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Mr. Chairman welcomes people back to the afternoon session of the NORTH Commission. He says that the first two people who were to present have not arrived yet. He invites Burt Atwood [sp?] from Alaska Airlines to make his presentation.

Atwood tells that he is going to tell the audience some facts about Alaska Airlines. He has material selected for his 15-minute presentation to show how, for example, a Cat [Caterpillar machine] goes into a Hercules airplane. [Unclear talking. Sounds of the presentation are playing from tape minutes 1:46 to 18:41, advertising Alaska Airlines' capabilities for freighting in Alaska.]

18:41 Someone says that Mr. Garvin and him are going to be in the seminar to answer questions regarding Hercules [aircrafts], North Slope, or their plans for the future. He says that actually their plans don't differ much from what they are doing now. They are starting the North Slope operation and anticipate working on it until May or June.

The speaker continues that the key to development of North Slope will be to get federal and state people, and all modes of transportation to work as a team.

19:41 Mr. Chairman says that Mr. Gillam, who is the chairman of the North Star Borough, is presenting next. Harold Gillam tells that he's a life-long Alaskan and aware of the purpose of NORTH Commission, which is to bring railroad to the North. He says he's for everything that will open up Alaska to economic development and advises the NORTH Commission to consider a complete

transportation system and not just a railroad. Transportation system should also include road system and air transportation.

Gillam says that railroad would haul ore concentrate from places like Kennecott Mine or Bornite to Tidewater [?]. However, they can't forget the new concept of ice breaking which utilizes a ploughshare bow should make ocean travel through Arctic Icepack possible. They could open up a new year-round ocean port. Furthermore, it is felt that the railroads have had their day and there hasn't been much new railroad development in States in recent years.

21:54 Gillam says that railroads are a thing of the past and highways are now what builds countries. They open up areas that were previously accessible only for wealthy. Highways and haul roads are cheaper to construct than railroads and he urges NORTH Commission to work with Congress to change the portion of the Federal Highway 8 Act to allow more time for bringing roads up to standard.

The concept of complete transportation system involves airplanes, and Alaska holds a unique position since airplanes have been more instrumental in developing the state than any other mode of transportation. Airplanes are getting bigger and need places to land. Thus, their long-range plans should include building air fields.

23:53 Gillam continues by pointing out the need for east-west Trans-Alaska Highway from Dawson to Seward Peninsula. The [transportation] system would work by boat and road. It would begin in Dawson City and travel by river to Circle City, then by Steese Highway to Fairbanks and from Fairbanks to Tanana and from there to Koyukuk on the Yukon River and then by overland road to Nome on Seward Peninsula.

Since "this" [the road] was presented to NORTH Commission in their first meeting, it has received legislative approval to the extent that a bond issue will be presented to the voters to fund the current portion. That would increase accessibility, which would increase exploration and development on the Seward Peninsula.

They are interested in North Slope as well and the fund that created the North Commission initiated a legislature to start building the winter haul road. Through political maneuvering, it was signed into a law to fund the newly created NORTH

Commission. Gillam asks if the commission will authorize the expenditure of the remaining \$4,000 dollars for construction of the North Slope Road that would tie in with roads that various oil companies will construct, or if they have to turn to legislature for appropriation. If they have to go to legislature for that, or to request additional funds, Gillam asks if Commission will have a recommendation for the legislature concerning the project. He says that time for action was yesterday and says that they need a complete transportation system to the North – one that would dovetail to become an integrated system throughout the North. Gillam closes the speech. [Applause.]

26:19 Mr. Chairman thanks Mr. Gillam. He calls [Henry Aristide "Red"] Boucher to speak but he isn't present so Mr. Gallaway is called up instead. He is the senior vice president and director of Humboldt Oil. J. H. Gallaway addresses the NORTH Commission and tells that he is from Houston, Texas, and that Humboldt is pleased to have been given the opportunity to appear in front of the NORTH Commission. He thanks governor [Walter] Hickel for funding and authorizing the establishment of NORTH Commission, and he also thanks the members of the commission for taking up the responsibility.

[Gallaway introduces some board members of Humboldt Oil, including Alaska representative R. H. Walker Jr. from Anchorage.]

28:25 Humboldt Oil refining company is a subsidiary of Standard Oil Company of New Jersey and Gallaway says he'll give some background information about their company. [Talks about numbers of employees, their refineries, and production figures.] Gallaway states that they want to open a new frontier in Alaska and points out that economic growth would benefit the state. They began their exploration in Alaska in 1954 and their 14-year interest in the petroleum possibilities began when their company made a thorough study of a report that was prepared by the U.S. Geological Survey.

