

## HOW SHOULD WE MANAGE ALASKA'S WILDLIFE?

For people who live in the cities? For people who live in the bush? Do you think we could modify the fish and game regulation-making process to make it more responsive to all the people? How does the subsistence issue fit in? The State is currently considering several proposals for modifying the fish and game regulatory system. What are YOUR ideas?

Join us for these critical meetings:

|            |                 |
|------------|-----------------|
| Fairbanks  | Feb. 9-10       |
| Petersburg | Feb. 16         |
| Bethel     | Feb. 27-March 2 |
| Kodiak     | March 9-10      |

Call your local Fish and Game office for information and location.



**"Has a petroleum drilling venture ever fallen through because of the tax climate in Alaska?"**

Some of our readers have raised that question. So we interviewed an independent oil company, Simasko Production Company (SIMPCO), that was formed here and has been operating in Alaska a long time — since November 1963. Don Simasko and Bill Stewart related the disappointing experiences the company has had in trying to get outside companies to form joint ventures for exploration in Alaska. They also spoke about the many companies that have reduced or pulled their exploration staffs out of Alaska.

**Bill Stewart spoke of one particular project that fell through after more than two years of expense and effort:** "The people had a serious interest in the project. They liked us; they liked the geology; they liked the concept; they thought it would work; they thought it would be competitive. But they were afraid to get into Alaska because of the horror stories they've been hearing..."

**What kept these companies away from Alaska?** Don Simasko provided some examples: "With only three exceptions, each of the Legislatures since statehood changed operating or tax rules applying to the oil industry. But the problem is not simply instability. Taxes here are really high—the highest in the nation."

**What makes the tax laws so high?** Stewart stated: "Well, the State government is actually basing its tax policy on the economics of the Prudhoe Bay discovery, as if it were an average Alaskan discovery.

Yet since the middle of 1968, when the Prudhoe Bay discovery was announced, only 118 exploratory wells have been drilled here (as opposed to the thousands drilled in the rest of the U.S.), and most of us realize that, in all likelihood, **there will not be another Prudhoe Bay.** But there should be more drilling to find the more moderate-sized fields that do exist in Alaska."

**How many discoveries are needed to replace the State's income from Prudhoe Bay?** Simasko's response: "If the oil industry is to replace the income the State of Alaska will enjoy from production from the Prudhoe Bay Oil Field prior to the time it runs out, it will have to discover 40 Swanson River sized oil fields in the next 20 years. (Swanson River contains 250 million barrels as compared with Prudhoe's 10 billion barrels.) That means three such discoveries each year."

**How many exploratory wells should be drilled if we are to find that oil?** Simasko: "The industry should be drilling hundreds of exploratory wells per year on State of Alaska lands in order to replace the production from Prudhoe Bay when it runs out. Yet in 1977, only 27 exploratory wells were drilled in Alaska, and production from the main Prudhoe pool will start to decline in seven years or so..."

**Do you know of companies that have actually left Alaska?** Stewart: "Yes, Although a lot of companies still have interest in the potential of Alaska, many have closed down their offices here

and reduced or eliminated their Alaska exploration staffs altogether."

**What about the companies who stayed?** Simasko: "Of those that have stayed, many have reduced their exploration staffs considerably..."

**Is Don Simasko concerned?** "You bet I'm concerned. The legacy which we leave our children and grandchildren will depend upon whether our State legislators and our State administrators act not only to protect the scenic wonders of Alaska but also to provide a viable economic base for those children."

**Is Bill Stewart concerned?** "Very... I live here."

**Are you concerned?** Write for our booklet, "What Alaskans Should Know About Jobs, Resources and Government." Alaska's future is up to each of us. It's up to you.

Alaska Resource  
Development  
Committee

**AOGA**

Alaska Oil & Gas Association  
505 W. Northern Lights Blvd.  
Anchorage, Alaska 99503

