to be that resource states exported severance taxes to consumers in the energy consuming states. At my request, the Congressional Research Service examined that argument and found most of Alaska's oil severance tax, approximately 87 percent, is not shifted to consumers.

"The coalition realizes the 'shifting' argument is a spurious one, and now makes an emotional appeal to members and the public on what they call "fairness." It's "unfair," they say, for Alaskans not to distribute our wealth to states in need.

Alaska Railroad Legislation

"Fortunately, we made the issue of fairness work in our favor when we finally secured passage of legislation to authorize transfer of the Alaska Railroad to Alaska. Some people thought that because of Alaska's wealth the federal government could extract an exorbitant price for the railroad. But we demonstrated to our opponents that our railroad is an essential component of Alaska's future development. With a modernized railroad, we may fully develop our coal or hard rock mineral resources. The evaluation price must be reviewed in relation to the value of the vast natural resources we could not develop without the railroad. The legislation we enacted includes broad authority for the Secretary of Transportation to negotiate with the state, terms and conditions that will be acceptable.

State Offices Near You

The addresses and phone numbers of Senator Stevens' offices in Alaska are:

Anchorage	701 C Street, Box 2, 99513	(907) 271-5915
Fairbanks	101 12th Ave., Box 4, 99701	456-0261
Juneau	P.O. Box 149, 99801	586-7400
Nome	Box 608, 99762	443-2842
Kenai	Box 3030, 99611	283-5808
Ketchikan	Federal Bldg., Rm. 501, 99901	225-6880
Kodiak	P.O. Box 177, 99615	486-5407



WASHINGTON, D.C. RESIDENTS and visitors had the opportunity to enjoy both traditional and contemporary Alaskan Eskimo art at the Smithsonian Institution's recent exhibit, "Inua: Spirit World of the Bering Sea Eskimo." Here, Cyndi Ahwiriona, receptionist for Congressman Don Young, and Senator Ted Stevens, admire a portrait by Alaskan Larry Ahvokana, one of the contemporary artists included in the exhibit. Portions of the "Inua" exhibit will travel to Juneau, Fairbanks and Anchorage this year.

Fisheries

"The fishing industry is the largest private employer in the state of Alaska. Our top legislative goal should be to improve the competitiveness of our fishing industry. Our emphasis must be on improving the competitive posture of our traditional coastal fisheries.

"In the 98th Congress, we will seek extension of the capital construction fund to shorebased fish processing facilities.

"I have also asked Congress to create a fishery development corporation to perform many of the research and development projects that are under the control of the National Marine Fishery Service. We will also seek authorization for a fisheries marketing board similar to that pioneered through the Alaska Seafood Marketing Institute.

"The Library of Congress is studying, at my request, existing agricultural support programs to determine how they might be modified to help the fishing industry.

Timber

"The weak state of our timber industry, primarily caused by a slowdown in the Japanese economy, is of great concern. You know the dismal statistics describing mill closures, declining lumber purchases and widespread unemployment. Irreparable damage may result if we do not act to assist Alaska's small and large timber operators.

"Due to pressure from environmentalists, we expect a tough fight maintaining the \$40 million minimum appropriation for timber sale preparation established in the Alaska lands bill. Additionally, there is timber relief legislation cosponsored by Senator Murkowski and me pending before the Senate.

North Slope Gas

"A transportation system for Alaska's North Slope Gas is absolutely essential. Exploration and development activities will be affected adversely if the pursuit of oil yields large quantities of gas which cannot get to market. I intend to actively assist the first project for transporting Alaska's gas that is adequately financed. Financing is the key. When financing is available, I believe Congress will act to assure such a system is built, as long as it is consistent with our national energy needs.

Freight Rates In Alaska

"The Statehood Commission touched a nerve in their review of the U.S.-built requirement for Alaska's shipping traffic. As Chairman of the Merchant Marine Subcommittee, I intend to review changes in law that will reduce overall freight rates for Alaska. Hawaii has an exemption that permits foreign trade vessels to stop on their voyages overseas. Alaska should also benefit from that exemption."

Price 11% on Gas Piped to U.S. Discount for Large Purchases Is Delayed; Producer Group Urges Bigger Cut

By a WALL STREET JOURNAL Staff Reporter

OTTAWA—The Canadian government reduced its base price for natural gas piped to the U.S. but delayed an announcement on discounts for large gas purchases.

As of midnight last night, the price of Canadian natural gas delivered at the U.S. border declined 11% to \$4.40 (U.S.) from \$4.94 a million British thermal units. A thousand cubic feet of gas contains about a million British thermal units of energy.

Reaction to the announcement was muted. "It was a step in the right direction but wasn't a very big one," said a spokesman for TransCanada PipeLines Ltd. The Canadian Petroleum Association, an industry group, called for a further reduction.

Canada's minister of energy, Jean Chretien, who made the price announcement in a speech in Calgary, said a possible discount for large purchases will continue to be studied. Uncertainties in the U.S. natural-gas market and differences between Alberta and British Columbia, Canada's principal gas-producing provinces, complicated the discount question, the minister indicated. He said he has asked for a detailed report within four weeks on a possible discount scheme.

The drop in the base price isn't likely to renew U.S. interest in Canadian gas, however, and Canadian officials said further reductions may be needed. "It was the best thing that could be done on a short-term basis," said one Canadian official.

At Northern Natural Gas Co., an Omaha, Neb.-based unit of InterNorth Inc., a spokesman said the reduction was welcome but wasn't enough to interest the utility in larger purchases of Canadian gas. The utility cut its purchases last month.

Canada set its administered price for exported natural gas at about \$4.94 a thousand cubic feet in April 1981. The price was regarded as high at the time. Since then, prices for gas in the U.S. have weakened substantially, and Canada's price is nearly double the range in which much U.S. gas is sold.

Canada has resisted reducing the price on the theory that the current glut of natural gas in U.S. markets is temporary. However, in recent months, the prospect of a tightening in gas markets appears to have receded further. Some analysts say U.S. deregulation of natural-gas prices and the decline of world oil prices may delay any such change indefinitely.

Political pressure has been building on both sides of the border for a lower Canadian gas-export price. In the U.S., consumers whose utilities are under long-term contracts to buy Canadian gas and can't change to cheaper domestic fuel have complained about their bills. In Canada, relatively small companies producing gas for export have been squeezed by the dwindling U.S. demand for the high-priced gas.

In Salt Lake City, Northwest Energy Co., one of the largest purchasers of Canadian gas, said the price cut "will do nothing to improve gas marketing conditions in the U.S."

"It's good to see Canada finally recognizing the need to act on this issue, but the price reduction is extremely disappointing and doesn't go far enough. It is like applying a Band-Aid when major surgery is needed," said John G. McMillian, chairman and chief executive.

Mr. McMillian said a price of \$3.50 per million BTU's would be more realistic. "And if world prices decline further, they should drop the border price again," Mr. McMillian said.

THE WALL STREET JOURNAL
Tuesday, April 12, 1983

4

Dome Petroleum Moves to Avoid New Debt Problems

By a WALL STREET JOURNAL Staff Reporter

CALGARY, Alberta—Dome Petroleum Ltd. has been forced to take some special precautions to avoid cross-defaults stemming from the failure of Cyprus Anvil Mining Corp. to meet a \$6.5 million (Canadian) principal payment on a loan.

The financially troubled Canadian oil and gas company has reduced its holding in the mining company to 43.75% from 87.5% so that Cyprus Anvil won't be a Dome Petroleum subsidiary. Sources say Dome sold the shares to its affiliate, Dome Canada Ltd., Calgary, for a nominal payment of \$20. Dome Petroleum has the right to repurchase the shares at the same price later, the sources said.

Without the precaution, a default on the Cyprus Anvil loan could have triggered demands from nearly all of Dome Petroleum's lenders for accelerated repayment of most of Dome Petroleum's \$6.5 billion in debt. Dome Petroleum already is unable to repay \$2 billion that came due last year. It is negotiating a refinancing agreement for its own debts.

Cross-default clauses permit lenders to demand repayment of all their loans to a borrower if the borrower defaults on any of its loans.

As previously reported, Dome Petroleum has disclosed that it has "reorganized" its holdings of Cyprus Anvil without providing details. Cyprus Anvil owns a lead-zinc mine in Faro, Yukon Territory, which has been temporarily closed since last June because of weak metal markets. It owes three banks \$130 million, including the \$6.5 million principal repayment that came due March 31. The repayment came into conflict with a stand-still arrangement on debt repayments that Dome has negotiated with its main bankers in Canada. The stand-still arrangement affects all of Dome's subsidiaries. Dome said one of Cyprus Anvil's three bankers, holding less than 4% of the loan, refused to accept the deferral. The banks haven't been identified.

To protect Dome Petroleum from claims that it exercised undue influence on 48%-owned Dome Canada regarding the Cyprus Anvil purchase, Dome Petroleum's representatives on Dome Canada's board didn't vote, sources said. Dome Canada apparently also received independent legal advice regarding this matter.

