RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

BREAKFAST MEETING

Thursday, March 3, 2011

1. Call to order – Tom Maloney, President
2. Self Introductions
3. Headtable Introductions
4. Staff Report – Jason Brune, Executive Director
5. Program and Keynote Speaker:

Global Growth, Mining, and the Pebble Project
Cynthia Carroll, Chief Executive, Anglo American

Next Meeting: March 17: Linc Energy: Our Plans For Alaska, Paul Ludwig, Stakeholders Relations Manager, Linc Energy Operations Inc.

Please add my name to RDC's mailing list:

NAME/TITLE: ______________________

COMPANY: ______________________

ADDRESS: ______________________

CITY: ______________ STATE: ______ ZIP: ____

PHONE/FAX/EMAIL: ______________________

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10 Global leaders

The rise of emerging markets means that seven global stars are from China and four are from India, including the first female CEO of a private bank in India (no. 10).

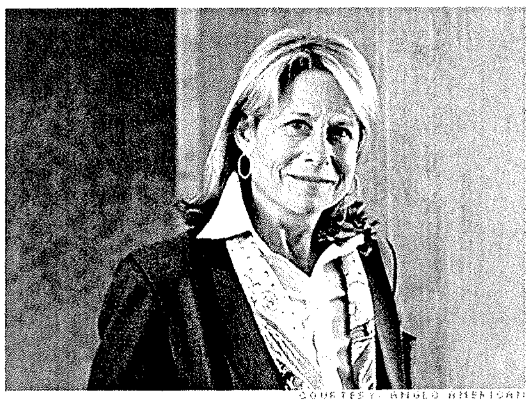
1. Cynthia Carroll

CEO

Anglo American

2009 rank: 1

Country: Britain



COURTESY: ANGLO AMERICAN

Carroll, 53, navigated Anglo American through a global slump to bumper profitability in 2010. Though operating profits dropped 50% to $5 billion in 2009, the mining company has made a resounding comeback, and in the first half of 2010 alone operating profits more than doubled to $4.4 billion.

Carroll cut staff by 25% and divested non-core assets like zinc, keeping her focus on diamonds, platinum and copper, the commodities most leveraged to demand growth in China and India.

In September 2010, Carroll was appointed chairman of subsidiary Anglo Platinum Ltd., giving her a more direct role in the world's largest platinum operation. She is also Director of BP Plc. and Director of the diamond leader De Beers, 45 % owned by Anglo American Plc.

With a $17 billion pipeline of low cost growth projects earmarked for 2011 and beyond, the Mini Cooper-driving geologist is also focused on mining safety issues.

By Rupali Arora, contributor

NEXT: 2. Gail Kelly

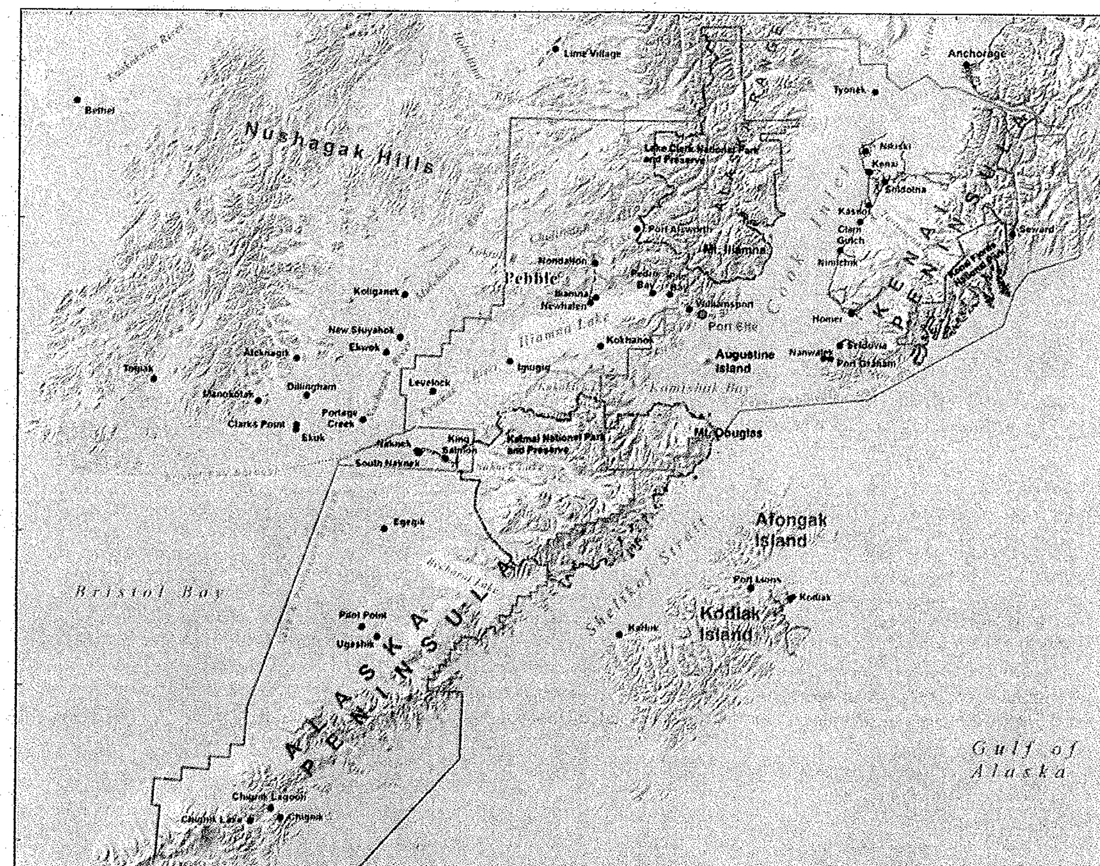
Last updated September 29 2010: 6:20 AM ET

● ALASKA

EPA decides not to prohibit Pebble, yet

Federal agency chooses to conduct study on the effects of large-scale development on Bristol Bay; lawmakers encouraged, concerned

By SHANE LASLEY
Mining News



PEBBLE LIMITED PARTNERSHIP

The U.S. Environmental Protection Agency has decided not to preemptively strike down the possibility of building a mine at the Pebble copper-gold-molybdenum project, at least for now. Instead, the federal agency has decided to take a year to study the potential effects of large-scale development on Southwest Alaska's Bristol Bay watershed where Pebble is located.

EPA said its decision to conduct the study is in response to Bristol Bay Native Corp. and others who petitioned the agency to exercise its authority under Section 404(c) of the Clean Water Act to prohibit the discharge of dredged or fill material from the proposed Pebble copper-gold-molybdenum mine.

Under 404(c) EPA has the power to preemptively prohibit, restrict, or deny a permit, if it believes there is an unacceptable adverse impact to fisheries or other water uses.

The federal agency cited Bristol Bay's importance as a source of wild Pacific salmon for commercial, recreational and subsistence users.

EPA spokeswoman Marianne Holsman told Mining News that three questions will guide the study.

Is the Bristol Bay salmon fishery the one of a kind, world-class fishery that it is depicted to be?

What are the existing and potential risks to Bristol Bay's salmon fishery associated with large-scale development activities such as hardrock mining?

Are there technologies or practices that will mitigate these risks?

Lawmakers wary

Alaska's U.S. senators view the Bristol Bay study as a sensible preliminary step in determining how best to proceed with large-scale development in a region prized for its world class salmon fishery, but they have expressed concern that the study is a veneer of science painted over a predetermined decision by the agency.

"The EPA's decision to withhold judgment on the potential environmental impact of projects like the Pebble Mine until all the scientific information has been collected and analyzed is a prudent decision," Sen. Lisa Murkowski, R-Alaska, said in response to the study.

Alaska's senior senator later added, "While such preemptive action by the EPA remains a concern, I do not have an automatic objection to the agency looking at the potential impacts of development on the watershed. At the same time, I will make sure that the EPA's analysis is based on science and that the process is transparent and unbiased. I will be watching closely to make sure the assessment is not simply a 'check-the-box' exercise that provides cover for (the) EPA to veto future permit applications."

Sen. Mark Begich, D-Alaska, took a similar tone to that of his Republican counterpart in his response to the EPA's decision to conduct the study.

"I've long said that decisions about large-scale development such as the Pebble Mine must be based on sound science and not people's fears," Begich said. "I still want to see more details about this process, and how it will proceed. I hope for a fully transparent process that invites all sides to the table and involves all the affected stakeholders including fishing groups, tribes, Alaska Native corporations and local communities. I also want to ensure this is a thorough and robust vetting of the issues involved and not just a bureaucratic exercise."

Murkowski said she has her staff reviewing EPA's proposal for the Bristol Bay study and "will make any and all recommendations for changes to ensure the process is fair to all stakeholders."

"I am committed to letting the science decide whether mining is right for the Bristol Bay region, but any attempt to pre-judge a project before the environmental work is finished would be a troubling signal, as well as a clear violation of the environmental review process," she

see EPA STUDY page 19

continued from page 18

EPA STUDY

added.

