



Bad deals hurt Store Norske

Hundreds of millions may have been lost due to subcontractor deals by former company director

Store Norske may have lost hundreds of millions of kroner due to bad contracts with subcontractors, according to a classified brokerage report obtained by a Norwegian television station.

The findings prompted forceful reactions inside and outside the company, with renegotiation of ongoing deals pledged and opposition in Parliament denouncing the government for classifying the report for more than a year.

The agreements, signed when Robert Hermansen was Store Norske's managing director from 1999 to 2008, are a risk to the company's future, according to one of several stories aired by TV 2 News about the report.

"We are behind the assessments (auditing company) Pareto has made in the report, and are completely in agreement with our own analysis," Bjørn Arnestad, Hermansen's successor, in an interview with the television station.

Hermansen acknowledged making the agreements in question, but denied taking any actions he felt were improper at the time.

Store Norske's costs have increased far beyond what increased coal production can explain, the report indicates. Also, the contracts in question are of unreasonably long duration and priced far above market value.

Last year, for instance, the company paid 274 million kroner for ocean freight of coal, which

See CONTRACTS, page 3



Norikazu Matsuoka, center, explains the power supply system for an ice-wedge research station in Adventdalen during a tour today by scientists participating in the third European Conference on Permafrost taking place until Thursday at The University Centre In Svalbard.

On unstable ground

Permafrost conference looks at a future of thawing frozen soil

"Welcome to my garden," said Hanne H. Christiansen, greeting visitors arriving after a trek over uneven and cracking ground. "This is the greenest place I've been in Svalbard."

It was a strange welcome for scientists coming to learn about an ice-wedge research station in Adventdalen as part of this week's European Conference on Permafrost. But the open span of turf grows thick with grass during the summer – and the deep cracks indicate things may get greener if the historically frozen subsurface thaws as predicted.

Christiansen, departmental leader of the Arctic Geology program at The University Centre in Svalbard, said a warm spell

See PERMAFROST, page 4

Accident leads local legend into aiding science inadvertently

If John Munro Longyear hadn't hurt himself chopping wood he might not have discovered Svalbard had "a pure white coal mine."

"It was singular to see the walls of the workings all thickly encrusted with a layer of hoar-frost from the condensation on rock surfaces that are permanently below the freezing point," wrote the coal and

See LONGYEAR, page 4

Inside	
Ny-Ålesund's sea life 'time machine'	Page 2
Headlines from Svalbardposten	
- Free poster details safe Svalbard mushrooms	
- Signals from Radio Norge, P4 out temporarily	
- Saxifraga wins creative business name award	Page 3
Weather forecast	Page 3
Events calendar	Page 4



Frederick Nelson, left, discusses on Monday at UNIS the "unintended research legacy" of John Munro Longyear, a Michigan mining and timber baron who co-founded Svalbard's first successful coal company. At right, visiting scientists inspect a time-lapse camera set up in Adventdalen next to a large crack in the permafrost.



Who's to blame and how to express your wrath

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When we screw up you'll know about it – on the front page. One of the big complaints about newspapers is they tend to bury corrections and clarifications deep inside where few people who read the original article see them. If we need to fix something, an alert box on the front page will state what story is in error and where the full correction is printed.

Submitting material

Letters, columns, photos and other material are welcome, but we can't offer pay for published items since nobody here is getting paid at the moment. Submissions in electronic form (text, Word documents, JPEGs, etc.) are highly preferred, although typing and/or scanning of items will be considered on a per-case basis. We reserve the right to edit submissions for length, clarity, accuracy, libel and other reasons, but we will also make every reasonable effort to contact the author about any changes prior to publication.



Greenpeace members, right, install mesocosms in Kongsfjord to collect sea water samples that international scientists at the research station will study to determine the effects of changes in the area's ocean acidification. The nine devices were brought last month by the *Esperanza*, right, which will return in about a month to return them to Germany. Photos courtesy of Greenpeace.

Simulating Arctic seas of the future

Devices brought by Greenpeace to Kongsfjord show effects of ocean acidification from CO2

Think of them as time machines that hold 50 tons of water.

Nine mesocosms able to acidify sea water to different levels are now operating in Kongsfjord, simulating the water's potential impact on marine life and climate due to future changes in carbon dioxide concentrations in the atmosphere. Samples from the devices, brought last month by the Greenpeace vessel *Esperanza*, are being analyzed daily by more than 30 international scientists.

