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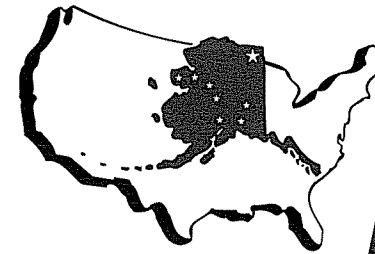
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Logging rules would take private property without compensation

Loggers cite enormous price tag of new forest practices regulations

Proposed new state timber management regulations will come at an enormous cost to the state's struggling timber industry and amount to the condemnation of private property without compensation, according to Alaska timber operators.

The regulations, issued by the state Department of Natural Resources, would enforce the revised Forest Practices Act, adopted by the legislature in 1990. The new law regulates logging on state and private lands, while federal lands, such as the Tongass and Chugach National Forests, are covered under federal timber management regulations.

Those who derive their living from the forest turned out in large numbers in public meetings across the state over the past month to voice their concerns over the proposed regulations. Timber operators insist the long and complex regulations will remove large chunks of prime timber from harvesting and will result in substantially higher administrative and operating costs. The increased expenses will further devalue already economically marginal timber stands, they warned.

"The cumulative effects of all the taxes and regulations (on the timber



The timber industry is a major contributor to Alaska's economic mix, employing about 4,500 people directly and 7,560 indirectly. Timber operators fear proposed regulations would slice profits and make many already marginal timber stands uneconomic to cut.

industry) are a bundle of straw more than enough to break any camel's back," warned **Joe Henri**, President of Southcentral Timber Development Corporation, a 20-year Alaska company that has struggled to gain access to the state's forested lands. Henri, a long-time member of RDC, has consistently opposed attempts to revise the

Forest Practices Act.

The main point of conflict in the new law centers around controversial standards that create 66-foot buffer zones of uncut trees along salmon spawning streams. The Alaska Department of Fish and Game, backed by environmentalists and fishermen, say those

(Continued to page 4)

Congressional staff tours Alaska wetlands



Message from the Executive Director

by
Becky L. Gay

RDC and the Alaska Wetlands Coalition sponsored a congressional staff Wetlands Tour in July, encompassing field trips to both urban and rural wetlands.

Starting in the Municipality of Anchorage, **Thede Tobish**, Senior Planner, gave a driving tour of the three classes of wetlands (preservation, conservation and developable) managed in the Comprehensive Wetlands Plan. The areas visited included Klatt Bog, Connors Bog, Business Park Wetlands and Ship Creek.

The group then flew to King Salmon with **Peninsula Air**, where a bus tour of the Naknek and King Salmon area was guided by **Scott Janke**, planner for the **Bristol Bay Borough**. Thanks to Scott and a special thanks to **Harold Brindle** of Wards' Cove Packing for the firsthand look of **Red Salmon Cannery** in action and the great hats. RDC President **John Rense** and Deputy Director **Debbie Reinwand** both enjoyed the tour.

An overnight stay at the **Quinnat Landing Hotel** let the tour participants absorb some "local color," including a brown bear in the hotel parking lot during breakfast. Since "Fishtival" was on, the rest of the group talked **Ellen Yount**, legislative assistant to **Congressman Tom Ridge** (R) Pennsylvania, into running the 5K race from Leader Creek to Naknek, which she WON, wearing a **TEAM RDC** sweatshirt! Alas, the tour did not allow time for fishing!!!

Later that day, **John De Priest**, Facilities Manager, and **Dennis Niedemeyer**, Comptroller for the Lake and Peninsula Borough School District, briefed us on the trials of maintaining 15 schools in a district the size of West Virginia, designated 100% wetlands, with no overland transportation, incredible weather variables and a three month construction season.

