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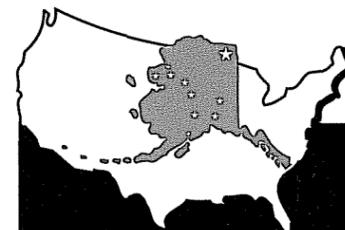
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New wetlands report falls short of recognizing Alaska's unique circumstances

Report fails to clarify how regulations will be applied in Alaska

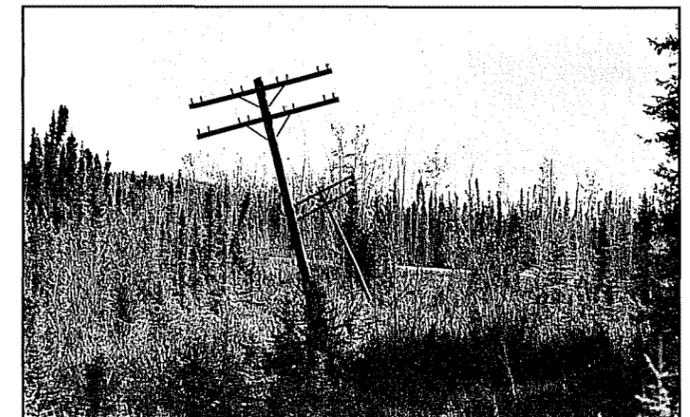
The Clinton administration's newly-proposed guidelines on how wetlands development should proceed in Alaska doesn't go far enough in recognizing that a "no overall net loss of wetlands" policy will not work in Alaska, according to industry and community leaders.

As part of the administration's August 1994 Wetlands Plan, the Environmental Protection Agency (EPA) and the Corps of Engineers convened a panel of "stakeholders" and solicited public comments in a series of meetings across Alaska from November through March to identify and address concerns with federal wetlands policy in the state. The Clinton administration dubbed the six-month effort the "Alaska Wetlands Initiative," which the product of was to guide regulators in formulating new, flexible guidelines recognizing Alaska's unique wetlands circumstances.

The final report, however, offers little in the way of substantive improvements in the Clean Water Act Section 404 program, RDC and other stakeholders claim. Although the guidelines were designed to be flexible, the final report still does not clarify how the regulations will be applied in Alaska, a major concern of stakeholders.

For instance, the report basically states that the "no-net-loss" goal will not always be achieved on a permit-by-permit basis in Alaska, but it doesn't clearly state how, when and where it will be implemented.

"What continues to worry Alaskans is the uncertainty involved in the permitting procedures," said Becky Gay, Executive Director of the RDC. "Which permits will be required to compensate with a net gain in order for some permits to allow a net loss?" Gay asked. "Certainly of how 'no net loss' would be implemented in Alaska was not achieved, and removing the uncertainty was a goal of all stakeholders."



Virtually all development in Alaska, from homeless shelters to schools, hospitals, utility corridors and roads requires land regulated as wetlands. Land that is not considered wetlands is mainly mountainous terrain, leaving little option for where to develop.

(Continued on page 2)

The "unholy trinity": property rights, unfunded mandates, risk assessment

Every year we force more and more of these unnecessary regulations upon them. Risk assessment is a simple, basic step in running a successful and cost efficient organization. Imagine the potential for disaster if a company or a small business were to make major operating decisions without assessing the risks or providing a cost/benefit analysis of their actions. Legislation that protects private property rights, curbs unfunded mandates and requires risk assessment is by no means an "unholy trinity." They are the foundations of practical, realistic and responsible public policy. We owe the American people nothing less.

Erick Olson, the (NRDC) memo's author, noted, "We agreed the environment is a major loss, which would set a bad precedent for any other subsequent bill (like Clean Water)." I

read with glee the now-famous memo by a Natural Resource Defense Council (NRDC) lobbyist to six other environmental group lobbyists that was recently leaked to the trade press. Milliseconds later it hit Internet, CompuServe, the FAX networks of "wise use" groups, and was on the desks of mayors, governors and members of Congress. News travels fast these days. It summarized a meeting with powerful California environmentalists Henry Waxman and George Miller, and detailed because they would contain offensive amendments.

The offensive amendments concerned the "unholy trinity" of property rights, unfunded mandates and risk assessment. The lobbyists are rightfully worried. California Congressman Richard Pombo said this about the memo: "What I want to know, Mr. Speaker, is what are they afraid of? This so-called 'unholy trinity' is simply an effort...to add some common sense to the standard operating procedures of the federal government and to ease the burden on the citizens of this country."