As reported, the three banks have requested that the \$6.5 million repayment be made by May 13, failing which the banks would be able to demand repayment of the entire loan. A Dome Petroleum spokesman said he didn't know if Cyprus Anvil would be able to meet its debt-repayment obligation now that the mining company isn't a Dome Petroleum subsidiary.

Northern Tier Ends Plans for a Pipeline To Move Oil From West Coast to Midwest

By WALL STREET JOURNAL Staff Reporter

SEATTLE—After a long, \$50 million effort, Northern Tier Pipeline Co. said it was abandoning plans for a controversial 1,490-mile pipeline that would have moved Alaskan crude oil from Washington state to the Midwest.

The company said yesterday that it decided not to reapply to Washington state for a permit, denied in April 1982, to build the pipeline's first leg and a critical deep-water port at Port Angeles, Wash. Northern Tier also said it wouldn't seek another route for the \$2 billion project.

"We had gotten about 1,400 permits for the project, but without the Washington state link we had nothing," Jim E. Shamus, Northern Tier's president, said.

"We could have spent another \$8 million to \$10 million to go through another permitting session and still come up with another zero at the end," Mr. Shamus added.

The decision was considered a significant victory for a feisty coalition of Washington state environmentalists who mainly were opposed to the proposed supertanker port that would collect the Alaskan crude for shipment to the line's proposed end at Clearbrook, Minn. They said the hazards of oil spills, fire and explosion greatly outweighed the pipeline's economic advantages. State officials also complained that the pipeline, once completed, would create few jobs in the state but would expose it to numerous environmental dangers.

Though Northern Tier complained that the environmental hazards were "greatly overstated," a special Washington state commission—applying the same standards the state applies to the siting of nuclear power plants—last April recommended the denial of a construction permit.

Idaho, Montana, North Dakota, Minnesota and the federal government already had given approvals to the project.

Despite the April 1982 setback, Mr. Shamus said Northern Tier had been tempted to try again and spent about \$5 million since then evaluating its chances for approval. He said the special siting commission, despite its initial negative decision, had become "very cooperative" in attempting to identify the remaining environmental hurdles.

"We aren't pointing any fingers at Washington state, or the siting commission," Mr. Shamus said. "But when we looked at the process that by law we had to go through, we decided our chances for approval weren't better than 50-50."

The decision leaves the future of Northern Tier, formed in 1975 by a coalition of small independent oil companies, in doubt, since its sole purpose was to design and oversee construction of the proposed pipeline. Over the years, partners had come and gone but its most recent influential backers include Getty Oil Co., Los Angeles; U.S. Steel Corp. and Westinghouse Electric Corp., Pittsburgh; Burlington Northern Inc., based here; and Farmers Union Central Exchange of Grove Heights, Minn., a farm-supply cooperative.

All concurred in yesterday's decision, Mr. Shamus said.

Spokesmen for U.S. Steel and Westinghouse said the companies were minor investors in the project. The U.S. Steel spokesman said the company hadn't any comment, and Westinghouse declined immediate comment.

Marine Midland Elects Petty To Succeed Duffy as Chairman

BUFFALO, N.Y.—John R. Petty, 52 years old, as expected was elected chairman of Marine Midland Banks Inc. and of the company's main unit, Marine Midland Bank, at the annual shareholders' meeting.

As reported, the former chairman, Edward W. Duffy, 57, plans to retire June 30. Until then, Mr. Duffy will remain a director and chairman of the holding company's executive committee. He will also remain on the board of Hongkong & Shanghai Banking Corp., which owns 51% of Marine Midland.

BEFORE THE SENATE RESOURCES COMMITTEE
LEGISLATURE OF THE STATE OF ALASKA

PREPARED STATEMENT
OF
HAROLD W. MOLES
VICE PRESIDENT, ALASKAN OPERATIONS
NORTHWEST ALASKAN PIPELINE COMPANY

April 22, 1983

My name is Harold W. Moles. I am the Alaskan representative of Northwest Alaskan Pipeline Company ("Northwest"), which is agent and operator for the Alaskan Northwest Natural Gas Transportation Company, a partnership. Northwest, on behalf of the project sponsors, holds the authorization to construct a pipeline in Alaska to take gas from Prudhoe Bay to the Canadian Border and thence to the lower-48 states. Northwest obtained endorsements for the project -- the Alaska Natural Gas Transportation System (ANGTS) -- in 1977 from the President, the Congress, the Federal Energy Regulatory Commission, and the Canadian Government after literally thousands of hours of administrative hearings, passage of two congressional acts and two formal Canadian-U.S. agreements. In the course of obtaining these endorsements and subsequently in planning to build the pipeline, the project sponsors have done extensive environmental and engineering studies, field work, and other planning. They have worked for years to obtain the necessary permits they now hold to proceed with the line. The three producers that own the vast majority of the gas, the nine major gas transmission company sponsors, and major financial institutions, have worked together toward completion of a financing

plan for this extremely expensive project. Approximately a year ago, we were close to completing that plan. But at that point, the world oil pricing situation, a temporary gas surplus in the U.S., and a severe economic recession made it necessary to delay the project. We do intend, however, to build this project when financial conditions warrant and we are proceeding today toward that end. To date, the parties to the project have invested about \$600 million on the Alaskan segment alone, and we are continuing to expend funds toward that day when construction can begin. You should note, moreover, that about one-third of the total pipeline mileage for the ANGTS has already been financed and placed into operation in Canada and the lower-48 states. These segments of the system temporarily are transporting surplus Canadian gas, but the facilities were sized, justified, and financed on the basis of the eventual flow of Alaskan gas.

The delay in project construction has caused understandable frustration in Alaska, where many look forward optimistically to the vast economic benefits which would attend a project of this size. Let me assure you that we share this frustration. Some Alaskans have now come forward with ideas which they believe will get the gas to market more quickly than the ANGTS project. Specifically, those Alaskans have proposed a Trans Alaska Gas System (TAGS) from the North Slope to the Kenai Peninsula, a liquification plant on the Kenai, and LNG shipments from there

to markets in the Far East. The proposal made by this group has been submitted to the legislature in outline form.

While much has been said by the promoters about TAGS, the legislature should not lose sight of the most fundamental fact -- that the TAGS idea is just that -- an idea, not a project. No private group has offered to construct such a system, no in-depth studies of the costs have been made, no financial institution has made any commitment, tentative or otherwise, to finance such an idea. No significant environmental and engineering studies have been done to show that the concept is feasible and acceptable, and the proponents have not realistically faced up to the formidable, lengthy proceedings necessary to comply with the National Environmental Policy Act and other statutes and regulations. There is no indication whatsoever that Congress would be willing even to consider a change in the route for transportation of North Slope gas, much less to actually make a change in the law and to repudiate U.S. agreements with Canada. The sort of prerequisite background work, which took years to accomplish for the ANGTS and cost hundreds of millions of dollars, has only been sketchily outlined to buttress this new idea. And no sponsoring group has come forward with venture capital well in excess of \$600 million, which is what it would take merely to bring the TAGS idea to the present state of development of ANGTS.

Yet, without completion of this background work, and with none of the crucial environmental, engineering, financial,

marketing, regulatory, or political questions resolved, the legislature is being urged to support this concept by passing a resolution which treats this idea as a viable alternative to the ANGTS. Make no mistake -- however such a resolution is drafted, its sole result would be to put the legislature on record as seriously considering and supporting the TAGS concept as a reasonable, viable alternative for the transportation of North Slope gas.

There is nothing wrong in the end with the legislature considering any alternative project for the transportation of natural gas. But at least there should be a consideration of one comparably developed "project" vis-a-vis another. The ANGTS is, indeed, a genuine project. The three major North Slope oil producers, Exxon, Arco, and Sohio, together with nine major gas transmission companies, have fought long and hard to put it together, and they believe it is still the best alternative. If another private group is willing to come forward and do the work the ANGTS sponsors have done and make the expenditures that they have made to get the project where it is today, then it certainly deserves your consideration. But if you are willing to give credibility to anyone who comes here simply with an idea, without having done the necessary background work, the real message you send to the financial markets and the energy markets in the United States and elsewhere is clear -- that support for the ANGTS project is so transparent and lukewarm that you are willing to give credence to any suggested

alternative without even requiring the promoters of that idea to present you with the fundamentals of a project, including a substantial group of backers with major funds committed.

The legislature recently retained the firm of Booz, Allen and Hamilton to advise it on the action it should take in just this type of circumstance. The advice you received was clear, and I stress that it came not from the ANGTS sponsors but from a firm of independent consultants retained by the legislature. They told you that absolutely nothing you could do, be it by resolution or anything else, could decisively help either the ANGTS project or the TAGS idea. Whether ANGTS or TAGS or anything else gets built will depend largely upon economic reality -- not political gesture. On the other hand, actions by the legislature certainly can harm the perceptions of support for the ANGTS as we continue to work on financing the project.

As to economic reality, highly regarded energy analysts increasingly are predicting a natural gas shortage in the United States. For example, Richard Nehring, a Rand Corporation expert on world petroleum and gas supplies, recently said that the natural gas surplus that exists in the U.S. could disappear by late 1984. "If we are going to characterize the domestic natural-gas situation as a glut, it is the most unique glut in the history of natural resource gluts." Nehring said "the situation has been created by low demand caused through economic sluggishness and through conservation."^{1/} Another expert,

^{1/} The Register [California], March 27, 1983, page A26.

