



*Resource Development Council for Alaska, Inc.
2013 Annual Report*



Growing Alaska through responsible resource development

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Development Council



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About RDC

RDC is a statewide association comprised of individuals and companies from Alaska's oil and gas, mining, forestry, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC Staff



From left to right: Rick Rogers, Executive Director, Kati Capozzi, Membership Director, Carl Portman, Deputy Director, and Marleanna Hall, Projects Coordinator.

Resource Development Council

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Oil and Gas

Industry Fact

Over the past 40 years, the State has received over \$170 billion in revenues from oil.



Overview

With the recent passage of the More Alaska Production Act, the oil industry is now poised to stem the North Slope's production decline. The new tax structure is designed to draw investment back to Alaska to increase production and throughput in the Trans-Alaska Pipeline, which is running at one-third capacity.

A resurgence in the oil and gas sector would be good news for Alaska's economy because it would lead to new investment, new jobs, and new production, which means more long-term revenues to the State. Recently, a number of companies announced they will increase investment in Alaska as a result of the new tax regime. They note the new tax structure has helped improve the economics of Alaska projects relative to opportunities elsewhere.

There is estimated to be nearly 50 billion barrels of conventional oil remaining on the North Slope and offshore areas of the Alaska Arctic, representing 43 percent of America's oil potential. This oil has the ability to support the Alaskan economy for generations, and help secure North America's energy security.

The industry continues to drive much of the growth in Alaska's economy. Oil revenues provide 93 percent of the state's unrestricted general fund revenues and at least a third of all Alaska jobs can be attributed to the industry.

Unrestricted general fund revenue from oil production was \$8.85 billion in FY 2012. In FY 2013, unrestricted revenues from oil production is anticipated to fall to \$6.86 billion and FY 2014 revenues are forecast at \$6.09 billion.

Daily oil production in FY 2012 was 579,000 barrels per day and is expected to fall to 538,000 barrels per day in FY 2013. (*Revenue and production forecasts based on the 2013 Spring Forecast, issued before passage of the More Alaska Production Act, which takes effect January 1, 2014.*)

RDC's Efforts

- Advocated for revisions to Alaska's oil production tax structure to enhance Alaska's competitiveness for investment.
- Played a leading role in advocating for oil and gas development in the Alaska OCS.
- Offered comments on the environmental impact statement on the Effects of Oil and Gas Activities in the Arctic Ocean.
- Submitted comments on the long-range plan for the National Petroleum Reserve-Alaska.
- Met with freshmen lawmakers in Washington, D.C. to advocate for Arctic oil development.
- Worked with other organizations to help lead a campaign that defeated a ballot measure which would have established an overreaching coastal management program, causing additional undue regulatory burdens.
- Submitted comments to the U.S. Army Corps of Engineers urging issuance of a key permit to advance the Point Thomson project.
- Supported the Shadura oil and gas project in the Kenai National Wildlife Refuge.
- Provided comments on the first draft recovery plan of Cook Inlet beluga whales.
- Opposed listing of Arctic bearded and ringed seals as threatened or endangered under the Endangered Species Act.
- Supported issuance of a permit for 3-D seismic survey in the Kenai National Wildlife Refuge.
- Published Action Alerts and submitted comments on a wide range of other oil and gas issues.
- Featured updates on issues and projects in *Resource Review* newsletter and hosted public forums with presentations from oil industry executives across the state.
- Published background paper on the oil and gas industry at akrdc.org.

Industry Fact

An estimated \$275 million was spent on exploration in 2012, with an additional \$270 million expended on mine construction and investment.

Mining



Overview

Mining in Alaska provides thousands of jobs and pays millions of dollars in wages and taxes throughout the state, often in communities where few or no other opportunities exist.

Money spent on development was up nearly \$100 million from the previous year, to \$275 million. Exploration expenditures is estimated to have been down in 2012 to \$275 million.