The EPA maintains that the Bristol Bay study does not represent any regulatory decision, but will be used to steer the agency's future policies or recommendations regarding large-scale development in the region.

When asked what policies or recommendations might result from the study, Holsman said, "The information gathered will inform any future guidelines or actions about how to protect the waters and promote sustainable development. Until the assessment is complete, we aren't speculating about or pre-judging what those guidelines or actions might be."

Gathering data

While petitioning the EPA to invoke its 404(c) authority, the Bristol Bay Native Corp. endeavored to narrow the scope of the requested prohibition to specific lands owned by the State of Alaska at the headwaters of the Kvichak and Nushagak River drainages, the site of the Pebble deposit.

"With Section 404(c), we recognized the opportunity to be proactive and specific in our opposition to Pebble mine, and this is one part of a broader implementation of our corporation's commitment to protecting the sustainable natural resources in Bristol Bay and further sustainable economic development," Bristol Bay Native Corp. President and CEO Jason Metrokin said when the group filed the petition.

The nearly 13 million acres of wildlife refuge or federal park lands that cover most of the Bristol Bay watershed will not be included in the EPA study; instead the agency will focus on areas where development is not already restricted – primarily the Nushagak and Kvichak watersheds.

Though EPA's proposed focus area roughly reflects that requested by the Native corporation, the environmental agency said the study will not only focus on hardrock mining projects like Pebble, but also will consider the effects of any future large-scale development on the Bristol Bay watershed.

The environmental agency said it will accept and consider public input during the watershed study and will continue to work closely with tribal governments, state and federal agencies as well as accept industry input as it conducts the study.

"Gathering data and getting public input now, before development occurs, just makes sense. Doing this we can be assured that our future decisions are grounded in the best science and information and (are) in touch with the needs of these communities. We look forward to working with Alaskans to protect and preserve this valuable resource," said EPA Region 10 Administrator Dennis McLerran.

Holsman told Mining News that the agency's preliminary plans include scheduling an initial round of public meetings in about six months, with one meeting planned for Anchorage and another to be held somewhere in the Bristol Bay region.

She said the EPA would then conduct peer review of the assessment before holding another round of meetings in Alaska. All told, the agency anticipates the study will take about a year to complete. ●

United States Senate

WASHINGTON, DC 20510

February 16, 2011

The Honorable Lisa Jackson
Administrator
Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator Jackson:

I appreciated your call last week to let me know that the Environmental Protection Agency (EPA) would not act on a petition it has received to preemptively veto development in the Bristol Bay watershed, but instead undertake a formal scientific assessment of the watershed. As we discussed, while I do not object to the concept of the review, I want to take you up on your invitation to bring additional issues to your attention and obtain information that will help me fully understand what you are proposing.

Since the concept of Pebble Mine was first proposed, I have encouraged all stakeholders to withhold judgment until 1) a detailed plan is released for review and 2) we have received all relevant scientific analysis of that proposed plan and its impacts. A preemptive veto, just like a preemptive approval, would be based purely upon speculation and conjecture. It would deprive relevant government agencies and all stakeholders of the specifics needed to take an informed position. That would be an unacceptable outcome.

As the Bristol Bay watershed analysis proceeds, I urge you to commit to waiting until a permit application is filed and NEPA documentation is complete so you can have the benefit of that information, before you complete the watershed analysis and consider whether EPA should exercise its veto authority. Such a commitment would go a long way towards providing confidence that the EPA's work on this matter is not pre-judging any specific decision that may ultimately confront the agency.

On February 7, 2011, your staff provided mine with a three-page document summarizing how you plan to conduct a watershed assessment of the Bristol Bay area. That document calls for rapid completion of the watershed assessment within one year, but provides relatively little detail on how it will be conducted. In response to your offer, I am offering suggestions regarding clarification of the process EPA will follow and asking questions so that I may better understand what you propose to do.

Suggestions:

- The watershed assessment should comply with all requirements of the Administrative Procedure Act.

- EPA should, in addition to the Federal, State and Tribal organizations listed in the February 7th document, solicit input from, and take into account the views of, Mayor Alsworth, Governor Parnell, the Alaska Department of Fish & Game, the Alaska Department of Environmental Conservation, Alaskan Universities, Alaska Native

Corporations, interested non-governmental organizations, representatives of the Alaska fishing industry, the Pebble Partnership itself, and all local governments on the Alaska Peninsula and in the areas surrounding Bristol Bay.

- Given the complexity of the science and technology, the potential cost and economic implications of the impending decision, and the level of controversy of the issue, an extensive external peer review appears to be the right approach for the watershed assessment. The EPA's Peer Review Handbook also suggests that highly influential scientific assessments are expected to undergo external peer review.

  EPA should avail itself of external peer review mechanisms, such as: independent experts from outside the agency; an ad hoc panel of independent experts from outside the agency; a review by an established Federal Advisory Committee Act mechanism such as the Science Advisory Board; an agency-appointed special board or commission; and/or a review by the National Academy of Sciences.

- In addition to focusing on the "economic significance of the salmon resources", which are the chief economic and cultural drivers of the Bristol Bay area, the assessment should analyze the value of all natural resources in the Bristol Bay area that may be affected by the review and fully assess the current economic conditions in the Lake and Peninsula Borough (i.e. personal income, unemployment, cost of living, and other factors) that might better inform decisions about development proposals in the Bristol Bay region.

Questions:

- If the EPA has conducted a "watershed assessment" before, would you provide copies of the assessments and the statutory authorities under which they were conducted? If not, please provide a description of the statutory authorities for this assessment.

- Will the conclusions reached by the "watershed assessment," or actions taken pursuant to it, be subject to judicial or administrative review?

- Should a veto be exercised preemptively within the Bristol Bay watershed – not in relation to an application to undertake specific development in the area – could that decision be interpreted by courts or future administrations to extend more broadly to all future development proposals (e.g., an airstrip, fish-processing plant, refinery, hospital, school, museum) that may require a dredge or fill disposal site?

- It seems that a preemptive veto could set a number of highly-problematic precedents. For example, the Bureau of Land Management, the U.S. Forest Service, and other federal agencies have historically been tasked with land planning decisions on federal acreage. Similarly, state lands are managed by analogous entities. Should the EPA issue a preemptive veto of an entire area which, in this case, consists largely of state lands, those aforementioned agencies would no longer be able to plan for multiple-use activities, but instead be subjected to preemptive yes-or-no decisions from the EPA under whatever speculative assumptions regarding development the EPA may choose to adopt.

  Has the EPA considered the precedents that would be set by a preemptive veto? Has the EPA consulted relevant federal and state agencies regarding such a course of action?

Could third-party litigants cite the veto as precedent in opposing other projects within the watershed?

- In response to the petition received by the EPA to preemptively veto development in the Bristol Bay area under Section 404(c) of the CWA, were responses other than the conduct of a watershed assessment considered by the EPA? Specifically, did the agency consider simply informing the petitioners of the need to wait until an actual permit application had been received for consideration under the CWA, the National Environmental Policy Act, and other relevant statutes? Conversely, did the EPA consider issuing a preemptive veto in response to the petition?

- Because primary authority over fill decisions rests with the Army Corps of Engineers, and because EPA has rarely exercised veto authority over Corps approvals, what deficiency does EPA forecast with what would presumably be the Corps' work on any proposed fill application, to such extent that EPA feels compelled to conduct this analysis in advance of any such work?

It is my hope that these suggestions are useful, and that answers to the questions above will provide a better indication of the direction the EPA is headed with this watershed assessment. This assessment must not be a check-the-box exercise that merely provides cover for the EPA to veto future permit applications, but a good faith effort to bring a scientific and unbiased assessment to inform a difficult decision.

My concerns over the "watershed assessment" in Bristol Bay are magnified by your agency's recent, retroactive veto of an already-approved permit in West Virginia. That action not only increased the number of times a CWA Section 404(c) veto had been undertaken to 14, but also greatly expanded the EPA's interpretation of its authorities under the CWA. The decision, made in an already-uncertain regulatory environment, was also inconsistent with President Obama's executive order of January 18, 2011, which stated, in part, that, "[o]ur regulatory system… must promote predictability and reduce uncertainty".

Both the now-exercised retroactive veto in West Virginia and the possibility of a preemptive veto in Alaska, or any other state, are unprecedented. When Congress believes that an agency's implementation of laws fails to adhere to the intent of the legislature, actions are often taken to clarify that intent. When exercising the authorities under Section 404(c) of the CWA or any other provision of law, I encourage you to bear in mind that these are all authorities provided by elected representatives in Congress, and their continued existence relies upon justifiable and measured usage.

Thank you for your attention to this matter.

Sincerely,

Lisa Murkowski

Lisa A. Murkowski

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Governor Sean Parnell
STATE OF ALASKA

September 21, 2010

The Honorable Lisa P. Jackson
Administrator
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson,

I am writing regarding the petition your agency received from six federally recognized tribes to initiate the Clean Water Act Section 404(c) process to prohibit or restrict discharges of dredged or fill materials, including mine tailings, within the watersheds that would include the Pebble Mine. I ask that you decline to invoke Section 404(c) at this time for reasons I will explain.

