

Web posted Sunday, January 25, 2004

## Line would stir economy, but not like oil pipeline


**By CATHY BROWN**  
*THE ASSOCIATED PRESS*

Construction of a natural gas pipeline would make the biggest splash in Alaska's economy since the trans-Alaska oil pipeline was built in the 1970s, a state economist said.

But the impact would not be as dramatic as the oil pipeline construction.

"It's a whole different ballgame," said Neal Fried of the state Department of Labor and Workforce Development.

The state's population is larger now, and much of the infrastructure that had to be put in place when the 800-mile-long oil pipeline was built is here now. There's a road to the North Slope and a huge industrial complex there. Technology has lowered costs, he said.

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"But it's a significant construction event," Fried said. "In a single event it would add a tremendous piece of diversity to the Alaska economy."

Two groups have submitted applications to the state to negotiate taxes, royalties and other terms with the state if they build a pipeline. The applications are an early step in possible construction of a 3,500-mile pipeline from the North Slope through Canada to the Midwest.

ConocoPhillips, BP Exploration (Alaska) Inc. and ExxonMobil Corp., the three major oil producers that hold rights to North Slope natural gas, publicly submitted their application Friday.

A day earlier, Murkowski accepted a separate proposal from MidAmerican Energy Holdings Co. of Des Moines, its subsidiary, Alaska Gas Transmission Co., and a consortium of Alaska Native corporations.

Construction of the oil pipeline in the 1970s transformed Alaska, said Fried, who was coming of age in Fairbanks then.

"There was, of course, lots and lots of money, lots of young people," Fried said. The rest of the country was in a recession and young baby boomers flocked to Alaska by the thousands seeking opportunity.

"There was this promise of excitement," Fried said. "It was like the Gold Rush, I suspect, or the closest thing to a modern day gold rush."

Construction employment statewide jumped from about 7,800 people in 1973 to 30,000 in 1976, the peak construction year, with people building not just the pipeline, but malls, subdivisions and all sorts of projects that accompanied the boom, Fried said.

The gas pipeline will bring new jobs, but not that many.

Dawn Patience, a spokeswoman for ConocoPhillips, estimated 5,000 to 8,000 people in the United States and Canada would be put to work building the gas line, and there would be about 400 full-time jobs once production begins.

Fried said there could be spinoff petrochemical industries. And, if low-cost natural gas becomes available in parts of the state where energy costs are high now, that could make mining and other projects more viable.

Also, if Alaska companies have a share of the pipeline, that could provide another boost to the state's economy. That's because they have their headquarters here and most of their shareholders live here, Fried said.

The state would reap a substantial benefit in taxes and royalties - the state's share of the gas - if a pipeline is built. Steve Porter, a deputy commissioner in the state Department of Revenue, said estimates range from \$400 million to \$1 billion.

That would reduce the tax burden on Alaskans for decades to come, Fried said.

But a natural gas pipeline is still far from a certainty.

BP gas spokesman Dave MacDowell said negotiation of a contract with the state is one of four things that must be in place before the producers move on to a \$1 billion permitting and engineering phase.

The companies also say they need federal financial and regulatory provisions that are tied up in the energy bill that is stalled in Congress, and they need to continue working on regulatory issues in Canada. They also need to find ways to reduce their costs through technology.

"I think we'll be successful in making the Alaska gas marketing a reality," Gov. Frank Murkowski said at a news conference Friday.

"On the other hand, I don't want to give you any unrealistic expectations. It's a massive undertaking."