Geoffrey M. Hertel, the respected chief oil analyst for Houston-based investment bankers Rotan Mosle, Inc., recently predicted an acute shortage of natural gas within two years. Rotan Mosle's detailed analytical study concludes that: "...the natural gas oversupply situation is not chronic... [and] perhaps the most disturbing aspect of this study is the projection that natural gas markets could be severely supply constrained by 1985."^{2/} A recent Wall Street Journal report included the following statement: "As for natural gas, most experts expect a shortage eventually; the current surplus is slowing exploration..."^{3/} The International Energy Agency, moreover, warned in October 1982 of a possible new oil crisis in the mid- to late-1980s that would "deal a devastating blow" to major industrial countries.

With this sort of prospect, it is worth remembering that Prudhoe Bay natural gas constitutes 15% of proven lower-48 natural gas reserves, the energy equivalent of over 600,000 barrels of oil per day for 22 years. A key objective of the Alaska Natural Gas Transportation Act of 1976, which resulted in the ANGTS project, was to make this important source of energy available to help meet needs in the lower-48 states. Clearly, it would take much more than a resolution to convince the U.S. Congress that now there is no future need for Alaskan

^{2/} Rotan Mosle Industry Review Report, "The Natural Gas 'Bubble'," dated February 25, 1983.

^{3/} Wall Street Journal, April 18, 1983, page 1.

gas in the lower-48 states and that the gas can, therefore, be removed from its commitment to the ANGTS and be recommitted to foreign export.

A resolution that encourages the establishment of markets on the Pacific Rim, or suggests to Congress that they remove impediments to the export of North Slope gas, while clearly aimed at helping the TAGS concept, predictably would have no real impact and would in the end only raise undue expectations, at least if you believe your own consultants. At the same time, as Booz Allen also recognized, you do have the capacity to harm the existing ANGTS project by indicating to the financial community that you really do not give it your full support. We all know that obtaining financing is going to be difficult for a project of this size, and one of the things lenders will look to is the degree to which the state will support the construction of the line. If you indicate either directly or by inference that you do not support the ANGTS, it will be taken into account and at least according to your consultants will have a detrimental impact on the construction of the line.

If the promoters of the TAGS concept can find people who will actually invest heavily toward such a line, can demonstrate that the line would be environmentally and technically sound, can demonstrate that there are real markets for the gas, and that financing is available, and finally can demonstrate that the U.S. Congress would realistically consider this proposal as a viable if not preferred alternative, then it will

be time for the legislature to act. At that time, you would have before you two true projects, and you could evaluate which would be best for the State of Alaska. At such a point, there would be no need for resolutions which seek to assist both the TAGS concept and the ANGTS project or use obscure phrases in an effort to satisfy supporters of one route while not offending supporters of another. You then could and should make a clear selection and support whichever route you deem appropriate. But we believe you should not at this time pass a resolution which encourages a concept about which little or nothing is known at the risk of harming and delaying a project that you do know about and that is in fact prepared to go ahead when marketing and economic conditions warrant.

In the end, economic conditions will determine when North Slope gas is taken to market. We remain convinced that the gas will, in the foreseeable future, be urgently needed in the lower-48 states and that this fact will again become evident as the economy improves. We also remain convinced that the ANGTS is already developed to a point that gives Alaska its best prospect for a completed project. We, therefore, respectfully suggest that the legislature follow its own consultant's advice and not impede or harm the chance of construction of the ANGTS going forward at the earliest possible date.

Thank you for the opportunity to present these views. I will attempt to answer any questions you may have.

HJR

56

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: *HSR 54*

BILL NAME: *Relating to the 1984 Yukon Quest Sled Race*

SPONSOR(S): *Davis, Bettinorck*

RELATED BILLS PENDING:

DATE INTRODUCED: *Senate 1-19-84*

REFERRALS: *State affairs - univ. Resources*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



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Senate

Committee on Resources

MINUTES

February 8, 1984
3:05 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chair
Senator Eliason
Senator P. Fischer
Senator V. Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

HJR 55, Relating to the 1984 Yukon Quest sled dog race.
Briefing by Kelly Ross on land management and planning.

HJR 56

Representative Mike Davis, sponsor of the resolution, spoke in support, explaining that it commends and encourages this 1000 mile sled dog race from Fairbanks to Whitehorse that begins February 24, 1984.

Senator Sturgulewski moved that the resolution be passed out with individual recommendations. There was no objection.

James Jenks, Deputy Director, Resource Development Council, introduced Kelly Ross.

Kelly Ross, County Commissioner, Curry County, Oregon, compared Oregon's comprehensive land use plan to the proposed Bristol Bay Cooperative Management Plan. He cautioned that the Bristol Bay plan be made flexible enough to allow development of other resources in the event that the fish and wildlife resources are naturally depleted.

The meeting adjourned at 3:35 pm.

BILL SUMMARY

HJR 56 - Relating to the 1984 Yukon Quest sled dog race.
SPONSORS: Davis, Bettisworth, Shultz, Ringstad,
Koponen and M.W. Miller

Resolves that the Legislature recognize, commend, and encourage the Alaska-Yukon Trail Association as it stages the Yukon Quest, an epic 1,000 mile sled dog race between Fairbanks and Whitehorse, beginning February 25, 1984. The dog race takes place in commemoration of the 25th Anniversary of Alaska Statehood.

B.F. - 4:50 pm - Beths Norton -
Alaska State Legislature w/ Oue Harbour

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
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Senate

Committee on Resources

14-0
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MEMORANDUM

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Committee Meeting, February 8, 1984

DATE: February 7, 1984

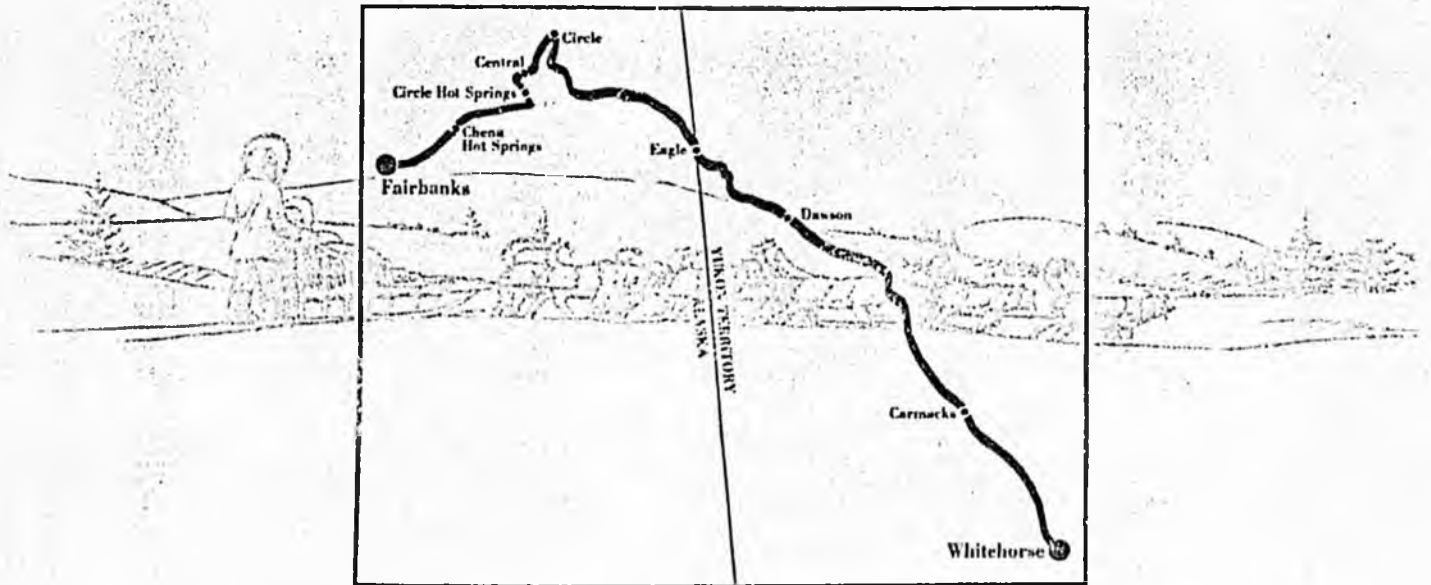
At the request of the Resources Development Council, the Senate Resources Committee has invited Kelly Ross, a former aide to Mark Hatfield and now a county commissioner in Curry County, Oregon, to share his views on land management with committee members. Mr. Ross has had extensive experience with the Oregon Land Conservation and Development Commission, an entity charged with developing statewide goals and guidelines for land use planning. Based on this experience, he will brief the Senate Resources Committee and the Senate Special Agriculture Committee on agriculture and land planning issues. The meeting will be held on Wednesday, February 8, at 3:00 pm in the Beltz Room. Attached are two articles written by Mr. Ross.