They drilled their first well in 1957 and they spent almost \$50 million dollars that year with no return for their investment. Search for new petroleum reserves is a costly and risky endeavor and they must constantly review data to gauge if new ventures are worth the risk.

Risks in Alaska are particularly high, and distance to crude markets and sources of supply lead to high transportation costs. Also, weather factors and high wages increase costs of operations.

31:00 To offset the cost factors, high producing rates and large reserves are needed. Gallaway further illustrates how risky and costly oil exploration is in Alaska, and how the oil companies are operating “on red.” Humboldt is still optimistic about the venture, but Gallaway wants the audience to be aware of the risks and costs that are associated with exploration. He says that they are interested in developing the oil field, moving the crude to market, and getting return for their investment.

He says that after 14 years and \$50 million dollars, they would like to see the crude moving to the market soon, and points out that it would be good for the state revenues as well. He tells that Humboldt and Atlantic Richfield have joined interest in North Slope activity. Atlantic Richfield is the operator and hence, Gallaway asks if Atlantic Richfield representative could give their testimony on North Slope activities. He thanks the audience and closes the speech. [Applause.]

33:32 Mr. Chairman [Swalling?] calls for Mr. Bentson [unclear]. Bentson addresses the audience and introduces his accomplices from Atlantic Richfield and Humboldt companies. He tells how they are impressed by what they have heard “this morning” about what the Governor, the NORTH Commission, and others have made toward solving the problems of transportation on the North Slope.

He gives a brief resume of Atlantic Richfield’s history in the State of Alaska: 11 years ago they discovered the Swanson River field on the Kenai Peninsula, which was the first major field in the state, giving Alaska the impetus to achieve statehood. They are active in all 3 fields in Cook Inlet. There are 14 platforms for drilling out of which they have interest in 6, and in addition, they are operating 2 of them. They are the largest holder of oil, gas, and mineral leases in the State of Alaska, with some 1.4 million acres. They have approximately 830,000 acre leases in North Slope, and they are very committed to Alaska.

37:06 Bentson reads a statement that says that according to a consultation company, the oil field in North Slope is the largest in the world known today. There are recoverable reserves between 5 to 10 billion barrels of oil. The estimated

reserves are the largest of any field in the USA. The remoteness of the discovery area and difficulty of developing the field and bringing the oil to market are challenges, but the size of the discovery would make the construction of properties economically feasible.

They are evaluating the field and making reconnaissance of routes for a pipeline that would lead to a ice-free deep water port in Southern Alaska. They are planning to make a similar survey for routes to Northwest Coast of Alaska.

They think that a pipeline should be “on stream” by mid-1971 because the field will be largely developed by that time. However, they expect some drilling activities in the field to continue for a much longer period of time.

39:10 They have used passenger and freight air services and some ocean freight service. All weather airstrips and field roads allow them to operate year-round, and they are investigating a possibility of building a sea terminal to ship heavier and more bulky equipment. Exploratory drilling operations by the companies will be largely winter operations until flying crane helicopters and package rigs are available in absence of surface transportation.

The railroad would be quite helpful in transportation of the materials and supplies and it would also facilitate repair and maintenance of the pipeline system. Many activities that happen in conjunction with building the pipeline will accrue to Alaska and their wishes for Northern railroad. They are going to make available their geological survey data that would help in designing the railroad. Their intent is to work closely with state officials and to keep close contact with them in all phases of the operation.

40:07 The royalty income that will accrue from North Slope may be substantial and should add to economic health of Alaska. Bentson concludes his speech by saying that Humboldt and Atlantic Richfield are happy to be a part of the development of the Northern Frontier. [Applause.]

41:08 Mr. Chariman thanks Bentson. Next speaker is Mayor Boucher who has a written statement. Boucher thanks Atlantic Richfield for the great news for Alaska’s community that is recovering from the greatest disaster that they ever hope to go through.

Boucher talks about the 1967 flood, that affected negatively the economy of Fairbanks. It was one of the most disastrous floods in the history of United States, based on the percentage of area that was covered compared to the percentage of damage and the total economy.

