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## Resource Review

March 1994 A monthly publication of the Resource Development Council, Inc.

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*"Leading environmental groups have helped define extractive resource industries as 'politically incorrect.' That means Alaska is basically 'politically incorrect,' even though our economy has always been based on extractive resource development and all of us use products derived from natural resources."*

Who defines it?

# Sustainable Development

by  
Becky Gay and Carl Portman

For nearly 200 years, natural resources have been the basis of America's growth, prosperity and social order. Americans have developed the ability to change their resources into products with a direct personal benefit to all citizens. From this effort, a nation without equal evolved.

One could argue that America has a moral imperative to develop some of its resources. Far better a supply of resources come from Alaska, for instance, where some of the toughest state and federal environmental laws regulate development and advancing technology can attract capital to do the job "right." A clean environment is a product also directly tied to a healthy economy.

Yet developing a natural resource in Alaska, whether it be oil, over-mature timber, a strategic

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*Some argue only fishing and tourism are sustainable industries, but timber, mining and oil and gas development have helped sustain local economies for decades and have the potential of sustaining those economies for generations.*



## Message from the Executive Director by Becky L. Gay

### All in a month's work at RDC

RDC staff and board members are everywhere these days.

- Executive Committee member Roger Herrera and Carl Portman attended and testified at the OPA '90 hearing in Anchorage.

- I spoke to Valdez and Glenallen Chambers of Commerce, with the help of RDC Executive Committee member Lyle Von Barga. While in Valdez, I also addressed a Junior Achievement class at the request of Paul Roetman, Technical Advisor and Executive Director of the Prince William Sound Economic Development Corporation.

- President Jim Cloud and PLF attorney Jim Burling spoke at the Continuing Law Education seminar on Wetlands in Anchorage.

- I also spoke at the Winter Cities conference on "The Natural and Economic Environments: Flip Side of the Northern Coin."

- Portman spoke at the Placer Mining Conference in Fairbanks, staffed the AMEREF booth and helped run the AMEREF raffle. He also met with Fairbanksans on membership outreach.

- I addressed the National Park Service director and the thirteen park superintendents on a panel regarding future access to national parks. Also on the panel were Transportation Commissioner Bruce Campbell, Alan Smith of the Wilderness Society and a representative from the Alaska Visitors Association.

- RDC testified at the Oil Export ban hearing conducted by the Department of Energy, as did RDC board members Paula Easley of the Municipality of Anchorage and Mano Frey of the AFL-CIO.

- RDC Secretary Scott Thorson, along with staff Ken Freeman and Portman, successfully completed their stint as Junior Achievement advisors in assisting local high school students in marketing and producing 98 new AMEREF resource education kits for Alaska schools. RDC Staff Judie Schneider and Penny Booher played a big role behind the scenes in finalizing and distributing the kits. A BIG THANKS to all RDC members who sponsored a kit — our success is directly due to you!

- Before the month was out, I met with the new Special Assistant to the Secretary of Interior, Deborah Williams, on issues of concern to RDC. We addressed Title XI of ANILCA, tourism in the conservation units, wetlands policy,

the Healy Clean Coal Project, ANWR, MMS funding, OPA '90 and general RDC efforts.

- I attended the AFL-CIO legislative meeting in Juneau.

In addition to this outreach schedule, RDC has been very active in giving testimony on a variety of issues supporting RDC's legislative priorities. RDC officers and board members, led by President Cloud, met in Juneau in mid-February, accompanied by staffers Freeman and Gay. Issues which have required RDC's attention and testimony include the 470 Fund, exploration licensing, exploration incentives, mental health land solutions, forest management agreements, and Title 38 changes. And this was all in the last month!

### Alaskans sound off at OPA '90 hearing

Alaskans from Ketchikan to Barrow attended a public hearing in Anchorage February 16 to sound off against an advanced notice of proposed rulemaking by the Minerals Management Service to implement the financial responsibility section of the Oil Pollution Act of 1990.

By taking a broad interpretation of the key terms "navigable waters," "off-shore facilities" and "responsible parties," MMS plans to require any facility which uses oil or oil products on, under or over most surface waters and adjacent wetlands to provide \$150 million in financial responsibility bonding.