After returning to Anchorage via **MARKAIR**, the tour continued with a drive to Portage Glacier visitor center, where "eagle-eyed" **Elizabeth Megginson**, staff director of the Coast Guard Subcommittee of Merchant Marines & Fisheries committee for Chairman **Billy Tauzin** (D)(LA), spied the

See photos of wetlands tour on page 6

moose first. After a stop at Potters Marsh, probably the most popular man-made wetland in Anchorage, the tour ended with a seafood dinner at 11:00 p.m..

The last day of the 3-day tour sent the group to the North Slope, courtesy of **BP Alaska**. **Lyn Herdt** and **Chris Herlugson** provided North Slope expertise and information. The group was accompanied by Alaska Wetlands Coalition coordinator **Kenneth Gorton, Jr.** and RDC staff assistant **Kenneth Freeman**, two young Alaskan college students interning at RDC this summer.

Other House staff attending included **Congressman Don Young's** staffers **Rod Moore**, with the Fish & Wildlife Conservation & Environment subcommittee of the Merchant Marines & Fisheries Committee and **Lee Forsgren**, minority counsel for the Interior and Insular Affairs Committee. **Rosamond Brown**, legislative assistant for **Congressman Beryl Anthony** (D)(Arkansas) proved she was a real lady after her suitcase got lost in King Salmon for most the trip. **David Honness**, staff for the Oversight & Investigation Subcommittee of Merchant Marines and Fisheries, chaired by **William O. Lipinski** (D)(Chicago), extended his trip in order to take in more Alaska and enjoy a private wetlands tour.

RDC thanks all the people who made the tour a success along the way and gives a special thanks to the congressional staffers who traveled a long ways to get to Alaska, traveled the whole time they were here, and traveled all night to get back to D.C. It is an honor and a pleasure to show Alaska (or as much of it as we could fit in) to people who care to make a difference by seeing the facts firsthand.



Visiting the Red Salmon Cannery in King Salmon are from left to right, Ellen Yount, Rosamond Brown, Kenneth Gorton, Jr., David Honness, Lyn Herdt, Elizabeth Megginson, Debbie Reinwand, Rod Moore, Harold Brindle and Lee Forsgren

(Photo by Becky Gay)

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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Writer & Editor
Carl Portman



Environmental power: The de-industrialization of America

(Editor's note: The following is reprinted from the May issue of the Explorer, the official publication of the American Association of Petroleum Geologists.)

By Michel T. Halbouty

Even though the road toward a U.S. national energy policy has been potted with broken promises and misguided endeavors, President Bush is trying to establish a national energy policy that will work. He understands the problem more than any prior president, but he runs into barriers created by the Congress and other forces working against him.

For example, he has recommended that the Arctic National Wildlife Refuge (ANWR) in Alaska be drilled, and his administration has proposed a long list of restrictions and regulations to protect animals and their habitats in the vast refuge - but those preventive measures do not satisfy the over-zealous environmental groups that have been lobbying to keep the oil companies out of the area.

Leaders of these groups have said that they will fight to keep any activity from ever happening in ANWR.

So we cannot drill in ANWR because of objections from the environmentalists.

We cannot move thousands of barrels of oil from the prolific Point Arguello fields offshore California because of objections from the environmentalists.

We cannot build pipelines or transport the oil we find because of objections from the environmentalists.

We cannot carry on any kind of inventory exploration on or in the 750 million acres of wilderness lands because of the objections of the environmentalists.

The nation is submitting itself to these groups that are gradually undermining the country's growth pattern as well as effecting its way of life.

We are beginning to see a rebuttal of their actions by legal and media professions - two important areas of influence. For example, William Perry Pendley, president and chief legal officer of the Mountain States Legal Foundation in Denver, recently stated:

"There is a dangerous elitism in the reality that Congress appears less concerned about sending young men and women of this nation to war than about risking the wrath of so-called environmentalists by producing oil offshore California or in an infinitesimal portion of the North Slope of Alaska."

