

Chugach can't afford many mistakes

By JEFFREY R. RICHARDSON

"We have to survive, we're not a big corporation. We can't make a lot of mistakes. I have to do something that's substantial."

With this introduction, President Cecil Barnes describes big plans for 100,000 acres of land selected by Chugach Natives, Inc. The regional Native corporation for the Prince William Sound area is eyeing its options to develop the acreage, surrounding Icy Bay, as a service area to support oil drilling and production on the Outer Continental Shelf (OCS).

As giant drilling rigs begin to sink their bits into the seabed of the Gulf of Alaska, gulf communities fret over how the new oil development will affect them. A seminar on controlling offshore and onshore oil impact held recently in Anchorage focused on solutions to impact problems devised by the communities of Yakutat, English Bay and Kodiak. Virtually unnoticed was a presentation by Barnes entitled: "A Solution for OCS Onshore Impact in Alaska's Northern Gulf: Icy Bay."

Barnes suggests, however, that some people did take note of his slide presentation. He said when he began his talk, the people from Yakutat walked out.

The source of Yakutat's apparent irritation over the Chugach plans is a boundary dispute between Chugach and Sealaska Corporation over lands Chugach now expects to de-

velop. People from both regions claim traditional use of the Icy Bay area and even though the dispute was settled by Congress in Chugach's favor, there is still bad feeling.

The Chugach plan for Icy Bay contains several features not found in other Alaskan approaches to Outer Continental Shelf development.

One of the most important features is that the Icy Bay service area will not have a bad effect on any existing community—there is no town in the area to feel the burden of population growth and industrial expansion. Much in the way that Prudhoe Bay has grown from the Arctic tundra, Icy Bay has been conceived as a new, planned community.

The fact that no community exists at Icy Bay also means that Chugach is spared the necessity of dealing with a local government, which sometimes can be more a hinderance than a help to a planning process.

Although still awaiting title to its Icy Bay land, Chugach has proceeded with engineering feasibility and environmental studies.

With the help of Alaska's Congressional delegation and Howard Pollock, deputy director of the National Oceanic and Atmospheric Administration (NOAA), Chugach had Icy Bay surveyed by the NOAA ship "Ranier." The survey produced a chart of the bottom and new climatological information.

Studies by Bomhoff and Associates have verified the

potential of the area for docking and other marine support facilities. These studies include preliminary cost estimates of earthwork, water drilling, roads, housing, airport, waste disposal and fuel storage.

Another feature of the Icy Bay project is the development of uses for the land besides oil support activities. Barnes said fishing, hunting and other recreation activities as well as timber and fish processing will be encouraged and tightly controlled. "It's not just oil that we're interested in," he said.

Besides turning a profit, Barnes is not unaware of the possibility of using revenue from oil support contracts in planning and encouraging other uses in the area.

Barnes continually emphasized that Chugach is a small corporation with a big job—earning money for shareholders.

"What I'm looking for is a dividend-seeking device to see that it's a profitable corporation," he said.

Although taking each step aggressively and fearless of spending money to plan, Barnes pointed out that Chugach is keeping many options open. "I'm going very cautiously in going one step at a time," Barnes said.

Barnes is optimistic that the Icy Bay development will make money. This can be done by leasing land to oil companies, managing oil company facilities, constructing the facilities themselves, or some combination of these. He added that these op-

tions could be exercised even before oil flows.

Chugach has had some discussions with Exxon, one of the successful bidders in the Northern Gulf lease sale held last February. The corporation also has a contract with Phillips Petroleum for oil exploration on Chugach lands which may lead to construction of a topping plant to provide fuel for offshore activities. Even so, Barnes

is well aware that the Icy Bay service area will compete for oil company dollars with other areas such as Yakutat, Cordova and Seward.

Yet, citing several disadvantages to the other areas and looking forward to an oil strike, Barnes concluded:

"If they hit oil out on the Outer Continental Shelf, they may need two or three Yakutats and six or seven Icy Bays."