There are seven large producing mines in Alaska, and eight more in either the advanced exploration or permitting phase, as well as thousands of smaller operations throughout Alaska.

Mining in Alaska produces zinc, lead, gold, platinum, silver, coal, and construction materials such as sand and gravel. Alaska also contains many Rare Earth Elements.

Mining works for Alaska, and has, for over 125 years.

RDC's Efforts

- Submitted comments on the Donlin Gold Project scoping Environmental Impact Statement.

- Encouraged the retention of access for mineral exploration and development in the Bristol Bay Area Plan and Eastern Interior Resource Management Plan.

- Supported coal exploration and permits at Usibelli Coal Mine and Canyon Creek.

- Advocated for a fair process for the Pebble Project, including discouraging the EPA from prematurely conducting the Bristol Bay Assessment.

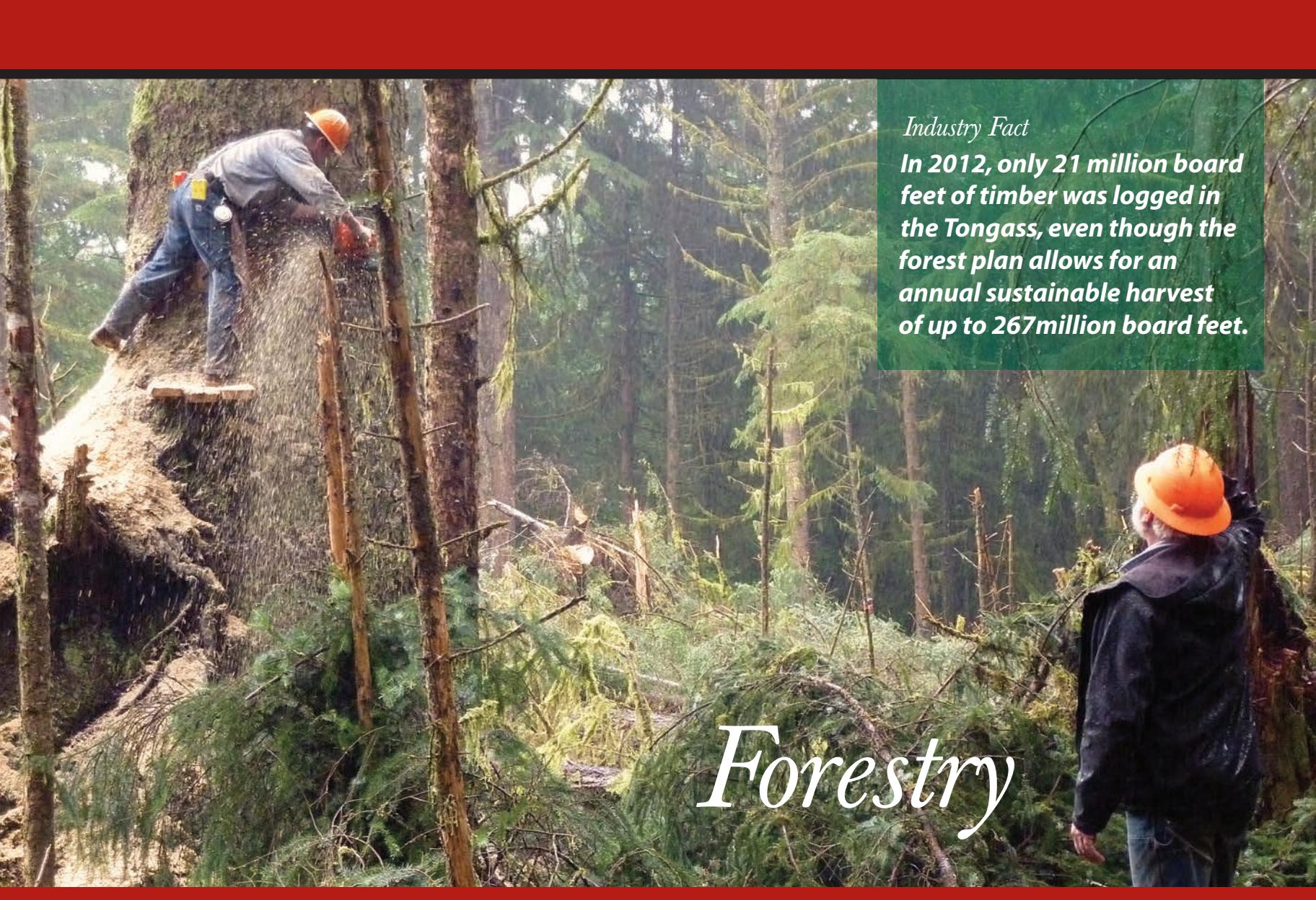
- Supported critical minerals access and legislation, as well as extension of the Alaska Minerals Commission, and the State of Alaska becoming a full member of the Interstate Mining Compact Commission.