Enforcement of the financial responsibility requirements as interpreted would create havoc in communities across the state since most are situated along wetlands and navigable waters.

RDC board member Roger Herrera testified that MMS has the regulatory and legal flexibility to address the major problems posed by the broad interpretation of the statute without reopening the law for amendment.

*"It's time our judges prioritize the well being of Alaskans over the guilt-ridden social conscience of the elite carpetbaggers from the Lower 48."*

**Editor's Note:** The following is Senator Bert Sharp's speech presented earlier this month on the floor of the Alaska Senate.

It is becoming more and more evident that our state court system is failing the public.

One of the more obvious failures regards judicial decisions based mostly on interveners' speculative claims involving extreme technicalities that have resulted in the last-minute halting of development of our natural resources. Development translates into new jobs for Alaskans and new revenue for the state. Development is critical to the continuing financing of priority public needs.

By allowing the filing of last-minute challenges, oftentimes after the time allowed by regulations and state laws, the court has become the boot licker of the elite, extreme environmental groups. The vast majority of financing for these obstructionists comes from outside Alaska.

It's time to talk about the destruction these harebrained judicial decisions are inflicting on the vast majority of Alaskans. Examples include the Alaska Supreme Court's decisions which overturned Superior Court rulings involving Oil and Gas Lease Sales 50 (Camden Bay) and 55 (Demarcation Point), and the decision by Judge Souter to allow the Trustees for Alaska to challenge an operating permit for the Healy Clean Coal Project. This challenge was allowed after all permitting processes were completed at a cost of tens of

## Guest Opinion by Senator Bert Sharp

### Justice for all? Trustees for who?

millions of dollars. The latest gem is the virtual cancellation of the lower Cook Inlet Lease Sale #78 by Judge Cranston.

Trustees for Alaska has been a lead litigant in every case. Let's take a brief look at this organization.

Trustees for Alaska, I contend, is not only not trustworthy, but in reality, is not even Alaskan. Its annual budget runs about \$250,000. About half of this comes from the Rockefeller Brothers Fund, the W. Alton Jones Foundation and the Pew Charitable Trust -- not exactly Alaska entities.

Another \$70,000 comes from bequests and an anonymous contributor. The organization also reports that about \$30,000 comes from the state's general fund as awards made by the courts, leaving about \$50,000 from dues and other sources.

I would bet that, if the truth be known, dues from Alaskan residents do not exceed five percent of the Trustees' total budget.

That doesn't sound like a real Alaskan, grassroots organization deserving the name "Trustees for Alaska," does it? How about a name which accurately reflects this group -- "Rockefeller, Alton and Pew Eco-maniacs or R.A.P.E. Alaska?"

It is time to let the economic losses resulting from these harebrained judicial decisions accrue to the court system's budget and not to the schools, public safety or needy mothers and children. It's time our judges prioritize the well being of Alaskans over the guilt-ridden social conscience of the elite carpetbaggers from the Lower 48.

It's time the courts start considering ordering dollar judgments for in-

*"It's time to talk about the destruction these hare-brained judicial decisions are inflicting on the vast majority of Alaskans."*

creased costs attributable to the delays caused by nuisance lawsuits, lawsuits organized by those who thwart the process with minute, legal nitpicking.

It's time that the cost causers shoulder the fiscal ramifications of these delays.

This is particularly a need when organizations such as the Trustees for Alaska choose to ignore the well established public process and focus on the weakness of the court system to allow hindsight wise-men to dazzle the court with their never-ending speculations of the what-if world.

It's a sad fact that judges award bloated attorney fees to plaintiffs who, in reality, lost the case but made a point.

In the future, I will be busting my butt to see that the burden of these questionable awards be reflected in the court system's budget. The days of allowing the courts to find that the deep pockets must always be in the other guy's pants are over, as far as I'm concerned.

It's time for Alaska judges to put on the glasses of common sense, recognize economic reality and see the impacts of their myopic decisions on everyday Alaskans and their future.