Prior to the briefing by Kelly Ross, the Committee will consider HJR 56, which commends and encourages the Alaska-Yukon Trail Association as it stages the Yukon Quest. The first annual Yukon Quest, a 1000 mile sled dog race over the Gold Rush Era route from Fairbanks to Whitehorse, will begin February 25, 1984.

SLED DOG RACE

1,000 MILES over the GOLD RUSH TRAIL

FAIRBANKS to WHITEHORSE
FEBRUARY 25, 1984



\$50,000 Projected Prize Money

Inexpensive to run — Easy logistics

Road Access to most checkpoints — 600 miles of pavement, Fairbanks to Whitehorse

Standard long distance rules with a few notable exceptions as follows:

- 1) Twelve dogs starting maximum, eight dogs starting minimum.
- 2) Three dogs drop limit.
- 3) Same sled or toboggan, start to finish.
- 4) Food pickup and dog drops at only six points.
- 5) Mandatory 36-hour layover at Dawson.
- 6) Small parcel of promotional freight mandatory load.

Be a part of History! Sign up now to enter this 1st Annual Race!

For information write:

ALASKA-YUKON TRAIL ASSOCIATION, INC.
P.O. Box 10315
Fairbanks, Alaska 99710
(907) 452-7954

Inc.

1000 MILES over the GOLD RUSH TRAIL

1st Annual FAIRBANKS—WHITEHORSE SLED DOG RACE February 25th, 1984



On February 25th, 1984 the Gold Rush Era route from Fairbanks to Whitehorse will once again know the footfall of sled dogs and the near silent hiss of runners over snow. Reliving history, intrepid drivers will hit the trail in quest of adventure and wealth much the same as did turn-of-the-century gold seekers.

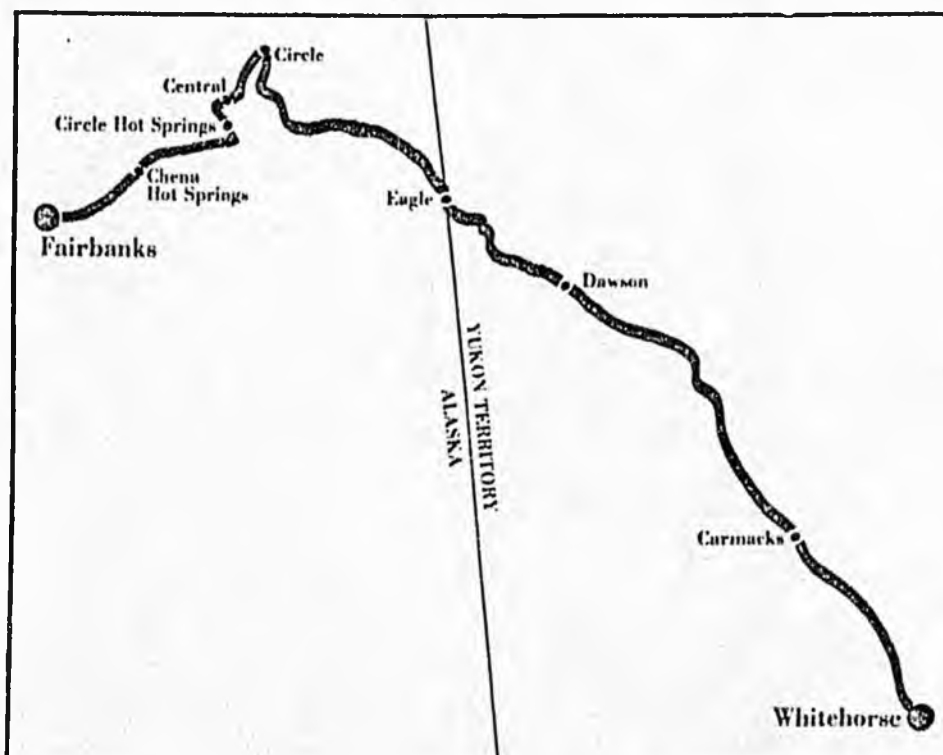
POTENTIAL

This event can become the richest, most internationally famous yearly spectacle for Fairbanks, Dawson, Whitehorse and other towns between. A decade of long distance sled dog racing has dramatically demonstrated the wealth of dollars and attention that such a happening can bring to involved communities. It has become a multi-million dollar industry upon which the eyes of the world focus each winter. Newspapers, magazines, radio and television networks from around the globe vie to cover the one existing race. This feeds community pride. It also provides what amounts to fabulous, free advertising for the community and event the like of which no money could buy.

The value of tourism to Interior Alaska and the Yukon hardly needs comment. The Fairbanks to Whitehorse Race could give the towns a vital economic boost during normally slow winter months. But to realize this economic potential a turn-about from the normal limits of thinking and involvement concerning sled dog races is required. Thought and action must now take on a grand dimension to fit the event and its unquestioned possibilities.

The Iditarod became a success in spite of Anchorage apathy and skepticism, not because of its support. It took ten years to really come of age. However, this Fairbanks to Whitehorse Race can enjoy success immediately if the towns will push it from the outset. There must be investment to gain return. The pump must be primed.

No less valuable than economic gain are the following: 1) enhancement of community pride, spirit and energy; 2) rejuvenation of winter moral during race festivities and competition; 3) creation of local folk heroes with whom one may identify and follow during the contest; 4) strengthening of the fraternal spirit that has always bound the people of Interior Alaska and those of the Yukon Territory.



THE RACE

The route shown on the map on the previous page will start in Fairbanks and Whitehorse on alternate years. Established long distance rules will be followed in general. However, a few important differences do exist both within the rules and with the course which makes this race interesting and unique.

- ★ Teams are limited to twelve dogs starting maximum.
- ★ No more than three dogs may be dropped per team.
- ★ A mandatory 36 hour layover will be taken by all teams at Dawson.
- ★ The same sled must be driven from start to finish.
- ★ Food pickups and dog drops at only six points along the route, four of which are well over 100 miles apart, one being over 200. (This could enhance the chances of a driver long on bush skills but short on space age equipment and technology.)
- ★ A small load of promotional freight will be mandatory.

WHAT IS NEEDED

Mushers and teams are poised and ready. What is needed in addition for the Fairbanks to Whitehorse Race to become a recognized major sporting spectacle and a revenue producer is the following:

- 1) Fairbanks and Whitehorse government officials and businesses must make the start and finish of the race not only well run but as colorful and big time as possible. Show the towns off to best advantage for visitors and media.
- 2) A budget must be acquired sufficient to fund the organizing, officiating, trail work, checkpoints, logistics, transportation, communications, promotion and advertising, fuel, supplies and equipment, veterinarians, drawing and awards banquets, start and finish lines organizations, wages and fees, etc.
- 3) Prize money equal to the magnitude of the race must be available in order to give the contest prestige necessary to attract top name teams.
- 4) Talent from the communities must step forward to give of their time and energy to serve in various positions and committees below.

Executive Director

Race Manager

Race Marshall

Trail Managers, trail workers, checkers for Alaska and Yukon

Food Drops Managers for Alaska and Yukon

Dog Drops Managers for Alaska and Yukon

Fairbanks Banquet and Drawing Chairman/Whitehorse Banquet and Awards Chairman

Fairbanks Race Start Manager/Whitehorse Race Finish Manager

Race Communications Headquarters Managers for Alaska and Yukon

Race Central Office Managers for Alaska and Yukon year round offices

Hams for Alaska and Yukon

Publicity and Promotions Managers for Alaska and Yukon

Finance Managers for Alaska and Yukon

Veterinarians for Alaska and Yukon

Musher housing pre and post race for Alaska and Yukon

Typing and Printing for Alaska and Yukon

THE MECHANISM

Limited stock is being sold which entitles the stockholder to vote for the board of directors. Inquiries are welcomed. General corporation meetings and board meetings are held as needed (which is often nowadays).

For more information call LeRoy Shank at 488-9763.

FAIRBANKS-WHITEHORSE SLED DOG RACE

SOME THOUGHTS ON DOING YOUR SHARE

There's no reason our race can't be as successful as the Iditarod. If so, checkpoint villages and businesses along the way will benefit in many ways. Two ways are: 1) an influx of people - hoardes in the more accessible places - that can make slow winter business erupt into a beehive of activity. 2) advertising you could never buy with any amount of money as media from around the globe zeroes in.

Bringing off the first race will be the hardest. Along the Iditarod Trail before the first race, a few had vision and faith in the new idea and threw their weight behind the effort. Some entered eagerly and generously into preparations and staging of the event.

On the other hand, skeptics and the apathetic stood back and took a "show me" attitude. Others lay back and watched workers give of themselves to put the race on then reaped the fruits of the workers' labors after the race became successful.

Bringing off the Iditarod was and still is a gigantic undertaking. Over 800 volunteers in "the Iditarod family" annually make it possible. Our new race too will require a banding together of all of us to make it successful.

When organizers, workers, and officials come to your area on race missions, please support and encourage them in any way you can. Remember, they are volunteers. They're giving unselfishly of their personal resources to make it all work. What they're doing will probably never do anything for them monetarily. But if you have a business, what these people are doing will make you money down the road. Please go out of your way to give to them, not just profit from their need for transportation, lodging and food. Make your money later from race followers, media and from the increase of awareness race media coverage will generate.