- Supported expansion for the Greens Creek Mine tailings facility.

- Featured mining issues and projects in Resource Review newsletter and hosted public forums with presentations from mining industry executives across the state.

- Published background paper on the mining industry at akrdc.org.



A large, dense forest scene occupies the left two-thirds of the image. In the foreground on the left, a logger wearing a grey long-sleeved shirt, blue jeans, and an orange hard hat is using a chainsaw to cut down a tall, straight coniferous tree. A significant amount of sawdust and wood chips are flying from the cut. The ground is uneven and covered with fallen branches and needles. In the background, more tall trees stand in a misty, overcast environment.

Industry Fact

In 2012, only 21 million board feet of timber was logged in the Tongass, even though the forest plan allows for an annual sustainable harvest of up to 267 million board feet.

Forestry



Overview

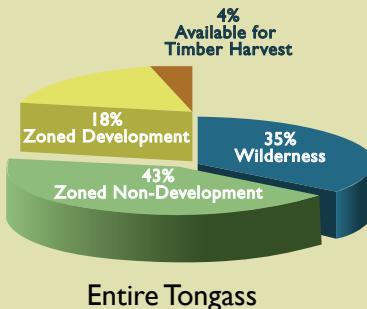
Once Alaska's second largest private sector employer, the forest industry has been in decline for over 20 years. Political and economic pressures, federal land withdrawals, a more stringent regulatory climate, and environmental lawsuits have transformed the industry. Yet forestry still has potential to diversify the economy. Trees are a renewable resource, providing jobs, wood products, and biomass energy to Alaskans.

Most commercial logging has taken place in Southeast Alaska, primarily in the Tongass National Forest and on Native corporation land. Now more harvests are occurring on state lands.

In 2012, only 21 million board feet of timber was harvested from the Tongass, even though the current forest plan allows for an annual sustainable harvest of 267 million board feet. Ironically, the annual sustainable harvest level set under the Alaska National Interest Lands Conservation Act of 1980 was 520 million board feet.

Timber harvests on Native corporation, Mental Health Trust, and University of Alaska lands reached 120 million board feet in 2012. Meanwhile, the State of Alaska sold 21 million board feet of timber last year.

According to the Alaska Department of Labor, up to 364 people were directly employed in



Only seven percent of the total productive old-growth and 15 percent of the highest volume stands have been logged over the last 100 years in the Tongass National Forest. Today, only four percent of the Tongass is available for logging. This timber has the potential to revive the industry and local communities, but federal and environmental politics, litigation, and the economic viability of timber sales continue to stifle potential.



forestry and logging jobs across Alaska in 2012, down from 4,600 in 1990. An additional 220 in wood products and manufacturing jobs contributed to a total payroll of nearly \$23 million last year.

