



"Has a minerals venture ever fallen through because of the oil tax climate in Alaska?"

Executive Officers of the Bristol Bay Native Corporation: (from left to right) Harvey Samuelsen, President; Don Nielsen, Vice President; Bill Bishop, Manager of Subsurface Resources; Bob Bacon, Executive Vice President

To answer this question, we decided to interview the executive officers of the Bristol Bay Native Corporation: Harvey Samuelsen, President; Bob Bacon, Executive Vice President; Don Nielsen, Vice President; and Bill Bishop, Manager of Subsurface Resources:

Does the land that the Bristol Bay Native Corporation selected contain much in the way of petroleum and other resources?

Samuelsen: Like other Native Corporations, Bristol Bay made an effort to select land that would be rich in resources to provide a healthy economic base for our people. The three million acres we have selected includes parts of two separate petroleum provinces and parts of five separate mineral provinces. On our land, we therefore have the potential for development of iron ore, copper, lead, zinc, molybdenum, mercury, uranium and gold. And a large part of our land selection has a strong potential for oil and gas.

Has a Bristol Bay minerals venture ever fallen through because of the oil tax climate in Alaska?

Nielsen: Yes. After spending several hundred thousand dollars in exploratory work, we knew we had several promising mineral prospects. But the mining development company with whom we had been working decided in the end to drop out of the project and they told us that the oil tax climate in Alaska was one major reason for their decision. The company has since closed its Alaska office.

With an abundance of resources, how could tax policy make such a difference?

Bishop: The more abundant the resources, the more there is to fear from Juneau!

Look what happened at Prudhoe Bay. The tax laws have changed and changed, and the bite into profits has increased and increased. Investors can only assume that the more **successful** a project is in Alaska, the more the venture will be subject to the same kind of treatment that the producers have gotten at Prudhoe Bay.

Then the oil tax climate in Alaska affects non-petroleum projects as well as oil ventures?

Bacon: Certainly. Mining ventures in Alaska are particularly vulnerable. Costs here are so high that you have to have a large deposit to start with, and you need to minimize risk as much as possible. But here, the risks are too high because you never know how much taxes will be—it takes 7 to 8 years to get a mining venture into production, and by that time you wouldn't have any idea what the tax bite would be because of the unstable tax climate in Alaska.

In fact, anyone financing **any** sort of project in Alaska will have to examine the tax climate in Alaska closely because **taxes affect profit**. The tax climate here directly or indirectly affects all the Bristol Bay businesses—which include the Anchorage Westward Hotel, canneries and processing plants.

Is Bristol Bay involved in any petroleum projects now?

Bishop: Yes. We have an agreement with a major oil company. If they drill a producing well, we will share in the production. That means that Bristol Bay will become, in effect, a producing oil corporation, and everything that the Legislature designs for the oil companies will, more than ever, directly affect the Bristol Bay Corporation and its shareholders' profits.

Is it fair to say that you all are concerned about the tax philosophy in Juneau?

Nielsen: That is an understatement. We do not have confidence in the Government people in Juneau. Every time they try to raise oil taxes, they seem to think they are reducing the profits only of the major oil companies. But they are wrong. **They are hurting Alaskans.**

Samuelsen: They are hurting all of us—**reducing our ability to raise capital to develop our resources and reducing the profitability of our resource base.** The native population in Alaska numbers somewhere between 65-75,000 individuals who own vast **potential** oil and mineral resources. But we might as well have nothing if Juneau people continue to be unthinking on the oil tax question. The State needs to reverse the image of Alaska's tax climate if we are ever to be able to provide a strong economy and jobs for our people—for all Alaskans.

Are you concerned? If you would like more information, write for our booklet, "The Future of Alaska: What Alaskans Should Know About Jobs, Resources and Government."

Alaska Resource
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