Let me begin by assuring you that we share a goal of protecting the waters, wetlands, fish, wildlife, fisheries, subsistence, and public uses of the Bristol Bay watershed. This area is home to bountiful natural resources and beauty including vast runs of sockeye and other pacific salmon that support immensely valuable commercial, subsistence, and sport fisheries. As Governor, I will do everything in my power to see that any new development fully protects the resource values of the area, and does not come at the expense of what we have today.

While I understand and share the petitioners' desire to protect the resources in Bristol Bay, I disagree that invoking the 404(c) process at this time would contribute to that goal. At best, it would waste agency and public time and resources. At worst, it would work against our mutual aims. I offer the following thoughts for your consideration.

A premature 404(c) determination effectively prohibiting mining in the area would impinge on State land use planning authority. Much of the land in the Bristol Bay area belongs to the State of Alaska. We have completed several iterations of land planning for these lands including exhaustive public outreach and deliberations to find a balance between competing interests and potential land uses. While we recognize that initiating the 404(c) process does not necessarily lead to a particular outcome, even the possibility that the process would conclude with a prohibition against mining over vast expanses of State lands causes us great concern. Federal preemption of traditional State land use authority is an alarming prospect to say the least. To start with, it would undo years of planning effort, but the effects do not stop there. There has been tremendous investment in the area based on the potential for mineral development. We cannot fathom the liability and legal challenges that could accompany an unprecedented, after-the-fact determination by the federal government that mineral development from these State lands is no longer viable.

Clean Water Act Section 404(c) offers no protections beyond those included in the Clean Water Act Section 404(b)(1) permit process. The regulations that implement the two parts of the Clean Water Act include virtually the same prohibitions, and call for virtually the same analyses and findings. Where Section 404(c) rules prohibit "unacceptable adverse effects on municipal water supplies, shellfish beds and fishery areas (including spawning and breeding areas), wildlife, or recreational areas," the Section 404(b)(1) rules prohibit "significantly adverse effects . . . on municipal water supplies, plankton, fish, shellfish, wildlife, and special aquatic sites" as well as "recreational" and "aesthetic" "values." The prohibitions and standards are very similar. The difference, of course, is that you are being asked to invoke Section 404(c) now ahead of any environmental planning and permitting processes, whereas the Section 404(b)(1) process would come later as part of the permit process for Pebble or another mine. The fact remains that Section 404(c) does not offer any more protection for area resources than does Section 404(b).

The record is currently insufficient to support the findings demanded by the 404(c) process, and could not begin to approach the record that will exist upon completion of the National Environmental Policy Act (NEPA) and permit processes that would be required for new mine development. As already mentioned, the 404(c) process hinges on the Environmental Protection Agency (EPA) deciding whether there will be "unacceptable adverse impacts" on "municipal water supplies, shellfish beds and fishery areas (including spawning and breeding areas), wildlife, or recreational areas." The environmental planning and permitting process for the Pebble Mine alone will necessarily produce volumes of studies and information that would allow for fully informed decisions about potential impacts from mining in the area.

Not enough is known about mine plans in the area to gauge impacts as required by the 404(c) process. State and federal agencies have yet to receive designs or permit applications for the Pebble Project, or any other major mine in the Bristol Bay area. Without a specific proposal, EPA cannot evaluate the potential impacts or risks from the project. We do not know where facilities would be located, which wetlands might be impacted, or what the characteristics of the dredged or fill material would be.

A meaningful 404(c) process cannot be concluded in the time frame envisioned by the regulations. While the 404(c) process can be initiated before receipt of a permit application, the normal course would begin with a notice of a proposed determination by the Regional Administrator and conclude with a final determination by the Administrator approximately five months later. We recognize that time frames can be extended for good cause, but doubt that anyone envisioned extending the process over the multiple years it would take to collect information, complete the impact analyses, and develop a sound record on a par with what we could expect from the NEPA and permit processes for a new mine development proposal.

The 404(c) process would short change public participation. The public notice and opportunity for comment and hearing associated with the 404(c) process could not rival the outreach, education, consultation, and other public involvement that would occur should the Pebble Mine or another mine advance to the NEPA and permitting phase.

A premature 404(c) determination effectively prohibiting mining in the area would disproportionately impact rural residents and Alaska Natives. Approximately 70 percent of area residents are Alaska Native (2009). Seventeen percent fall below the poverty level (2008). The area has seen an 18 percent population decline in the last ten years. Knowing of your keen interest in the effects of EPA decisions on disadvantaged populations, we hope you would take into account that a 404(c) decision to preclude mining in this economically depressed region would abruptly and conclusively deny area residents any opportunity to avail themselves of the benefits they might seek from responsible mining.

The intended purpose and true utility of the 404(c) process is in addressing actual or imminent adverse effects where the NEPA and permit processes have failed or where there is reason to believe that they will fail. In essence, the 404(c) process is best used as a backstop for the other applicable provisions of Section 404, including application of the 404(b)(1) guidelines and the interagency coordination and dispute resolution procedures developed pursuant to 404(q). There is no purpose or advantage to initiating the process now.

For these reasons, I firmly believe initiating a 404(c) process would be ill-advised and potentially contrary to our shared goal of protecting area resources. I would appreciate your taking our concerns into account. If there is anything else we can do to assist you, please contact my office at 907-465-3500.

Sincerely,

Sean Parnell

Sean Parnell
Governor

cc: The Honorable Lisa Murkowski, U.S. Senate
The Honorable Mark Begich, U.S. Senate
The Honorable Don Young, U.S. House of Representatives
Dennis McLerran, Regional Administrator, EPA Region 10
John Katz, Director State and Federal Relations, Office of the Governor

A Message From The Executive Director

Jason Brune

Outdoor Merchants Stand Against Permitting Process For Pebble Project – What's Next?

An ad opposing the Pebble Project recently ran in many newspapers throughout the state. The ad was sponsored by the Renewable Resources Coalition, the same group that spearheaded the so called "clean water initiative" which, if passed, would mean an end to mining in Alaska.

The ad highlighted logos from many national fish tackle, equipment, and clothing companies, all who have signed on in opposition to Pebble. Some of these companies who signed on include L.L. Bean, Orvis, Patagonia, G. Loomis, Sage, Oakley, and close to one hundred others.

The ad got me thinking. I wonder why they would be willing to endorse such an ad when the very same companies rely on the products a mine such as Pebble would produce. Mined materials are vital to the production of fishing hooks, waders, sunglasses, boats, and basically everything else these companies sell.

Where do they expect to get the raw materials to make their products? Here or in third world nations? If we choose the latter, high paying jobs will leave Alaska and fewer people will be able to afford to buy products from these companies. If we truly are thinking globally, these companies should consider the consequences of third world natural resource development where environmental oversight lags compared with Alaska.

If these companies are expressing their opposition to Pebble, what's to stop them from opposing oil and gas leasing in Bristol Bay, minimal logging in the Tongass National Forest, or any other responsible resource development project in Alaska?

"If these companies are expressing their opposition to Pebble, what's to stop them from opposing oil and gas leasing in Bristol Bay, minimal logging in the Tongass National Forest, or any other responsible resource development project in Alaska?"

Nobody wants to protect Alaska more than Alaskans. However, there is an inherent naiveté amongst lower 48ers. Our permitting process is second to none and with Governor Palin's recent transfer of the Habitat Division back to the Department of Fish and Game, many of the fears that may have existed should be relieved.

These companies clearly feel they need to protect Alaskans from themselves. Unfortunately, they apparently don't care about the ramifications to Alaskans of shutting down all of our economic opportunities. They don't believe mining and protecting fish habitat can occur simultaneously. The example highlighted in this newsletter about NANA and the Red Dog mine proves we can, and do, do it right here in Alaska.

To date, there has not been any formal mine proposed. However, the land where Pebble is located is state land, designated for mining in state land use planning documents. The companies involved have spent hundreds of millions of dollars in exploration.

If and when it does move forward, the National Environmental Policy Act and the state permitting process will kick in and assure that the only way a mine can move forward is if it can protect the existing subsistence, sport, and commercial fisheries resources.

RDC firmly believes that companies such as the Pebble Partnership should be given the opportunity to apply for their permits and prove they can responsibly develop our natural resources. If they can't show they can live up to the intense scrutiny of the permitting process, the project will not move forward. However, support for this process is imperative to Pebble, and indeed all future opportunities in this state.

All in all, the RDC membership and Alaskans in general, spend millions of dollars with these companies each year enjoying the outdoors. RDC members purchase expensive fishing rods, reels, and vests, top of the line tackle and flies, rifles, sunglasses, boats, trips, and other items from these companies. If these companies are opposing our rights to responsibly make a living, I think we should seriously consider who we are doing business with as well.