I am also reminded of the excellent statement made by Warren Brooks of the Detroit News who said:

"Together we have become all-too-willing putty in the hands of the intellectual charlatans of the environmental movement who now are leading an almost Luddite attack against sound science, technology and growth itself and whose main agenda seems not to be a safer, cleaner environment, but simply to throw sands in the gears of the economy,

and psychological terror and just plain misinformation in the minds of unsuspecting consumers."

If we do not wake up to this destructive agenda and environmental power that are trying to usurp every growth movement in the country, our already de-industrialized condition could end in total de-industrialization, forever preventing us from restoring our economic and strategic strengths.

Americans must realize that unreasonable and fanatical environmental groups should not prevent or stymie U.S. economic growth.

We can no longer sit back and take the abuse imposed on our industry, which affects the nation as well as our profession.

We should fight those groups as hard as they are fighting us. It is because we have sat back and took what they dished out that they feel comfortable in continuing their tirade against us.

Moreover, what they are doing is without reason and wholly contradictory. For example, they want electricity in every form to satisfy their life style. They want:

- Fuel to drive their cars.
- Fuel and lubricants for their wheels and motorcycles.
- Gas or electricity to cook their meals.
- Hot and cold water
- Oil and gas to keep them warm in the winter and cool in the summer.
- Railroads, highways, trucks to deliver their goods and food, and a thousand other myriad items - all of which use petroleum - yet, they go out to prevent us from searching, finding and producing it.

I do not follow their reasoning, nor do I accept their methods.

Ineffectual demonstrations - purposefully contrived to harass and exploit the media - and displaying signs with untruths and fictitious slogans are not the answer; cooperation, understanding, tolerance and working together toward a mutual solution is the only way to go.

Both sides should sit across from each other and fervently attempt to compatibly work out proper and satisfactory guidelines to explore and develop whatever resource benefits the welfare of the country and its people.

If we don't halt or slow-down this environmental power, it will eventually destroy the incentives to explore and produce oil, gas, minerals and any other natural resources that come from the earth. The future of all types of geological exploration is at stake.

It's a Girl!

RDC Welcomes
Christina Kay Hendrickson
Born July 17, 1991

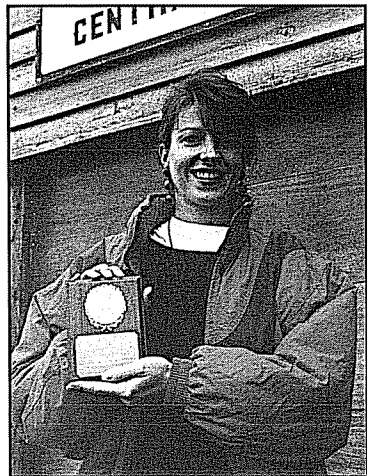
Proud parents of RDC Staff Assistant Michele Hendrickson and her husband, Ed, an ARCO Alaska employee



Alaska Wetlands Coalition delegation arrives in King Salmon. Pictured from left to right are Lee Forsgren, Lyn Herdt, John Rense, Elizabeth Megginson, Rosamond Brown, aircraft pilot, Rodney Moore, David Honness, Ellen Yount, Debbie Reinwand, Becky Gay, and Steve Taylor.



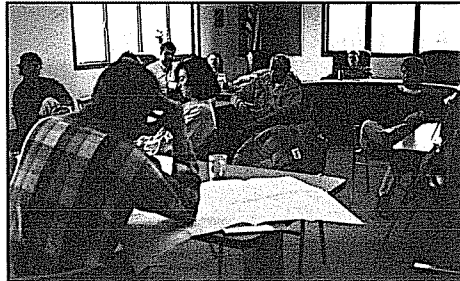
Scott Janke, (center) a planner with the Bristol Bay Borough, discusses wetland issues with RDC President John Rense (right) and Deputy Director Debbie Reinwand (left).



Ellen Yount, Legislative Assistant to Congressman Tom Ridge, took some time off during the wetlands tour to run the 5K race from Leader Creek to Naknek, which she won!

