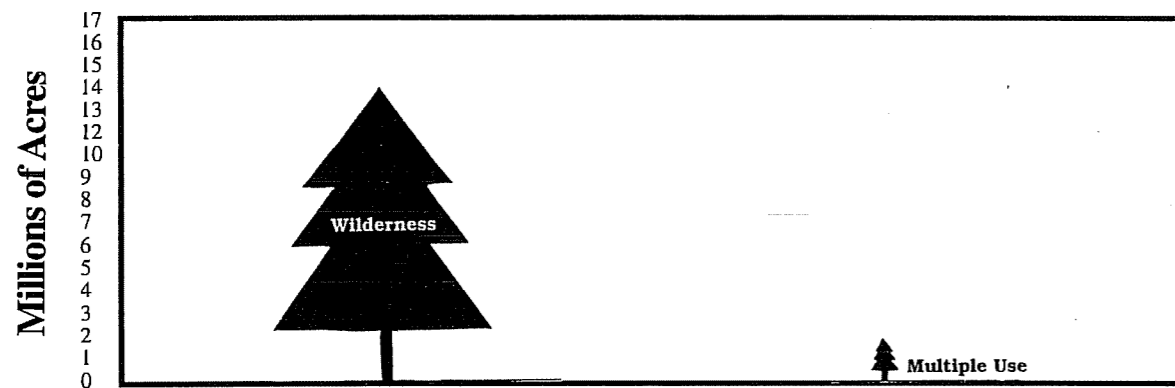


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Resource Review

January 1996 A monthly publication of the Resource Development Council, Inc.

Natives sue Interior over lack of ANWR consultation

"As those with the biggest economic, cultural and environmental stake in the future of this small portion of ANWR, Alaska Natives are asking that the federal government fulfill its obligation to include us as active participants in determining the best use of these lands and our future."
- Carl Marrs, President, Cook Inlet Region, Inc.

Three Alaska Native corporations are suing Interior Secretary Bruce Babbitt and other Department of Interior officials for their alleged failure to abide by statutory obligations to consult with them on whether ANWR should be open to oil drilling.

ANWR, Tongass caught in budget battle ... Page 3

The three Native corporations, Arctic Slope Regional Corporation, Cook Inlet Region, Inc., and Kaktovik Inupiat Corporation, contend that the Alaska National Interest Lands Conservation Act (ANILCA) guarantees them input on refuge decisions and that Interior officials, without proper consultation with Alaska Natives, issued a report in August that reversed the recommendations of a 1987 study supporting oil and gas leasing in ANWR.

The Natives allege that the U.S. Fish and Wildlife Service is using the August report to support Babbitt's opposition to drilling.



Language to open the 1.5 million acre Coastal Plain of ANWR to oil and gas drilling is contained in the budget reconciliation bill that President Clinton vetoed in December.

"Not only have the defendants ignored the views of the vast majority of Alaska Natives," the lawsuit asserts, "they have actively exploited minority views within the Native community to support their own anti-development policies."

The suit also criticizes Ada Deer, the Assistant Interior Secretary for Indian Affairs, for "taking sides" in the battle between Inupiat Eskimos who support drilling and the Gwich'in Indians who oppose it.

(Continued to page 6)

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Message from the Executive Director

by Becky L. Gay

Dear President Clinton: Time to open ANWR

Editor's Note: The following letter from Becky Gay was sent to President Bill Clinton on December 7, 1995. It has been edited for space constraints.

I am writing on behalf of Alaska's largest membership-funded, multi-cultural organization to urge you to reach a reasonable compromise with Congress allowing for environmentally-responsible oil and gas exploration and development along the Coastal Plain of the Arctic National Wildlife Refuge (ANWR).

Alaskans strongly support a leasing, exploration and development program on ANWR's Coastal Plain. Their support is based on first-hand knowl-

edge and experience with Arctic oil and gas development.

RDC believes most Americans would support development in the refuge if they were given accurate and objective information, instead of the highly-emotional and often-times misleading rhetoric which has plagued this issue. In fact, a recent poll by the Gordon S. Black Corporation revealed that the American public, when presented with the facts, supports limited oil and gas leasing in ANWR by a 56-37 percent margin. We believe a strong case can be made for development and that the issue should be decided on its own merits — not environmental politics.