Companies Opposing The Process For The Pebble Partnership

Abel Quality Products
AEG Media
Airflo Flylines
Albright
American Angler Magazine
American Fly Fishing Trade Association
Boss Tin
Bruer
Brunton
Carbon Flybox Co.
Castaway
Chota Outdoor Gear
Clackacraft Drift Boats
Clear Creek
Cloud Veil
CNDSPEY USA
Cortland
Costa Del Mar
Dan Bailey
Diamondback
Dr. Slick Co
Echo
Ex Officio
Fetha Styx
Filson
Fishing with Cliff
Fishpond
Fly Tyer Magazine
Fly Water Travel LLC
Frontiers
FS Media
G. Loomis
Galvan Fly Reels
Gamakatsu
Gamma
Great Waters Fly Fishing Expo
Greys
Guideline
Hardy Alnwick England
Hat Tail Headwear
Hatch
HMH
Islander Reels
Izaak Walton League
Loon Outdoors
LOOP Fly Tackle & Adventures
March Brown Limited
Mustad
Nautilus
Oakley Eyewear
Orvis

"If these companies are opposing our rights to responsibly make a living, I think we should seriously consider who we are doing business with as well."

Jim Teeny Incorporated
Kaenon Eyewear
Korkers
L.L. Bean
Lamiglas
Outcast Sporting Gear
Partridge
Patagonia
R.L. Winston Rod Co.
REC Components
Redington
Renzetti
Rio
Rising
RO Drift Boats
Sage
Saltwater Fly Fishing Magazine
Scientific Anglers
Scierra
Scott Fly Rods
7 Days
Shallow Water Fishing Expo
Simms
Smith Optics
Snowbee
Southwest Fly Fishing
Spirit River Inc.
St. Croix
Stream Works
TFO Fly rods
The Drake
The Fly Fishing Show
The Fly Shop
The Waterworks Lamson
Thomas & Thomas
Tibor Reels
Trout Unlimited
Turneffe Flats
Umpqua Feather Merchants
Van Staal
Vosseler Pro Fly Fishing
Wapsi Fly, Inc.
William Joseph
Wind River Gesr
Yellow Dog Flyfishing Adventures

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FOR IMMEDIATE RELEASE **No. 11-033**

Governor's Oil Tax Bill Passes House Resources Committee

March 1, 2011, Juneau, Alaska – Governor Sean Parnell today thanked the House Resources Committee for moving House Bill 110, his legislation to restructure oil taxes to spur investment, increase production and create private-sector jobs, out of committee.

The legislation proposes tax credits for drilling wells on the North Slope, provides a lower base tax rate in new fields, and caps the tax progressivity rate on production. HB 110 would stem the decline in Alaskan oil production and grow the state's economy by making the state more competitive in resource development.

"I appreciate the diligence, commitment and seriousness displayed by the members of the House Resources Committee on this bill," Governor Parnell said. "Alaska has been a global player in oil for 30 years. But while major exploration has all but ground to a halt here with only one exploratory well this year, extensive exploration is under way outside Alaska in more competitive environments. The state may still provide one sixth of the domestic oil supply, but the volume from existing wells is dropping steadily. We're at risk of seeing irrevocable production decline, which threatens the pipeline. Our state needs to increase our competitiveness and grow our economy. I look forward to the swift passage of this bill."

The bill passed by a vote of 7 to 2 and now goes to the House Finance Committee. Governor Parnell remains hopeful that the Senate will proceed soon.

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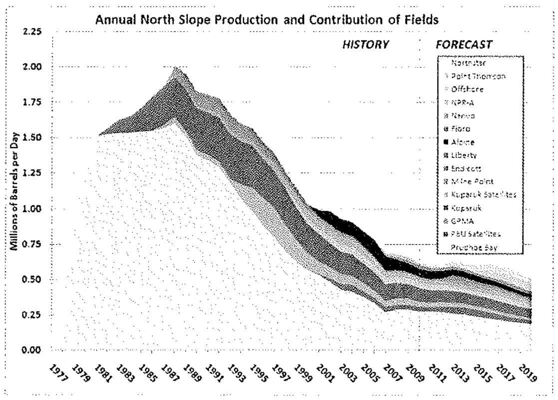
RESOURCES:

OP ED: Governor's op ed on his ACES proposal in the Anchorage Daily News from February 10, 2011 -- http://www.adn.com/2011/02/09/1693168/cutting-oil-taxes-will-increase.html

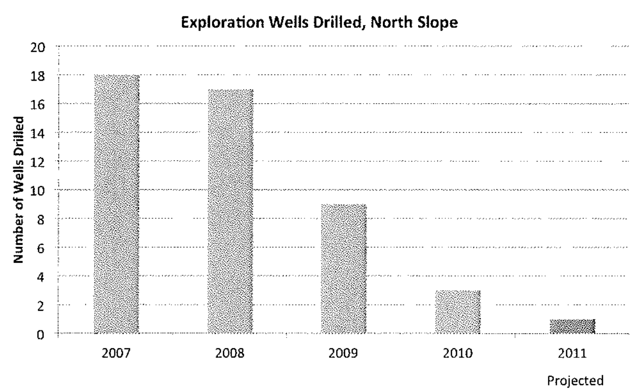
We're Being Trumped By ACES

Production is Declining



Source: Fall 2010 Revenue Sources Book

Exploration is Declining



Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources

• Alaskans are very concerned about the decline in oil production and investors see taxes as way too high to encourage new exploration or development in existing core fields. We must take a leap of faith by lowering taxes now to make Alaska a compelling place for industry to invest.

• The North Slope production decline has accelerated since the enactment of ACES in November 2007. In 2010 production declined 48,000 barrels, a 7% drop from the previous year.

• Exploration activity on the North Slope has fallen sharply from 18 wells in 2007 to only one well outside existing discoveries in 2010.

• Only 110 development wells were drilled on the North Slope in 2010, compared to 142 in 2005. Development drilling is critical to sustaining production from existing fields.

• The average monthly employment in the oil and gas industry fell to 11,800 jobs in 2010, a loss of 1,000 over the 2009 monthly average, according to the January 2011 edition of *Alaska Economic Trends*. This represented a 7.8% decline, the largest drop of any sector.

• *Alaska Economic Trends* stated: "The outlook for the oil patch in 2011 is uncertain, though it appears maintenance such as replacing pipe and old infrastructure will dominate."

• Alaska is now the highest taxed oil region in North America. When combined with other factors, Alaska is among the highest cost regions in the world.

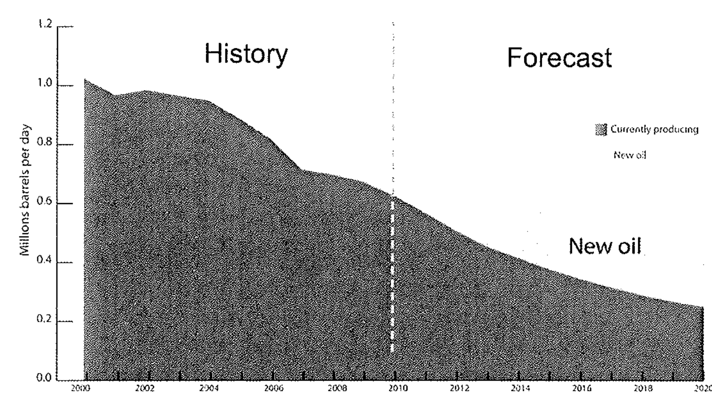
We need to drill to pay the bill

• Alaska cannot tax its way into prosperity. To sustain its economy, Alaska needs to encourage new investment to get more oil in the pipeline.

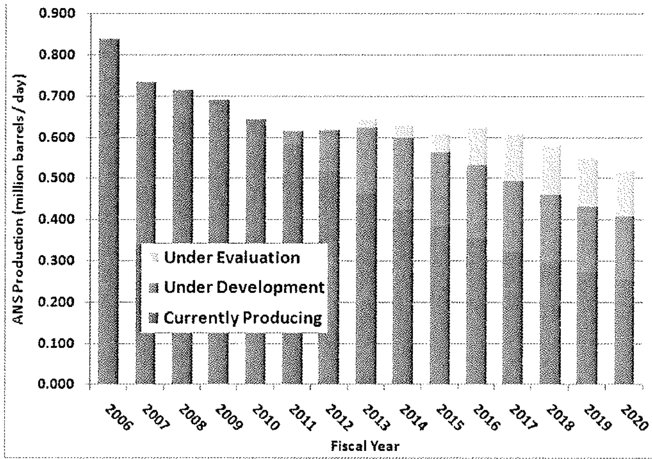
• The current production tax is a disincentive to invest here, especially when oil prices are high, given the progressive surcharge which captures most of the upside for the state and not the investor who incurred the risk. As a result, Alaska becomes less competitive at high oil prices, and investors have turned indifferent to investing here whether oil is $70 or $120 a barrel.

• Lower taxes will lead to increased investment in exploration, which will ultimately result in higher revenues to the state over the long term. Conversely, the more Alaska taxes companies to produce a commodity, the less it will produce here, and the more it will produce elsewhere.