Field trip to Alaska wetlands

Photos by Becky L. Gay



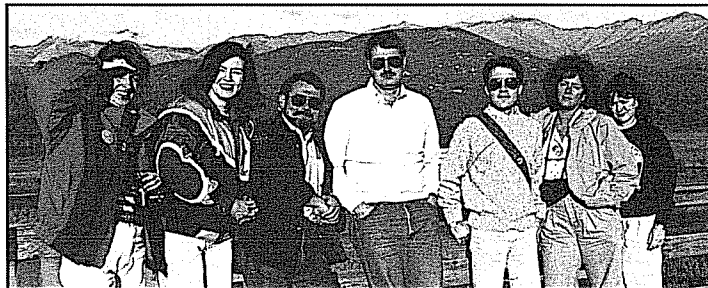
Congressional staff and Alaska wetlands Coalition officials meet with Lake & Peninsula School District officials.



The King Salmon tour included a visit to the Red Salmon Cannery. Much of Alaska's fishing industry infrastructure is built on wetlands.



The Alaska Wetlands Coalition tour included visits to Prudhoe Bay and the offshore Endicott field. Alaska's North Slope, which currently accounts for 25 percent of America's domestic oil production, is classified as wetlands. Alaska wetland reductions from all petroleum-related operations, including exploration, production, support and transportation infrastructure, is 29,680 acres. In all, 80,000 acres of Alaska's wetlands have been developed, leaving 99.95% of the state's wetlands intact.



While in Alaska's largest city, the Washington group visited Potters Marsh, the most popular man-made wetlands in Anchorage. From left to right are Ellen Yount, Rosamond Brown, Rodney Moore, Lee Forsgren, David Honness, Lyn Herdt, and Elizabeth Megginson.



Congressional staff takes a close look at a typical Alaska wetland near King Salmon. About 74% of Alaska's non-mountainous area is wetlands.

RDC elects 1991-92 Board

NANA resource specialist elected RDC president

A land and resource management specialist with a native regional corporation has been elected President of the Resource Development Council for Alaska, Inc.

John Rense, Vice President Resources for NANA Regional Corporation, was elected to the one-year term at the Council's Annual Meeting in Anchorage June 13. Other new officers include Senior Vice President **Curtis Foster**, Manager of Materials, Purchasing and Contracts for ARCO Alaska, Inc. and Vice President **Paul Glavinovich**, mining consultant. **Rex Bishopp**, President of Alaska Helicopters, remained Secretary and **Kyle Sandel**, Senior Manager of KPMG Peat Marwick, became Treasurer.

A long-time board member of RDC, Rense has over 15 years experience in industry, including land and resource management, corporate planning, budgeting and economic evaluation. His current responsibilities at NANA include mineral and oil resource management, native claims land management and oversight of the Corporation's activities relating to the Red Dog mine project.

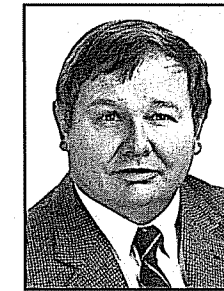
Prior to joining NANA in 1985, Rense was employed by Bristol Bay Native Corporation as special assistant to the president. From 1977 to 1983, he was an exploration supervisor for Phillips Petroleum Company. He also worked as a geologist for the U.S. Geological Survey.

Rense graduated from the Colorado School of Mines with a bachelor of science degree in Geological Science and a Masters Degree in Mineral Economics.

