

Call number: 01-74-08 SIDE A PT. 2

Name and place: Meeting of the Alaska NORTH Commission [Northern Operation of Rail Transportation and Highways Commission]

Date of the recording: 8/1968

Summary created by: Varpu Lotvonen

Date of summary's creation: 10/06/2014

Notes:

The recording begins with Mr. Chairman calling John Marder [sp?] of BP USA. He addresses the audience and introduces himself. He is the exploration vice president of BP Exploration, USA Inc. They have prepared a statement. Marder says that BP has been engaged in exploration in Alaska since 1959, and has spent over 27 million dollars on different programs. They have been associated with 9 wells on the North Slope, but unfortunately none of them discovered oil. They have done exploratory work over the whole area. They believe that in 1963 when they shipped equipment down the McKenzie River, they pioneered new [unclear] materials.

2:50 Recent oil discoveries have led them to initiate a new drilling program and as a first step, they have assembled drilling equipment on an [unclear] island. The equipment and materials were barged through the Bering Sea and along the North Slope to the landing point. It comprised of 4,500 tons, including a drilling rig, and it's enough for two explorations. They hope to join the ranks of Alaskan producers in the North.

If they were successful [in oil exploration] they might face transportation complexities of an undeveloped area, such as the North Slope. They have to consider transportation as an important factor in total costs. The methods of transportation are crucial for the success of an operation. Because of the magnitude of the discovery in a remote location, all possible economies of oil transportation should be considered.

5:00 Before making a decision concerning transportation, they should consider merits of each method of transportation as related to the estimated total quantity of oil and materials that are moved to and from North Slope. They believe that the development of Arctic Slope depends on cooperation of all people concerned. [Applause.]

Mr. Chairman notices that Mr. Terrence Cole is not present and calls for Edgar [Unclear, sounds like Filial], the president of Fairbanks Chamber of Commerce.

6:40 Edgar addresses the audience and reads his prepared statement that discusses the transportation needs for North Slope oil development. He says that it is apparent that due to magnitude of the of the oil discovery, major oil companies will emphasize exploration in the entire North Slope area. Their exploration has already run into problems that increased communication and transportation means can alleviate.

Greater Fairbanks Chamber of Commerce asks the North Commission to give an immediate and serious consideration to a 3-point program to provide surface transportation that is required by the development of the area.

8:13 First point is to construct a winter road, second is an all-weather road and third, the extension of Alaska Railroad. The winter road would allow rapid movement of heavy equipment and supplies and it could be constructed during the following winter to satisfy needs of the industry. It would therefore have a priority over the other two projects.

Work on all-weather road and railroad could be commenced simultaneously with the construction of the winter road and it could be completed in segments as demanded by time requirements and available funds. They could use the existing Elliott Highway.

Time is of essence because building an access road provides quickest means for surface transportation to the area and allows the earliest possible development of mineral potential. Later, it could expand, providing residual benefits for residents of the area, as well as for Alaska's growing tourist industry. They ask the North Commission to consider an immediate start on transportation system.

10:18 They could use state road funds, such as those that are appropriated to the North Commission, they could also use funds that were provided to Alaska by the Federal Highway Act of 1966, and extend the Elliot Highway to the Arctic by using Highway 8 Act, Secondary Highway Fund. A combination of funding from above sources could make the highway into a reality by 1969.

Development [of transportation] would do much for the development of Arctic's vast mineral potential. They want to place their community in a state of readiness to serve as the primary service and supply center for arctic development. Filial closes his speech. [Applause.]

11:41 Mr. Chairman thanks Mr. Filial and asks Charles Cole to speak. He addresses the audience and says that he is speaking on behalf of Interior Airways in the absence of Mr. James S. Magoffin. The oil crisis has prevented him from joining the meeting. Their company is an air carrier who has been operation for 15 years and they have supplied DEW-line construction during its construction and years after. They transported cargo and people all around the state.

They have light and heavy aircrafts that could supply transportation to the North Slope [lists their airplane types]. Interior has had an air field in the heart of the oil exploration area, and its main base is Fairbanks Intl. airport. Their airfield is capable of landing large aircrafts. Cole says they need to improve drainage of the airfield in order for it to be an all-weather field. It is located far enough from the coast to avoid fog that is frequently found from the North Slope.

15:31 In order to supply the needs of the companies that are presently operating on the North Slope, Interior has established a 24-hour radio single site band system which enables it to have instant communication with Fairbanks and Anchorage offices, and the field in North Slope.

In addition to their airfield, there are limited maintenance facilities, like dormitory facilities and a mess hall, which are all being expanded to accommodate the present needs. Interior plans to be able to be

supply the anticipated needs and present needs by purchasing two or more twin-otter type aircrafts that can transport cargo and people between Fairbanks and North Slope.

They have also leased in aircraft to oil companies to provide fast transportation between Fairbanks, Anchorage and North Slope.