Like any good team, we must all pull together.

Three more mushers sign on

Purse for Yukon Quest grows

Organizers of the Yukon Quest sled dog race say they have reached the halfway point in raising the \$50,000 purse for the Fairbanks-to-Whitehorse race.

Jim Bennett, chairman of the board of the Alaska-Yukon Trail Association, said Tuesday that the association has raised nearly half of the purse through sponsor donations, musher fees, association membership fees and the sale of race memorabilia.

Bennett said that by the end of the week he hopes to be able to guarantee the entire purse.

The association picked up its second major sponsor on Friday when Leo Schlotfeldt of Sourdough Fuel Inc. donated \$5,000. A week earlier Samson Hardware donated \$10,000. Bennett said that the Alaska Feed Company has donated \$1,000 toward the purse.

Bennett also announced Tuesday that the starting field for the Feb. 25 race has increased to eight.

Sonny Lindner of Johnson River, a veteran of four Iditarod races, officially registered for the event Friday, and Chris Whaley of College paid his \$500 entry fee Tuesday.

Tuesday night the association re-

ceived word from Whitehorse that musher Senley Yuill of Whitehorse had registered.

Jan. 31 is the entry deadline for the race.

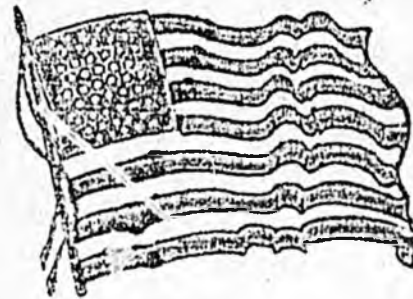
Murray Clayton of Haines was the first musher to sign up for the 1,000-mile race. Other registered mushers are David Klumb of Fairbanks, Bruce

Johnson of British Columbia, Joe Ryan of Tanana and Steve Haver of Nenana.

Bennett said that he expected several more mushers to register this week and more Canadian mushers also are expected to sign up with the Yukon-Alaska Trail Association before the end of the year.

Alaska-Yukon Trail Association will hold an open house reception starting at noon Friday at its headquarters at 552½ Second Ave.

Bennett encouraged anyone interested in finding out about the race and the Alaska-Yukon Trail Association to attend.



Vol. LXXXI, No. 303

Inside

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Yukon Quest promoters report purse nearly half full, several more racers signed. Page 3

Rev. Jesse Jackson slated to visit Fairbanks on presidential campaign swing late next month. Page 3

Alaska

Northwest company gets permit to continue importing Canadian natural gas through already-constructed portions of gas line. Page 2

Dog race to Whitehorse

By BOB ELEY
Sports Editor

The 1,000-mile Fairbanks-to-Whitehorse sled dog race was officially named the "Yukon Quest" today at an Alaska-Yukon Trail Association press conference here.

A contest involving elementary school children in Alaska and the Yukon Territory was held to determine the name with association board member LeRoy Shank given the choice of making the final decision.

In explaining the name Shank said, "Quest—to seek or search for. This

fits right in with the gold rush era."

The theme of the Yukon Quest is to commemorate the turn-of-the-century gold rush days.

"The pioneers came to this great Northland seeking and searching and just look at what they found," Shank said. "And the Yukon River ties us all together."

In addition to announcing the name of the race, Alaska-Yukon Trail Association Board Chairman Jim Bennett announced the logo and slogan for the initial race, which will start on Feb. 25.

"The logo combines the Alaska and Yukon flags with a dog team pulling its sled from one flag to the other," said Bennett.

The logo idea came from an entry submitted by Sirion Mohamed, a sixth grader in Haines Junction, Yukon Territory, and has been submitted to a professional artist for final draft. Mohamed will receive a parka donated by Big Ray's of Fairbanks for his winning entry.

"I put the Alaska and Yukon flags together, it is a race between them," Mohamed wrote on his entry form.

Daily News-Miner, Fairbanks, Alaska, Thursday, December 22, 1983—3

christened 'Yukon Quest'

Bennett said that the official race slogan is "Challenge of the North."

"I think that slogan not only applies to the mushers, but also to the many volunteers that have taken on this large project," Bennett said.

Race organizers are preparing race headquarters at 552½ Second Ave. for an open house slated for Dec. 30. The open house will start at noon.

"We get a lot of traffic through here every day—mushers, sponsors, volunteers," said Bennett. "We'd like to open up the office and have everyone in town come down and see what's

going on."

Last week the association announced its first major race sponsor when Samson's hardware donated \$10,000 to the association, half of which will go toward the projected \$50,000 purse and half of which will go toward trail preparation.

Since then several other businesses have stepped forward to donate time and money to make the race a success.

They include: Air North, Alaska Feed and Fams Co., 1019 Enterprises,

Yukon Office Supply, Chena Hot Springs, Arctic Circle Hot Springs, Eagle Commercial Co., Arctic Circle General Store, Yukon Trading Post, Sunshine Copters, Donnybrook Lumber, Eagle Store, Fairbanks Kiwanis, Pastime Cafe, Travelers Inn, Coop Drug Store, Big Ray's, Superior Coffee, Star of the North Bakery, Arctic Travelers, and Circle Utility.

Alaska-Yukon Trail Association memberships, race T-shirts and information regarding the race is available at the Second Avenue office or by calling 452-7954.

Samson's donates \$10,000 to big race

By BOB ELEY
Sports Editor

Samson Hardware became the first major sponsor of the 1,000-mile Fairbanks-to-Whitehorse sled dog race today when the store's general manager, Mark Weber, presented Alaska-Yukon Trail Committee representative LeRoy Shank with \$10,000.

The sponsorship includes \$5,000 in cash which will go toward what race organizers say will be a purse of at least \$50,000. The other \$5,000 was a gift certificate for supplies to insure that the trail is in proper condition.

The race will start Feb. 25 in Fairbanks.

In addition to the donation, Weber said that all mushers in the race will get a 25 percent discount on all musher-related supplies purchased at the store.

"We became interested in the race because we're one of the oldest stores in the Interior and we used to sell a lot of equipment to miners who traveled between Fairbanks and Whitehorse," Weber said.

The trail for the race will approximate the route miners used to travel between the two cities during the gold rush at the turn of the century.

Samson's is celebrating its 80th anniversary this year and the Alaska-Yukon Trail Committee will present Weber with the No. 80 membership card in honor of the occasion.

"We're one of the few businesses that have been around since the early days of Fairbanks," Weber said. "Considering the history of the store and the history of the gold rush, we want to do our part in promoting the race and helping make sure that it is a success.

"This is going to be a great event for

Fairbanks and if everyone in the community gets behind it like I know they can, it can become as big as the Iditarod someday," Weber said. "The way things are going right now, I'm sure it will be a big success from day one.

"I'm impressed with the dedication people in race organization have shown," he added.

The race is also beginning to pick up support from mushers throughout Canada and Alaska.

The Whitehorse Star in Wednesday's edition that Iditarod veterans Larry "Cowboy" Smith and Susan Butcher have given support to the race, although they both still plan to run the Iditarod this year.

Smith said that that the Iditarod will always be the king of the long distance races, but he added that many mushers would compete in the Fairbanks-to-Whitehorse sled dog race every couple of years "if for no other reason than to get a change of scenery."

The newspaper article also said that Butcher, who finished second in the 1982 Iditarod, may enter the 1985 Fairbanks-to-Whitehorse race.

The Fairbanks-to-Whitehorse race received its fourth official entry Wednesday night when Nenana's Steve Haver paid his \$500 entry fee. Murray Clayton of Haines was the first musher to register for the inaugural running of the race.

David Klumb of Fairbanks was the second musher to sign up, and Bruce Johnson of British Columbia was the first Canadian entrant.

Delta Junction's Sonny Lindner, who finished second in the 1981 Iditarod, said this week that he plans to enter the race.

Iditarod veteran to enter Fairbanks-Whitehorse race

The 1,000-mile Fairbanks-to-Whitehorse sled dog race will pick up its first "Name" musher when Delta Junction's Sonny Lindner signs up for the first race later this week.

Lindner, who has run the Iditarod Trail Sled Dog Race from Anchorage to Nome four times, said Monday he intends to run the Fairbanks-to-Whitehorse race and that he will take care of his entry fee and other race registration details while in town this week.

Lindner finished second in the 1981 Iditarod and had a third-place finish in 1979. He finished 11th in his first Iditarod in 1978.

Lindner lives north of Delta Junction on the Johnson River.

Last year Lindner was among the top 10 finishers in the Iditarod.

"I want to support a race that starts in Fairbanks and this is the first opportunity I've had to do it," Lindner said in a telephone interview.

Lindner said that the new race, slated to start Feb. 24, will be a lot different than the Iditarod.

There are now only seven checkpoints along the trail, which will approximate the historic trail that miners used to get from Whitehorse to Fairbanks during the gold rush days at the turn of the century.



SONNY LINDNER

To support Fairbanks race

Lindner said that despite the lack of snow, he's been able to train his dogs. He said he would probably start the event with 10 dogs.