44:15 Today they are faced with the challenge of success. Recent discoveries from Prudhoe Bay area by Atlantic Richfield have sent “shocks of excitement” throughout the economic world. Future of Fairbanks and other Alaskan cities looks bright. [Some background noise plays.] Isolated villages in North, who live in abject poverty, have hope for the future. They will meet the challenge of success with clearheaded thinking. Boucher realizes that the successful recovery of Fairbanks is partially due to federal and state governments.

46:42 Fairbanks citizens have invested over \$15 million dollars in SBA [Small Business Administration] sponsored enrollments back into their homes and businesses. “Can do city” can meet the challenges of Prudhoe Bay discovery, although they are far from being the service area that they would like to be. It is the desire of the total community that the petroleum industry knows that they are willing to assist them in every way possible.

Boucher tells that he has contacted every member of the petroleum industry who has expressed interest in North Slope and offered them the services of both civic and business communities. He notes that so far, NORTH Commission has talked about various [unclear] to the North Slope. He hopes that they won’t only make a final conclusion on access carta, but come up with a total plan for the development of the Arctic.

48:29 Concerning the various access cartas to the North Slope, he is familiar with airlines, who have had the foresight for buying Loki Hercules aircrafts. Boucher tells that he had a chance to witness logistic support by air for the petroleum industry. Secondly, as an administrative assistant to the Fairbanks Economic Association, Boucher prepared a proposal for the 1966 session of the State Legislature. It was the opinion of business and civic leaders of the community that they need a surface access carta if Fairbanks is to benefit from developments to the North Slope area. Surface access data has to be commenced on the earliest possible date, and they are still of the same opinion. He wonders if not building a surface

access to Arctic Slope will cost more to the community of Fairbanks than building and maintaining one.

50:51 Their views were covered in 1966 report to the State Legislature, which is a cross-section of thinking of the whole community. Mr. James W. Dalton, who was their consultant, discussed their needs for an access road. Boucher is glad that Dalton is also working for the State in the same matters, and tells that he will submit the report to the NORTH Commission.

He quotes from an editorial that appeared in Fairbanks Daily News-Miner in February 11th, 1966. It says that it is possible to build arctic trail now, and that supporters of the road realize that it could become the highway west route to the Seward Peninsula. A start on the winter road could expedite action on delayed project, and also aid in developing petrochemical resources of the North Slope, which would increase revenues and business that will benefit the whole state.

52:44 Boucher continues that it is not the purpose of him or the community to stress one method of access carta over another. Governor Hickel's railroad program is also forward thinking, and Boucher says that he supports it personally. He says he wants to get on with the project right now and do something.

They have long supported other methods of access to South-central and Southeastern Alaska. They were supported when they were accused of political folly. They support the program again and ask that they receive equal support. Finally, they say that following the 1967 flood restoration program, the city government is collaborating with Alaska Railroad in building the industrial potential of the railroad warehouse area to its maximum.

They also want to develop a comprehensive plan that will ensure the orderly development of Fairbanks economy. The city council is talking about creating a department for economic development that would serve at the pleasure of the council. Those are few of the steps that could be taken to take an advantage of the golden years ahead, but Boucher warns that they must develop the plans as a whole state and not just Fairbanks alone. [Applause.]

55:08 Mr. Chairman thanks Boucher and says that Mayor [George] Sullivan of Anchorage just walked in. [Unclear talking.] Mayor Sullivan starts his speech by

telling about a joint city council meeting with Fairbanks. They made a resolution to build a winter road to aid in transportation. Now there is a need for temporary surface access that would support the early stages of development of petroleum resources. Development of the resources will benefit the whole state and be in national interest.

Their joint session in 1968 decided to proceed to provide temporary winter access road that goes from Fairbanks to the North Slope and will be used for the winter of 1968-1969. From 1952 to 1956, Sullivan was the Fairbanks manager for Alaska Freight Lines and they operated to the Arctic Ocean during that time. In 1954-1955 they constructed a winter road from Circle City to Arctic Ocean and operated conventional truck tractors with 40-foot flat beds. Their operation was physically and manually successful and Sullivan urges that the commission considers a winter road to be built “this winter” to the North Slope, and states that he feels that the trucking industry would agree with him.

58:17 He suggests that they could cut a winter road to the Arctic and on return they could continue surveying the railroad route in reverse. That would immediately open the highway for moving oil equipment and supplies up to the North Slope. Sullivan thanks the audience. [Applause.]

58:51 Mr.Chairman thanks Mr. Sullivan.

[End of the recording.]