



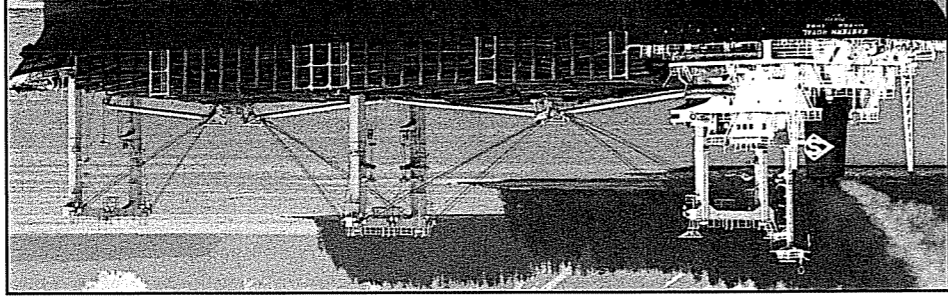
Logging may end in Chugach

While logging on the forest itself seems insignificant, private foresters note the current harvest of 5 million board feet does not even scratch the surface of the forest's sustained harvest potential. A decision to end logging on the Chugach, America's second largest national forest, would deny Alaskans the benefits that could be derived from a multi-million dollar wood products industry in the region.

Under the Clinton administration, the U.S. Forest Service is considering ending timber harvesting on about half the national forests with timber sale programs, including the Chugach National Forest in Southcentral Alaska. The Chugach is among 62 forests identified for phase out of the sale program by 1998 under a plan to end logging that fails to bring the federal government a direct profit. Logging on the Chugach could end as early as next year.

Preservationists claim an end to logging on the Chugach, where thousands of acres of trees are dying from a massive spruce bark beetle infestation, would come from oil spill "buyouts" that would come from oil spill settlement funds.

While logging on the national forest



itself seems insignificant, private foresters note that the current harvest of 5 million board feet does not even scratch the surface of the forest's harvest potential. The Chugach, the second largest national forest in America, is capable of sustaining an annual cut of 47.6 to 60 million board feet. The Forest Service originally proposed to sell 16.9 million board feet to loggers each year, but those levels were drastically reduced in a multi-year harvest plan after preservationists challenged the plan.