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





# THURSDAY

*Petroleum Club of Anchorage*  
4101 Credit Union Drive (South side of Sea Galley Restaurant)

## April 1994

Reservations are required for each meeting. Please call 276-0700 by noon Wednesday.  
Doors open at 7 a.m., presentations begin at 7:30 a.m.

.....  
Members: Breakfast: \$10.50, Coffee & Pastry: \$5.50  
Non-Members: Breakfast: \$12.00, Coffee & Pastry: \$6.00

**SPECIAL TUESDAY BREAKFAST MEETING**  
 April 5  
**Alaska Superfund**  
 and  
**other EPA Region 10 Issues**  
 Charles C. Clarke, Region 10 Administrator, Seattle, WA  
 (appointed March 1994)  
 Reservations for this special meeting are required by Noon Monday  
 (No Thursday April 7 Breakfast. Regular schedule resumes April 14)

April 14: **Alaska Tourism 1994**  
Mary Pignalberi, Director, Alaska Division of Tourism, Alaska Department of  
Commerce and Economic Development, Juneau

April 21: **Boosting Fuel Productivity at Tesoro**  
Ray Measles, Marketing Manager, Tesoro, Vice Mayor, City of Kenai

April 28: **Defining Sustainable Development for  
Alaska Projects**  
Bill Ashton, Executive Director, Alaska Health Project



*Schools get 98 new kits*

## Students market and produce AMEREF resource education kits

Last spring RDC President Jim Cloud was brainstorming for a new, innovative approach to market and produce resource education kits for Alaska schools. The Alaska Minerals and Energy Resource Education Fund (AMEREF) had been producing the Alaska Resources Kit for ten years, but funding cuts had curtailed new kit production, despite a growing demand among educators for the energy and mineral resource curriculum.

Cloud asked, "Why not form a Junior Achievement student company to market and produce a new round of kits for AMEREF?" Thousands of JA student companies form each year across the United States to produce and sell a product, giving the students valuable experience in the workings of the business world. Why not a student company using AMEREF's resource education kits as its product?

Cloud pitched the idea to Letha Schwiesow, Executive Director of Junior Achievement of Alaska. Schwiesow liked what she heard and a short time later ARK was formed, a company in which ten high school students provided both the labor and the marketing force to produce new kits.

Unlike the typical JA company, the new company "broke the mold" by marketing its product exclusively to business leaders. It was also unique in that it formed as a non-profit.

With intense dedication and hard work, the students successfully raised enough funds to produce 98 kits. Over the course of five months, the students elected officers, passed formal by-laws, conducted weekly board meetings and developed business, financial and marketing plans.

With their strategy mapped out, the students implemented a direct mail and telemarketing campaign to solicit underwriterships for the kits. The students also made formal presentations before corporate executives.

The program concluded in late February with ARK donating the kits to AMEREF for placement in Alaska schools. As a result of ARK's efforts, 98 new kits will be used for many years to inform students on the role energy and mineral resources play in society.

Amy Jasper of West Anchorage High School served as President of ARK. She was assisted by Steller High School student Kellie Hartline, who served as Vice President of Production. Matt Griffin of Dimond High School was Vice President of Human Resources while Adina Grigoriu, an exchange student from Romania, was Vice President of Marketing. Amy Ohlinger of Chugach High School served as Vice President of Finance.

Other students included Jim Weller, Dimond, Brendan Price, West, Kyle Bates, Steller, Tony Flores, Dimond and Mike Anderson, West.

Serving as advisors to ARK were RDC Secretary Scott Thorson and staff Ken Freeman and Carl Portman. Other advisors included Jennifer Lezak of ARCO and Collin Thompson, Deloitte and Touche. Judie Schreiber and Penny Booher at RDC provided technical assistance in kit production and material

acquisition.

Kit underwriters were National Bank of Alaska, Robert B. Atwood, Harbor Enterprises, Alyeska Pipeline Service Company, Koniag, Inc., North Pacific Mining Company, Alaska Power Systems, Teamsters Local 959, Petro Star, Inc., Cominco Alaska Exploration, Sealaska Corporation, Hartig, Rhodes, Norman, Usibelli Coal Mine, Northrim Bank, Alaska Helicopters, Yukon Pacific Corporation, Enstar Natural Gas Company, Northern Knowledge, Koncor Forest Products, Details, Inc., Hawley Resource Group, Alaska Russia Company, P-W Insurance, Inc., Bristol Bay Native Corporation, Irish Trucking Company, Rex Bishopp and Jim Posey.