"One of things they'll be looking for is any effects on marine plankton, as acidification is

expected to cause a drop in the abundance of carbonate ions, the basic building blocks for these organisms," wrote Janet Cotter, a Greenpeace scientist, as part of the group's Arctic Under Pressure blog.

"Research on this issue is in its infancy and although the ocean chemistry is well understood, the impacts of acidification on marine organisms and food webs are less clear."

The 17-meter-high mesocosms consist of a frame holding a large bag that encloses 50 tons of sea water. CO₂ is bubbled through the water to simulate a range of predicted future conditions, with the samples then going through biological and chemical analysis to study changes.

There's more! Visit www.icepeople.net for the complete story.

Briefly

New food grinders arrive, need power and care

Food grinders for sinks, which must be installed in all Longyearbyen homes by July 1, have arrived after a delay and are now being installed, according to city officials.

Because power supplies are not part of the devices, extension cords and other alternatives are necessary, although restrictions are in place. A vendor installing the grinders in about 950 residences in buildings has made such arrangements, while homeowners doing their own installations must provide a source.

Cords can be used within two meters of existing free plugs, or a single outlet for a dishwasher can be converted to a double by an authorized worker. If neither is possible, a new outlet will be installed.

Officials said they also are concerned people unfamiliar with the grinders know how to operate them properly. They should not be used with hot water, which can cause damage, and the water should run for several seconds after grinding is complete.

Storage cabinets for guns required by July 1

The deadline to purchase approved safety storage cabinets for firearms is July 1, according to the Svalbard governor's office.

New firearms regulations taking effect last year mandated the cabinets, although a transitional period was allowed for those already owning firearms.

Ammunition must be stored locked and separate from the gun, or with the gun in a cabinet approved for such storage. Also, firearms cannot be stored in uninhabited cottages or other dwellings.

Storage cabinets for guns required by July 1

Permits for small game hunting this year are now available from the Svalbard governor's office.

The permits cost 200 kroner, which goes to the Svalbard Environmental Fund. There is no charge for persons under 18. Applications can be filled out and paid for at the governor's office, or downloaded at www.sysselmannen.no and the fee paid to account number 63450507581.

Visitors and residents can apply for permits, but there is a quota on Svalbard Ptarmigan of five per season for visitors and ten for residents.

Hunting periods are Aug. 20 to Oct. 31 for Pink-Footed Geese, Sept. 1 to Oct. 31 for Arctic and Black guillemot, Sept. 10 to Dec. 23 for Svalbard Ptarmigan, and Sept. 21 to Oct. 31 for Fulmar.



Robert Hermansen, former director of Store Norske, tells TV 2 in this screen capture from the station's broadcast why he took out a private loan of 1 million kroner from a company subcontractor for a struggled reindeer herding business he was the chairman of. The station broadcast a number of reports this week questioning contracts awarded under Hermansen's watch.

Deals by Store Norske under scrutiny

CONTRACTS, from page 1

would be far above market value at even half the price, according to the report.

"These are not good deals for Store Norske as they stand now," Arnestad told the TV station, adding when the company renegotiates "we will get back to the market."

Among the questionable contracts is a 1 million kroner loan to Boalvvir, a cooperative owned by Sami reindeer herders in Finnmark, which Hermansen was the chairman of when it was struggling financially in 2004.

"In my love for reindeer herding Sami and my friends I said that I would I arrange this," Hermansen told TV 2 News.

He obtained the private loan by going to Leonard Nilsen and Sons (LNS), which had been awarded a lucrative contract for land transport of coal on Svalbard.

"They gave me no money for anything," Hermansen said. "They gave me a short-term loans that I paid back. When questioned about this now, I see that this was perhaps not such a good idea."

Malvin Nilsen, head of LNS, told TV 2 News it provided the loan.

"But we thought the loan would go to the Store Norske," he said. "When we were made aware that the loan did not go to Store Norske I asked about getting money back immediately."

LNS also provided 2 million kroner for Mineralutvikling, a quarry in Kautokeino that

eventually went bankrupt, according to a 2004 audit. Nilsen said he thought LNS would get the shares and didn't know they went to Hermansen.