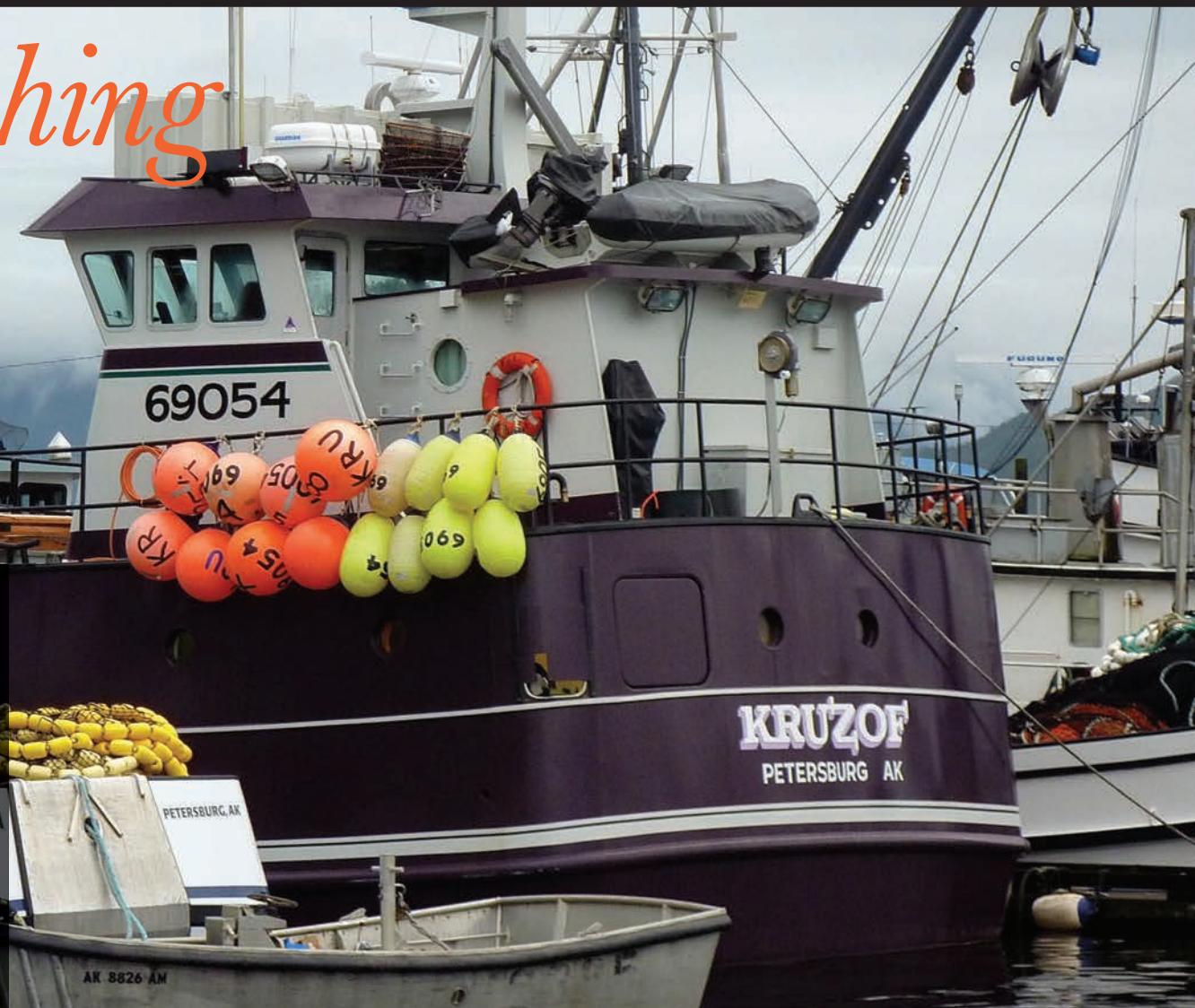
RDC's Efforts

- Joined other organizations in filing a lawsuit challenging the new Forest Planning Rule.
- Offered comments supporting the Sealaska lands bill.
- Commented on the Forest Planning Rule.
- Participating in the five-year review of the 2008 Tongass Forest Plan.
- Testified on the Assessment of the Chugach National Forest Plan revision.
- Board tour of Sealaska Corporation's timber harvest and silviculture operations.
- Featured forestry issues and projects in *Resource Review* newsletter and hosted public forums with presentations from executives across the state.
- Published background paper on the forestry industry at akrdc.org.

