

Writer: Did TAPS Blunder by Not Making Proper Pipeline Plans?

By GEORGE UTERMOHLE, JR.

The considerable publicity and conflicting reports on the proposed pipeline from the North Slope to Valdez has caused many Alaskans to ask, "What is going on?" Are the conflicting press releases and statements a result of

political maneuvering? To a minor degree this may be true, but the pipeline has real problems which no amount of political maneuvering will solve.

There are indications that the major oil companies involved in the Trans Alaska Pipeline System have staggered blindly into what

could be the biggest financial "boo-boo" since the Ford Motor Company manufactured the ill-fated Edsel. What has happened?

To condense volumes into a single sentence—the big problem that the financial moguls did not realize, or on which they were improperly informed, is, "What happens when you put a 160 degree pipe in frozen soil or ice?" Doubtless this problem can and will be solved, but time and much money will almost certainly be big factors in the solution.

In the meantime, what does all of this mean to Alaska? The oil eight thousand feet below the surface at Prudhoe has been estimated to be one of the largest petroleum deposits in the world. Conservative estimates of the value of recoverable oil in the Prudhoe pools exceeds thirty billion dollars—\$30,000,000,000.00. But oil in the ground is of no value to the oil company, the state and people of Alaska, or the national economy.

The north slope oil must be moved to a place where it can be sold. At this moment the pipeline seems to be the most feasible solution. Almost certainly the pipeline will be built, but some major oil companies are most likely going to be somewhat smarter and considerably poorer by the time it is completed.

The fact that the pipeline was started with an amazing lack of knowledge and that the end product may be extremely costly is of considerable concern to all Alaskans. The high costs of drilling and producing oil in the Arctic coupled with a billion dollar "blunder" by TAPS might conceivably make North Slope oil too expensive to compete on the world market for many years to come. If poor planning results in multi-billion dollar pipeline debacle the loss will be felt by every Alaskan.