

AG Havelock Defends Oil Legislation

Addressing a group of Fairbanks businessmen last Thursday evening, Attorney General John J. Havelock strongly defended the oil legislation passed by the state of Alaska in its last legislative session.

Much of the new regulation is being challenged in court suits brought by oil interests.

"The power to tax," said Havelock, "is an inherent power of the sovereign. It could hardly have been above the intelligence of the oil companies," he added, "that the state might elect to change the existing laws."

Havelock felt there was a tendency in discussing the problem to treat the state as if it were just one more co-venturing corporation. The Attorney General pointed to the obvious differences between "a private corporation whose only interest is to make money for its stockholders and a public corporation with a sense of public welfare."

Havelock also referred to a statement by Secretary of the Interior Rogers C.B. Morton in the voluminous Impact Statement on the pipeline: "The net effect of this pipeline on the state of Alaska is negative, except that we receive royalties and spend these royalties wisely."

The Legislature made it quite clear that its actions were taken with the intent to derive the maximum public benefits from the state's resources of oil and natural gas.

Havelock referred to rumors that the industry will pull out of Alaska if "we don't play their game. Don't you believe it," he affirmed. "We will keep our corporation oil friends here and encourage them to accept a public citizenry."

By the industry's own estimates, they expect to realize one billion dollars a year. "This is more than double the State's yearly budget," Havelock point-

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ed out.

The state of Alaska will own approximately 1/8th of the oil which will be transported through the trans-Alaska pipeline. It is possibly the largest owner of resource-potential land.

"The property rights of the state of Alaska," he concluded, "are not a gimmick. They do own the property."

Havelock predicted that Native-owned corporations may be involved in oil development at a later date. The new legislation seeks to regulate tariffs so that the small producers are not at the mercy of the pipeline owners.

Bills which have come under heavy fire from the oil industry are those creating the state's Pipeline Regulatory Commission; the bill relating to Pipeline Right of Way; and those which establish procedures for setting oil and gas revenues, in particular, the intent of the state to establish a cents-per-barrel floor.

Havelock touched briefly on the long delay caused by environmentalist protest against the proposed pipeline.

The present interpretation of the National Environment Protection Act (NEPA) "affects every aspect of economic growth in this state. Every time Alaska moves," said Havelock, "it is getting buried by conservationists."

The Attorney General felt the courts are being used to solve environmental problems which would be more successfully solved in the political and legislative arenas.

Noting that the court appeals have caused expensive delays in pipeline construction, Havelock said "Time itself is part of the environmentalist mix."