Fishing

Industry Fact

The most recent harvest records indicate the total value of seafood from Alaska was \$2.3 billion, up 29 percent from the year prior.



Overview

Alaska continues to be a model of excellence in fisheries management through the North Pacific Fishery Management Council, comprised of federal fisheries administrators, state fisheries agency personnel, and knowledgeable private citizens. Based on sound scientific research and analysis, the management practice proactively ensures the sustainability of fish resources and associated ecosystems for the benefit of future, as well as current generations.

Alaska's seafood portfolio primarily includes salmon, halibut, pollock, cod, herring, crab, and several other varieties of shellfish and ground-fish. The Alaska brand of being wild, sustainable, and of the highest quality distinguishes itself in the national and global markets.

Commercially harvested seafood from Alaskan waters accounts for over half of Alaska's total direct exports and continues to be the largest private sector employer in the state, providing a combined 60,000 seasonal and full-time jobs. The commercial fishing industry brings over \$100 million in tax revenue to state and local governments.

Additionally, sportfishing in Alaska is a \$1.4 billion industry, providing approximately 16,000 jobs statewide, and \$125 million in state and local taxes.

RDC's Efforts

- Supported the Alaska legislature's ongoing efforts for a National Ocean Policy resolution, seeking an Alaska Region exemption or allowing for voluntary participation.
- Commented on the Draft Environmental Impact Statement of the western distinct population segment of the Steller sea lion under the Endangered Species Act.
- Commented on a petition to list the Iliamna Lake Seal as threatened or endangered under the Endangered Species Act.
- Participated in North Pacific Fishery Management Council meetings.
- Participated in numerous forums on issues facing Alaska fisheries in the Pacific Northwest.
- Featured fishing issues and projects in *Resource Review* newsletter and hosted public forums with presentations from executives across the state.
- Published background paper on the fishing industry at akrdc.org.



Tourism

Industry Fact **Cruise ships visiting Alaska have some of the most advanced wastewater treatment systems around the world, treating wastewater to a level higher than many community treatment facilities.**



Overview

Alaska is different than any other destination in the world. Each day there is something new to see, from glaciers to wildlife, to mountains and coastlines. Alaska continues to be a popular destination for visitors, but tourism isn't as strong as it was several years ago.

RDC, along with visitor organizations, continued to work to create a positive business environment in Alaska for the cruise and tourism industries.

While the number of visitors is slightly rising, tourism businesses are still hopeful the latest policy changes will continue to reverse the decline seen in 2008.

Approximately 1.8 million people visited Alaska in the year ending April 2012. About 85 percent of these visitors traveled during May – September, and of all visitors, 48 percent arrived by cruise ship, 47 percent by air, and the remainder by highway or ferry.

Tourism continues to be a large private sector employer in Alaska, supporting approximately 37,800 direct and indirect jobs. Tourism is a renewable resource with many opportunities yet to be discovered.

RDC has supported efforts by the State to push back on the EPA's implementation of the



Emission Control Area (ECA). While ECA will negatively impact all industries in Alaska, it will disproportionately impact tourism.

RDC's Efforts

- Remained engaged with AlaskaACT and its mission to advocate for a positive business environment for Alaska tourism.
- Commented on the National Marine Fisheries Service Advanced Notice of Proposed Rulemaking for the Alaska harbor seal.
- Intervened in the State of Alaska's suit against the federal government to exempt Alaska from the EPA's Emission Control Area.