17:09 In addition, it has become apparent that in order to meet the needs for air transportation, Interior needs a large, modern aircraft and have ordered a Loki C-130 Hercules aircraft. Interior is developing its warehouse and office at the Fairbanks International and they intend to do everything that is necessary to meet the needs of air transportation warehousing and office space to accommodate North Slope development. Cole thanks the audience. [Applause.]

18:29 Mr. Chairman says that some time ago it became apparent to the members of the commission that they would need some figures for constructing a winter trail. They have prevailed upon the state government to give them a hand in that respect, and chairman asks Mr. [Unclear] who is the commissioner in the department of highways of the state of Alaska.

Cosby E. [Evridge] Steen says that in July 29th, Mr. Morris Thompson requested that Department of Highways supplies the North Commission with a report of operational facilitation of winter road to Prudhoe Bay and reports that the Department has done some studies toward that direction. They have studied alternate routes for an all-weather road to North Slope and to Western Alaska. Their staff was able to come up with information and figures that may be helpful "for your determination".

21:00 Steen continues that most of the feasible routes for a winter road to Prudhoe Bay are based on existing Elliott Highway to Livengood, from there to Steven's Village, over the Yukon, to Bettles, up the John River up the Anaktuvuk Pass and from there to North Slope and to Prudhoe Bay. The distance from Livengood to Prudhoe Bay is 468 miles, total being 550 miles for the entire route. The project involves clearing, crossing rivers, and dealing with drifting snow and ice. [Unclear talking.]

23:14 [Unclear talking.] They believe that the road would be available every year on January and be operational until 1st to 15th of April, which leaves them 3 or 3.5 months for operations. The Yukon River is the key to the operation since, because of its size, it freezes later and thaws earlier than other rivers. There has been incidences of equipment going through the ice.

Opening the road requires 9 parties with 3 heavy bulldozers, and the necessary equipment and gear that operates from 5 different points along the route. With all that, the road could be in operation within 30 days and opening it will cost \$1 million dollars.

25:16 Most of the work must be done prior to freeze-up to allow [unclear] river banks to the ice crossings and if the work was facilitated at the right time, it wouldn't be too difficult. They could start "moving in" around 15th of September and most of the work could be done by a river barge. [Unclear talking.]

Maintenance of the route after the freeze-up would be a bigger problem. Bare minimum requirements for maintenance involve 7 camps [Steen mentions intended locations]. That requires each camp to have

a responsibility over 75 miles of the route, which is an absolute maximum. Each camp will require heated quarters, dining facilities, heated shop and storage [list goes on].

One of the problems is to accumulate the equipment if the course of action [building the winter road] would be pursued "this year." They would need \$1,500,000 dollars' worth of equipment. It would be a one-time expense but the problem is attaining the equipment within the relatively short time frame.

28:11 They need an operation to be well planned and equipped because there are tremendous amounts of human lives and material goods that are to be their responsibility. They must be able to have suitable, reliable equipment. Their normal procurement procedures would not suffice and there must be some flexibility [to hasten the schedule].

Initial opening has to be contracted in order for it to be done on time. For the operation "this year," time is critical and decisions have to be made within next 2-3 weeks. Time is short and the equipment has to be assembled and put into operation close to December.

30:13 Steen recaps the cost estimates: First year of operation costs \$4 million dollars and subsequent years cost total of \$2 million a year. The speaker predicts there will be 16 truck convoys on the road daily, hauling 640 tons of freight, amounting to 60,000 tons per season. The cost of operating the road, based on this figure, would be \$43 dollars per a ton of freight. That doesn't take into an account the cost of trucking in itself.

The speaker gives assurances that the Department of Highways will assist development in every way they can and thanks the audience. [Applause. Unclear talking.]

33:45 Chairman calls for Harold [David] Strandberg, the commissioner of Public Works. Harold starts his speech by telling how Harry [Adams] Wakefield from the aviation department visited them, soon after the Prudhoe Bay discovery was announced. They started making studies of a staging area for an airport and communications system by sending a team of engineers to the North Slope.

They are sure that an airport expansion is needed, and believe that aviation would better serve the intermittent needs of North Slope than a winter trail would. Prices would be competitive and Fairbanks would be the hub of traffic. Division of Aviation will do their best to keep up with the outcomes. They can maintain the field as a state airfield with \$70,000 dollars. They would be ready to go and could provide 24-hr service to the area.

37:04 In the long range, they will be looking for possibilities to build jet fields to the area and he assures the people of Fairbanks and the industry that the Department of Public Works and Department of Aviation are watching closely every move and they will be able to meet any of the requirements [of the oil industry]. They have offices in Anchorage and Juneau that are always open for discussions. [Applause.]

Mr. Chairman thanks Mr. Strandberg and welcomes [Unclear]. He says they are almost through with their program and are going to review their minutes from Juneau when they heard that there were "few seepages" in North Slope. The Governor made a statement that if they could find a billion barrel oil

reserve, their troubles would be over. [Laughter from the audience.] Now they have rumors that they might have 5 or 10 times that much oil. That emphasizes how quickly times change, because now they have 5 times the problems that they had in March. Chairman thanks everybody for coming to the morning session.

[End of the recording.]