Advisors Ken Freeman and Jennifer Lezak assist Amy Jasper, Matt Griffin and Kellie Hartline in assembling new kits at the RDC office in Anchorage.



Students who produced a new round of resource education kits for AMEREF were (from left to right) Amy Jasper, Jim Weller, Adina Grigoriu, Brendan Price, Amy Ohlinger, Kellie Hartline, Mike Anderson, Kyle Bates, Matt Griffin and Tony Flores.



### Thoughts from the President by James L. Cloud

*"No fly zones to accommodate a minority of visitors seeking total tranquility will come at the expense of tens of thousands of Alaskans and others. Moreover, it will come at the inconvenience of tourists who have no other way of reaching our parks and refuges. Unlike the Lower 48, most conservation units in Alaska have no road access."*

Alaska may have the most roadless areas of any place on earth. Not only are nearly all of our national parks, preserves, wildlife refuges and monuments roadless, but most other federal, state and private lands are roadless as well.

With most Alaska communities and villages inaccessible by road, many visitors inquire about how Alaskans get around a vast, roadless frontier that is one-fifth the size of the United States. In Alaska, we either fly, use dog sleds or snow machine between Bush communities. The animal rights activists don't want us to drive dog sleds anymore. It's too hard on the dogs, they say. Now, our leaders in Washington don't want us to fly either.

When Molly Ross, Special Assistant to the Assistant Secretary for Fish, Wildlife and Parks, mentioned it might be a good idea to have no fly zones over Alaska Conservation Units, I thought she might be a little light-headed and ill from her long flight from Washington. I couldn't believe she was serious.

After all, the most vocal Alaskan for

## No fly zones: Who owns the air?

such a plan had used a helicopter to carry building materials for a new cabin near Mount McKinley, and now was complaining about aircraft noise at his "heli-constructed" cabin, chosen at a site well known for Mount McKinley air tours.

Still, I thought they wouldn't really try to restrict flying, or would they?

In March, the Anchorage Daily News published an Associated Press story about such a plan. The article stated, "Managers of almost one-third of national park system units perceive a problem with some aspect of already existing overflights."

Alaska accounts for 70 percent of America's national park lands and 90 percent of its national refuge lands. Restricting aircraft flights over these vast conservation units would be a severe impediment to commerce and tourism, as well as a serious safety hazard, given Alaska's inclement weather and mountainous terrain.

This move is just another example of insensitive land management from the great land czars in Washington, D.C. The same newspaper carried a story about a proposal to centralize regional park service offices. A single Pacific Rim regional office would manage national parks in Alaska, Hawaii, Washington, Oregon, California and Idaho. This centralization would result in a loss of approximately 60 Alaska park service employees who would have to move to the more expensive Bay area.

The government land managers would like us to trust their judgment on these matters. Alaskans have never fully trusted the judgment of its federal

landlords and incidents like the one faced by the Seward Harbor Master and U.S. Coast Guard last month don't add to the confidence of Alaskans for decisive and reasonable decision-making from federal agencies.

You may recall reading about the plight of the Seward Harbor Master when an old wooden tug began sinking in the harbor. With permission from the absentee owner, the Coast Guard towed the vessel to the Industrial Center for removal, but found that the tug had become so laden with ice in its ancient wooden planks that it could not be lifted from the ocean. While rough seas were making for dangerous consequences, the Coast Guard contacted the EPA in Seattle for approval to scuttle the vessel in deep water with all but 20 gallons of fuel removed. EPA's response, according to the Seward Phoenix Log, was to call for a 30-day "public comment period!" Fortunately, the cooler heads at the Coast Guard prevailed and authorized the scuttling of the vessel, without waiting for the 30-day public comment period.