Three mushers have officially signed up for the race. Murray Clayton of Haines was the first musher to pay the \$500 entry fee. David Klumb of Fairbanks has also signed up, and, last week, Bruce Johnson of British Columbia became the first Canadian musher to enter.

Fairbanks-Whitehorse sled dog race sets Feb. 25, 1984 for inaugural

By BOB ELEY
Sports Editor

With each day, the proposed Fairbanks-to-Whitehorse sled dog race is looking more like a sure thing.

Last weekend several members of the newly created Sourdough Trail International, Inc., the corporation responsible for administering the race, travelled to Whitehorse to discuss race guidelines. The two groups agreed upon several key items at a meeting last Saturday.

Most important is the setting of Feb. 25, 1984, as the starting date for the approximately 1,000-mile race that should last from two to three weeks.

The 1985 race will start in Whitehorse and finish in Fairbanks.

"We're all very pleased with how enthusiastic everyone in Whitehorse was during the meeting," said Jim Bennett, chairman of the board of Sourdough Trail International Inc., after being filled in on the Whitehorse meeting at a board of directors meeting Tuesday night.

Other points agreed on are:

- Putting a 12-dog limit on all entries.
- If a musher has to drop more than three dogs from his team, he'll be out of the race.
- Musher will only be allowed to use one sled.
- There will be a 30-plus-hour layover in Dawson City.

"We feel we need to have these

rules in order to give everyone a better chance to compete," said LeRoy Shank, one of the board members who went to Whitehorse.

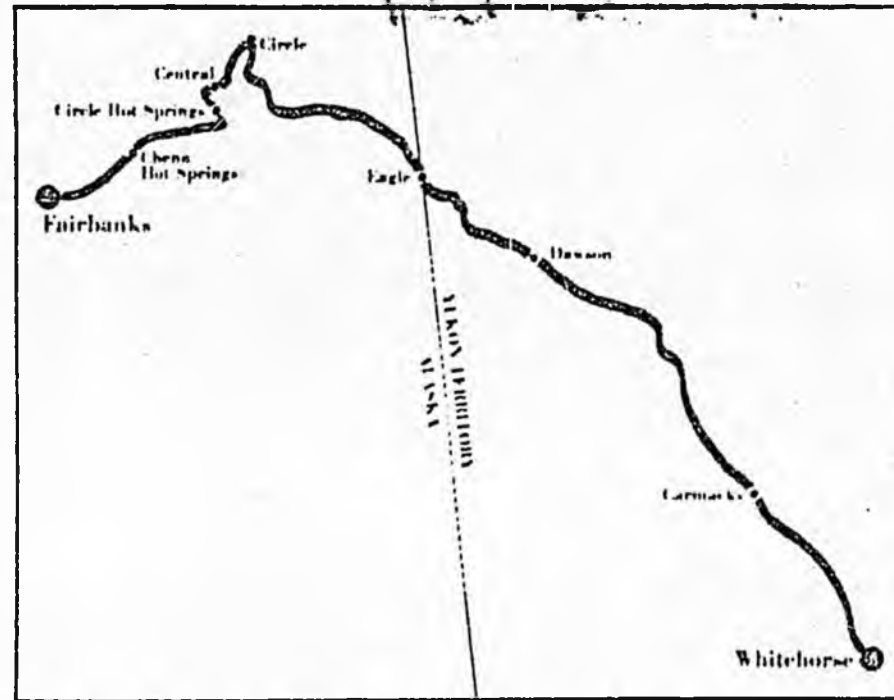
The race will start in Fairbanks, go up the Chena River along the historic Chena Hot Springs Trail and beyond to Arctic Circle Hot Springs, Central and Circle City. From there, the mushers would travel along the Yukon River to Eagle, Dawson, Yukon Territory, and on to Whitehorse via the historic Dawson Trail.

Another agreement is that there will only be seven checkpoints along the route. That means the mushers will have to be capable woodsmen in addition to capable dog-handlers.

Over the next month race organizers will attempt to refine the final regulations governing the race, but Bennett said the next step in getting the race off the ground is getting the Alaska-Yukon Trail Association organized.

On Thursday night the association—which is responsible for making sure the trail is ready for the event—will hold a general meeting at 7:30 at Ryan Junior High. All those interested in the race are encouraged to attend.

The Alaska-Yukon Trail Association is a nonprofit organization independent of Sourdough Trail International, Inc. The main responsibility of the Trail Association is to prepare the race route.



Proposed route of Fairbanks to Whitehorse race.

A similar organization, the Yukon-Alaska Trail Association, has been started in Whitehorse under the direction of Lorrina and Gord Mitchell.

Rod Perry, who has competed in the Iditarod Trail Sled Dog Race from Anchorage to Nome on several occasions, has proposed that a memorial to the sled dog be built in front of the visitor's center in the cities at both ends of the trail, with race partici-

pants carrying a piece of the monument's base with them during the race.

The top of the monument would feature a sled dog, and as each musher arrived at the finish line another piece of the base would be put in place around a cement floor.

"It would take several years to complete," Perry said of the proposed monument. "But it would be a tourist attraction and something that both communities could be proud of."



FAIRBANKS TO WHITEHORSE—Several people involved in planning for the 1984 sled dog race to Whitehorse, Yukon Territory, met in the Canadian city last week to talk about guidelines for the race and set a date. At the top from left to right are LeRoy Shank of Fairbanks, Rod Perry of Anchorage, Wendy Waters of Whitehorse; below from the left are Bud Smyth of Fairbanks, Lorraine Mitchell and Gord Mitchell of Whitehorse and Rodger Williams of Fairbanks.

(Whitehorse Star photo)

Perry said a monument such as the one he is proposing is important to show the people the "role the sled dog has played in the development of the Great North Land," and to demonstrate the philosophy behind the race.

"The idea of the race is to bring back the spirit of the Great North Land when there were no real boundaries between the two countries," he said. "The sled dog played a very important role in creating the image of those times."

Perry, who was involved in starting the Iditarod, said he felt the race will be a success, but its true success will depend on the participation of the people in Fairbanks, Whitehorse and the communities along the race route.

"The mushers and dogs can go the distance, that's already been proven," Perry said Tuesday night. "But for the race to reach its full potential the people of Fairbanks and Whitehorse have to become involved."

"The Iditarod experienced about a decade of frustration before Anchorage really got involved," he added. "Hopefully the people of Fairbanks and Whitehorse will jump right in from the start because an event like this can be a real boost to the winter economy—and I think both places need that."

ALASKA-YUKON TRAIL ASSOCIATION, INC.

P.O. Box 10315
Fairbanks, Alaska 99710
(907) 452-7954

December 19, 1983

THE RACE IS ON!

Seasons Greetings and Congratulations,

You are a charter member in what is rapidly becoming a "World Class" event. Several mushers have signed up and many more are expected to enter soon.

Our race organization is formed and is working out of Race Headquarters. (552½ Second Avenue, upstairs in Carousel building) phone 452-7954.

A race name has been chosen and a logo has been selected from a school child's entry. The official name is Yukon Quest. Much consideration was given to many suggested names.

As is defined in dictionaries, quest is to search or seek for. Pioneers came for specifically that reason - to search and seek gold and adventure along the Yukon River - the great highway of the north. This race is truly a quest; a quest for adventure and gold at the end of the trail.

Membership is progressing nicely, thanks to people like you. Now that people know this race is definitely taking place, they want to support a major international event taking place in their own backyard. Any requests for membership can be directed to our office.

Many sponsors have stepped forward already and we are working on collecting many more. We will take this opportunity to thank the sponsors that have helped us to this day. Give'em a big hand folks, without them we wouldn't be anywhere close to where we are now.

Samson's Hardware
Air North
Alaska Feed and Iams Co.
1049 Enterprises
Yukon Office Supply
Chena Hot Springs
Arctic Circle Hot Springs
Eagle Commercial Co.
Arctic Circle General Store
Yukon Trading Post
Sunshine Copters

Donnybrook Lumber
Eagle Store
Fairbanks Kiwanis
Pastime Cafe
Traveler's Inn
Co-op Drug Store
Big Ray's
Superior Coffee
Star of the North Bakery
Arctic Travelers
Circle Utility

Alaska-Yukon Trail Association realizes it takes money to put on a race of this magnitude. For that reason we have hired Mr. Ron Nord as our Director of Sales and Advertising. Mr. Nord is very enthusiastic and is approaching his job with an all-out effort. We are very pleased to have him on board.

A special thanks goes out to all those volunteers who are working tirelessly day and night to help Yukon Quest become a reality.

Much more is happening as the race date draws closer. If you would like first-hand information please feel free to come by your race headquarters and talk with the staff.

