

Sealaska to make Strong Bid for State Royalty Petroleum

ANCHORAGE—Sealaska Corporation, combining resources with five prominent national firms, has revealed plans to make a strong bid to process the State's royalty share of North Slope oil production. Plans include construction of a 250,000-barrel-per-day petrochemical refinery in the State, at an investment estimated at \$1.25 billion.

The announcement, made by John Borbridge, Jr., president of the Juneau-based Native regional corporation, said the company, Alaskan Petrofining Corporation, would be a major influence in shaping the future of the State's petroleum industry. The firm is incorporated in the State of Alaska.

Alaskan Petrofining is the second, Native-based firm to announce plans to bid for Alaska's royalty oil. In July, Alaska Petrochemical Company was formed to build a \$1 billion, 150,000-barrel-per-day refinery. Alaska Petrochemical Company is sponsored by Alaska Interstate Company, Barbour Oil Company and Alaska Consolidated Shipping, Inc. Alaska Consolidated Shipping is owned by Seatrain Lines and five regional Native corporations (Aleut, Bristol Bay, Calista, Chugach, Cook Inlet and Koniag).

Borbridge is chairman of the Board of the new Alaskan Petrofining and Kenneth V. Beck, Seattle, serves as president.

Beck, president of K.V. Beck & Associates, and a 35-year veteran in Alaskan mineral development, identified six firms who are participants in sponsoring the new corporation, or consuming its products, providing a captive demand for 80 per cent of the total manufacture: Kaiser Aluminum and Chemical Company, Southern California Edison, Dow Chemical Company, Pacific Resources, Inc., Pacific Gas & Electric Company and Sealaska Corporation.

Lee Mitchell, vice president of Stone & Youngberg, Financial Consultants, Inc., a consultant to Alaska Petrofining Corporation, confirms that adequate financing is available to complete and operate the proposed refinery. Mitchell, who serves as secretary of the new corporation, says that they are prepared to start construction the moment the State assures an adequate supply of its royalty oil.

According to Rich Schuller, representing Universal Oil Products Process Division, Alaska Petrofining is currently undergoing extensive environmental, site flow scheme optimization and economic feasibility studies in preparation for construction of the large-capacity petrochemical refinery. He placed emphasis upon economics and location, stressing the importance of choosing a site best suited to refining processing, and with easy access to the source of the raw material and product markets.

Alaskan Petrofining officials state that they are interested "first and foremost" in the Prudhoe Bay oil available from the State of Alaska, but because of the large capacity of the proposed refinery, plans call for contracting with other producers to assure continuous operation of the refinery at its maximum output. The corporation seeks to get the royalty oil from the State, with the additional oil from other Alaskan producers.

Chet Ross, chairman of Alaskan Petrofining's Executive Commit-

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tee, emphasized that environmental considerations play a big part in site selection deliberations. "That is why we are working very closely with the State of Alaska, well in advance of choosing a site. We intend to get off to a good start," he said. Ross, who is also vice president, Operations, of Sealaska Corporation, indicated that "With an investment of this size, there is no alternative to a harmonious start and uninterrupted operations. The efficiency we expect of this plant will also work to the financial advantage of the State and its citizens," he added.

Labor supply is another consideration given top priority by the Corporation's management. They acknowledge that a petrochemical plant of the size planned requires a sizeable work force, with many specialized skills involved. The planners intend to recruit and train as many local residents as possible to fill construction and operating jobs. A company spokesman said that the group has an extensive training program that has proved successful in a number of similar circumstances.

Earl Peacock, senior vice president of the Henry J. Kaiser Company, whose firm was involved in planning the refinery, placed emphasis upon the benefits accruing to the State of Alaska from construction of the facility. "This refinery means a big boost to Alaska's economy," he said. "It not only gives Alaska one of the finest installations in the world but it helps build the State's expertise in operations and petroindustry expansion."

"We expect the production of Alaska Petrofining to provide Alaska's needs as well as supply products to member companies," Borbridge concluded.

Alaska Petrochemical has estimated that its project could generate more than 2,000 jobs in Alaska. Alaska Petrochemical's proposal calls for production of gasoline, jet fuels, arctic diesel and fuel oils.