

Sheffield urges oil exports, natural gas law changes to Reagan

JUNEAU — Governor Bill Sheffield urged President Reagan to amend or repeal federal laws restricting the use of Prudhoe Bay natural gas and crude oil in export and in-state markets. The proposed steps are included in a seven-point program advocated by energy-producing states to bolster America's energy policies.

"The United States government needs to take action now to encourage continued domestic oil and gas exploration and production," Sheffield told the president in a hand-delivered letter.

Among that action at the federal level, Sheffield said, would be an authorization of limited exports of North Slope crude oil and repeal of the federal Fuel Use Act, which restricts the use of Prudhoe Bay gas for electrical generation.

Reagan met at the White House with governors of three energy states, including Governor George Nigh of Oklahoma who delivered Sheffield's letter to the president. In that letter, Sheffield listed six advantages to the United States of removing export restrictions on Alaska North Slope crude and encouraged the president to recommend such a step to the Congress.

While helping the nation balance export payments and spark new oil and

gas exploration, the removal of the export ban also would help Alaska's economy, the governor said.

"With the value of the petrodollar going down, it is extremely important to our economic planning and stability that we begin to establish diversified economic relations with logical export partners, the Pacific Rim nations," the governor said. "The availability of oil exports to the Pacific Rim would assist greatly in our plans to export other commodities, such as timber and coal, to these countries."

Repeal of the Fuel Use Act would also create markets for natural gas production, especially within Alaska, Sheffield said.

In late 1982, Alaska obtained an exemption to this act for the use of natural gas from fields other than at Prudhoe Bay in generating electricity at reasonable rates. The exemption was aimed primarily at reducing prices for natural gas produced in and around Cook Inlet.

"Because of current market conditions and restrictions, use of Prudhoe Bay gas is very limited, and most of it is simply being pumped back into the ground," Sheffield said. "Repeal of the Fuel Use Act would make it easier for Alaska utilities to use a local and economical source for electrical generation."