"The idea was that the shares would be transferred to LNS for their investment," Hermansen told the television station. "It was not done."

Store Norske is 99.9 per cent owned by the Norwegian State and administered by the Ministry of Trade and Industry, which ordered the report.

"All findings showing that there is an expensive contract are serious," said Trond Giske, the department's minister, in a TV 2 News interview. "And we expect that we will have a full picture, a mapping of these contracts and renegotiations."

Giske said the investigation will also answer if anyone unjustly profited from the agreements.

Criticism about the report was voiced by opposition in Parliament, who said it has been classified for 15 months, according to an article in today's *RanaBlad*. Conservative Member Svein Flåtten said Giske has long studied what occurred with Store Norske during the early 2000s when Svea was operating at full force.

The report should have long since been made public," Flåtten said.

There's more! Visit www.icepeople.net for the complete story.

HEADLINES STOLEN FROM

SVALBARDPOSTEN

VERDENS NORDLIGSTE AVIS

UNIS poster details which mushrooms are safe to eat

A new poster detailing which mushrooms are safe to eat in Svalbard is being distributed free by The University Centre In Svalbard. Four types are presented: the fjellridderhatt (mountain knight), which is the most exclusive as it thrives best with dwarf birch, and three types – fjellskrubbe (mountain scrub), røyksopp (puffball) and polarsjampinjong (polar mushroom) – considered toxic or not good to eat. The poster is the first information published as part of the project "Svalbard Mushrooms: Who, What and Where?" Gro Gulden, a retired professor mycology, gathered material last summer for a book, but there are not yet funds to publish one, said Pernille Bronken Eidesen, a UNIS professor. The poster is available at UNIS, the post office and Longyearbyen Library.

Signals from Radio Norge and P4 temporarily lost

Signals from Radio Norge and P4 have not reached Svalbard since June 4, although officials said they hope transmissions can resume this week. "Our agreements with them were a little too old," said Albert Stepanskij, general manager of MTG Svalbard. "We will renew them and have everything in order." He said they are talking to Radio Norge, but not been in contact yet with officials at P4, who could not be reached for comment. The stations can still be heard using the internet.

Saxifraga wins award for creative business name

Saxifraga, a Longyearbyen hair salon, is among this year's winners of businesses with good names as selected by the Norwegian Language Council. The awards, encouraging linguistic creativity and consciousness, are part of an effort to "discourage unnecessary use of English." Saxifraga, the only Svalbard winner among 14 businesses in northern Norway, is inspired by the Saxifraga oppositifolia, a purple plant that blooms in early spring.

Weather forecast for Longyearbyen

Wednesday

Low clouds clearing some late. WNW winds at 10 km/h. High 2C (-1C wind chill), low -1C (-5C wind chill).

Thursday

Partly sunny. N winds at 6 km/h. High 1C (-1C wind chill), low -1C (-3C wind chill).

Friday

Sun and low clouds. NE winds at 6 km/h. High 2C (0C wind chill), low 1C (-2C wind chill).

Saturday

Clouds and sun. ENE winds at 3 km/h. High 3C (3C wind chill), low 1C (0C wind chill).

Extended forecast: Sunday, low clouds with a late flurry, 2C (1C), 1C (0C); Monday, clouds and sun, 3C (0C), 1C (-1C); Tuesday, snow of varying intensity, 2C (-2C), -1C (-5C); Wednesday, partly sunny, 1C (0C), 0C (-2C).

Data provided by AccuWeather.com



The Stone House at the Huron Mountain Club, left, in the Upper Peninsula of Michigan, is the former summer home of John Munroe Longyear, where scientists now live while conducting research in the area. At right, the Longyears' family house during the 1890s is shown in this photo from the Longyear Foundation Museum in Massachusetts. The 65-room mansion was dismantled in 1902 and moved— using 172 freight cars and two trains — from Michigan to Massachusetts.

City's co-founder a boon for scientists

LONGYEAR, from page 1

mining baron who became Longyearbyen's namesake a century ago.

Longyear wasn't a scientist, but his life in the rough terrain of the United States and then Svalbard resulted in several unintended legacies that have aided the field, said Frederick Nelson, a professor at the University of Delaware who presented his findings Monday at The University Centre In Svalbard.

"I'm not trying to make a scientist of him," Nelson said. "I admire him because he was a keen observer."