- Supported equitable environmental laws for the tourism industry.
- Engaged in tourism promotion to increase awareness of environmentally sound practices, such as wastewater treatment systems and recycling management.
- Supported increased access and infrastructure for tourism across the state.
- Featured tourism articles on issues and news in the Resource Review newsletter, and hosted public forums featuring tourism presentations by executives around the state.
- Published background paper on the tourism industry at akrdc.org.



- **View action alerts and comment letters**
- **Access industry overviews**
- **Be in the know on RDC events**
- **Watch presentations**
- **View corporate and individual members**
- **View RDC board and staff**
- **Read RDC newsletters back to 1978**
- **Look over RDC policy positions**
- **See RDC's involvement in legislative issues**

All this, and more at akrdc.org



The RDC Board and staff continued its active engagement in Juneau last session, testifying and providing written comments on a number of bills.

- SB 21 – Supported oil production tax reform and rallied Alaskans to hearings
- SJR 3 – Urging the U.S. Congress to open ANWR
- HJR 6 – Relating to new oil development in NPR-A and federal legacy wells
- SB 2/HB 114 – Supported Alaska becoming a full member of the IMCC
- HB 99 – Testified in support of HB 99 – Support of Alaska Minerals Commission
- SJR 8/ HJR 9 – Relating to Rare Earth Elements
- HB 80/SB 29 – Support of Changing Regulation of Wastewater Discharge
- HB 77/SB 26 – Support Relating to the State's bill on Land Disposals/Exchanges; Water Rights
- SB 28/HB 79 – Support of Susitna State Forest
- HB 137/SB 32 – Support Relating to Hydroelectric Feasibility
- HB 4 – Alaska Gasline Development Corporation
- HJR 16 – Relating to National Ocean Policy and Coastal and Marine Spatial Planning
- SJR 2 – Limiting federal intervention in Alaska
- Support of Alaska Laborers' Training School – Workforce development
- Alaska Business Report Card – Visit alaskabusinessreportcard.com

Other issues

Ballot Measure 2, coastal management program • Sealaska lands bill
ESA listings and critical habitat designations • Susitna-Watana Hydroelectric Project
National Ocean Policy • Coastal and Marine Spatial Planning
Health Impact Assessments • Izembek Land Exchange • Alaska Railroad track extensions
State fiscal plan • Wood bison • Litigation reform • State long-term energy plan

Visit akrdc.org for updates on these and other important issues

Events

37th Annual Meeting – June 2012

Featured John Hofmeister, addressing developing hydrocarbons in an anti-hydrocarbon age. This well-attended event was sponsored by nearly 130 Alaska companies supporting RDC's efforts to responsibly develop Alaska's natural resources.

Community Outreach Trip – August 2012

Nearly 40 RDC board members, staff, and guests traveled to Ketchikan and Prince of Wales Island (POW). The group toured a Trident Seafood Plant, POW's Black Bear Hydro facility, the Viking Sawmill in Klawock, a cruiseship environmental tour, and Sealaska's silviculture forests. The group received an update on the Niblack mineral prospect, with some members touring the site.

Alaska Resources Conference – November 2012

The 33rd Annual Conference attended by nearly 1,000 people featured nearly 40 speakers from across Alaska's resource sectors and a multi-industry trade show.

Legislative Fly-in to Juneau – January 2013

Over 45 RDC board members and staff met with the Governor, legislators, and administration officials to discuss issues affecting RDC members.

Women in Resources Reception – February 2013

Women RDC board members and staff hosted the ninth annual reception in Juneau. Over 75 women legislators, administration officials, business leaders, and policy makers attended the event recognizing Women in Resources.



Breakfast Meetings – September-May

Breakfast forums on the first and third Thursday of the month feature current events and hot topics. Guest speakers and topics have included U.S. Senator Lisa Murkowski, State of Alaska Commissioners, legislative updates, hydropower, coal, industry updates, endangered species and more.





RESOURCE DEVELOPMENT COUNCIL

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Oil and gas



Mining



Fishing



Forestry



Tourism