Newly-elected members of the Executive Committee include **Dick**



John Rense
President



Curtis Foster
Senior Vice President



Paul S. Glavinovich
Vice President



Rex Bishopp
Secretary

(Picture for Treasurer Kyle Sandel was not available at press time)

Barnes, Enstar Natural Gas Company, **Kelly Campbell**, Jim Cloud, National Bank of Alaska, **Kyle Sandel**, and **Paul Glavinovich**. Reelected were **Rex Bishopp**, **John Forcaskie**, Teamsters Local 959, **Curtis Foster**, **Mano Frey**, Alaska AFL-CIO, **Uwe Gross**, Koniag, Inc., **Roger Herrera**, BP Exploration (Alaska), Inc., **John Miller**, Alaska Oil and Gas Association, **John Rense**, immediate Past President **Bill Schneider**, Anchorage Sand and Gravel and **Dave Stock**, R.D. Stock Enterprises. Other members include Mayor **Dan Keck** of Sitka, **Steve Rehnberg**, Eyak Corporation, Cordova, Mayor **Jerome Selby** of Kodiak, **Bill Thomas**, Klukwan Forest Products, Juneau, **Lyle Von Barga**n, Alyeska Pipeline Service Company, Valdez, and **Bill Wood** of Fairbanks.

New appointments to the statewide board of directors include Anchorage residents **Glen Aikens**, American North Environmental Services, **R. Dennis Brandon**, Westmark Hotels, **Michael Buza**, Spenard Builders Supply, **Tom Cook**, Chevron U.S.A., Inc., **Ralph Hargrave**, Cominco, **William Hopper**, NC Machinery, **Norm Ingraham**, Alaska Clean Seas, **James Lane**, Associated General Contractors, **Marc Langland**, Northrim Bank, **Wayne Lewis**, Yukon Pacific Corporation, **Wilbur O'Brien**, ERA Aviation, Barbara Post, Ernst & Young, **Jeff Ripley**, Princess Tours, **Dan Rowley**, CH2M Hill, **William Snell**, Alaska Industrial Development Authority and **John Sturgeon**, Konkor Forest Products. Other new members include **Jacob Adams**, Arctic Slope Regional Corporation of Barrow, **Roy Lyons**, Phillips Petroleum Company in Kenai, and **Jeff Wilson** of the Juneau Empire.

New rules worry timber operators

Buffer zone proposals remain hot point

(Continued from cover)

streams need protection because they provide critical habitat for salmon. Timber industry officials say there is little scientific evidence to support the level of protection proposed by Fish & Game, noting that the regulations would come at enormous cost and amount to the condemnation of private property without compensation.

There are three options in the draft regulations that would allow variances to be issued for limited logging within the buffer zones. However, two of the three options would result in large amounts of timber either falling into the restricted zone or becoming uneconomic to cut because access is impeded by the restricted areas.

The most restrictive option, proposed by Fish and Game, would allow variances for logging only on streams of five feet width or less. An option proposed by DNR would allow variances on streams up to 10 feet wide. The industry's preferred option would allow variances for cutting on streams 20 feet or less.

John Sturgeon, President of Koncor Forest Products, says his company could lose about 9 percent of its marketable timber from the two most restrictive options.

Sturgeon said his company did an extensive study of the effect of leaving buffers around the network of streams that traverse the company's Montague Island holdings in Prince William Sound. Sturgeon said Fish & Game's preferred option would



New regulations proposed by the Alaska Department of Natural Resources would enforce the state's new Forest Practices Act. Loggers say the rules are unfair because they would prohibit the harvesting of privately-owned timber stands near salmon spawning streams.