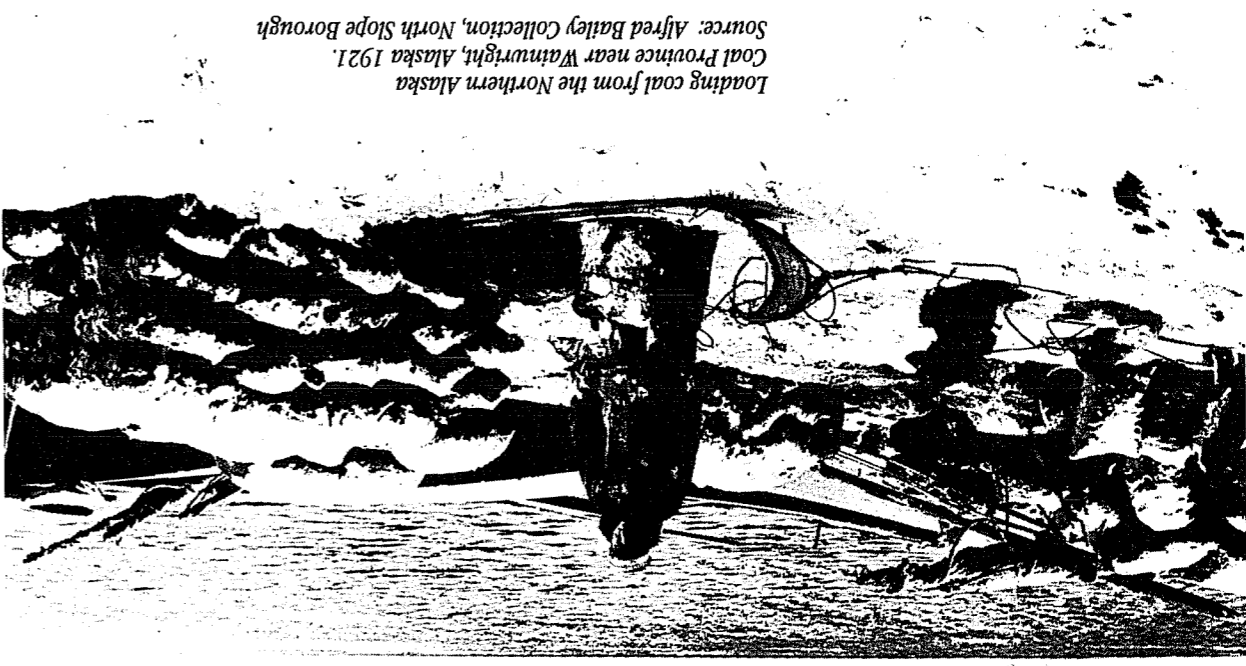
A decision to end logging on the

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"The issue of so-called 'subsidized' timber sales on the national forest system has become severely distorted in the minds of the public. Timber harvest revenues to the federal government fund such non-income producing programs such as habitat studies, bird population and nesting surveys, and hiking trails, to name just a few. Programs such as these are the ones that are truly subsidized." Mark Stahl, Chugach Alaska Corp.



Loading coal from the Northern Alaska Coal Province near Wainwright, Alaska 1921. Source: Alfred Bailey Collection, North Slope Borough

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For thousands of years, the Inupiat of the Arctic have lived in harmony with their environment, gaining experience in using wisely their most valuable resource, the land.

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Resource education for kids



Message from the Executive Director

by
Becky L. Gay

producers, children need the facts on the importance of natural resource industries and the fundamental contribution resources make to society. RDC is committed to filling the void in regard to a balanced resource education curriculum.

To highlight the battle for resource education, RDC is dedicating its 19th Annual Meeting luncheon program, Wednesday, May 26 at the Anchorage Hilton Hotel, to the subject. Entitled, **"It's Good for Kids: Supporting a Resource Development Curriculum for Alaska Schools,"** the public part of the Annual Meeting will open at 11 a.m. with a showcase exhibition of environmental and resource education programs in Alaska schools.

The luncheon program will follow at 12 noon with two keynote presentations. Featured speakers are **Commissioner Jerry Covey** of the Alaska Department of Education and **Dr. James Drew**, Dean of the School of Agriculture and Land Resources Management at the University of Alaska Fairbanks. The program will bring key Alaska educators and industry executives together in a forum designed to advance a private/public partnership in resource education.

If you believe a curriculum for resource education is essential in educating young Alaskans on the public benefits derived from the development and use of natural resources, this is your chance to make a difference. In promoting a better general understanding of natural resource industries, you can help advance the critical partnership in developing a resource education program for Alaska schools.

Sponsors of this special forum are Alyeska Pipeline Service Company, ARCO Alaska, Inc., Arctic Slope Regional Corporation, BP Exploration (Alaska), Inc., Cook Inlet Region, Inc., Echo Bay Alaska, Inc., ERA Aviation, Inc., Konkor Forest Products, National Bank of Alaska, NANA Regional Corporation, Usibelli Coal Mine, Inc., VECO, Inc., and Yukon Pacific Corporation. Our thanks to each of these fine sponsors.

Fifty years ago when textbooks addressed resource development, discussions were framed in terms of wealth creation, jobs and national security. In the 90s, textbooks frame resource development in terms of environmental impacts. Over time this slant has given our children an increasingly one-sided view of the environmental-economic equation.

While environmental awareness is healthy and benefits us all, young people must not lose touch with the fact that everything consumed in society comes from somewhere. As the bumper sticker says, if it's not mined, it's fished or grown.

While the environmental community has been busy over the years introducing a myriad of environmental education programs into the public schools, little has been done comparatively to educate students on the role minerals, wood and energy resources play in modern life. And it shows.

Students across Alaska and America are graduating from school today with a biased view against resource development. It's a view that could hold dire consequences for future public policy. If something isn't done to introduce a balanced perspective to our young, a new America may not include timber harvesting, mining or oil and gas development on private or public lands.

In order to not become a nation of consumers with no

Juneau approves permit for A-J mine

The Juneau Planning Commission has unanimously approved a city permit for re-opening the Alaska-Juneau gold mine near downtown, but more hurdles loom for developer Echo Bay Alaska, Inc., which must still obtain 21 state and federal permits.

The most crucial of these are water discharge permits that must be obtained before Sheep Creek can be dammed to store tailings from the mine.

The city permit is expected to be challenged in court by opponents of the project, but Frank Bergstrom, environmental manager for Echo Bay, said lawsuits are just another part of the permit process. "It's hard to see how any decision with this amount of scrutiny could be questioned," Bergstrom said. "We'd like to get off the dime here and go to work and get this thing running and put some people to work."