"This so-called 'unholy trinity' is simply an effort...to add some common sense to the standard operating procedures of the federal government and to ease the burden on the citizens of this country."
- Congressman Richard Pombo, California

RDC believes minimizing a project's impact fulfills the primary purpose of sequencing when applied to Alaska. Rigid sequencing, the steps of avoiding wetlands, used, represents onerous treatment in a state which contains more pristine wetlands than the rest of the U.S. combined.

Most stakeholders would like to see the state's wetlands classified by efforts to date should be given precedence, particularly if any alternatives "in the interest of fair public policy, Congress must recognize Alaska's wetlands situation. With over 50 percent of the nation's total wetlands base, any national policy affects Alaska first and most."

The Alaska delegation is mounting a campaign to gain regulatory flexibility through the reauthorization of the Clean Water Act which may arrive on the Senate floor later this summer. Gay was in Washington recently for a series of meetings with administration and congressional officials on the clean water bill. Gay said preventing "takings" should be a policy outcome in reauthorization of the Clean Water Act. "If takings occur, compensation should be given for lands with economic value diminished or taken by wetlands regulation."

Gay noted that in the final report, the 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.

Since the report doesn't clearly say Alaska is exempt from "no net loss" or identify which permits will be required to fulfill such a goal, Gay and local community officials fear the new policy could leave all construction open to court challenges from environmental groups. Many stakeholders, including RDC, repeatedly stressed throughout the Alaska Wetlands Initiative process that compensatory mitigation does not make sense in Alaska because of the abundance of wetlands in the state, the minimal loss of wetlands in Alaska and their value, then have simpler and flexible rules for the least valuable ones. RDC believes minimizing a project's impact fulfills the primary purpose of sequencing when applied to Alaska. Rigid sequencing, the steps of avoiding wetlands, used, represents onerous treatment in a state which contains more pristine wetlands than the rest of the U.S. combined.

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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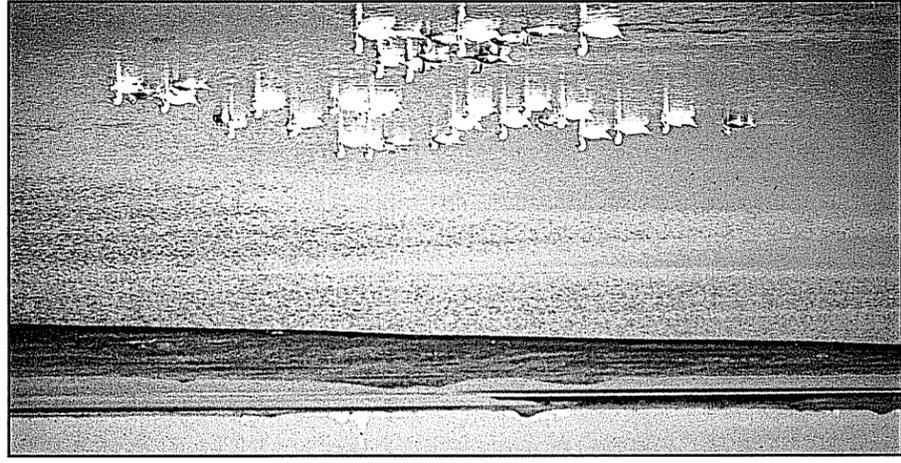
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Carl Portman

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Only about 200,000 acres (less than one percent) of Alaska's wetlands have been used for all types of development, ranging from community infrastructure to oil field development.

