

STATEWIDE IN ALASKA

In an effort to stimulate Alaska's lagging petroleum development, the State Division of Lands is considering a sale of oil and gas leases in Cook Inlet for May of 1971. Whether or not the sale is actually held is dependent upon the amount of interest shown by the oil industry. Lands to be put on the block would include both offshore and upland tracts north of Kalgin Island. Most of this land was previously leased by companies. However, due to a lack of any attempts by lease-holders to establish oil or gas production the leases have expired and hence reverted to the State.

There are several reasons to believe that the leasing of this land might well provide a boost to Alaska's oil and gas exploration and development. For one thing, because the land is State owned, it is unaffected by the land freeze stemming from the unresolved native land claims issue. This dispute has had a good deal to do with stifling Alaska's oil development, both on the North Slope and elsewhere. Another factor in favor of the area is the relative nearness of transportation facilities. If commercial quantities of oil are found it would be relatively easy to pipe it to the nearby Drift River tanker terminal from which it could be shipped to market. A third consideration is the recent 25 cent per barrel increase in the price of domestic crude oil. Some oil industry sources feel that the price increase will have the effect of shaking loose risk capital for increased oil exploration by making the rewards greater in the event of a discovery. If this is true it could well encourage oil companies to take a closer look at the Kalgin Island Land. Last, and possibly most important, since leases in the area were originally issued, oil has been encountered nearby. Some of the lands to be offered lie within half a mile of a shut-in oil well drilled by Pan American Petroleum Company in the vicinity of Redoubt Shoal.

As stated above, whether or not the sale is held rests entirely upon the amount of interest demonstrated by the oil industry. However, given the above mentioned factors, such a heightened interest seems a good bet.

Pipe Coating Contract Let: Although an actual beginning of construction on the massive oil pipeline across the State still lies in the future, Alaska is already receiving some economic benefits as a result of spin-offs from the project. In what is the most substantial of these to date, Alyeska Pipeline Service Company announced recently that it had let a contract to coat pipe for the line with preservative. The coating operation will be accomplished in three plants employing 80 persons each and having a total monthly payroll of \$1 million. The facilities will be located at Prudhoe Bay, Fairbanks and Valdez. Spokesmen for the contractor, Surfco, Inc. of Houston, indicate that all workers, with the exception of five or six key technicians at each plant, will be hired locally. Job openings at the plants will include crane operators, truck drivers, and laborers.

As with most pipeline related work, the pipe coating plants will provide only a short term source of employment. Total time for coating all of the pipe for the pipeline is not expected to exceed 12 months starting around June of 1971. Once all the pipe is coated, the Valdez and Fairbanks plants will be dismantled. The Prudhoe Bay plant will continue on a semi-permanent basis to coat pipe for the gathering system which will bring oil from indi-

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vidual wells to the pipeline itself. In spite of its temporary nature, the pipe coating work comes at a good time, particularly for the Fairbanks area, which has been hard hit by the slowdown in oil related work on the North Slope during the past year.

Salmon Catch to Decline: According to preliminary figures released by the Alaska Department of Fish and Game, the State is due for a marginal salmon harvest during the summer of 1971. The Department indicates that around 41 million fish will be caught during 1971, 20 percent below the average yearly harvest from 1960-1969. By statistical region, the Department's biologists look for catches of 7.85 million salmon in Southeast Alaska, 21.69 million in the Southcentral area and 11.92 million in Western Alaska, which includes Bristol Bay. In Bristol Bay itself the catch is predicted at 9.48 million sockeye salmon, less than half 1970's 20 million plus fish.

Though the dollar value of next year's salmon catch may fall below those noted in previous years, things may not be all that bad, particularly in Western Alaska. In Bristol Bay a smaller catch than last year may allow more resident participation in the fishery. Last year's large run caused processing facilities to be saturated during the peak days of the run. As a result fishermen were put on maximum daily quotas of salmon that canneries would buy from them. Furthermore, there were widespread reports during the season that many independent fishermen were unable to sell fish due to processing facilities being glutted by catches from company boats. These reports were further substantiated by testimony during a subsequent legislative probe into the Bristol Bay situation. With the smaller catch expected for 1971, processing facilities should be adequate to handle all fish caught barring an extremely rapid buildup of the run. Furthermore, the anticipated spectacular profits that were in many cases realized in Bristol Bay during 1970, will probably cause fewer non-residents to be drawn north to participate in the fishery during 1971. As a result, local fishermen should enjoy a relatively greater share of the catch than was the case during the 1970 season.

Importance of Halibut Increasing: The rise in importance of Southcentral Alaska ports as receivers of halibut, first noted during late 1969, has continued during 1970. Although total U.S. and Canadian halibut landings from the North Pacific halibut fishery for the past year fell below 1969's figure, landings at Alaska Gulf ports rose by 71 percent over the period. Almost all of the increase came at the expense of Seattle, Washington and Prince Rupert, B.C.. Kodiak at 8.5 million pounds was the leading Alaskan, (and U.S.), halibut port. However, Seward, with landings of around 5 million pounds also made a major contribution to the total poundage of halibut landed in Southcentral Alaska.

This trend in the North Pacific halibut fishery, as part of the greater trend towards diversification in Alaska's seafood industry, is quite important to the fisheries based economies of many Southcentral Alaska communities. Its importance derives from the fact that handling and freezing of halibut provides jobs for area residents during a period other than just the summer salmon season. Such employment should, over the long haul, help reduce the high levels of seasonal unemployment in many Gulf communities. This chronic joblessness has been historically linked to the dependence of many area residents upon jobs related to salmon processing.