

DISPOSITION FORM

FILE NO.

SUBJECT An Analysis of Alternative Methods of Providing Military Fuel to the Fairbanks Area

TO CINC

FROM J4

DATE 8 May 69

COMMENT NO. 1

LTC Skladal/35213/lms

1. The following analysis of alternative methods of providing fuel to the military installations in the Fairbanks area is a major revision and amplification of a preliminary cost analysis prepared by the U. S. Army Engineer District, Alaska. This analysis, prepared by the Joint Petroleum Office, J4, has incorporated recommendations of Hq USARAL, the U. S. Army Engineer District, Alaska, and other staff agencies of this headquarters.

2. Major General C. H. Dunn, Director of Military Construction, Office of the Chief of Engineers, was given a briefing, 29 April 1969, by the U. S. Army Engineer District, Alaska, on the proposed repair of the pipeline. Discussions with General Dunn at the briefing indicated that numerous questions concerning the repair project have arisen at the Washington level based on their general knowledge of options available and, in particular, the recent announcement of the proposed refinery at Fairbanks. It is General Dunn's opinion that unless the repair of the pipeline receives strong command justification, the competition for limited funds will preclude the project being funded.

3. Seven alternative routes or methods of delivering fuel to the Fairbanks area and the present worth of their initial investment and annual operating costs over a 25 year period have been identified:

- a. Major repair of the Haines-Fairbanks pipeline \$96.08 million
- b. Replace Haines-Fairbanks pipeline \$125.38 million
- c. Construct Valdez-Greely Pipeline and major repair to Greely-Fairbanks existing pipeline \$89.88 million
- d. Construct Whittier-Anchorage-Fairbanks pipeline \$105.68 million
- e. Construct Whittier-Anchorage-Tok pipeline and major repair to Tok-Fairbanks existing pipeline \$105.68 million
- f. Use Alaska Railroad until commercial refinery is built in 1973 \$31.70 million

g. Use Haines-Fairbanks pipeline with minimum repair until 1973 when a commercial refinery is planned to be completed in Fairbanks (includes replacement of 12 miles of pipeline in Desadeash Lake area) \$25.74 million

4. Alternative 3.g. seems to be the one we will live with for the present unless additional justification can be provided Department of the Army (DA). The remarks by General Dunn, the costs of the various options, the announcement of an Atlantic Richfield refinery to be built at Fairbanks, the leak-free performance of the pipeline for the past eight months, the demonstrated ability of USARAL to repair leaks rapidly plus a statement by the CGUSARAL to DA that he can support all known pumping requirements of the Haines-Fairbanks (at a reduced flow rate of 900 Bbls/hour initiated approximately September 1968) forms the basis for this position. The District Engineer has received design funds for repair of the 342 miles in the first repair increment. Department of the Army has the USARAL request for repair funds (Form 1391). If conditions change such that added emphasis for additional or total repairs can be provided at a later date, the District will be prepared. Support for immediate replacement of the twelve miles of line in Canada is based on the known poor condition of this section of the line and on anticipated unfavorable Canadian reaction to further spills in this area if nothing has been done.

5. Assumptions and detailed data utilized in developing costs and analyzing pros and cons of each alternative are attached.

/s/ JOHN T. POFFENBERGER
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a/s

District Engr
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