Nelson's presentation, among the first at the third European Conference on Permafrost, offered visiting scientists an overview of Longyear's co-founding Svalbard's first successful coal company and gave even some longtime local residents new insight into



John Munroe Longyear near Longyearbyen. Photo by Scanpix.

the "aggressive capitalist's" activities in the United States.

Longyear's wood-chopping accident in 1872 caused him to become a "landlooker" in northern Michigan while he regained his health, Nelson said. He became a multimillionaire by the 1880s due to clever business tactics in mining and lumber, and in 1889 founded the Huron Mountain Shooting and Fishing Club along the shore of Lake Superior with several other prominent Michigan men. Longyear's Stone House is now used to house scientists conducting research in the area.

He became the mayor of Marquette during the 1890s and, after his death, his daughter donated his collection of books, maps, photographs, and manuscripts to the Marquette County History Museum.

There's more! Visit www.icepeople.net for the complete story.

Drastic changes expected in frozen soil

PERMAFROST, from page 1

when rain fell during much of January was followed by frigid weather in February. Large temperature fluctuations lead to the intense cracking seen frequently by those studying areas of Adventdalen.

"This year was a very impressive year," Christiansen said. "We saw in some places these cracks were opening up to two meters."

More than 250 permafrost scientists and engineers from 27 countries attended the conference, the third including gatherings in Rome in 2001 and Potsdam, Germany, in June 2005. It is the largest science conference hosted by UNIS and follows last week's International Polar Year conference in Oslo, where the results of more than 200 projects from the past three years were presented.

The permafrost conference featured classroom presentations of findings throughout the world, but also offered attendees a chance to study the frozen ground both on some of Earth's least-explored terrain and under settlements where building techniques of widely varying protective efficiency were used.

Arne Instanes, a designer of foundation systems in Svalbard who just formed his own company, said Longyearbyen went through several stages of construction changes. Most were improvements, but some earlier mistakes began creeping in about a decade ago as the community changed from a company town to a family one.

"A lot of people came up with new ideas of how to do things and some of those ideas maybe didn't look at the history," he said.

Instanes discussed problematic areas such as the airport runway ("the worst one in Norway"), the central municipal building and the water/heating pipeline system ("you don't bury warm pipelines"). He also said the large number of historic buildings that can't be torn down — although "they should be" — present significant challenges.

Temperatures are expected to rise by 2100 to about where Oslo's are now, placing limits on the lifespan people can expect from buildings, he said.

There's more! Visit www.icepeople.net for the complete story.

What's up

June 17

8 p.m.: Photo exhibit of Erling J. Nødtvedts, Svalbard's parish priest from 1951 to 1960, presented by his daughter, Tone Nødtvedt. Svalbard Museum. Will be viewable online later this year.

June 18

Last day of school before summer break.

June 19

6 p.m.: Midsummer beach party, barbecue and bonfire at Svalbard Sailing Club.

June 20

11 a.m.: Liturgy. Svalbard Church.

8 p.m.: Movie: "Date Night," U.S. action/comedy, ages 11 and up. Huset.

June 21

10:15: Environmental and industrial committee meeting. Næringsbygget 1, Tundra room.

June 27

11 a.m.: Liturgy. Svalbard Church.

8 p.m.: Movie: "Clash of the Titans," U.S. fantasy/adventure, ages 11 and up. Huset.

July 4

11 a.m.: Liturgy. Svalbard Church.

8 p.m.: Movie: "Robin Hood," U.S. action/drama, ages 11 and up. Huset.

July 11

11 a.m.: Liturgy. Svalbard Church.

July 18

11 a.m.: Liturgy. Svalbard Church.

July 25

11 a.m. Liturgy. Svalbard Church.

Aug. 1

11 a.m.: Liturgy. Svalbard Church.

Aug. 8

11 a.m.: Liturgy. Svalbard Church.

Aug. 14

Svalbard's National Day celebration. Details to be published at www.svalbardkirke.no.

What's online

[Icepeople.net](http://www.icepeople.net) provides daily updates of news about Svalbard and the world's polar regions, plus extras for articles from the print edition. Among the latest news:

- *Twilight of the coal era?*
- *ICC wants halt to Arctic oil drilling*
- *Sami sacred places of renewed interest*
- *Whale poop fights climate change*