Without New Investment, Oil Production Falls More than 50% by 2020



Investment Needed In New & Old Fields Alike



Source: Fall 2010 Revenue Sources Book

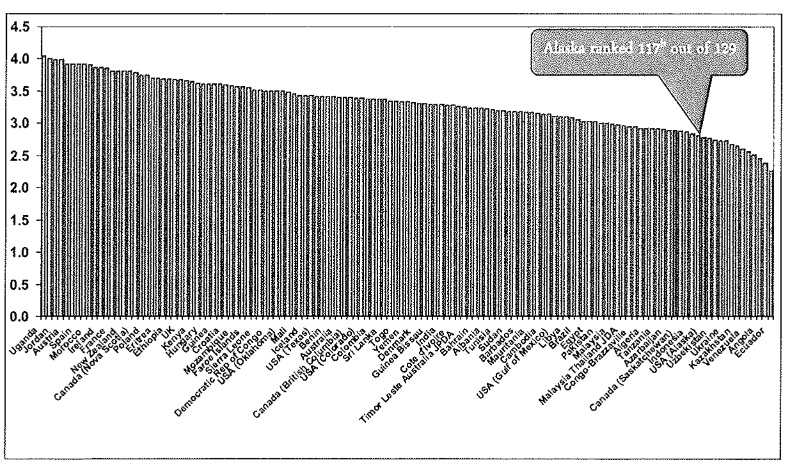
• An accelerated TAPS throughput decline could lead to the premature shut down of the pipeline, stranding billions of dollars in state royalty payments, which exceeded $2 billion in 2010 alone.

• With an annual production decline of 7%, which the state incurred last year, TAPS could be non-functional within 5 to 10 years. How would the state pay for essential public services and meet long-term obligations if this were to happen?

• There is no denying that lower tax rates could reduce revenue flowing into state coffers in the short term, but it is clear Alaska is competing in a global market and in the long term this reduction will make the state a more desirable place to invest, which ultimately will lead to higher revenues.

• Alaska's current oil production tax will result in less revenue to the state in the long term as critical investment dollars needed to slow the decline in North Slope production are directed to other projects outside Alaska with better rates of return.

Wood MacKenzie: Alaska's Fiscal Terms Rank 117 of 129



History has shown higher taxes lead to less production

• More than 50% of total North Slope production in 2020 is forecasted to come from new oil, but most of that production will require huge investment from industry that is currently not occurring, despite high oil prices.

• The state is forecasting oil production could fall to 386,000 barrels per day in 2015 and 255,000 bpd in 2020. Significant investment is needed to stem the current and forecasted decline.

• We need to do more than just grow the state's savings accounts because a strong private sector will do more over the long term to sustain Alaska's economy. The state cannot save or tax its way to prosperity, nor can a savings account replace the oil industry.

• Billions of barrels of oil remain on the North Slope and offshore in the Arctic, but the resources are challenging and expensive to develop. Since 2003, the decline in production in Texas has been virtually arrested, demonstrating that mature energy regions with the right fiscal terms can mitigate decline.

• Alaska needs 2 to 3 fields like Eni's Nikaitchuq each year to help stem the decline. Decreasing taxes will help encourage more exploration so more projects like Nikaitchuq are in Alaska's future.

• Critics of lowering taxes claim capital expenditures have gone up since 2007. Investments primarily went up because of needed maintenance and repairs, as well as TAPS reconfiguration, activity in federal waters, Point Thomson, and pre-ACES sanctioned exploration and development.

• It is imperative our lawmakers act now to improve Alaska's business climate. Cutting taxes will move the needle and draw major investment back to Alaska.

• In the area of fiscal terms, a key element the state can control, the Fraser Institute ranked Alaska 34th of 38 in North America, and in a Wood MacKenzie study, Alaska's fiscal terms ranked 117th of 129 globally.

HB 110 would spur North Slope investment

COMPASS: ***Other points of view***

By DOUG SMITH

(02/27/11 18:30:42)

Over the past two weeks, the House Resources Committee, co-chaired by Representatives Paul Seaton of Homer and Eric Feige of Valdez, has been hearing testimony on House Bill 110, the governor's bill that would create much-needed reform of taxes levied on oil production. As CEO of a small oil-field services company and a member of the board of directors of the Alaska Support Industry Alliance, I was honored to testify before the committee on Feb. 18.

I have worked in the oil industry in Alaska for over 20 years under a variety of oil and gas tax structures. Over the past five years we have gone from a gross tax structure to a net tax structure under the Petroleum Profits Tax. The PPT was amended under ELF and then discontinued when former Gov. Sarah Palin's solution, ACES, went into effect in 2007 following an expensive special session.

The reason that I am supporting HB 110 is simple. The tax structure currently in place under ACES is bad for business on the North Slope. Investment in our state and in our oil fields has diminished since ACES went into place in 2007, and exploration by the major producers has all but ground to a halt. In 2010, Alaska's most prolific explorer, Conoco Phillips, did not drill a single exploration well for the first time in 45 years.

When production stalls in Alaska, skilled, hard-working Alaskans are forced to look outside for gainful employment. From 2001 to 2006 the Alaska North Slope production declined 163,000 barrels per day, or 16 percent, and from 2006 to 2010 the decline increased another 217,000 barrels per day, or an additional 25 percent. The trans-Alaska Pipeline is operating at very low capacity, filled only one-third of its intended amount.

In Alaska we need a long-term, predictable solution that encourages investment by producers and creates jobs for Alaskans. The oil and gas industry is already subject to the relentless ebb and flow of the marketplace and a myriad of federal regulatory entanglements. For our oil and gas resource development to thrive here, we must be granted the stability by the state Legislature to work in a business environment that is conducive to responsible development.

Our ability to attract new investment in Alaska is dependent on the fiscal and regulatory environment put forward by the state. It is our desire to work with government, at all levels, to create the hospitable economic environment necessary to induce increased oil and gas production. This will benefit the state, Alaska employers, and most importantly, the everyday Alaskans who need a future filled with long-term, good paying jobs.

Organizations like the Alaska Support Industry Alliance and the Make Alaska Competitive Coalition are not advocating for reform on behalf of a corporate stock margin. Our goal is to give a human face to the often vilified industry in which we work. We are not major producers. Most organizations working in oil field services are not, but collaboratively we generate one-third of the state's economy.

As an Alaska employer working in the oil field services industry, I am confronted daily with the ramifications of the current tax structure. Due to the decline in investment an infield production related activity resulting from ACES, small Alaskan companies are losing revenue and our employees are losing jobs. Since 2008, Little Red Services has seen a 20 percent drop in demand for services realized by a reduction of over 6,000 hours of hot-oil truck use. For our company, this resulted in substantial revenue loss and forced the layoff of 11 Alaska employees.

I urge you to join me in voicing your support for meaningful tax reform that will spur investment and exploration in Alaska's oil fields, fill our pipeline, and encourage responsible development of our resources for the maximum benefit of Alaskans for generations to come. Contact your senator, representative, and our governor today and ask them to stand up for hard-working Alaskans and pass House Bill 110.

Doug Smith is president and CEO of Little Red Services Inc. and Spartan Service Inc., oil field services companies working in hot-oil services and construction on the North Slope. He is a board member of the Alaska Support Industry Alliance.

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Fill the pipeline with oil before it's too late

COMPASS: ***Other points of view***

By BETSY LAWER

(02/23/11 18:50:00)

At first glance, the numbers in the "2011 Construction Spending Forecast" from the Institute of Social and Economic Research (ISER) at UAA look very positive. But a second look at the projects contributing to those numbers should give Alaskans cause for concern.

Of some $7 billion total public and private dollars to be spent in Alaska in 2011, it's the $4.5 billion private sector spending that bears a closer look.

Spending in mining (-1 percent), other commercial (-21 percent), and residential construction (-4 percent) categories will be down, while spending by utilities and hospitals will be up 28 percent and 38 percent respectively -- a bright spot until you consider what drives their funding.

Utilities' spending is driven by aging infrastructure and needs created by the military construction boom. Hospital spending is supported by taxpayer-funded Medicare/Medicaid, state programs and, to a lesser extent, private insurance funds and private donors. A large portion of the 2011 spending by both industries will be driven by federal stimulus money from the American Recovery and Reinvestment Act.

Forecasters predict the petroleum sector will account for 41 percent of all construction spending, a full 59 percent of the total private sector spending in the forecast. Yet none of the three major producers on the North Slope -- British Petroleum, Conoco Phillips or Exxon--will be exploring this year. Petroleum sector construction projects will be restricted to developing existing reserves and maintaining infrastructure.

The petroleum industry revenues fund a whopping 85 to 90 percent of the state of Alaska general fund. Even more jaw-dropping -- one out of every three jobs held by an Alaskan can be traced directly to the petroleum industry! Those two kinds of spending create jobs in every corner of Alaska.