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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Resource Review is the official monthly publication of the Resource Development Council. RDC is located at 121 W. Fireweed, Suite 250, Anchorage, AK 99503, (907) 276-0700.

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Writer & Editor
Carl Portman



Governor Hickel responds to Sierra Club's "Campaign to save Alaska"

Governor Walter J. Hickel has sent a letter to Sierra Club Executive Director Carl Pope, offering his help in stopping a campaign of disinformation against Alaska that could ruin the reputation of the powerful national conservation organization.

A fundraising letter recently went out over Pope's signature, apparently to more than 500,000 Sierra Club members, exhorting them to give generously to the club's efforts to "save" Alaska.

"Alaska and every recipient of that letter, is a victim of misinformation," Hickel wrote. "The propaganda being perpetuated about Alaska by that organization distorts information about our great state for the sole purpose of fundraising. Whoever sent this letter apparently believes that raising money is more important than the truth."

The Sierra Club letter invites readers to join the club in an "extraordinary and unprecedented effort to stop the

"By becoming a Sierra Club member now — as we focus our campaign on the Alaskan wilderness — you'll help us achieve critically important legislative goals. You'll help us stop Governor Hickel and his cronies from carving up Alaska's wild lands for development by greedy, special interests. But time is running out! And we must act now! Even now as I write you, the men who hold Alaska's future in their hands are plotting to dismantle the state's environmental protections."

- Carl Pope
Sierra Club



Governor Walter J. Hickel

"Alaska and every recipient of that letter is a victim of misinformation. The propaganda being perpetuated about Alaska by that organization distorts information about our great state for the sole purpose of fundraising. Whoever sent this letter apparently believes that raising money is more important than the truth."

assault on Alaska's environment." The club has dubbed its effort, "THE CAMPAIGN TO SAVE ALASKA'S WILDS."

"By becoming a Sierra Club member now — as we focus our campaign on the Alaskan wilderness — you'll help us achieve critically important legislative goals," the letter says. "You'll help us stop Governor Hickel and his cronies from carving up Alaska's wild lands for development by greedy, special interests. But time is running out! And we must act now! Even now as I write you, the men who hold Alaska's future in their hands are plotting to dismantle the state's environmental protections."

The Sierra Club's letter painted a dark picture of "reckless ravaging of America's last frontier," oil development in fragile wetlands, road building through untouched wilderness and overlogging of old-growth trees in national forests. The Club wrote that "we're in a fierce battle for the 'leftovers' — the last remaining land left after reckless exploitation."

Hickel's response included a point-by-point rebuttal to the six pages of highly-charged and emotional Sierra Club claims on "the plot to carve up Alaska's wilds."

Hickel noted that very little of the 218 million acres of federal land in Alaska — twice the size of California — has been developed. He pointed out that not a single acre of the Alaska's 57 million acres of designated Wilderness — 62 percent of all federal Wilderness

in the United States — has been, nor ever will be touched by development.

The governor also explained that 99 percent of Alaska's wetlands remain undeveloped and that two-thirds of the old-growth trees in the nation's largest national forest — the Tongass in Southeast Alaska — are off-limits to logging. The second largest forest, the Chugach near Anchorage, is primarily managed for recreation with very little logging.

Concluding his letter, Hickel requests the Sierra Club to find out who is "mailing out this inflammatory disinformation and stop them before they ruin the organizations credibility..." He asks them to mail out a correction and to offer a refund to anyone who might have been duped into sending a contribution by the letter.

"I am willing to help," said Hickel. "Please provide my office with a copy of your mailing list so that we can send Sierra Club members accurate information about Alaska and its policies. Together, we can save your reputation."

The Legislature also introduced a resolution taking the Sierra Club to task on the same letter.

**Support Resource Education
Attend RDC's 19th
Annual Meeting Lunch**

Wednesday, May 26, 1993
Anchorage Hilton Hotel

Rival Mining Law bills on collision course in U.S. Senate

Craig bill passes Energy Committee

The U.S. Senate Energy Committee has approved an industry-backed bill to amend the Mining Law of 1872, setting up a showdown with the Clinton administration and environmentalists who favor stricter legislation that would gut the Mining Law.

Sponsored by Senator Larry Craig, R-ID, the new bill would require miners to pay a 2 percent net royalty on gold and other minerals that are extracted from federal lands. The royalty would be calculated on the value of the minerals minus production costs. Rival legislation sponsored by Senator Dale Bumpers and Representative Nick Rahall calls for an 8 percent royalty on gross sales.