Contrary to what some believe, there is no choice between the environment and the economy when it comes to Arctic oil development. Exploration and development can proceed with minimal impact to the environment. While the prevailing perception in the Lower 48 is that ANWR would be sacrificed for oil production, less than 8 percent of the refuge would be opened to leasing, leaving 92 percent permanently closed to any development. Moreover, development would impact less than 12,000 acres of the 19 million-acre refuge.

Politics aside, oil development in ANWR makes sense. America has the most advanced technology in Arctic oil field development and stringent regulations and laws to ensure it's done right. As a result, Prudhoe Bay and more recent North Slope oil developments actually showcase environmentally-sensitive development. Delegations from around the world frequently visit Alaska production facilities to seek advanced, cutting-edge American technology. America pioneered and wrote the book

on Arctic oil field development.

In contrast, Russia has a very dismal development record in the Arctic, but is actively seeking Alaska North Slope oil production technology and know-how in its attempts to safely develop energy resources above the Arctic Circle. While Alaskans are willing to share their expertise and experiences in North Slope oil development, they find it troubling to learn that Vice President Al Gore has been very supportive of Russian efforts to develop oil reserves in the Russian Far East and Siberia while strongly opposing leasing and exploration in a tiny sliver of ANWR where North America's biggest oil reserves may exist. Frankly, doesn't it make more sense to support development here in America rather than in Russia or other foreign countries where environmental protection and regulations are much weaker? A vote for Alaska exploration and development is a vote for American jobs, American production, American revenue, American technology and the highest level of environmental protection.

In considering RDC's request to seek a compromise on the ANWR issue with Congress, please understand that most Native Alaskans who live, hunt and work on the North Slope and in ANWR's Coastal Plain support development.

Also, please recognize that Alaska has given more to the preservation movement than any other state. Ninety percent of America's national wildlife refuge lands are in Alaska, as well as 70 percent of all national park lands. Alaska also contains 62 percent of the nation's federally-designated Wilderness, an area larger than the state of Utah or Idaho. ANWR development would not diminish this designated Wilderness block by one acre.

(Continued to page 7)

In the case of mining reform, facts on industry's side

By Chuck Hawley
Mining Geologist

Interior Secretary Bruce Babbitt has been doing his best to dramatize a so-called giveaway of public lands on issuance of patent to a mining company. However, the main points that Babbitt has criticized on mining patent, such as lack of a federal royalty, minimal price for federal surface, and post-mining use of mining lands for speculative gain, have been corrected in the budget bill on the President's desk.

The billion-dollar land value cited by Secretary Babbitt is not the value of the mineral deposit but the gross value of metals in the ground. The dollar

impact might appear different if the Secretary had told the public that, of this billion dollars, more than half would be paid to labor and suppliers in the production of the metals. Some would also be paid in federal, state and local taxes. Hopefully, the miner will make some profit.

Taxes paid by miners are significant. In 1994, the metal-mining industry paid as tax 38.2 percent of its net pre-tax income, while the gold mining industry paid 48.7 percent. And the industry cannot be considered overly profitable. Standard and Poor's 1995 industry reports indicate that gold mining earned a return of 5.25 percent and

all metals only 3.14 percent of equity.

The Clinton administration claims that mining reform efforts on the mining law are a sham. But Babbitt's own proposals would leave only a handful of American mining operations intact and would cost up to 17,000 jobs in the western states. In contrast, the proposal backed by most western congressmen uses a proven revenue generator model; the 5 percent net royalty is essentially that used by Nevada where it has raised more than \$40 million in taxes with minimal administrative cost.

In the case of mining reform, the facts are on the side of the industry.

RDC urges Clinton to open ANWR

(Continued from page 2)

Isn't it reasonable to allow development to proceed in a very isolated and small segment of ANWR under the strictest environmental measures in the world? If Alaska had developed most of its land and if wilderness was truly endangered here, then the case for development would be weakened. But that is not the case as Alaska contains more wild lands in parks and refuges than all the land in Maine, New Hampshire, Vermont, Massachusetts, Connecticut, New York, New Jersey, Pennsylvania, Ohio, Delaware and Maryland combined. Nearly every acre of these lands will remain undeveloped, preserved forever in a natural state for future generations to enjoy. Those who suggest that the last remaining Arctic wilderness would be lost if development is permitted in ANWR are deliberately deceiving the American public, yourself and the press.

