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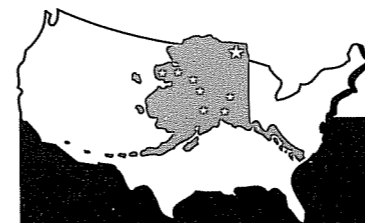


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Resource Development Council
121 W. Fireweed, Suite 250
Anchorage, AK 99503

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This edition
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National Bank of Alaska

Resource Review

March 1996

A monthly publication of the Resource Development Council, Inc.



ALASKA LOGGERS LOSE MORE GROUND

- Industry furious over proposed AWRTA settlement
- Chugach timber salvage harvest scaled back
- Opponents attack Forest Practices Act, evolving process could hold tremendous consequences on industry's ability to harvest timber
- More sawmills close in Southeast, timber in short supply

(See pages 4-7)

New EPA rule would expand study options at A-J Mine

Rule change would allow agency to consider marine disposal for mine tailings

The U.S. Environmental Protection Agency has released a draft rule which, if it becomes final, would allow the federal agency to consider allowing the developers of the A-J mine near Juneau to dispose of mine tailings in Stephens Passage, where the Taku Glacier naturally deposits tons of ground rock.

If the draft rule becomes final, the A-J project would be released from the zero discharge requirement of the EPA's New Source Performance Standards, which prohibit the disposal of tailings in marine waters. The new rule would allow EPA to compare the environmental consequences of submarine tailings disposal to those of on-land disposal options.

"It is important to note that the proposed change to the existing federal rule will not give the A-J a permit for tailings disposal," said Cliff Davis, Vice President, Alaska Projects, Echo Bay Mines Alaska. "It would simply allow EPA to consider additional types of tailings disposal alternatives through a Supplemental Environmental Impact Statement (SEIS)."

In order for the submarine disposal
(Continued to page 3)



Message from the Executive Director
by Becky L. Gay

Report on impaired water bodies holds serious implications for Alaska communities, industries

Earlier this year the Alaska Department of Environmental Conservation (DEC) released for public comment the Draft 1996 Section 305(b) Water Quality Assessment Report. The report is conducted every two years and must be approved by EPA.

The report addressed complex subjects which hold serious implications for Alaska industry and communities, so RDC has taken an active role in

working with state and federal regulators to communicate the concerns of Alaska's regulated community.

With the draft report, DEC distributed Alaska's Candidate Section 303(d) list, the so-called "impaired and threatened" waters — those which may not meet Alaska water quality standards. The report lists 55 waters around the state ranging from Campbell Creek in Anchorage and Harding Lake near Fairbanks to the King Salmon River in Western Alaska and Unalaska Bay and Akutan Harbor in the Aleutians.

DEC describes various pollutant sources impairing or threatening water quality such as urban runoff, landfills, airport facility areas, total dissolved solids, mining operations, turbidity and seafood processing facilities. Development projects and communities situated near a listed waterbody will most likely face a tough burden of proof for de-listing, additional permitting hurdles and possible litigation, all potentially extremely expensive.

In its comments, RDC noted that vast areas of Alaska lack water quality data. RDC pointed out that data is needed in certain priority areas and scarce state resources should be spent in those areas first. RDC strongly objected to any assumption that lack of data could imply waterbodies are "suspected of being affected by pollutants," impaired or threatened. RDC recommends that DEC:

- **Require stricter qualifications and better evidence to get a waterbody listed on any list**

Improper listing as "suspect, impaired or threatened" will create

significant costs to local governments, the public and the regulated community, so there should be a clear screening process to eliminate mistakes from the beginning. Many of the waters now named are arguably listed. Others are delineated inappropriately huge and vague, e.g., all Kenai Peninsula and North Slope wetlands.

One written anecdote, coupled with lack of data, is enough to get a waterbody listed, yet it takes testing and evidence with credible documentation to get a waterbody off the list. This is inappropriate methodology and overreaches any scientific standards, much less the "reasonable person" test.