It takes some 7 to 10 years from the start of exploration before the first drop of oil goes down Alaska's 800-mile pipeline to Valdez. The state predicted an optimistic 2 percent decline rate in oil flowing down the pipeline, but the actual decline rate, closer to 6 percent, has been alarming. Without imminent exploration and development the decline will become steeper, technical problems created by low flow will require costly investment, and the value of the fields on the North Slope will be reduced. State of Alaska revenues could drop catastrophically and I hate to imagine what will happen to jobs.

With Washington, D.C., focused on fiscal responsibility, Alaskans can expect reduced federal dollars coming to Alaska. Without more oil, state funding and well-paying jobs for Alaskans will likewise be reduced.

A recent Daily News column by David Reaume (Job divide demands bold action, Jan. 29) highlights a parallel disturbing trend. Commenting on June 2010 data from the Alaska Department of Labor's Quarterly Census of Employment and Wages showing a 0.5 percent increase in jobs statewide, Reaume observes: "While employment in Alaska state government, federal government (combined: +1,672 jobs) and the industry called 'education & health services' (+2,586 jobs) went up, the rest of the economy shed 1,712 jobs."

Alaska cannot anticipate a healthy economic future when half the construction projects are driven by shrinking tax-paid federal and state dollars and the remaining 41 percent by a petroleum industry that is neither exploring nor developing new oil fields.

Like it or not, it's a fact of our economic life that a thriving, engaged and proactive petroleum industry is essential to a healthy Alaska economy--and it will be for many years to come. This is the year for Alaskans to step up and speak out about the importance of a sustainable and stable economy--now and in the future.

Alaskans need a plan in this legislative session that will fill the pipeline. Because if we wait until next year, it may be too late.

Betsy Lawer is third-generation Alaska banker, vice chair of First National Bank Alaska and a member of the Smithsonian National Board.

Resource Development Council Action Alert:
Proposed 2012-2017 Five-Year Plan for Outer Continental Shelf Oil & Gas Leasing Program
Comment Deadline: Thursday, March 31, 2011

Overview:

The Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) provided notice in April 2010 of its intent to prepare a Programmatic EIS for the proposed OCS Oil and Gas Leasing Program for 2012-2017 and request for comments. The notice also announced that scoping meetings would be held during June and July in coastal states, including Alaska. Subsequently, on June 30, 2010, Secretary of Interior Ken Salazar announced that the scoping meetings would be postponed because of the need for BOEMRE to focus on reviewing and evaluating safety and environmental requirements of offshore drilling in response to the Deepwater Horizon incident and that a new comment period would later be announced.

On December 1, 2010, the Secretary announced an updated oil and gas leasing strategy for the OCS. The new strategy will focus on leasing in areas with current active leases. As a result, the Western Gulf of Mexico, Central Gulf of Mexico, and the Cook Inlet, Chukchi Sea, and Beaufort Sea will continue to be considered for potential leasing in the 2012-2017 Program. However, the Eastern Gulf of Mexico and the Mid and South Atlantic planning areas are no longer under consideration for potential lease sales in the five-year program.

Alaska has significant OCS opportunities in the Beaufort and Chukchi seas. This public hearing will gauge public opinion in Alaska on the development of offshore oil and gas resources. This is an important hearing and could well determine Alaska's economic course for decades to come. Economic studies have confirmed OCS development has the potential to sustain Alaska's economy for generations.

Requested action:

RDC members are strongly encouraged to submit comments to BOEMRE by Thursday, March 31. Urge Washington to expand future offshore leasing in Alaska. Your participation in this process is vital!

Please send your comments to: Mr. J.F. Bennett, Chief Branch of Environmental Assessment, BOEMRE, 381 Elden Street, Mail Stop 4042, Herndon, Virginia 20170-4817, or online at http://ocs5yeareis.anl.gov.

Join us in our effort as we build public support for offshore oil & gas exploration and development. For those who do not have the time to draft their own comments, feel free to use the sample text at the link below:
http://consumerenergyalliance.org/calls-to-action/tell-the-obama-administration-that-we-need-jobs/

Points to consider for your testimony

• Urge the BOEMRE to ensure the Programmatic Environmental Impact Statement (EIS) for the Proposed 2012-2017 Outer Continental Shelf (OCS) Leasing Program moves forward in an efficient manner and that it does not further exclude areas offshore Alaska and the Gulf of Mexico from responsible oil and gas development.

• In establishing a robust 2012-2017 OCS oil and gas leasing program, the BOEMRE must balance environmental and economic considerations and ultimately decide to move forward with responsible offshore oil and gas development. Exploration and production can and should proceed in a safe manner.

• The Alaska OCS constitutes one of the world's largest untapped energy resources with an estimated 27 billion barrels of oil and 132 trillion cubic feet of natural gas in place. By comparison, total production from the North Slope since 1977 has been approximately 15.5 billion barrels. Essentially, Alaska holds the eighth largest oil reserves in the world ahead of Nigeria, Libya, Russia and Norway.

• The Chukchi Sea is considered the nation's most prolific, unexplored offshore basin in North America.

• The Alaska OCS could produce 1 to 2 million barrels per day, boosting current U.S. production by 20 to 40 percent. At today's oil prices of $90 a barrel, slashing imports that much would reduce the nation's trade deficit up to $65.7 billion a year. Last year, when oil averaged $78 a barrel, the U.S. sent $260 billion overseas for crude, accounting for nearly half of the country's $500 billion trade deficit.

• BOEMRE should not hold lease sales unless it truly intends to allow exploration in a reasonable and timely manner. In February 2008, lease sale 193 on tracts in the Chukchi Sea netted taxpayers more than $2.6 billion in bonus bids. However, companies seeking to drill on those tracts have been unable to drill due to numerous regulatory and permitting delays. Companies spending billions of dollars on leases and subsequent billion of dollars preparing to drill should be able to move forward in an efficient, responsible, safe, and certain manner.

• The responsible development of potentially immense oil and gas deposits in the Arctic would significantly boost Alaska's economy, extend the life of the trans-Alaska oil pipeline, improve the economic viability of the proposed natural gas pipeline from the North Slope to the Lower 48, reduce America's reliance on foreign energy, create tens of thousands of new jobs and generate hundreds of billions of dollars in federal, state and local government revenues.

• According to a new study by Northern Economics and the University of Alaska, an annual average of 54,700 new jobs would be created and sustained through the year 2057 from the Alaska OCS, with 68,600 during production and 91,500 at peak employment. A total of $145 billion in new payroll would be paid to employees through the year 2057, including $63 billion to employees in Alaska and $82 billion to employees in the rest of the U.S.

• A total of $193 billion in government revenue would be generated through the year 2057, with $167 billion to the Federal government, $15 billion to the State of Alaska, $4 billion to local Alaska governments, and $6.5 billion to other state governments.

• In the Arctic, industry has invested significant resources to develop comprehensive response plans in the event of an oil spill. In Alaska, Shell currently maintains a highly specialized fleet and specialized containment equipment, as well as a large workforce of highly trained people.

• There has never been a blowout in the Alaska OCS or the Canadian Arctic. Thirty wells have been drilled in the Beaufort and five in the Chukchi – all without incident. These wells were drilled in the 1980s, utilizing older technology compared to what exists today.

• The North Slope and the offshore are now perhaps the most studied energy basins in America. MMS has spent more than $300 million on studies in Alaska and in the past decade the agency has funded over 250 studies here, with the majority of those focused on the Beaufort and Chukchi Seas.

• Access to Alaska's OCS resources may be a key element in the economic feasibility of the proposed natural gas pipeline from the North Slope to the Lower 48, one of President Obama's top energy priorities. Additional gas reserves beyond those already discovered are needed to make the project economic.

• For every barrel of oil America refuses to develop domestically, it will have little choice but to import an equal amount from overseas – where different environmental regulations often apply.

• Offshore oil and gas production in Alaska can occur in a responsible manner under a strong regulatory system, seasonal operating restrictions as needed, and mitigation measures to avoid conflicts with other resource and subsistence users.

• Sharing federal royalty payments from production in federal waters with coastal states and local communities is critical, as it significantly benefits local governments, promotes national economic interests and generates additional, new federal revenues by increasing state and local participation. Such sharing facilitates a closer partnership among federal, state and local agencies.

• Given demand for energy will rise as the economy recovers, America must continue to pursue new oil and gas development, even as the nation slowly transitions to the new energy sources of the future.

• While we strive to develop and utilize alternative and renewable sources of energy, we will still rely on oil and natural gas for transportation, electricity, manufacturing, consumer goods and several other uses that are part of our everyday lives. Even more, our economy depends on the millions of jobs and billions in revenues offshore production generates.

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Parnell claims administration openly hostile to oil states

MORATORIUM: Governor links U.S. policy and slow economic recovery.

By ERIKA BOLSTAD
ebolstad@adn.com

(02/26/11 17:23:28)

WASHINGTON -- With the unrest in the Middle East as his springboard, Gov. Sean Parnell lashed out at the Obama administration's stance on domestic oil production, saying the White House approach was having a tangible effect on the country's foreign policy.