Forest Service, State continue to study options on Kenai logging

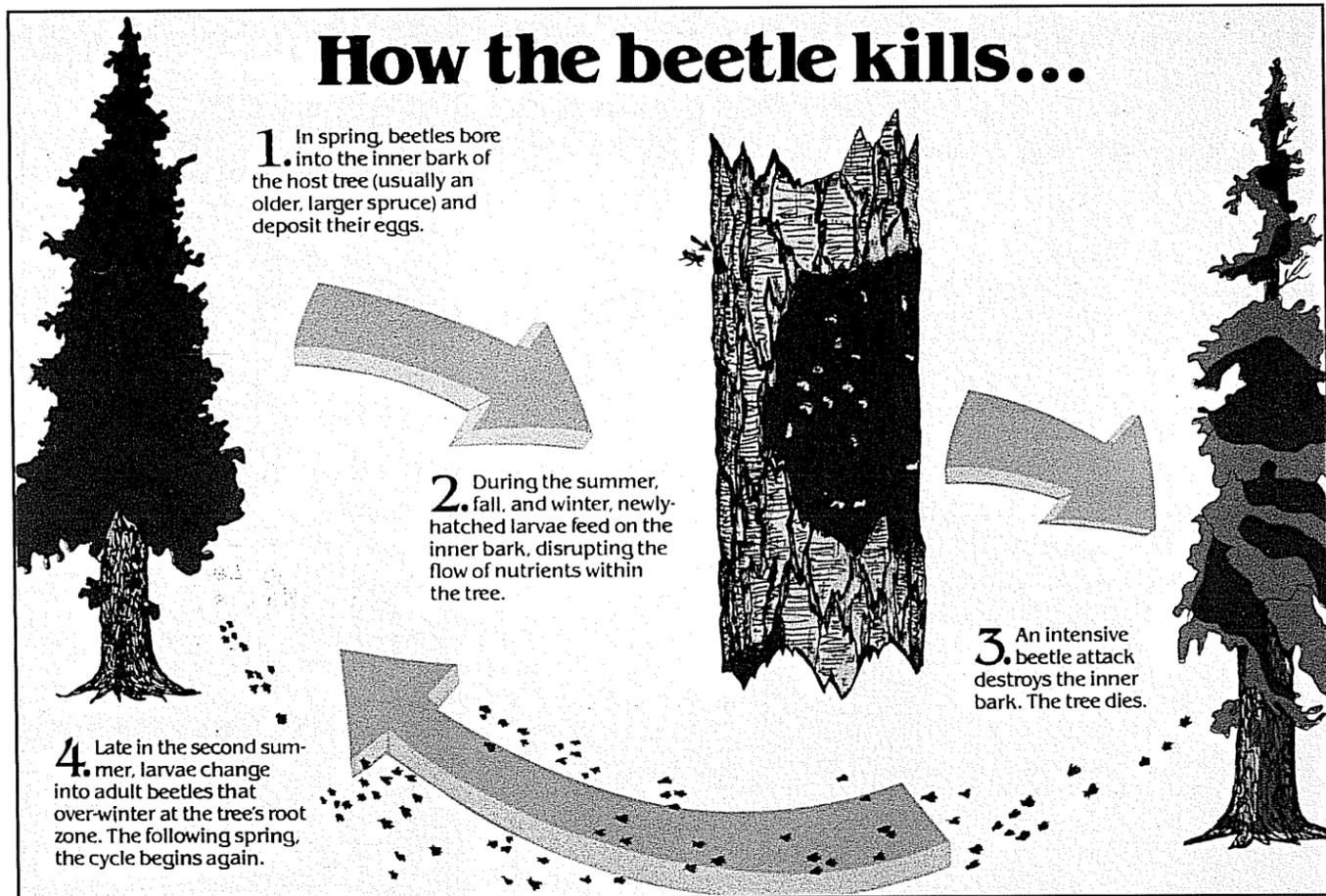
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would promote recreation and tourism on the Kenai while helping relieve existing overcrowded trailheads and campgrounds. Federal and state officials point out logging will be done under strict Forest Practices Act regulations which protect river drainages and other sensitive areas. Active management, using proven silvicultural techniques, would be implemented and include tree planting. Reforested areas would result in a mosaic of tree cover and age classes, providing natural protection from future infestations. While the beetles will always be in the forest, the notion that this infestation is or should be managed as a totally

federal/state cooperative plan, RDC supported the maximum treatment steps as prescribed in Alternative Seven. RDC noted that designing, locating and managing roads for future recreation trails as noted in the plan

(Continued from cover)

How the beetle kills...



RDC: Cut beetle-infested trees

(Continued from page 3)

With each passing year, as the state and federal government study and discuss options in dealing with the infestation, the beetle continues its relentless march across the Kenai and into spruce forests near Anchorage.

RDC stressed the time has come for prompt, effective and widespread action, not continued debate and gridlock. "The State and federal government should move quickly to reduce potential for beetle spread into non-infested or lightly-infested stands and rehabilitate heavily-infested stands by removing dead, dying and threatened trees and reforesting the sites," RDC said in its comments to Warren Oja, Moose Pass Project Team Leader of the Chugach National Forest.

Some organizations and individuals oppose logging the beetle-killed timber, drawing a picture of vast clear-cuts wiping out the Peninsula's forested lands and wrecking its fish, wildlife and

wilderness resources. While there may be no easy answers to the beetle infestation, logging plans certainly will not cause the devastation that opponents would like the public to believe.