- **Expand and simplify "de-listing" criteria**

At present, there are only three ways (or criteria) for de-listing and they are very precise.

One requires waterbody assessments which call for total maximum daily load analyses (TMDLs). Additionally, an EPA-approved waterbody recovery plan must be implemented and underway. The second criteria allows certified sewage lagoons to get off the list and the last requires "credible documentation that State Water Quality Standards have been met."

In a state as enormous as Alaska, getting a waterbody de-listed promises to be a regulatory "make-work" program for consultants and lawyers, costing the regulated communities and industries dearly. The weight of evidence necessary to get off the list should be commensurate with evidence to get on the list.

- **Exclude or de-list from the 303 (d) list any waterbody undergoing reclassification in Alaska until the reclassification is approved by EPA**

The EPA reclassification process for Alaska waterbodies is arduous and complicated enough without overlaying the 303(d) process. Both processes are EPA controlled,

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Guest Opinion

by Mayor George Ahmaogak, Sr. North Slope Borough

Resource development in the Arctic requires one eye on politics, the other focused on the long view

I want to commend the many Alaskans who have participated in the ANWR effort during the past year. The outlook for ANWR legislation may not seem as promising as it did a few months ago, but I don't believe we should feel discouraged. The broad coalition of business, labor, government and citizens from all walks of life who joined forces to promote Coastal Plain development has accomplished great things. We cooperated in one of the most organized and intensive campaigns ever instigated by Alaskans. We advanced the issue by educating members of Congress and enlisting the support of organizations throughout the nation. It was a monumental effort of which we can all be proud.

And it made a difference. Congress approved an ANWR measure for the first time ever. We also established an impressive base of support among a variety of interest groups. That foundation will not crumble as long as we

maintain our contacts with those whose support we worked so hard to gain. And after the election, our prospects may look very different. So there are reasons to feel encouraged about the future of resource development on the North Slope. It simply requires that we keep

the future. Ilisagvik College provides a solid footing in advanced conceptual skills. Our apprenticeship program produces journeymen in seven different trades through a combination of on-the-job training and classroom theory. We have very high hopes for the

"I've always believed in being careful instead of fearful. We can move forward with care, and in the case of ANWR, I believe we will." — Mayor George Ahmaogak, Sr.

one eye on the politics of the moment and the other focused on the long view.

That is our approach at the North Slope Borough. We believe that safe ANWR development will ultimately occur. And when it does, we want to be ready. That's why we have instituted educational and training programs that will yield a work force prepared for the future. Our School-to-Work program orients high school kids to the jobs of

future of our young and for the opportunities they will encounter. We also stand ready as the gatekeepers of the Arctic, determined to protect the land and sea, the source of wildlife resources we honor.

When it comes to ANWR, I agree with President Franklin Roosevelt: "There is nothing to fear but fear itself." I've always believed in being careful instead of fearful. We can move forward with care, and in the case of ANWR, I believe we will.

Impaired waters ...

(Continued from page 2)

costly and time-consuming. Unfortunately, neither have produced many positive results for Alaska yet.

- **Delete Appendix I (1996 Alaska Surface Waterbodies Suspected of Being Affected by Pollutants from Point and Nonpoint Sources) from the 305(b) report**

There is no statutory mandate or authority for a "suspect" list and it should not have been circulated as part of the draft report. The list certainly should not appear in DEC's Final 305(b) Report to EPA. Since it is outside of the scope of the 305(b) report, RDC refrains from comments on specific waterbodies on this list, but urges its members to be ever vigilant of this list.

If DEC is somehow compelled to compile such a list, it should be done in-state,

accompanied by time for reasonable scoping with affected parties involved, better data and better resources provided by which to analyze available data.

- **Delete any waterbody on the lists if the reason for listing is the presence of infrastructure**

Road construction, land development and shoreline modification are not listed as pollutants under the Clean Water Act. There is no logic or evidence to show that the mere presence of roads, gravel pads and facilities, for instance, creates "persistent exceedences" of state water quality standards to surface waters. Neither do modifications to habitat automatically equate to degradation of habitat or waters. In many known cases, modifications can be shown to have beneficial effects.