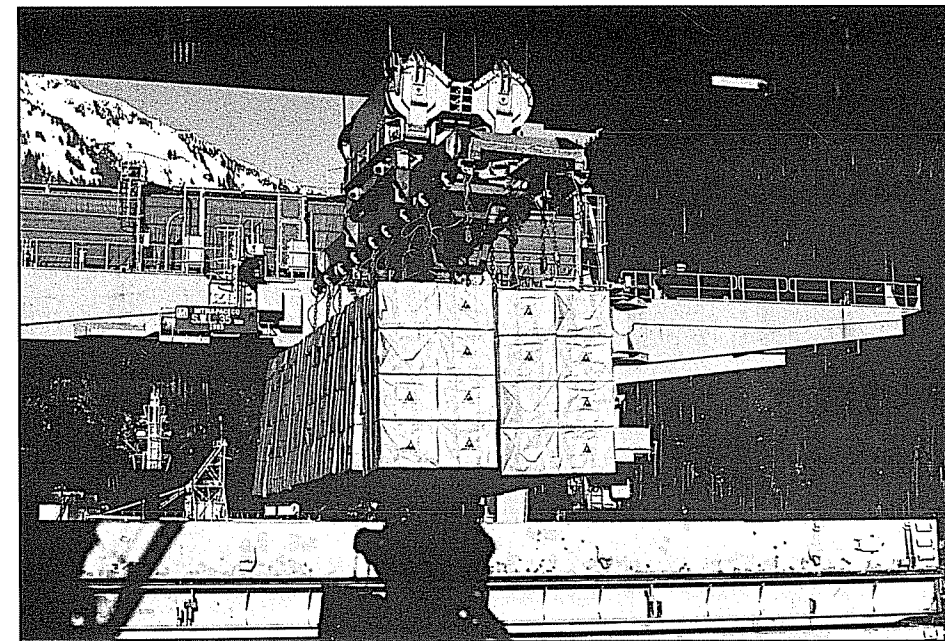
(Photo by Rollo Pool)

reduce net profits by 46 percent while the industry's option would slice profits by 33 percent.

A scientific analysis prepared by the Alaska Forest Association shows that granting variances for selective logging on streams 20 feet wide can occur without causing significant harm to fish habitat and water quality. Biological consultants with extensive experience relating to the effects of timber harvest on anadromous streams have provided information showing that variances are appropriate for streams up to 20 feet. The 20-foot stream variance option provides protection to maintain fish habitat in small streams while minimizing the losses to private landowners.

In written comments submitted to State Forester **Robert Dick**, RDC noted that the buffer strips essentially result in the condemnation of private property without compensation.

John Merrick, who presented RDC's oral remarks at the hearing, explained that the timber within buffer strips on private land represent a major asset to the property owner. These buffer strips deny the private landowner the opportunity to recover the value of the trees since there is no compensation for trees that cannot be harvested. Merrick said this taking is occurring with little scientific evidence to show that current practices are adversely affecting fish habitat or water quality.



In 1989 the wood products industry in Alaska generated some \$613 million in exports, a 29 percent increase over the previous year. Most timber harvesting occurred in Southeast Alaska, but Southcentral and Interior forests hold high potential for a thriving wood products industry.

(Photo by Rollo Pool)

Katherine Anderson, President of Eyak Corporation, a Prince William Sound Native corporation, complained that buffer strips result in a subsidy to the fishing industry at the expense of the private landowner.

"Adequate buffer strips may be necessary," Anderson said. "Adequate compensation to private landowners is also necessary." Anderson also portrayed the proposed regulations to require buffer strips as an unconstitutional taking of private property. Koncor's Sturgeon emphasized that forest operators are willing to be reasonable in making a contribution to fisheries protection, but they want that contribution to be done on a scientific basis. Regulations that automatically restrict logging out to the full 66-foot edge of the buffer, with no variances allowed, cost the owner a great deal in lost timber, but do not add substantially to fisheries protection, Sturgeon said.

