

Science Conference Here ...

(Continued from page 1)

The "audience" was composed of people with an impressive list of credentials and involvement with oil development in Alaska: state officials, Native leaders, RURAL CAP staff, scientists, oil executives, economists, and a goodly number of concerned and interested John Q. Public.

It was not to be expected that the oil industry and the state of Alaska should be in harmonious agreement on policies of oil taxation and regulations. Nor could the United Kingdom and East Coast investment groups be said to have only a passing interest in this economic face-off.

The dialogue that developed between the symposium participants was a combination of cunning, candor, wit, bluff, and braggadocio, not unlike an old-time poker game in an Alaskan gold-rush town.

Black gold was clearly a prize desired by all players. The question was ownership.

"I don't believe the state owns this oil," said Madison Haythe. "I think the oil companies own this oil."

Who gets the pot? Or do you call a draw and split before someone ominously pushes a chair back from the table on the dead quiet sawdust floor of the saloon?

The game began, said Chairman Croft, when the oil companies played their first hand, sneaking away with some pretty cheap leases on some pretty hot North Slope real estate, before the state knew what it had let slip through its hands.

Attempting to recoup its losses, the state said, there's more than one way to skin a cat, and some of the best minds in the state went to work to devise ingenious taxing regulations to make up for that early naivete.

"The role of the state," said Croft, "is that of a seller of a product."

A factor Croft deemed advisable in state tax policies is flexibility. "The state," he said, "can never refuse to change policy due to new information. The actions of the state must be governed by the actions of the oil companies."

Although both may benefit from oil development in the state, Croft said, they must still be regarded as adversaries. "State policy," he pointed out, "must take into account the differing positions of the different oil companies."

Several speakers commented on the fact that the Alaska legislature tended to look upon the oil industry as one owner, while in fact, at least seven major companies are represented in the North Slope endeavor, with varying amounts of capital and resources.

Economist Norgaard gave a complex explanation of the overall effects of the new legislation on economic factors. "Over the long run," he stated, "the quantity of oil produced in a given petroleum province is highly dependent on wellhead value (the difference between the market price and transportation costs)."

Since the consortium of oil companies which comprise Alyeska will ship their oil through their own owner-shipper company, pipeline tariffs directly affecting wellhead prices must come under some kind of regulatory control.

"The State of Alaska," said Norgaard, "has chosen to try to influence the tariff through its legislation." Together with the cents per barrel tax, the state has fixed prices to some extent but hasn't fixed the

quantity of oil that will be produced.

"Both pieces of legislature reduce the earnings of the oil companies. As a result, they will not go as extensively into exploration, recovery techniques, etc." In such economic trade-offs," said Norgaard, "you never get anything for nothing or 'There ain't no such thing as a free lunch.'"

"Passing on the burden of paying Native land claims onto the petroleum industry may reduce their willingness to extract oil."

Britain's Angus Beckett, commented: "Oil is a highly political animal. It is impossible to please all the people all the time."

Beckett described his country's oil policies and peculiarly British quality used in dispensing leases called "ministerial discretion."

The oil pipeline in the United Kingdom is allowed to make no profit at all and is seen as merely an instrument to get oil from here to there at cost.

Said Tussing: "No such ministerial discretion could operate in this country without the appearance of corruption and perhaps, its occurrence."

Madison Haythe indicated the oil companies may take the state to court on the legality of the oil legislation. "I would be surprised if they did not."

Haythe maintained it is "in the interest of the country and Alaska to get the pipeline built, get the oil flowing."

Because of delays, said Haythe, "rigs have been dismantled, oil exploration has decreased, steel pipe continues to rust, access roads have not been started, workers are not being paid, royalties are postponed, and oil companies are losing tremendous amounts of money."

Haythe warned that the stringent legislation would discourage investors from looking at Alaska. "People who have to put up billions of dollars may question the state's policies."

"The state," said Haythe, "passed a law basing royalty on a 'fictitious' well-head price. It seemed to be the case of 'Heads I win, tails you lose.'"

"The state wishes to insulate itself from changes in prices. Investors do not take kindly to this."

Arlon Tussing countered by describing some of the oil companies "accounting fictions" methods by which companies optimize their overall marketing position.

"There is nothing basically

immoral in the state changing the game to cut that fiction at a different level."

"I wonder," asked Tussing, "if he (Haythe) advises his private clients not to drive as hard a bargain as they can in the national interest?"

"Your argument about the energy crisis," he told Haythe, "makes us feel that no amount of squeezing the oil companies is going to discourage them. It would appear that the legislature can get away with just about anything it wants."

"The administration may oversell this national crisis," warned Tussing, "and make Alaskans behave even more like Libya, etc."

"The state," he said, "has the powers of a state."

He also pointed out that the state "is just as much a victim of the whims of the oil companies' administrative and managerial decisions as the companies are a victim of the state's decisions."