Merry Christmas
ALASKA-YUKON TRAIL ASSOCIATION

Alaska-Yukon Trail Association, Inc.
P.O. Box 10315
Fairbanks, Alaska 99710

December 1, 1983

Dear Musher:

The Fairbanks-Whitehorse Race is on! This winter the Alaska-Yukon Trail Association of Alaska and the Yukon-Alaska Trail Association of Yukon Territory, Canada, are presenting an International Sled Dog Race of approximately 1,000 miles. The race will start February 25, 1984, in Fairbanks, Alaska and will end in Whitehorse, Yukon Territory. It is designed to provide an authentically historical experience that will more thoroughly test the abilities of dogs and mushers in the skills actually used in former days. This race commemorates the do-or-die races for riches that took place between the Klondike and the gold fields of Interior Alaska near the turn of the century and the mutual cooperation between Yukon and Alaska. Since the pioneer racers on the trails of old were required to be somewhat self-sufficient, our race, in the interest of historical accuracy, has been designed to test that quality in the teams which compete. This design has produced a race that is and should continue to be unique due to a greater distance between checkpoints, limits on dogs and dog drops, limits on technological advantage, and more affordability and accessibility to the competitors.

In general we have endeavored to use established long distance racing rules but due to the unique nature of the race there are the following distinctive differences:

(1) Since there are fewer checkpoints at which to receive dog food and make dog drops and since some of the checkpoints are over 200 miles apart, there will generally be a larger dog food minimum hauling requirement.

(2) To enhance the accessibility and attainability of this race and since dog teams have traditionally been somewhat in competition with their masters for food, necessitating limits on team size, we have established an upper limit of twelve (12) dogs, which is commensurate with the number of dogs used by the winners of most of the recent races of this magnitude.

(3) To test and improve the self-reliance and sufficiency skills pertaining to care and use of dogs and gear we have instituted a three (3) dog maximum drop limit and mandatory use of one (1) sled only throughout the race.

(4) In the interest of authenticity, a small volume of promotional freight may be required baggage.

(5) In the interest of dog care and humane treatment, we have set an eight (8) dog starting minimum and a physiologically realistic recuperation period of 36 hours at Dawson, Y.T.

Our projected purse is \$50,000, broken down as follows:

1. \$15,000	6. \$2,400	11. \$900
2. 10,000	7. 1,900	12. 800
3. 5,800	8. 1,500	13. 700
4. 4,400	9. 1,200	14. 600
5. 3,300	10. 1,000	15. 500

The Vet Check is scheduled for February 22, 1984 and will tentatively be held at the Tanana Valley Fairgrounds. You should have your dogs or their health certificates available in Fairbanks at this date. The Musers' Meeting and drawing banquet will be held the following day. You must be present to compete. Entrants will be further advised of this and of coordination of food shipment procedures.

As stated in General Race Procedure Rule #3, the course should be fairly well marked and broken, depending on weather. To compensate for possible trail deviations, maximum distances between checkpoints have been approximated as stated below:

Fairbanks - Chena Hot Springs	90 miles
Chena Hot Springs - Circle Hot Springs	90 miles
Circle Hot Springs - Circle City	50 miles
Circle City - Eagle	190 miles
Eagle - Dawson	120 miles
Dawson - Carmacks	290 miles
Carmacks - Whitehorse, Y.T.	120 miles

Due to the fact that the start and finish of this race are connected by paved highway and that all but three checkpoints can be reached by year-round road, it promises to be a highly visible event, attractive to sponsors and logistically economical to mushers.

You may expect a more detailed explanation and discussion of the rules at the Musers' Meeting. You may also expect that the rules will be equitably enforced and that the race officials will also be bound by these rules.

What will be expected of you is summed up in Rule #36 as follows:

"Sportmanship:

"The Code of the North dictates that all travelers be courteous, helpful, generous and honorable to a degree that will inspire and ensure enduring concern for their welfare in the minds of their hosts. Conduct yourself well enough so that the next musher will be welcomed with equal hospitality.

"Any competitor or athlete worthy of the name realizes that all people—officials, volunteers, media, and fans—are equally participants in this event and that it is the musher's responsibility to define the upper limits of human performance. A true Sportsman is an inspiration to all witnesses!"

If you wish to enter this race, fill out the enclosed entry form and send with it a \$500.00 check or money order to:

Alaska-Yukon Trail Association, Inc.
P.O. Box 10315
Fairbanks, Alaska 99710

If you require additional entry forms, send your request (and entry fee if you wish) to the above address or call 452-7954.

Upon receipt of your entry we will forward a copy of the rules, names and addresses of checkers, locations of food consolidation points, etc.

You are hereby invited and welcomed to this race.

Sincerely,

ALASKA-YUKON TRAIL ASSOCIATION, INC.

AYTA SPONSORSHIP CATEGORIES

BENEFACTOR

\$10,000 and Up:

1. Become benefactor
2. Speaking time at banquet
3. Higher listing place on all publications
4. Larger banner space available
5. Large plaque stating "benefactor"
6. Name and logo through September 30th.
7. Name in all official publications (use)
8. Banquet (start and finish)
 - a. Name on program
 - b. Sign space available
 - c. Recognition at podium
9. Possible news coverage
 - a. T.V.
 - b. Radio
10. Official newspaper recognition
11. Place in annual
12. Official letter of recognition from Board
13. Plaque for office stating sponsorship

SPONSOR

\$5,000 - \$9,999:

1. Name and logo through September 30th.
2. Name in all official publication (use)
3. Banquet (start and finish)
 - a. Name on program
 - b. Sign space available
 - c. Recognition at podium
4. Possible news coverage
 - a. T.V.
 - b. Radio
5. Official newspaper recognition
6. Place in annual
7. Official letter of recognition from Board
8. Plaque for office stating sponsorship

RACE SUPPORTER

\$1,000 - \$4,999:

1. List name in banquet publication
(Fairbanks & Whitehorse)
2. Official "thank you" in paper
3. Official certificate for wall

CHARTER MEMBERSHIPS:

- | | |
|--------------------------------|---|
| \$1,000 - Lifetime membership: | Newsletters, patch, year-end annual, & plaque. |
| 250 - Sustaining membership: | Newsletters, patch, year-end annual, & plaque. |
| 100 - Business: | Newsletters (4 copies each), patches (4), year-end annual, certificate. |
| 50 - Family: | Newsletters, patches (2), year-end annual. |
| 25 - Individual | Newsletters, patch, year-end annual. |

A race to watch

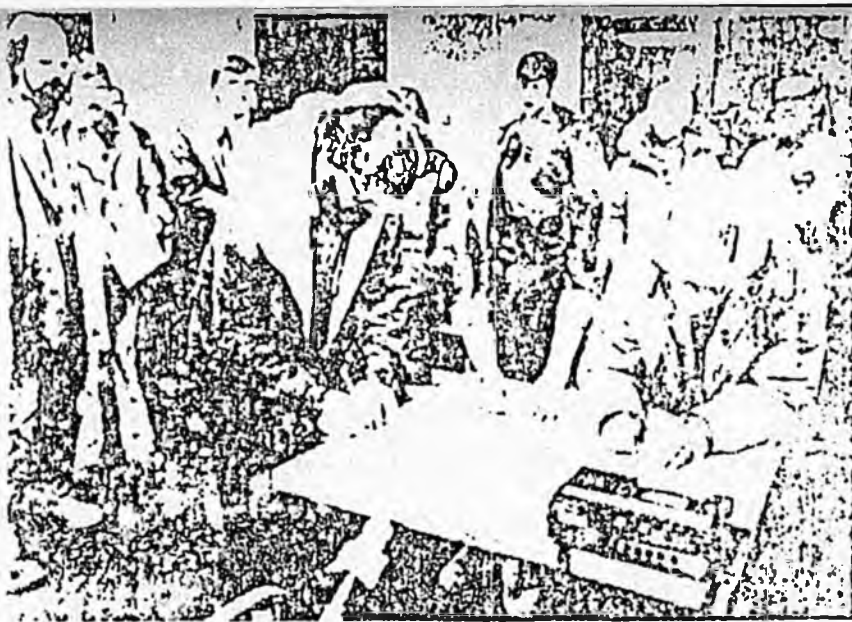
The new sled dog race between Fairbanks and Whitehorse to be run for the first time in February 1964 is shaping up as a race to watch.

Mushers are beginning to drop their names in the hat now to join the race, which will begin Feb. 25 in Fairbanks.

The trail for the race will follow roughly along the route runners used to travel between Fairbanks and Whitehorse during gold rush days. Mushers will find conditions not so different from the turn of the century. With the checkpoints few and far between, there will be many nights camped out along the trail. The race will become a test of a musher's outdoors skills as well as the speed and endurance of his dogs.

This is what Alaska is all about. Most of us will admit to taking at least a little pride in our triumphs over the adversity that's built into life in Alaska. Along the trail, man meets nature head on. For the mushers it's an exciting challenge. For those of us at home keeping track of their progress, it's a reminder of how strong is our dependence upon nature.

We were pleased to learn that one local business--Samson's Hardware--has made a \$10,000 donation to the Alaska-Yukon Trail Committee to support the race. We hope others will join in providing the backing necessary to undertake this exciting new project.



ACE PLANNERS—Members of Sourdough Trail International, Inc. sign papers of incorporation at the Chamber of Commerce Thursday. From left to right are, dog musher Bud Smyth, David Klumb and Glen Craig.

(Staff photo by Joe Correa)

Group moves ahead in Whitehorse dog race

The group that has proposed a sled dog race from Fairbanks to Whitehorse, Yukon Territory, took a step toward seeing their goal become reality Thursday afternoon when they officially formed Sourdough Trail International, Inc.