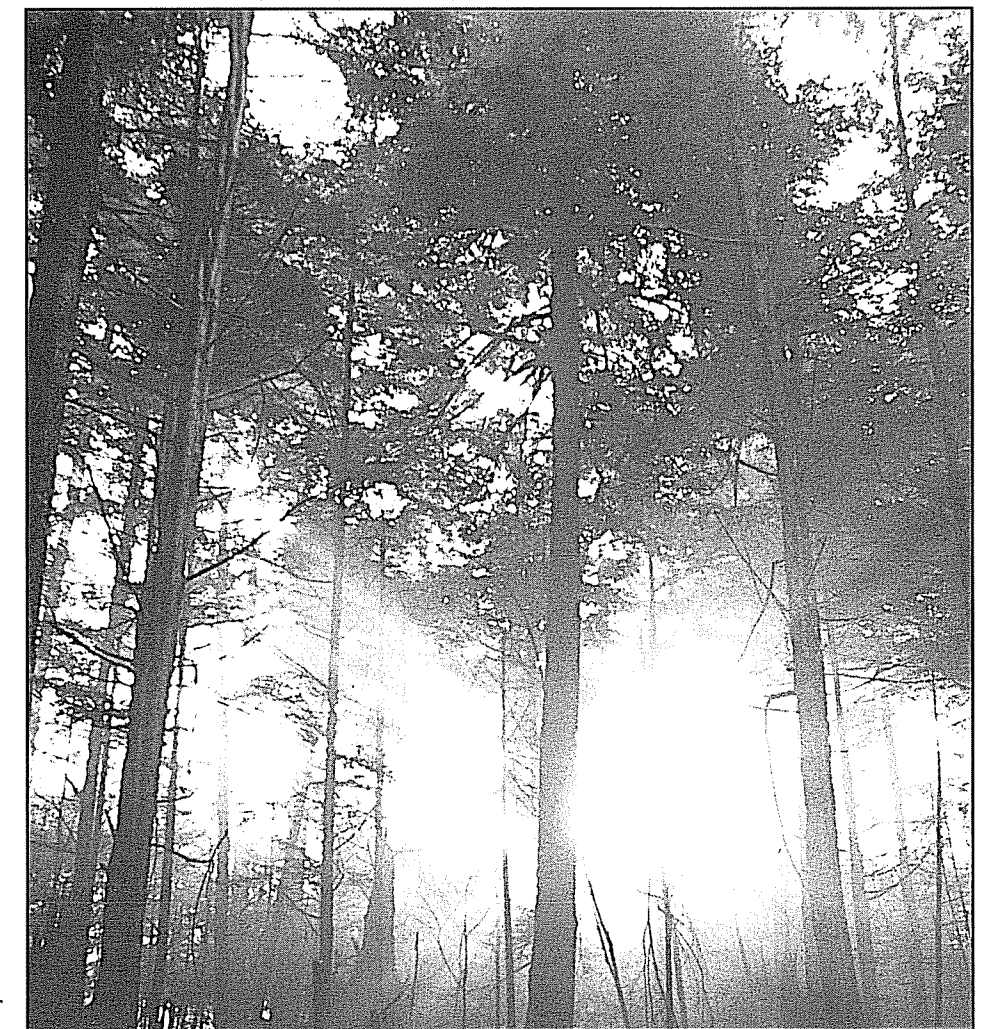
Studies show that 70 percent of the woody debris that is important to fisheries protection comes from trees falling within 25 feet of the stream in Southeast Alaska. In Southcentral and Interior Alaska where the trees are smaller, most of the debris would come from narrower corridors.

A key problem is that some of the largest and most valuable trees tend to be nearest the streams where higher

moisture and better soil nutrients allow for bigger tree growth. The industry says it needs the flexibility through variances to harvest those trees if they are not adding a large degree of protection to fisheries habitat. To leave a large, valuable tree standing when it doesn't contribute anything, or only an insignificant amount, to habitat protection, or where a number of smaller trees can do the same job of stream protection, doesn't make scientific or economic sense, Sturgeon said.

DNR Commissioner **Harold Heinze** will make a final ruling on the regulations later this year. He said some infringements on private property rights may be justified to protect public resources.

Such infringements raise the threat of possible court challenges to the regulations.



Alaska loggers harvested over one billion board feet of timber last year. About 600 million board feet was harvested from native lands while the cut from the Tongass National Forest topped 400 million board feet.

(Photo by Rollo Pool)