By doing nothing on the Kenai, timber, wildlife, water and fishery resources are even more at risk, according to professional foresters. They warn that lack of action and continued forest health decline will result in loss of wildlife habitat for mature forest species, continued riparian area degradation, substantial long-term conversion of forest to grass from lack of spruce regeneration, a significant decrease in plant diversity over time, increased fire hazard, and degradation of aesthetic quality forested landscapes. In addition, they say movement of big game animals is jeopardized when beetle-killed trees break off and fall to the ground in a jackstrawed configuration.

In the short term, timber harvesting might be visually displeasing to many

and require the construction of roads into the backcountry, which some local residents and environmentalists oppose. But a greener, healthier and more diversified forest would result sooner with such an approach than if nothing is done, foresters note.

RDC pointed out that additional roads are not necessarily bad in that they would help disperse recreationalists and open new areas for hikers and campers. Many of the roads could be closed to motorized traffic, serving as a network of mountain biking routes in the summer and ski trails in the winter. Other roads could be used for snow machining.

The new roads may not only provide new recreational opportunities, but allow for future forest health maintenance and protection. In some areas, the roads could be permanently closed to all uses and re-vegetated.

Of the alternatives presented in the
(Continued on page 7)

ARCO slices work force

Industry employment continues downward spiral

ARCO Alaska, Inc., will eliminate 750 jobs over the next several months, adding to a steady decline in oil industry employment in Alaska.

"While very painful for all employees, these reductions are necessary to enable ARCO to be a long-term competitor in the global market," said ARCO Alaska President Ken Thompson.

"We are reaffirming our commitment to becoming competitive in a low-price environment, not only with fields elsewhere in the United States but across the world," Thompson said.

"We can no longer do all the things we did when North Slope production was at its peak. We must concentrate on producing the most oil possible from existing fields at the lowest possible cost, but with a continued emphasis on the safety and health of our employees and protection of the environment."

ARCO Alaska currently has approximately 2,350 employees. In 1990, employment was over 2,800 employees.

Without the latest ARCO cuts, industry employment from 1990 to 1993 has decreased approximately

24 percent, from a high of 5,228 in 1990 to a low of 3,979 in 1993. Some 1,249 jobs have been lost, not including the latest cuts at ARCO.

Alaska's oil producers have been hit hard by the combined effects of lower crude prices, declining production and rising costs as producing fields mature. Virtually every member of the Alaska Oil and Gas Association has experienced a reduction in its work force during this period.

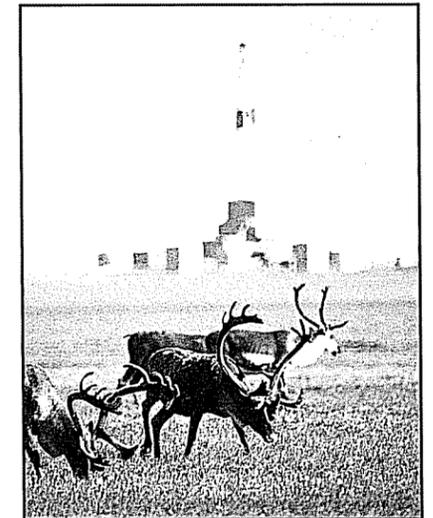
Thompson said ARCO will continue to explore in Alaska, but the level of exploration spending will be determined by the ability of projects in Alaska to compete with projects elsewhere in the world.

"We will focus on low-cost, quality exploration, and we still believe there's a chance for a major discovery," said Thompson.

The new ARCO president said his company will be seeking new ways to flatten the decline in production from existing fields.

"We will continue our long-term commitment to production and exploration technology in increasing rates and reserves from existing assets," he said.

Thompson said he feels very posi-



ARCO will cut employees not only in Anchorage, but on the North Slope.

tive about ARCO's future as a strong, competitive, low cost production and exploration company.

And so does RDC board member Roger Herrera, a former British Petroleum executive. Herrera noted that lower operating costs would make it easier for the company to sell Alaska exploration projects to its parent company in Los Angeles.

While acknowledging that the company might continue to spend more of its exploration budget abroad for the next few years, Herrera believes ARCO will continue to play a leading role in future exploration here.

RDC supports Kenai logging

The Resource Development Council has urged the U.S. Forest Service to take aggressive action in combating the spruce bark beetle epidemic on the Kenai Peninsula.