No fly zones to accommodate a minority of visitors seeking total tranquility will be at the expense of tens of thousands of Alaskans and others. Moreover, it will come at the inconvenience of tourists who have no other way of reaching our parks and refuges. Unlike the Lower 48, most conservation units in Alaska have no road access.

Please make your opinion known by contacting Alaska's congressional delegation, the Alaska State Chamber of Commerce and the Alaska Alrmen's Association.

Get involved!

# What is sustainable development and who defines it?

(Continued from page 1)

mineral, or providing access to the Wilderness for tourists is increasingly difficult in the face of growing opposition from an environmental industry which is using every means possible — from the judicial to the regulatory arena — to block development.

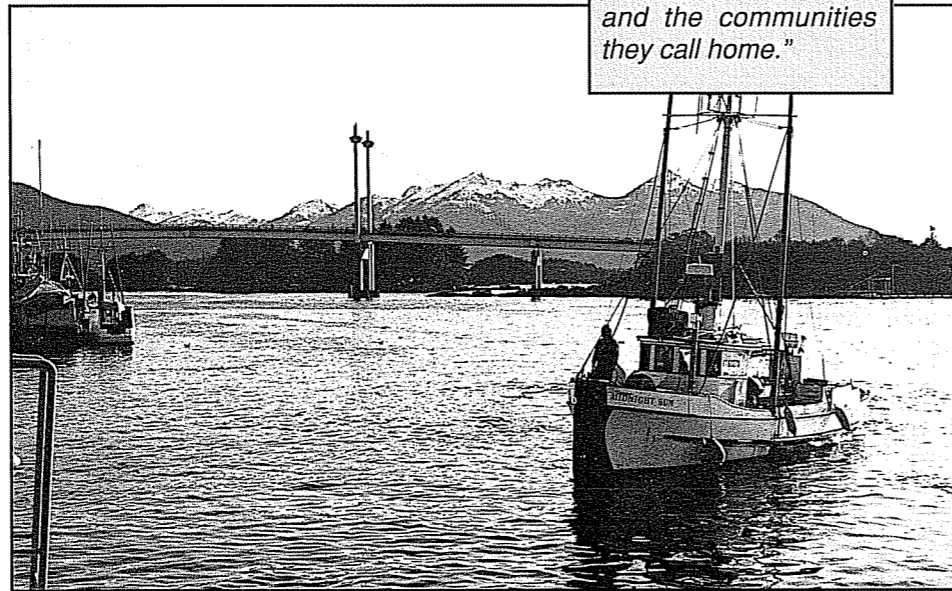
How do we distinguish between proper use, the misuse or the failure to develop and use resources? Who defines appropriate use of resources? A case in point is forests, which until the last decade were considered a renewable resource, and are now being considered threatened. Are they?

Environmental groups say they don't oppose development, they only want to make sure it doesn't harm the environment. "Sustainable development" is the new buzz word of the '90s, but what is sustainable and who defines it?

Look at the forestry industry for a clue to why developers feel they cannot trust the environmental community to really understand sustainable in economic terms, or to negotiate fairly.

In the battle leading up to the passage of the Alaska National Interest Lands Conservation Act (ANILCA), environmentalists were successful in convincing the public and Congress that logging was occurring at "non-sustainable" levels in the Tongass National Forest and that the old-growth would soon be gone, along with timber industry jobs. They called for "sustainable" logging that would maintain the forest's health and provide long-term jobs.

To achieve such a worthy goal, a compromise between loggers and environmentalists was hammered out in 1980 through the passage of ANILCA.



*"World commodity prices not only dictate to a large extent the viability of mining and timber operations, but the health of the tourism industry and the prosperity of local fishermen and the communities they call home."*

The environmental victory was that two-thirds of the commercial timber base in the forest was closed to logging, ensuring over a 100-year rotation cycle, only 10 percent would be harvested. Although the forest can sustain an annual harvest of 874 million board feet in the one-third of the forest reserved for logging, a timber harvest ceiling of 450 million board feet was set.

A sustainable timber industry has become the economic heart of many Southeast Alaska communities, including Ketchikan, Sitka, Haines, Wrangell and Petersburg. Timber supplies the highest payroll of any resource industry in the region, including fishing.