"There are a set of prices," said Tussing, "that are set by federal, state, and oil company administrative policies. The state has set itself as a new participant. The rules of the game are not changing. There is simply a new player."

Like sand-lot marble champions who negotiate how many cat's eyes are worth an aggie, there's always a chance a player can pick up his marbles and leave the game if the rules don't seem to be to his advantage.

Unemployment Insurance Fraud

JUNEAU — A University of Alaska student at Fairbanks has been found guilty of making false statements in order to collect unemployment insurance benefits, Commissioner of Labor Henry A. Benson reported.

According to the commissioner, Kenneth Sather failed to report that he was attending college full time while filing unemployment insurance claims.

Sather pleaded guilty in Fairbanks District Court on July 21 and was fined \$150. Judge Arthur L. Robson suspended the fine on the condition that Sather make full restitution of the \$816 he had collected illegally.

The fraud was discovered when University of Alaska police turned over Sather's Unemployment Insurance Identification Booklet to a Labor Department claims investigator.

Bilingual Teachers ...

(Continued from page 1)

interests and this year the bilingual teachers will be available either full-time or half a day in three villages: Ft. Yukon, Arctic Village, and Chalkyitsik.

The bi-lingual teachers will conduct special classes in Athabaskan as a written and spoken language, as well as being available to assist a child in concepts in any subject, from arithmetic to geography in his Native language.

This summer's trainees were Jessie Ervin and Rosa Charlie of Northway; Helen Dennis, Betty Petruska, and Willie Petruska of Nikolai; Moses Gabriel, Minnie Salmon, and Leah Druck of Chalkyitsik; and Lincoln Tritt, Mary Tritt, and Caroline Tritt of Arctic Village; and Mae Peter from Ft. Yukon.

Pioneer work by the Wycliffe Bible Translators: Dick Mueller, Ray Collins, and Paul Milanowski, and extensive work by

Michael Krauss of the University of Alaska laid the groundwork for the state's bi-lingual program.

The charming new books created by the Summer Institute trainees will be the first large quantity of books in Athabaskan, an everyday part of village life. Each child will be able to keep his book, color it himself and finally take it home with him.

It is probable that the new books will be read to and by little brothers and sisters and perhaps by grandmothers and grandfathers as well.

Young Native boys and girls may look with new respect at their culture through the medium of language. They may also look with well-earned awe at the village bi-lingual teachers who translated, wrote, illustrated, and made possible the wonderful new books.

The Fate of Karen West-

Canadian Boat Owner Fined \$8,000

The skipper of the Canadian gillnet boat Karen West was fined \$8,000 and given a one year suspended jail sentence and forfeiture of fish in Superior Court at Ketchikan August 14 after pleading guilty to illegal fishing in Territorial waters and fishing in a closed area a spokesman for the Department Public Safety said.

Masato Ishii was apprehended

July 24 by Fish and Wildlife Protection officers while fishing across the national boundary in Tombstone Bay east of Ketchikan.

The Canadian fisherman was apprehended three-fourths of a mile inside the border after attempting to flee with dimmed lights while dragging his net behind the boat.

Sen. Gravel Predicts ...

(Continued from page 1)

al Aid to Highways Act, Gravel was able to promote an inclusion that would create pedestrian walkways in rural areas, tying in with airports and village centers.

Federal participation in airport development has also been increased in recent Senate proceedings. On a 50-50 basis in most states, the Senate first upped federal commitment to 62 per cent and now proposes to increase it to 87½ per cent, with state funding set at 12½ per cent.

With no highways into many Alaskan villages, this is important legislation for expansion in Alaska.

Sen. Gravel explained why he voted against the sea mammal legislation. "I think it invaded certain parts of our rights without really doing a good job of protecting sea mammals."

"I think we should protect sea mammals," he said emphatically, "but I think we should protect people first."

"There were enough exclusions," he continues, "to protect Native interests, but I think the bill should have been based on economic interests and not on a racial basis."

"You could have a white man married to a Native girl living in a village," he explained. "How is he to feed his family?"

"We should get away in the state of Alaska from doing things with racial indications — whether it's by the government or by Native organizations."

The Senator commented briefly on the relationship of the Alaskan Native and the BIA.

"The BIA," he said, "could be done away with in Alaska by a resolution of the AFN."

Gravel introduced legislation at the time of the Land Claims Settlement toward this goal but the Natives did not take action in that direction. Gravel felt that a Native take-over of BIA functions over a five-year transition period would insure that present benefits are not lost.

The Tlingit-Haida Settlement which preceded the statewide settlement gave the Secretary of Interior "oversight." According to Gravel, that means "he runs the show."

"In 1969, I tried to remove that oversight. The Land Claims settlement let the Natives do their own thing. Now I'm backing up and seeing once again if I can get the Tlingit-Haida oversight removed."

"There have been three momentous events in the history of Alaska," said Gravel. "Seward's purchase, Statehood, and the Native Land Claims Settlement."



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