Alaska has always been heavily dependent on the development of natural resources to sustain its economy. Because of massive land withdrawals and other actions to protect the environment, Alaskans can guarantee most of Alaska will remain wilderness even if the state succeeds in tapping the full potential of its resource industries.

Opening ANWR could mean hundreds of thousands of new jobs across America, less reliance on foreign oil imports and greater domestic production. ANWR leasing will help contribute to a balanced budget without sacrificing the environment.

President Clinton, please do not slam the door on a reasonable compromise. Opponents of development refuse to compromise, but we both know a true balance is found in the middle.

Alaskans recognize the immense pressure you face from the national environmental lobby to veto any measure that would allow exploration on the Coastal Plain, but please do not put a lock on Alaska's future. Please work with Governor Knowles and Alaska, where the overwhelming majority of its citizens support development in a small segment of ANWR's Coastal Plain.

We ask that you take pride and show your confidence in American technology, regulation and, most of all, committed and high-qualified American engineers and other workers producing Alaska oil.

ANWR can be developed in a safe and responsible fashion, providing jobs and energy while maintaining a healthy environment in the Arctic.

National Heritage Area proposal draws opposition

The Resource Development Council has come out against legislation in Congress which would create a new costly bureaucracy within the National Park Service and add to the cost of government at a time when Congress is looking for ways to reduce costs.

Both S.1110 and H.R.1280 would establish National Heritage Areas, taking more land out of private ownership and posing new threats to private property.

Unfortunately, the National Heritage Area bills run counter to recent trends in Congress to limit government and shift more power back to the states. The issue of reducing government and its costs, as well as the protection and respect of private property rights, were major elements of the "Contract with America."

Both bills increase the power of the Park Service over vast land areas. In Alaska, federal agencies already control 60 percent of the land base. More land could be subject to National Heritage Areas, taking even more out of private ownership and local control.

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. Fax: 276-3887

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Writer & Editor
Carl Portman



Natives sue over ANWR

'Complete disregard for our view'

(Continued from page 1)

The suit says Deer should have considered all Native interests before vigorously opposing refuge drilling, and said she "exploited the minority Native view to perpetuate the cynical myth ... that opening the Coastal Plain is opposed by the Alaska Natives that would be most directly affected."

Deer came to Alaska in October to urge the Alaska Federation of Natives to back off its endorsement of ANWR drilling. AFN voted by nearly a 2-1 margin against taking a neutral stand on the issue, and passed a measure asking Congress to open the Coastal Plain to development.

The suit faulted Deer for acting as a "cheerleader for the Secretary's anti-development policies ... instead of playing the role of Native advocate in the development of ANWR policy."

The suit was filed in federal court in Anchorage days after President Clinton vetoed the federal budget bill that included a provision to open ANWR to drilling.

The plaintiffs, joined by state and federal lawmakers, held a press conference in Washington, D.C., December 12 to explain the suit.

"The vast majority of Alaskan Natives support the development of the Coastal Plain for oil exploration," said Carl Marrs, President of Anchorage-based Cook Inlet Region, Inc. Marrs said Natives "are being left out of a vital decisionmaking process by the Department of Interior that will affect our standard of living and that of our children for generations to come."

Marrs criticized Babbitt's "complete disregard for our view on this issue" and the Interior Secretary's "anti-development platform." He said the Native corporations were suing Babbitt and other officials for not honoring their obligations under ANILCA.

"As those with the biggest economic, cultural and environmental stake in the future of this small portion of

ANWR, Alaska Natives are asking that the federal government fulfill its obligation to include us as active participants in determining the best use of these lands and our future," Marrs said.

Oliver Leavitt, Vice President of Arctic Slope Regional Corporation (ASRC), asserted that "caribou can coexist with development" and that the Prudhoe Bay experience proves it. ASRC represents 7,300 Inupiat Eskimos on Alaska's North Slope, many of whom hunt caribou across the Arctic.

Senator Frank Murkowski emphasized that Alaska Natives do not want a government handout, but instead need economic opportunities and "the right to live like the rest of America."

Babbitt has favored the anti-drilling position of the Gwich'in people over the position of the majority of Alaska Natives, Murkowski charged, adding that the Gwich'in make up less than 1 percent of the state's Native people. Murkowski said that of the 14,000 jobs that would be created in Alaska by ANWR drilling, at least 3,000 would be set aside for Natives. He said drilling technologies would ensure that only a "very small footprint" would be left on the Coastal Plain by drilling.