In a speech at the National Press Club, the Republican governor called the federal government "openly hostile" to oil-producing states, particularly for the delays in allowing Shell to drill exploratory wells on leases off Alaska's northern coast that the company purchased in 2008.

"If it looks like a moratorium and walks like a moratorium ... maybe it is," said Parnell, who is in Washington this weekend for the National Governor's Association winter meeting.

Parnell said there's a direct link between the economic recovery and the failure to use Alaska's oil reserves as a national security buffer against the uncertainty in Libya and other oil-producing countries in the Middle East. Higher gasoline prices could harm any economic recovery, Parnell said.

"This is the moment our government must re-examine its 'no new wells' policy when it comes to oil exploration and development here at home," Parnell said. "The U.S. foolishly imports more than 63 percent of our oil. That leaves us vulnerable to the economic shock of disruption of these oil supplies and it drives down that economic recovery."

Federal decisions have blocked oil companies from three of the most promising Alaska locations for major oil discoveries, all in the Arctic:

- The Chukchi and Beaufort seas that Shell wants to explore.
- The coastal plain of the Arctic National Wildlife Refuge.
- The Teshekpuk Lake region of the National Petroleum Reserve-Alaska.

'UNLOCKING' DOMESTIC OIL

Parnell also criticized President Barack Obama's proposal in his State of the Union address to do away with some tax credits for oil companies, echoing the governor's statements about Alaska needing to cut its own oil-production tax.

"Anything you tax more, you get less of," Parnell said, adding that overregulation can have the same effect.

"The Department of Interior and the EPA appear to be driving U.S. policy in the Middle East and North Africa," Parnell said. "In many senses, the State Department is forced into a reactive, mitigating role because of the increasingly hostile stance that Interior and the EPA have taken to domestic energy exploration and production."

"These are agencies that can lock down domestic oil with no responsibility for consequences," he said. "They can force America to depend ever more heavily on foreign oil, at an enormous cost of lives, tax dollars and economic opportunity. They do this by delaying leasing, by delaying permitting, and by attempting sweeping lockups of land without congressional approval or authority."

Parnell was referring to the Obama administration's new Bureau of Land Management policy on wild lands, which calls for the government to inventory holdings across the country in an effort to protect wilderness-quality land.

Parnell and several other western governors are scheduled to meet next week with Interior Secretary Ken Salazar to talk about the policy, which Parnell likened to a "shopaholic with a stolen credit card and a taste for empire building."

GOVERNMENT'S RESPONSIBILITY

One environmentalist in the audience, Emilie Surrusco of the Alaska Wilderness League, criticized Parnell's claim that the federal government isn't approving permits quickly enough.

"He left a few things out," Surrusco said. "He's talking about how they need to keep speeding things up, speeding things up, speeding things up, yet there's no mention of the government responsibility in trying to protect our resources and make sure what happened in the Gulf doesn't happen again."

Parnell was asked how he reconciled his call for speedier permitting and the need to protect resources in light of last year's Gulf oil spill. Alaskans are "intimately familiar with messes created when oil is not developed and shipped responsibly," he said.

"Think back to 1989 and the Exxon Valdez. The Deepwater Horizon, a significant tragedy to Americans and to our environment, no question," he said. "The fact remains, though, that America develops its resources in a more responsible manner than virtually any other place in this world."

But he argued that waiting five years for an air permit, as Shell could, is "unreasonable."

SENATORS PUSH ON ALASKA OIL

Parnell also said he was taking his own advice he's giving the federal government, by advocating to open more land to oil and gas development, building roads to those places and rewriting the existing oil-industry tax structure.

That tax regime, known as Alaska's Clear and Equitable Share, or ACES, was a hallmark of former Gov. Sarah Palin's administration. It had his support at the time of its passage, Parnell acknowledged, but said he believes the tax structure is due for an overhaul.

"Alaska needs to make itself more competitive," Parnell said. "So to do that, we are working to lower taxes. Alaska can become more competitive."

Parnell's speech came a day after U.S. Sen. Lisa Murkowski, R-Alaska, told state lawmakers in Juneau that she's not above "throwing some elbows, perhaps ruffling a few feathers" to push for additional exploration and production, including in the Arctic National Wildlife Refuge, that would keep oil flowing through the trans-Alaska pipeline for decades more.

Sen. Mark Begich, D-Alaska, who sits on the Senate Commerce Committee, has asked for the panel to hold a hearing on the pipeline, with the approach that getting more oil in the pipeline to keep it open is "a national issue, not just an Alaska issue," said spokeswoman Julie Hasquet. He also has asked for an energy security hearing in Senate Armed Services Committee, Hasquet said.

Alaska State Legislature

The Honorable Kenneth L. Salazar, Secretary
U.S. Department of the Interior, Room 6156
1849 C. Street, NW
Washington, DC 20240-0002

The Honorable Jo-Ellen Darcy
Assistant Secretary of the Army (Civil Works)
108 Army Pentagon
Washington, DC 20310-0108

The Honorable Lisa Jackson, Administrator
Environmental Protection Agency
1200 Pennsylvania Ave., NW
Washington, DC 20460

February 28, 2011

Dear Secretary Salazar, Asst. Secretary Darcy, and Administrator Jackson:

We are writing to ask that you accept our public comments concerning the Army Corps of Engineers' denial of ConocoPhillips' recent application to access greatly needed oil reserves in the National Petroleum Reserve – Alaska (NPR-A). This oil is crucial to the viable, long term running of the Trans-Alaska Oil Pipeline. In Alaska, this view is shared by Democrats, like us, and Republicans. It is not a partisan issue.

There are environmentally responsible ways to access the CD-5 segment of NPR-A, and we believe Conoco's application meets these standards. Delay in development of this area is dangerous both to Alaska's economy and the nation's energy security. As you know, this area, unlike others, has been specifically dedicated for oil development.

By this letter we incorporate the comments by our congressional delegation, dated December 10, 2010, and the March 10, 2010 letter submitted by North Slope Borough Mayor, Edward Itta. Those letters are attached.

Alaska State Capitol, Juneau, Alaska 99801
907-465-2647

We hope to convey that this is an issue of bi-partisan, economic urgency to Alaskans. We respectfully request that this issue be resolved favorably as quickly as possible. We would be happy to provide further information or to meet with you at your convenience.

Best Regards,

Rep. Les Gara	Rep. Chris Tuck	Rep. Mike Doogan
Rep. Berta Gardner	Rep. Max Gruenberg	Rep. David Guttenberg
Rep. Lindsey Holmes	Rep. Scott Kawaski	Rep. Beth Kurttula
Rep. Pete Peterson	Rep. Bob Miller	
Sen. Hollis French	Sen. Bill Wielechowski	Sen. Johnny Ellis

Cc: Peter Rouse, Counselor to the President
Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young
Governor Parnell
Mayor Edward Itta
T.E. Johansen, President, ConocoPhillips Alaska
Julie Kitka, President, Alaska Federation of Natives

Alaska State Capitol, Juneau, Alaska 99801
907-465-2647

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 25, 2011

The Honorable Doc Hastings
Chairman
House Natural Resources Committee
1324 Longworth House Office Building
Washington, D.C. 20515

Re: Department of the Interior's "Wild Lands" Policy

Dear Chairman Hastings:

The Resource Development Council for Alaska, Inc., is writing to express its strong opposition to the Department of the Interior's (DOI) "Wild Land" Policy, established by Secretarial Order. In our view, the policy is an attempt to establish de facto Wilderness areas without Congressional approval. In Alaska and across the West, this de facto Wilderness would place severe limitations on public access, prohibit many popular forms of recreation, and severely restrict or prohibit resource development, including vital energy-producing activities. For a nation that is struggling to grow its economy, this policy makes absolutely no sense and directly conflicts with efforts to create jobs and boost the economy.

RDC is an Alaskan membership-funded organization founded in 1975. Our membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The Wild Lands Policy circumvents Congress' statutory authority to establish Wilderness areas. Millions of acres of lands managed for multiple uses in the West and Alaska are at risk of being locked up if DOI prevails in implementing this policy. The ramifications to the local, state and national economies could be far-reaching.

Alaska stands to lose the most from this policy, given the Bureau of Land Management (BLM) manages 75 million acres in the state. A "Wild Lands" designation would effectively allow the federal government to create more Wilderness in Alaska without congressional oversight. Alaska already contains 58 million acres of federal Wilderness, accounting for approximately 53 percent of the nation's federally-designated Wilderness. If combined into one block, Alaska federal Wilderness would make the 11th largest state in the U.S. and at least as large as Idaho. To put Alaska's federal Wilderness into perspective, it is larger than each of the following states: Florida, Illinois, Minnesota, New York, and Washington. It is bigger than the combined size of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware and Maryland.

