

Letters from Here and There

Stockholder Speaks Out

To the Editors:

An Open Letter from a Calista Stockholder to the Calista Corporation:

The Calista Regional Corporation in which I own stock, has signed a secret contract with the Shell Oil Company of Houston, Texas. I am writing to call that contract into question on the basis of law, morality, economics, and my heritage. Please publish this letter so that other people of my region can decide for themselves whether they will continue to support the policies and the directors of the corporation we own.

Since the contract was written and signed in total secrecy in Texas, we cannot be sure exactly what it contains. Therefore, I call upon the chairman of the Board of the Calista Corporation to publish in the pages of your newspaper.

1. A complete and unedited copy of the contract.

2. A list of all written studies carried out by the Calista Corporation justifying the various sections of the contract.

3. A statement by the Calista board of the contract's anticipated economic and social impact on the people of the Lower Yukon and Kuskokwim rivers.

4. Answers to the following questions:

A. What assurances does the contract contain that Shell will protect the environment and the wildlife habitat during all phases of oil operations? Exactly how will the oil company go about its business on our land, and how will protective measures, whether they are imposed by the contract itself or by federal or state pollution statutes, be enforced?

B. Do the people assume the risk of accidental oil spills, or is a special compensation clause provided in the contract for all phases of exploration and extraction, regardless of who is at fault?

C. Once the oil is depleted, will the people be paid a subsistence wage in perpetuity so that we can stay on the land and not be forced to move to Anchorage to take work for wages?

D. At what rate will the oil be extracted: quickly, for maximum profits in the short run, or slowly, to insure minimum waste, and to insure profits over a longer period of time?

E. Are both village and regional lands available for selection by Shell for their exclusive leases? Does Section 14(f) of the Alaska Native Claims Settlement Act give villages a veto power over regional subsurface development in Calista's opinion? How much land can Shell select?

F. Do any financial studies show that a higher rate of return could be earned by extracting the oil, and reinvesting the profits, than by letting the oil stay in the ground and rise in value in place? If not, why was this road not taken?

G. What can each shareholder expect in dividends from this venture each year and for how many years?

H. Does the interim board of directors have the legal authority to enter into a contract of this magnitude and duration without consulting with the shareholders? Will the board ask the shareholders to ratify the contract at the first annual stockholders meeting in the fall?

I. How will the oil be transported from the region: by pipeline to Anchorage, by deepwater port, or by some other means? How will the region be affected by this phase of the operation?

J. What pipelines, service roads or other facilities will be required? Who will pay for them, and what effect will these construction projects have on the environment?

K. What rights does Shell acquire to natural gas, which could be used locally with the minimum of further refinement?

L. Is Shell going to pay for the oil by the barrel, or is the company making a fixed payment regardless of how much oil is extracted? If a fixed payment, how much an acre?

M. Will all the data accumulated by Shell be available for inspection in Alaska by both village corporations and Calista prior to the close of village land selections in December, 1974?

N. With the urgent need for college educated people, why does the scholarship provision

cease when the contract ends, just when we will need assistance most?

O. Why will only 20% of the jobs be filled by Natives, instead of 30, 50 or 70 per cent? Why not spend more time training and delay extraction for a year or two? What types of positions can Natives fill at this stage, without much training, and what will be paid compared to workers from the Outside?

At the meeting with oil company representatives in Bethel several months ago, Mr. Shenker, general manager of Calista Corporation, told us that the letter of intent had to remain a secret because if the people knew its contents, later negotiations might be jeopardized. Now, the final contract is signed. What does it say, Mr. Shenker? What does it mean to my land and my people? Perhaps if I refer to us as shareholders you will know who I am talking about.

Charlie Kairainak

A Village Shareholder from
Chefornak, Alaska