Craig predicted his bill would pass

on the Senate floor, but Senator J. Bennett Johnston, Chairman of the Energy Committee, cautioned that Congress probably will approve a tougher measure hammered out in a conference committee later in the session. In the conference committee, proponents of tougher mining reform hope to stiffen the Craig legislation in working out the differences with the stronger Rahall measure emerging from the House.

The Rahall legislation would deprive the miner of the opportunity to own minerals and have a secure tenure or title.

Economists claim the 8 percent gross royalty in the Rahall bill would cost the government more than it would

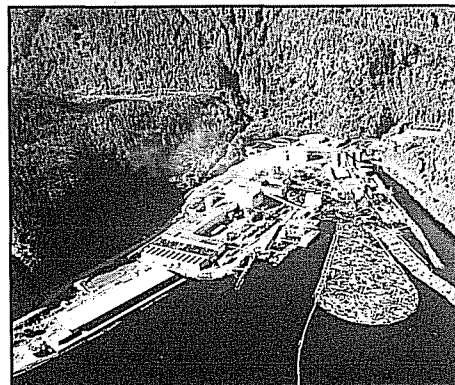


The Rahall legislation would destroy the key principles of the Mining Law, driving exploration abroad and forcing existing operations to mine only the highest-grade ores.

raise. And the Congressional Budget Office has reported that federal revenue estimates from the new royalty are inflated because the Clinton administration and Congress failed to take into account declines in the industry the tax would bring. Some reports found that the royalty would cost between 10,000 and 30,000 jobs and over \$500 million a year in lost revenue to the Treasury.

Greenpeace to pay Alaska Pulp Corporation

The environmental activist group Greenpeace has agreed to pay Alaska Pulp Corporation for extra work it undertook during a 1991 demonstration that disrupted its Sitka pulp mill, ac-



Alaska Pulp Corporation's mill in Sitka was the site of a Greenpeace demonstration in 1991.

ording to papers filed May 3 in Alaska Superior Court.

The judgment is for \$4,460, about half of what APC demanded in its complaint, said APC spokesman Rollo Pool.

APC's charge centered on its costs to defend the perimeter of its mill from attack by Greenpeace protesters. On August 13, 1991, a flotilla of Greenpeace protesters sped to the mill dock in inflatable rafts. Four demonstrators chained and tied themselves to the mill's barge dock while other protesters took pictures. Two protesters were arrested.

"We have said all along that this chaining was very disruptive to our operation. It cost our company time and money," said pool. Earlier court documents stated the damages to APC amounted to approximately \$11,000.

"This judgment should serve as a warning," he added. "When you come out onto someone's property and perform an unlawful act, you must be accountable. We run an industrial plant here, not a public park."

Since APC filed its complaint in 1991, Greenpeace promotional literature has called for increased activity on forestry issues, including blockades of ships carrying wood and pulp and demonstrations at Forest Service offices and at timber firms.

"These things may be good for fundraising and gaining publicity, but can be very disturbing to a company that is trying to run a business," Pool said.

The APC spokesman said the company has not yet received the money for the settlement.



Thoughts from the President

by Paul S. Glavinovich

The year that was

This will be my last "Thoughts from the President" column and Carl Portman suggested that I use it to reflect upon what I perceive to be the highlights of my term as President of the Resource Development Council.

My choice of highlights will come as no surprise to readers of the **Resource Review** for they are basically represented by the feature articles of the past twelve editions of this fine publication.

I would love to report that we solved all the problems associated with or resulting from the Tongass Land Management Plan, ANWR, federal timber management, revisions to the federal mining law, wetlands, water quality, and the Mental Health Land Trust. Unfortunately, I cannot do that, but I can tell you that the Council was directly involved in all these actions and, in my opinion, contributed directly to what little progress has been made within these complex political and regulatory arenas. We have not reached a satisfactory resolution to the problems inherent to the above listed actions and activities and our next president will not want for critical issues demanding the Council's involvement.

This past year RDC's directors participated in two outreach trips to the cities of Sitka and Juneau. These trips were very productive and provided a forum for the exchange of individual and regional perspectives on resource issues.

Looking back



In 1992, RDC assumed the administrative functions of AMEREF, a natural resources education program for Alaska schools. The program is funded largely from the private sector and the current challenge is to ensure that funding remains adequate to meet demand.

Alaska is a large state and provincialism is always a risk; such trips are the answer to that threat and must be continued. I greatly appreciate our directors giving their time to these trips.

