

Doyon Ltd. rejects Dow-Shell group

Citing their concern for more in-state use of petrochemicals, Doyon, Limited, announced its withdrawal from a consortium with the Dow-Shell petrochemical study group on Wednesday, December 17. Pete Lehman, project director for the feasibility study of the Dow-Shell group was given official notice in a letter hand-delivered to him.

In August of this year, Doyon joined the 11-member

consortium at the invitation of Dow and Shell. And under an earlier agreement with the state, Dow-Shell, the lead partners, agreed to take over for any partners which withdrew from the consortium. Dow-Shell is doing a \$5 million feasibility study of using Prudhoe Bay natural gas liquids for a petrochemical industry here.

Marco Pignalberi, Doyon Ltd. vice president, said

that Doyon has been talking with Dow-Shell officials for four months about establishing a plant in the Fairbanks area for processing propane and butane into an ingredient used in making unleaded gasoline. Doyon, Ltd. offered Dow-Shell a 40 per cent interest in the plant, Pignalberi said. In turn Dow-Shell offered Doyon 5,000 barrels a day of butane, which Pignalberi said was not enough to sus-

tain the processing project. Doyon was also told that the liquids could not be taken out of a pipeline near Fairbanks but would have to be tapped from a tidewater location.

Pignalberi also said that the Dow-Shell officials needed the profits these liquids would bring to their plants in the Gulf coast. Pignalberi said that Doyon sees this whole thing going the same way Alpetco did, with a minimum of in-state resource use. "That simply isn't the emphasis the state put on the project in the beginning when Doyon joined the group," Pignalberi said.

He said Dow's resistance to giving the Native corporation an option violates the state's goal of processing as much gas liquids in Alaska as possible and reduces employment opportunities and economic diversity within the state.

Pignalberi said that Dow-Shell did not want to talk with Doyon about training

programs for Natives and would not put in writing verbal commitments they made when Doyon joined the consortium in August.

Dow also said it would subcontract to Doyon the study of a northern gas liquids line, which was never negotiated and which another interest obtained recently.

The study group's report is due to the state in September 1981, and Doyon will not lose interest in the project, Pignalberi said that this project is big and has a long timetable. He said that Doyon will look for an opportunity in the future and that they will continue to monitor the study closely.

Pignalberi was distressed that Doyon is withdrawing from the study group but he said that Dow-Shell was going about it wrong and ignoring Alaskan interests. "We think the public will understand," Pignalberi said. "We want Alaskan ownership of these facilities up here."