Congressman Don Young and State Senator Al Adams, a Native Democrat who represents northern Alaska, also spoke at the press conference.

The suit asks the court to order the administration to cease distributing copies of its revised environmental impact study and to redo it, taking into account the views of a majority of Alaska Natives. It also asks the court to direct Deer to refrain from taking positions that are not in the best interests of all Alaska Natives.

Meanwhile, a December editorial by the Chicago Tribune urged President Clinton to lift the drilling ban on ANWR. "If not, he should find a way to compensate the state and people like the Inupiat for the income they will lose," the Tribune said.

ARCO plans to pump West Sak

ARCO Alaska, Inc., may begin producing oil from the giant West Sak field as early as 1997, but most of the 20 billion barrels of crude in the formation will never be produced because of the oil's thickness.

West Sak is the giant, hard-to-produce North Slope oil field that ARCO has been studying for years, trying to develop the technology necessary to profitably pump the field. The company's president, Ken Thompson, said ARCO intends to bring on the field one section at a time, starting with the easiest in 1997, if ongoing studies show that such an approach is sound.

ARCO plans to spend about \$10 million in 1996 on West Sak studies and expects to make a final decision late in the year. At that point the company should know how much crude it can produce from its first phase of development and how many wells it will need.

Speaking before the RDC Thursday breakfast forum last month, Thompson said phased development would allow ARCO to learn how best to pump the field and to test theories on how drilling technologies will work at West Sak. The field lies above the large Kuparuk formation. Because it is closer to the surface, West Sak's oil is thick as molasses, which poses much greater development and production challenges compared to warmer, thinner oil deeper underground. Thinner the oil, the easier it is to pump to the earth's surface.

Although West Sak rivals Prudhoe Bay in size, it's considered a marginal field since most of the oil is non-recoverable. Moreover, West Sak is likely to be a slow producer because of the characteristics of its crude. The field is unlikely to generate large revenues to the state's treasury, but will create jobs.



Thoughts from the President
by Elizabeth Rensch

Tongass, ANWR caught in federal budget battle

With President Clinton rejecting legislation that would allow for reasonable and balanced timber harvesting in the Tongass National Forest and oil and gas development in a tiny fraction of ANWR, resource development measures have taken big hits in the continuing federal budget feud.

Just before Christmas, President Clinton vetoed budget legislation that would have raised the allowable cut in the Tongass to near the level established by Congress in the 1990 Tongass Timber Reform Act (TTRA). The reform law closed vast areas of the forest to logging, leaving approximately one-third of the commercial forested lands in the Tongass open to harvesting on a 100-year rotation cycle. That was the balance Congress set for the Tongass, but since the passage of TTRA five years ago, millions of additional acres have been closed to logging and the annual harvests have fallen well below the intended levels of the 1990 compromise.

Legislation by Senator Ted Stevens would have required the Forest Service to raise the annual harvest volumes to 418 million board feet, which is still

under the 32-year average of 421 million board feet. The Stevens bill would have provided some stability in the forest and sent more loggers back to work. It would have partially restored the balance set by Congress through TTRA.

Refusing to honor the 1990 compromise, anti-logging interests, including Interior Secretary Bruce Babbitt, accuse Stevens of trying to greatly increase logging in the Tongass, which they say will pose a substantial threat to tourism. Let's look at the facts:

Less than 450,000 acres of the Tongass have been logged since the 17 million acre national forest was created in 1907. As a result of ANILCA in 1980 and TTRA ten years later, the most that will be harvested over the next 100 years is 1.7 million acres — 10 percent of the forest.

"In his latest veto, President Clinton was less than honest when he singled out the Tongass in a statement to Congress."

Can't recreationalists exist on the other 90 percent? If not, what is fair? Do they want it all?

In his latest veto, President Clinton was less than honest when he singled out the Tongass in a statement to Congress.

"In the Tongass National Forest in Alaska, it would allow harmful clearcutting, require the sale of timber at unsustainable levels and dictate the use of an outdated forest plan for two years," Clinton said in reference to an Interior Department budget measure he had just axed.

Clinton's remarks were misleading

on all accounts, especially on the issues of clearcutting and sustainable harvests.

On the ANWR front, Alaskans have been working hard to convince moderate Republicans to keep the drilling measure in the budget package. The White House has been putting on a full-court press to remove it.