Last November the United States elected a new President, Alaska elected a new legislature and RDC captured Becky Gay, our executive director, back from the Governor's Office where her charge was to promote ANWR. One might question the success of that campaign, but when is the last time that you read an article or heard President Clinton calling for an ANWR Wilderness designation? Much of the credit for the current stalemate must also go to Arctic Power, now ably managed by RDC's former deputy director, Debbie Reinwand.

Perhaps the big success story of 1992-93 is RDC's assumption of the administrative functions of the Alaska Minerals and Energy Resource Education Fund (AMEREF). RDC has long promoted resource education as a key element to responsible resource development. The AMEREF program provides a curriculum to Alaska's public schools that exposes the student to the role that natural resources play in our everyday lives and therefore the benefits of responsible resource development. The program is funded largely from the private sector and the current challenge is to ensure that this funding remains adequate to meet the demands of this critical educational effort. We must also strive to ensure that the program is an integral element of all of Alaska's school districts.

In closing this column and my term, I would like to express my appreciation to the Board of Directors, and in particular, the Executive Committee for its support and tolerance; to Debbie Reinwand for pushing me through my first two months and to Becky Gay for leading me through my next eight months. Carl Portman deserves recognition as the "responsible person" that produces the **Resource Review** and is also responsible for the excellent Thursday breakfast programs we all enjoyed this past year.

I am confident the excellence that is characteristic of the Resource Development Council will continue. I am privileged to have served.



During RDC's outreach trip to Southeast Alaska in October, Joe Henri, a former RDC President, presented long-time board member Don Finney with a special RDC "Oil Barrel" plaque at an Alaska Forest Association banquet in Ketchikan. The banquet was in honor of Finney, who retired in October.

At bottom right, members of the RDC board gather in Sitka.



Logging ban would kill potential multi-million dollar forest industry

(Continued from cover)

Chugach would deny Alaskans the benefits that could be derived from a strong multi-million dollar wood products industry in the region, said John Sturgeon, President of Koncor Forest Products. Sturgeon noted that a full biologically-sustainable cut was adopted by the Forest Service to provide several hundred full-time, high-paying jobs in an area that desperately needs sustainable employment. He said dollars from sustained-yield timber harvesting would multiply into hundreds of jobs, purchases, services, tax payments and more.

"An end to logging on the Chugach would be the final nail in the coffin as far as potential timber development in the Sound is concerned," said Sturgeon. "It's very unfortunate that it has come down to this," Sturgeon added. "Other places have shown that timber harvesting and recreation are compatible."

Chugach supervisor Bruce Van Zee said logging in the Chugach ranked near the bottom of the national list in terms of dollars earned from timber sales. Van Zee noted, however, that much of the logging in the Chugach is done to improve wildlife habitat, reduce infestations and remove tress that could cause fire danger.

According to industry officials, the government accounting system does not look at the entire balance sheet

"The government accounting system does not look at the entire balance sheet when determining the income from a forest. If you look at the Tongass or even a state timber sale, on a cash-in and cash-out basis, they don't always look very good. The real story behind the timber program in the national forests is the economic cumulative effects of harvesting."
Rollo Pool, Alaska Pulp Corp.



when determining income from a forest.

"The issue of so-called 'subsidized' timber sales on the national forest system has become severely distorted in the minds of the public," said Mark Stahl, Manager of Land and Resources for Chugach Alaska Corporation in Anchorage. "Timber harvest revenues to the federal government fund such non-income producing programs as habitat studies, bird population and nesting surveys, and hiking trail construction, to name just a few," Stahl said. "Programs such as these are the ones that are truly subsidized."

Stahl explained that by ensuring a

high, sustainable level of harvest, more dollars flow to the federal government which in turn finances various recreation and wildlife programs. He said the economies of scale rise to a point where the "fixed" cost of maintaining a massive administrative/overhead budget can be covered. Moreover, the aggregate level of taxable incomes rise in local communities, and monies flow to the local school districts for teacher salaries, books and classrooms.

Commercial logging in the Tongass National Forest was not included on the logging phase-out list, although the Southeast Alaska forest was among those the government listed as a "below-cost" forest where logging expenses exceeded revenue to the Treasury.

Except for a few years in the 1980s when the timber market slumped worldwide, the Forest Service made money selling Tongass timber. The government reported a loss for 1992, attributed to one-time costs assessed against the year by terms of the Tongass Timber Reform Act of 1990. Nearly all the loss was accredited to a write-off of road costs to timber that the Act took out of the timber base.