In comments submitted to the Department of the Interior, Alaska Governor Sean Parnell warned the Wild Lands designation would diminish access to federal lands and cost jobs. "Putting such a sweeping initiative in place overnight, with no congressional direction and no

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advance consultation with affected states or the public, is unfathomable," Governor Parnell said. He noted that Alaska lands have been repeatedly studied, with large areas placed off-limits to resource development.

Congress passed the Alaska National Interest Lands Conservation Act (ANILCA) of 1980, which set aside 106 million acres of federal lands in Alaska in highly-restrictive conservation system units (CSUs). The sweeping law enlarged the federal acreage dedicated to conservation purposes in the state to 148 million acres, constituting 70 percent of all national park lands in America and 80 percent of wildlife refuge acreage. Nearly every Interior Secretary since 1980 has chosen not to conduct further discretionary wilderness inventories in Alaska, and has recognized the importance of a public process and discussion with state leaders. Governor Parnell has promised to not allow such disregard for Alaska and its citizens to stand unchallenged.

Of the 365 million acres that make up Alaska, federal agencies currently claim 222 million acres, or 61 percent of the state. One third of all federal lands in the U.S. are in Alaska. Federal lands in Alaska alone are larger than the entire state of Texas or bigger than the combination of 15 eastern states stretching from Maine to South Carolina. More than 65 percent of federal lands in Alaska and 40 percent of total acreage in the state are set aside in CSUs. With the exception of the Trans-Alaska Pipeline corridor, it is impossible to cross the vast Alaska mainland from north to south or east to west without entering a CSU. While the extensive network of conservation units has preserved a great portion of Alaska, the cumulative overlay of federal and state land withdrawals has posed a challenge to access natural resource deposits on lands surrounded by these units, despite provisions in ANILCA addressing access corridors inside CSUs. This cumulative overlay of CSUs has also left Alaska without an integrated surface transportation network, leaving most of the state and its communities inaccessible by road and rail. The Wild Land policy would only serve to further limit future access.

The passage of ANILCA had significant effects on Alaska's lands that still cannot be fully quantified. For example, it placed known mineral deposits and mineral belts within conservation units, and by drawing boundaries that blocked natural transportation routes, it may well have foreclosed development of deposits on BLM, state and Native-owned lands. Specifically, some of the best state-owned mineral lands in the Southern Brooks Range will only have value if transportation corridors are permitted through federal units.

Alaska's private sector economy is highly dependent on natural resource development. In fact, the statehood battle 20 years before the passage of ANILCA was won only after Congress was finally convinced the development of natural resources within Alaska's borders could support the state. However, Alaskans feared then, as many still do today, that if future development were blocked, the state could lose its ability to support itself.

Given so much of Alaska is essentially off-limits to development, it is imperative that BLM lands be managed according to their multiple use mandate. The last thing Alaska needs right now as it struggles to diversify its economy is more highly restrictive land classifications, which strangle new economic and resource development opportunities. Without access to potential world-class energy and mineral deposits on federal lands, or on state land that requires access through a federal area to reach the deposit, Alaska could very well lose the ability to support its economy, and therefore become a ward of the federal government.

In addition to the flawed process surrounding the Wild Lands policy, RDC has a number of concerns with the policy:

• By designating "Wild Lands," Order 3310 circumvents congressional authority where Interior improperly acted as a surrogate for congressional designations of Wilderness.

• Given most of Alaska's BLM lands retain their wilderness values, the heavily weighted default protection of wilderness characteristics could easily render most BLM lands in the state as de facto wilderness areas, absent BLM's multiple-use direction. This would have a devastating impact on Alaska's ability to develop its natural resources and sustain its economy. Access to federal areas for multiple uses, including commercial tourism activities, would be severely curtailed or outright prohibited. Moreover, the order directly conflicts with the "no more" clauses in ANILCA and the Federal Land Policy and Management Act (FLPMA).

• The order is an end-run around ANILCA, which will lead to serious social and economic consequences for Alaskans. In writing ANILCA, Congress attempted to accommodate the unique characteristics of Alaska and the Alaskan way of life. Congress included numerous exemptions for Alaskans, known as the "Alaska Protections." These protections were for access and continued use of valid and existing rights, lands, and resources. Access was the core of the protections. Without the explicit special provisions and protections of ANILCA that apply to conservation system units, BLM Wild Lands will likely be managed *more restrictively* in Alaska than ANILCA-designated Wilderness.

• The order claims to seek balance between responsible resource development and protection of wilderness characteristics, yet there is a strong bias toward wilderness-style protection. As a result, this order will have a severe chilling effect on future resource development, economic expansion, and job creation once an area is designated Wild Lands.

• BLM has no authority to apply this policy to the National Petroleum Reserve-Alaska (NPR-A) because it is not subject to FLPMA. In addition, a Wild Lands designation along the coastal plain of NPR-A could lock up trillions of cubic feet of natural gas and billions of barrels of oil in the energy reserve. Ironically, environmental groups are demanding that the coastal plain of the Arctic National Wildlife Refuge (ANWR) be designated Wilderness. Such a designation on the ANWR plain would lock up America's most promising onshore oil prospect. With a nation so heavily-reliant on foreign oil, why would the U.S. even consider further restrictive land designations, especially in an energy reserve such as NPR-A, which would prohibit oil and gas development?

RDC joins the State of Alaska in strongly opposing the Wild Lands policy and urges Congress to block its implementation.

Thank you for the opportunity to provide comments on this unilateral secretarial order.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
For Alaska, Inc.

Carl Portman
Deputy Director

Cc: Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young
Governor Sean Parnell

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 25, 2011

Sandy Hamilton
Environmental Quality Division
National Park Service
Academy Place, P.O. Box 25287
Denver, CO 80225

Re: Revisions to existing regulations governing nonfederal oil and gas development within the boundaries of the National Park System

Dear Ms. Hamilton:

The Resource Development Council (RDC) is writing in response to the Notice of Intent (NOI) by the National Park Service (NPS) to prepare a programmatic environmental impact statement on proposed revisions to existing regulations pertaining to nonfederal oil and gas development within the boundaries of national parks.

RDC is an Alaskan membership-funded organization founded in 1975. Our membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Many RDC members have a direct interest in the proposed regulatory revisions, given a number of them are inholders within Alaska national park units, including Alaska Native corporations, which operate diverse businesses in oil services, engineering management and resource development.

The use and development of lands and resources that are near or within federal areas, including nonfederal oil and gas development, are subject to the special provisions in the statutory regime established through ANCSA and the Alaska National Interest Lands Conservation Act (ANILCA). This regime is designed to fulfill the economic and environmental purposes of both of these acts, as well as Alaska Native relations. However, the NOI does not address activities in Alaska or these special provisions, and there is nothing to suggest in the proposed rule that it would apply to activities in Alaska. RDC urges the NPS to clarify this in any proposed rulemaking and to clearly outline in the EIS process the unique provisions applicable to nonfederal oil and gas activities in Alaska.

Two years after the NPS issued its 9B regulations, Congress passed ANILCA in an effort to protect special areas of Alaska and to strike a balance between conservation and economic development opportunities for Alaskans. In writing ANILCA, Congress attempted to accommodate the unique characteristics of Alaska and the Alaska way of life. It included numerous exemptions for Alaskans, known as the "Alaska Protections." These protections were for access and continued use of valid existing rights, lands and resources. Access was at the core of the protections – access to Native corporation lands, access to Native allotments, access to homesteads, and access to state-owned lands. These provisions were to guarantee that landowners would have access to their inholdings so they could not only use their lands, but make economic use of them, too. These access provisions provide the governing authority and direction for the regulation of oil and gas development in non-federal areas of Alaska park units.

In our view, access to inholdings in Alaska national park units is subject to regulations under the special provisions established by Congress through ANILCA, rather than under the NPS's 9B regulations. ANILCA's unique and specific provisions sought to encourage economic development on these lands by creating a comprehensive and balanced regulatory regime governing the use and development of these lands. Congress intended through ANILCA that Alaska inholdings would remain available for development. As a result, the 9B regulations, this rulemaking, and associated EIS process are outside the scope of authority granted by ANILCA and are not applicable to Alaska activities. Efforts to regulate nonfederal oil and gas development under section 9B must yield to the regulatory regime and special provisions established under ANILCA. This should be acknowledged in ongoing rulemaking and the EIS process.

Thank you for the opportunity to comment on this important issue.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Carl Portman
Deputy Director

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Alaska Resource Education Raffle & Silent Auction at the 23rd Biennial AMA Conference

Submitted by Slavik on Sun, 02/06/2011 - 8:35pm

The Alaska Miners Association Convention & Trade Show presents the Alaska Resource Education Raffle and Silent Auction on Friday, March 18, 2011, at Centennial Hall, Juneau Alaska. Proceeds benefit Alaska Resource Education.

Raffle Grand Prize: Two Roundtrip Tickets on Alaska Airlines
Grand Prize Drawing: Friday, March 18, 2011

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Please call 907-276-5487 or e-mail raffle@akresource.org with any questions.

Alaska Resource Education's mission is to educate students about Alaska's natural resources.
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