As the Anchorage Daily News pointed out in its December 8, 1995 editorial, the President was wrong to single out the ANWR provision in his veto of the budget reconciliation bill. The Daily News, which sometimes takes editorial stands unpopular with Alaska resource producers, said "the time to explore ANWR has come. The Alaska people and the oil companies can do the job in an environmentally-sound manner." We couldn't agree more with the Daily News.

The editorial also noted that President Clinton has voiced his opposition to ANWR drilling many times.

"Clearly he knows opposition is good politics," the News said. "But the good politics of the moment are bad policy for the future. ANWR should be opened while calm prevails in the energy markets, not ripped apart by desperate lawmakers during the next energy crisis."

While the outcome of the negotiations between Congress and the administration is completely impossible to predict, the ANWR provision is not dead as long as Congress keeps it in the budget bill. We remain hopeful the House and Senate will insist that the White House compromise on this issue. If so, the ANWR provision has a fair chance of making it into a final budget package approved by the President.

Send your fax in support of the ANWR provision to: President Bill Clinton, (202) 456-2461, Senator Bob Dole, (202) 228-1245 and Congressman Newt Gingrich, (202) 225-4656.

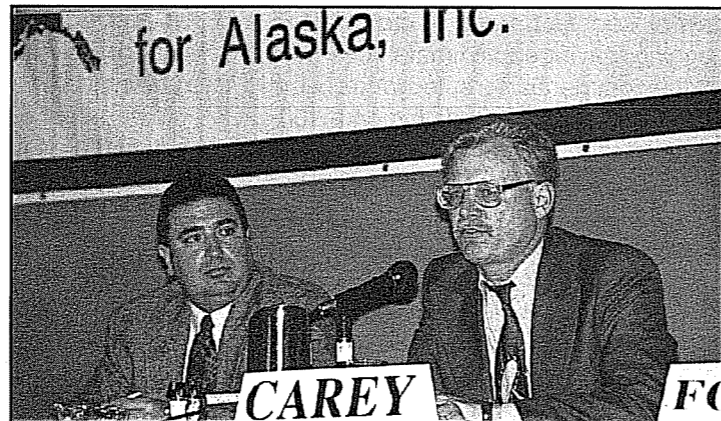
RDC's conference looks at global competition facing state's resource industries



House Finance Committee Chair Mark Hanley shares a laugh with Moderator Thyes Shaub and Senator Robin Taylor during a conference workshop focusing on the political arena. At right, House Speaker Gail Phillips, Senator Jim Duncan and Rep. Jerry Mackie report that the top priority of the 1996 Legislature will be getting Alaska's fiscal house in order. Senator Drue Pearce, not pictured, predicted action on several bills aimed at stimulating resource activity. The legislators spoke before a crowd of 350 RDC members at the Hotel Captain Cook.

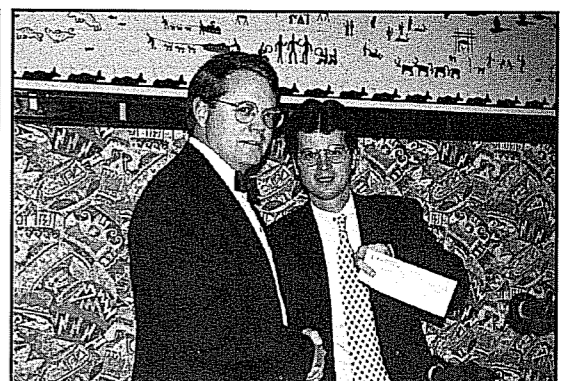
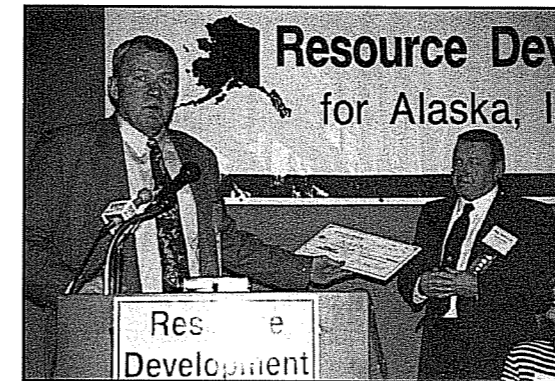


Alaska Department of Environmental Conservation Commissioner Gene Burden discusses the role perception, risks and probabilities play in resource development policy and regulation in Alaska. At right, Jerry DeFrancisco, AT&T Alascom, Ronald Duncan, GCI, and Carl Reed, Cellular One, exchange views on how telecommunications enhance Alaska's competitive position in business.