"This race is definitely for real," said Leroy Shank, one of the seven board members who took part in the current signing ceremony in the offices of the Fairbanks Chamber of Commerce.

About 25 people, including Fairbanks Mayor Bill Walley, Borough Mayor Bill Allen and Chamber of Commerce President Buki Wright, attended the event.

In addition to Shank, the six other board members—Glen Craig, David Klumb, Roger Williams, Bud Smyth, board chairman Jim Bennett and Dr. Ron Gould—signed the legal documents necessary to form the corporation.

Sourdough Trail International's goal is to "promote the spirit that compels one to live in the Great North Land, an international spirit that knows no governmental boundaries, to bring public attention to the historic role of the north country, and the people and animals that strove to meet its challenge."

The proposed course for the race would travel up the Chena River along the Chena Hot Springs Trail and beyond to Arctic Circle Hot Springs, Central and Circle City.

From there the mushers would follow the Yukon River to Eagle and Dawson, YT, and on to Whitehorse via the historic Dawson Trail.

The course approximates the trail which goldseekers traveled at the turn of the century.

Following the ceremony several members of the organization left for Whitehorse where they were to meet Canadian mushers and other groups so that specific guidelines for the race can be drawn up as soon as possible.

**ATTENTION
ALL MUSHERS!!!**
First annual Fairbanks to
Whitehorse Sled Dog Race!
1000 miles over the Gold
Rush Trail! Enter Now!!!
Race Feb. 25, 1984! For
more details call Leroy
Shank 488-9763. 1/17/84

Mushers group sets signing ceremony

The organizing group of the proposed Fairbanks-to-Whitehorse sled dog race will sign formal incorporation papers Thursday afternoon.

A ceremony establishing Sourdough Trail International Inc. will be Thursday at 1 p.m. at the Visitors Information Center log cabin on Second Avenue.

The public is invited to attend. Several trail committee members are going to Whitehorse to meet with Canadian mushers. The cross-country sled dog race is tentatively scheduled for late February or early March of 1984.

Musher files for Whitehorse race

Murray Clayton of Haines is the first musher to register for the Fairbanks-to-Whitehorse sled dog race slated for its first running next February.

Clayton, who is training his team at a site off Chena Hot Springs Road, paid his \$500 entry at the Alaska-Yukon Trail Association meeting Thursday night at Ryan Junior High.

About 35 people attended the meeting at which various committees were formed to deal with trail preparation for the race, which is slated to start in Fairbanks next Feb. 25. Race organizers figure it will take mushers about two weeks to cover the approximately 1,000 miles of trail between the two cities.

Mushers interested in participating in the event should contact Leroy Shank at 488-9763. Shank is a member of the board of directors of Sourdough Trail International, Inc., the corporation that will organize the race.

The entry fee has been set at \$500.

Pets & Animals

1st ANNUAL Fairbanks to Whitehorse Sled Dog Race

Run 1000 miles over The
Gold Rush Trail! Enter
Now!!! Race February 25,
1984. Mushers get your
dogs ready, then call Leroy
Shank, 488-9763 for more
information. 1/17/84

Personals

BE A SPONSOR,
organizer, volunteer and
supporter of the First An-
nual Fairbanks to
Whitehorse Dog Sled Race!
On Feb. 25, 1984, the Gold
Rush Era route from Fair-
banks to Whitehorse will
once again know the foot-
fall of sled dogs and the
silent hiss of runners over
the snow! Sign up now to
be a part of the very first
race. Call 488-9763, Leroy
Shank. 1/17/84

Alaska-Yukon Trail Association, Inc.

Yukon Quest

Fairbanks to Whitehorse 1000 Miles

HJR 56

MAKE IT HAPPEN

We present you with a unique chance to take part in something truly Alaskan.

An exciting opportunity is now available to a select few companies and individuals who would like to pioneer in the creation of an epic, thousand-mile-class sled dog race between Fairbanks and Whitehorse. Bringing the Gold Rush era back to life, this contest has potential to go down in Northland history as the richest, most internationally famous sporting event ever held in Interior Alaska and the Yukon Territory!

Some watch it happen — Some make it happen!

We are soliciting investors of vision and spirit who realize what such a great race can do for the North Country and will throw their financial shoulders behind the wheel to assure that the dream becomes reality. We seek the involvement of these intrepid visionaries who will demonstrate the same faith and dedication as the pioneer giants who settled and developed this country.

Sponsors are considered partners in the enterprise and we are ready to work to further their interests. We are prepared to present our sponsors maximum opportunity for advertising visibility. We have a market of intriguing ideas.

CONTRIBUTE THROUGH THE FOLLOWING

PRIZE MONEY

1. \$15,000	6. \$2,400	11. \$900
2. 10,000	7. 1,900	12. 800
3. 5,800	8. 1,500	13. 700
4. 4,400	9. 1,200	14. 600
5. 3,300	10. 1,000	15. 500

START/FINISH BANNERS/BIBS \$20,000.00

OFFICIAL OUTFITTER \$ 5,000.00

OFFICIAL SUPPLIER \$10,000.00

OFFICIAL SPONSORS

\$ 5,000.00 and UP —

1. Name and logo through September 30th
2. Name in all official publications (use)
3. Banquet (start and finish)
 - a. name on program
 - b. sign space available
 - c. recognition at podium
4. News coverage
 - a. T.V.
 - b. Radio
5. Official newspaper recognition
6. Place in annual
7. Official letter of recognition from board
8. Plaque for their office stating sponsorship

\$10,000.00 and UP —

ALL OF THE ABOVE

1. Becomes benefactor
2. Speaking time at banquets
3. Higher listing place on all publications
4. Larger banner space available
5. Large plaque stating "benefactor"
6. Annual

RACE SUPPORTER

\$ 1,000.00
for 1000 miles —

1. List name in banquet publication (Fairbanks & Whitehorse)
2. Official thank you in paper
3. Official certificate on wall
4. T.V. recognition

T.V. COVERAGE

Start-Finish of Race
February 25th — Fairbanks to Whitehorse

FAIRBANKS - ANCHORAGE COVERAGE

30-40 min. daily	Update	Prime
A.M.	P.M.	Late

NEWSPAPER RECOGNITION

BANQUET RECOGNITION

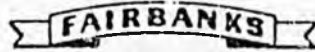
BANQUET PROGRAM

RADIO COVERAGE

BUDGET

Alaska-Yukon Trail Association, Inc.	\$115,000.00
Encompassing the Following:	
Airfare/Fuel	
Trail Expense	
Checkpoints	
Communications	
Office and Administration	
Hospitality	
Promotions/Printing	
Equipment/Miscellaneous	
Prize Money	
	\$115,000.00

Editorial Opinion and Comment of



Daily News - Miner

"Independent in All Things . . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

Special year; special race

The year 1984 promises to be a special one in Alaska. We're glad to offer encouragement to yet another exciting event whose inaugural year hopefully will coincide with the celebration of Alaska's 25th anniversary of statehood.

A group of Fairbanks dogmushers has been working with their counterparts in Whitehorse, Canada, to organize a 1,000-mile sled dog race between our two cities; one year beginning in Fairbanks and the next year beginning in Whitehorse.

Starting date for 1984 has been set for Feb. 25, with Fairbanks to be the starting point. Two to three weeks later, the mushers, who will be limited to no more than 12 dogs, should reach Whitehorse.

We urge Fairbanksans to enthusiastically support this new race. As one of the organizers noted, the participation of Fairbanks and Whitehorse, as well as the communities along the route, may determine whether efforts to undertake the race will prove successful or not.

Three organizations have been formed to see the race through. Sourdough Trail International Inc. is the corporation that will administer the race. From the Fairbanks end, the Alaska-Yukon Trail Association will be responsible for getting the trail ready; from the Whitehorse end the Yukon-Alaska Trail Association will do the same job.

The route from Fairbanks will follow the historic Chena Hot Springs Trail along the Chena River, then head to Arctic Circle Hot Springs, Central and Circle City. From there, the mushers will follow the Yukon River to Eagle, Dawson and then to Whitehorse along the historic Dawson Trail. They'll take a 30-hour layover in Dawson.

No other sport is as uniquely Alaskan as dogmushing. We think it's most appropriate that part of our statehood anniversary celebration will be the first running of a race that we hope becomes an annual event.

Yukon Quest gets more sponsors

The Alaska Yukon Trail Association has received three more major donations totaling \$12,500 for the "Yukon Quest" sled dog race from Fairbanks to Whitehorse.

Trail association officials said this morning that the donations have put them within 90 percent of their goal of \$50,000, which is needed to guarantee the purse for the 1,000-plus-mile race.

Tuesday night Carpenter's Union Local 1245 voted to donate \$5,000 to the association. Union officials presented the donation Wednesday morning.

Other major donations received this week include \$5,000 from NERCO Mineral Company and \$2,500 from MAPCO Petroleum in North Pole.

Four more mushers have entered the race since Tuesday and there are now 21 mushers officially entered. The entry deadline is Jan. 31.