And despite 40 years of sustainable logging, salmon streams remain productive and wildlife populations are strong. Following clearcutting, deer populations often increase due to accelerated deer browse that becomes

established with new tree growth. The construction of logging roads has provided low-cost access into areas for subsistence and other public uses, including tourism.

So what are we still arguing about in the Tongass?

One myth after another continues to be manufactured by the same groups who participated in the ANILCA negotiations. They still want the public to believe the Tongass is on the brink of destruction. Little has changed since 1980, except the negotiated timber supply fund no longer exists, but the Wilderness designations still do.

Who can help but wonder if consensus-building with such foes is productive, much less worth the time it takes.

The environmental campaigns don't stop with the Tongass. One timber sale after another is challenged, including

*"Developing a natural resource in Alaska, whether it be oil, over-mature timber, a strategic mineral, or providing access to the Wilderness for tourists is increasingly difficult in the face of growing opposition from an environmental industry which is using every means possible -- from the judicial to the regulatory arena -- to block development."*



those on the Kenai Peninsula where huge stands of evergreen trees are dying from the spruce bark beetle epidemic. Contracts and other mechanisms which would establish a dedicated timber supply on a long-term basis (two elements necessary to sustain an operation and secure financial capital for the venture) are under fire.

With over ten percent of the forested lands in the entire United States, Alaska has the fourth largest acreage of actual commercial forest of any state following Oregon, Washington and California. State and private foresters say Alaska's wood products industry is a sleeping giant, a potential multi-billion dollar economic force that some day could employ thousands while sustainably harvesting over two billion board feet of timber annually.

In reality, however, the record shows the environmental community does not look favorably on timber harvesting nor the roads necessary to access land-locked blocks of timber in Alaska's back country. On one hand it espouses "sustainable development" while later opposing the direct actions necessary to make it happen.

Leading environmental groups have helped define extractive resource industries as "politically incorrect." That means Alaska is basically "politically incorrect," even though our economy has always been based on extractive resource development and all of us use products derived from natural resources.

Another environmental ploy is to oppose timber, mining and oil development on the pretext that such development will harm fishing and tourism, the "politically correct" resource industries. Then, the infrastructure necessary to broaden tourism and fishing, like ports, docks, landing strips, hotels, cold storage facilities and new visitor facilities are often opposed by the very same groups. Even ski resorts, public use cabins and trail networks in the back country have drawn opposition from those groups which support "sustainable development."

And just because oil, gas and minerals are finite resources, that doesn't mean they cannot offer sustainable development opportunities for generations. Oil, gas and mining have sustained Alaska's economy since before statehood. With an enormous potential for undiscovered oil and gas reserves, the petroleum industry alone can help sustain local communities for decades, even though the actual development comes no where near the place.

And let's be fair, all resource industries are susceptible to economic downturns. World commodity prices not only dictate to a large extent the viability of mining and timber operations in Alaska, but the health of our tourism industry and the prosperity of local fishermen. The exchange rate can have as much to do with whether or not tourists visit Alaska as the scenery and the salmon!

It's easy to preach sustainable development, but "putting your money

where your mouth is" in Alaska requires fair and honest efforts to encourage new technologies for basic resource production, as well as efforts to start new industries to supplant the value of resources taken out of production and the subsequent opportunity costs to the economy.

A recent quote from a leading environmentalist in the Anchorage Daily News sounds all too familiar. "Revoke the monopoly, open the markets, and other timber companies could come into Sitka, to build new sawmills, furniture or musical instrument factories." Stop and think — when was the last time a leading environmental group brought a new industry to your community? Will those new opportunities ever see the light of day?

Even so, why is it okay to express support for building future sawmills and speculative furniture factories, but not allow the one mill which actually exists to re-tool from a pulp operation to manufacturing a newer, cleaner building product?

What is right for the community? Who knows best what is sustainable, economically and biologically — the community that lives with the resource or the very groups who spend their time fighting each development as it is proposed?

Consensus will never happen with those who make a career out of saying "no."

**Editor's Note:** This article was recently published in the magazine "POL."