In commenting on a cooperative state/federal plan to address the growing beetle infestation on the Kenai Peninsula, RDC said the forest as a whole, not just areas along the road corridor and at trailheads and campgrounds, should fall under aggressive treatment. Attacking the problem only along the road corridor and recreation sites would leave most of the forest at the mercy of the beetle and result in a catastrophic loss of the timber resource.

RDC is a proponent of a healthy, sustainable forest products industry in Alaska, as well as a diversified and productive forest. What is occurring on the Kenai Peninsula is counterproductive to both. The spruce bark beetle infestation is wiping out evergreen forests, threatening small communities and popular recreation sites with fire hazard and consuming more timber than loggers have cut in the Tongass National Forest since commercial operations began there several decades ago.

(Continued on page 6)



The spruce bark beetle infestation has consumed more trees than loggers have cut in the Tongass National Forest since commercial operations began there several decades ago.

Parish elected President as RDC celebrates 20th Annual Meeting

David Parish, Senior Public Affairs Representative for EXXON Company, U.S.A., has been elected President of the Resource Development Council. Parish was elected to the one-year term at the Council's Annual Meeting in Anchorage June 2.

Elizabeth Rensch, General Manager of Analytica, Inc., was elected Senior Vice President while Scott Thorson, President of Network Business Systems, was elected Vice President. Lyle VonBargen, Public Relations Director for Alyeska Pipeline Service Company in Valdez, was elected Secretary and Allen Bingham, a Partner in the accounting firm of Deloitte & Touche, was re-elected Treasurer.

Parish succeeds Jim Cloud, Vice President for Commercial Loans at National Bank of Alaska.

Prior to joining EXXON in 1988, Parish worked as a top aide to then-Senate President Jan Faiks. While

working toward a bachelors degree in economics from Pepperdine University, Parish served as a summer intern at RDC in 1985.

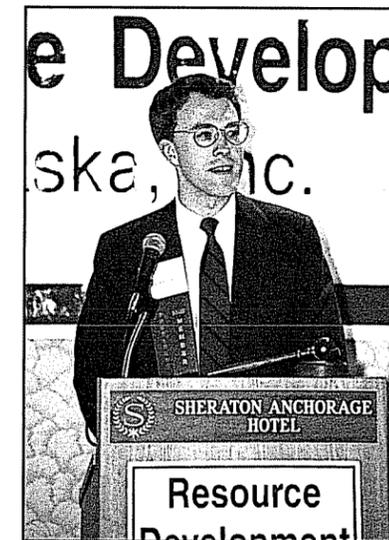
Newly-elected members of the Council's Executive Committee were Jerry Booth, Vice President of Energy and Minerals at Cook Inlet Region, Inc., and Jim Weeks, Senior Vice President, Prudhoe Bay Unit, ARCO Alaska.

New appointments to the RDC statewide board of directors include Anchorage residents Bill Behnke, GCI; Dick Birkinshaw, MAPCO; Karen Cowart, Alaska Visitors Association; Jim Jansen, Lyden Transport; Walt Schlotfeldt, Petro Star, Inc., and Michael Stone, KPMG.

Other new members include Jim Carmichael, Afognak Native Corporation, Kodiak; Bud Chamberlain, Phillips Petroleum, Kenai; Dale Lindsey, Harbor Enterprises, Seward and Ray Measles, Tesoro Alaska Petroleum Company, Kenai.



Congressman Don Young's keynote address highlighted important federal issues.



RDC's new president, Dave Parish, was introduced to the organization as a student intern in 1985.



House Majority Leader Gail Phillips reviewed legislative accomplishments, noting RDC's effectiveness on bills affecting development.



Members of RDC's statewide board of directors attending the Annual Meeting in Anchorage gather on the jade stairs at the Sheraton Anchorage Hotel. RDC's new officers are pictured at right. From left to right are President Dave Parish, Treasurer Allen Bingham, Past President Jim Cloud, Secretary Lyle Von Bargen, Senior Vice President Elizabeth Rensch and Vice President Scott Thorson.



Photos by Aaron Weaver



Newly-elected President Dave Parish presents Past President Jim Cloud with an RDC oil barrel plaque in recognition for his outstanding service to the organization.



Shannon Siemens of Kodiak was tops in the junior high school category of the RDC essay contest. Sharlene Chang of Dimond High School had the best essay in the high school category.



RDC's Annual Meeting Luncheon was well attended, attracting over 300 people.



RDC President Dave Parish, third from far left, poses with RDC staff Carl Portman, Judie Schneider, Penny Booher, Ken Freeman and Becky Gay. Photo by Paul Laird