"If you look at the Tongass or even

a state timber sale, on a cash-in and cash-out basis, they don't always look very good," said Rollo Pool, Public Relations Director for Alaska Pulp Corporation. "This is a simple and foolish way to look at the issue."

In a speech before the May 6 breakfast forum of the Resource Development Council in Anchorage, Pool pointed out that the Forest Service gets back cash from timber sales and roads as assets. Yet roads, which are a long-term investment and a contribution to other national forest users, are levied as expenses solely against a timber sale. Pool said road costs should be allocated to recreation, wildlife management and in some cases, fire control.

The narrowly focused interpretation of the balance sheet also considers the partial reimbursement of stumpage fees to local communities as an expense against the timber sales. Twenty-five percent of the stumpage dollars the Forest Service collects from the timber harvest on national forests return to states and is distributed to local governments for schools and roads. That exceeded \$20 million for the past four years in Alaska.

The real story behind the timber program in the national forests, Pool emphasized, is the economic cumulative effects of harvesting. From 1988 to 1990, the Forest Service estimated that its Tongass timber program alone generated between \$484 million and \$560 million cumulative value to Southeast Alaska communities.

"We believe the role of government is to create conditions in which our economy can flourish," Pool said. "We also believe the timber program in the Tongass is a good example of a public-private partnership."

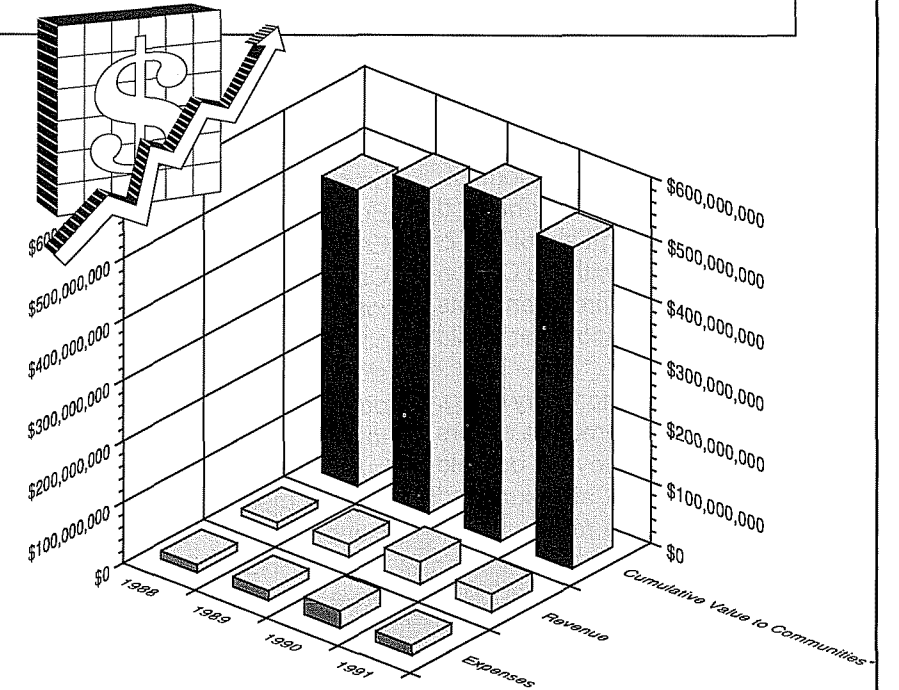
But the Chugach, where the Forest Service has not offered any substantial timber sales in over a decade, is another matter, says Joe Henri, President of Southcentral Timber Development Corporation. Henri believes the Forest Service's long-range plan for the Chugach serves only to lock up valuable resources and discourage the growth of commerce in Alaska.

"From the time of Dalton DuLac's tenure as Chugach Forester, the nation's second largest national forest has been dedicated to non-use and recreation," Henri

The real story behind the timber sale program in the national forests

Sample

Tongass National Forest Timber Receipts, Expenses & Value to Communities



Direct and Indirect Benefits from Timber Activities

(Payroll, Spinoff Jobs, Taxes, Purchases, Services)

SOURCE: Government Accounting Office and US Forest Services' TSPIRS Reports 1988, 1989, 1990, 1991.
 * 1991 Cumulative Value represents 3-year average. Actual figure is unavailable.

"An end to logging on the Chugach would be the final nail in the coffin as far as potential timber development in the Sound is concerned."

John Sturgeon, Koncor Forest Products



"Below cost timber sales are a figment of the government's imagination, a contrivance to stop the selling of stumpage."

Joe Henri, Southcentral Timber Development Corporation