Robert Loisel, Klukwan Forest Products, highlighted Alaska's global position in timber. At center, Robert Hatfield, Alaska Railroad Corporation, headed a transportation panel of rail, water, air and trucking executives who stressed that Alaska needs to look after its transportation infrastructure to be competitive in world markets. At right, Mike Carey, Anchorage Daily News, and media consultant Ted Ferrioli participate in a media panel on effective strategies for influencing public opinion. (Photos by Carl Portman)

Private-sector contributions give boost to resource education



The Alaska Mineral and Energy Resource Education Fund (AMEREF) produces a highly-acclaimed natural resource education program to provide Alaska students with the knowledge, skills and attitudes necessary to make informed decisions on resource development. The program was initiated 14 years ago as a partnership between the State and private-sector to provide students with balanced information about Alaska's natural resources and its economy. More than 150,000 students have been exposed to AMEREF materials in grades K-12. Recent private-sector contributions have made it possible for AMEREF to begin a new training program for teachers and build additional kits for the classroom. Major contributions were received in December from Bob Stiles of the Alaska Coal Association, left, Jim Palmer of BP Exploration (Alaska), Inc., center, and Jim Cloud, National Bank of Alaska. Receiving the contributions were AMEREF President Paul Glavinovich and Vice President David Stone of Echo Bay Mines. AMEREF requires continuing effort and funding to update materials, build new kits, train teachers and fund a professional coordinator's position within the Alaska Department of Education. (Photos by Carl Portman)

RDC defends helicopter landings in Denali

In a letter to Pete Panarese, Chief of Field Operations for the Alaska Division of Parks and Outdoor Recreation, RDC expressed its strong opposition to proposed changes in state regulations that would ban helicopter landings in Denali State Park, as well as result in new restrictions on fixed-wing aircraft landings in the park. RDC said there is no environmental or biological justification for the new restrictions. Here is a condensed version of RDC's comments to the State:

The proposed changes are a step backwards in meeting the demands of a growing Alaska tourism industry, much less the needs of Alaskans. Banning helicopter landings throughout the park needlessly closes the gates to inaccessible and roadless areas. With so much of the park and surrounding areas closed to surface access, a ban on helicopter landings is imprudent, arbitrary and unsafe.

If Alaska's vast parks are to provide a foundation for the state's growing tourism industry, access, as well as new visitor opportunities must be provided. Statistics show that flightseeing is among the most popular and highest rated activities for Alaska visitors. Helicopters quite often afford the only viable access to Alaska's largely inaccessible land base. Flightseeing has become an exhilarating experience that promises to draw increasing numbers of visitors to the state. With virtually no environmental impact, it's one of the best ways to see Alaska's most dramatic and rugged landscapes.

Some people have expressed concern that noise from aircraft could impair the wilderness experience at Denali State Park. These people tend to favor limits on flightseeing over the park and a ban on helicopter landings. In many cases, however, these are the same people who oppose

surface access to remote areas and other infrastructure to support a growing tourism industry. But, if the general public is unable to access the park by surface, then aircraft, including helicopters, remain the only feasible means to reach remote, rugged lands. Moreover, helicopters are a safe and reliable means of transportation, often able to land where no other aircraft can. Helicopter operations are among the lowest in terms of environmental impact.

Given the fact that Alaska contains 62 percent of all federally-designated Wilderness — 57 million acres which ban commercial development and associated activities, it would be most inappropriate to ban helicopter landings and place new restrictions on aircraft in Denali State Park. Chugach State Park and Chugach National Forest already ban helicopter landings, and a majority of Denali National Park is managed for the preservation of backcountry qualities for those who demand solitude and untracked wilderness experiences.

RDC encouraged the Division of Parks and Outdoor Recreation to provide the widest possible range of visitor opportunities and attractions in Denali State Park, including helicopter landings. It noted that helicopters provide flightseeing and access to remote areas for people of all physical abilities and for those with a limited time margin. The helicopters used in today's modern flightseeing market are quieter and leave practically no footprint on the land.

Denali State Park is a multiple use conservation unit that has accommodated helicopter landings for over 40 years without adversely impacting other park uses.