RDC commends DEC staff for its work, but concerns and questions still remain.

Forest Practices Act

(Continued from page 6)

provide a very small increment of habitat protection for a very large loss of value to private landowners.

ADF&G claimed in its report that private land is not receiving adequate inspections. Records, however, show DNR conducted 242 inspections in 1995. ADF&G claims no monitoring is being done, yet DNR, DEC and the forest industry through the Forestry/Fisheries Working Group have done extensive and comprehensive monitoring on the effectiveness of the FPA for over four years with very few elevations.

RDC board member John Sturgeon warned that the evolving process of change "has the very real possibility of having tremendous consequences" on the industry's ability to profitably harvest timber in Alaska.

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



Salvage timber sales

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Six alternatives have been developed for the remaining zones in the Sixmile acreage not dropped from the salvage proposal. Under Alternative B, the Forest Service's scoping proposal, the emphasis would be on salvage of dead, dying and at risk trees. The objective under this alternative is to reduce the risk of future spruce bark beetle mortality while capturing economic value. Site preparation methods would be used to accelerate regeneration of spruce forests. A total of 1,195 acres would be treated under this alternative to create a diverse forest. Approximately 12,000 board feet of spruce and hemlock would be salvaged with harvests occurring in two units west of Sixmile Creek. Units east of Sixmile, along Turnagain Arm, have been dropped from all plans.

The scoping proposal bans roads on the east side of Sixmile Creek, requiring access by helicopters between October 1 and April 30 to reduce conflicts with recreational use during the summer. Sixty-six foot buffers would be left on each side of tributaries within harvest units to maintain water quality. Visual buffers would be used on units adjacent to Sixmile Creek. Those buffers would be at least 100 feet in width and would have reduced harvesting activities. Stumps within the area would be angled away from the river and cut low to reduce their visibility.

In order to accelerate the regeneration of replacement forests, 215 of the acres treated would be replanted and approximately 512 acres treated would be prepared for regeneration.

Four other alternatives target 3,200 to 9,000 board feet of timber for salvage logging. Two alternatives are designed to protect the Wild and Scenic eligibility status of Sixmile Creek and to meet visual objectives. Both alternatives would use patch cuts designed to appear more natural by following the patterns of natural openings in the area. Only several hundred acres are included in both alternatives. The No Action Alternative would increase the number of standing dead trees, as well as impacts to other resources, warned the Forest Service.

Industry disputes ADF&G report calling for stronger FPA

(Continued from page 5)

"We see these reports as a first step and the start of a dialogue to integrate the differing perspectives on FPA issues within the administration," Knowles said in a letter to RDC. "It would be irresponsible to propose statutory or regulatory amendments to the FPA without a rigorous public review and convincing arguments the act is not adequately protecting fish habitat and water quality."

This year's annual reports on the act by ADF&G, DNR and DEC marked the first time the resource agencies have significantly diverged in their respective assessments on how well the FPA is working. Each agency has been given responsibility in their area of expertise to provide views on the FPA.

In a letter to Governor Knowles last month, RDC strongly disagreed with ADF&G's claims that the FPA is not working, that there is no monitoring being done on the effectiveness of the act and that revisions are needed. RDC told the governor ADF&G has not only stepped over the line, but its recommendations clearly go beyond the level of protection originally agreed to by the original drafters of the FPA.

RDC charged that the report contains questionable findings, leaving out important information and failing to differentiate between opinion and fact.

One key principal of the act, RDC noted, was that any successful system must be based on shared risk and incentives for both timber owners and regulators. Yet in its report, ADF&G wants a protection standard of basically zero risk to fish habitat or water quality.

The 1989 FPA report states that "neither fish nor timber should bear an inordinate share of the burden; that a balanced must be found." The FPA report also stated that "no private landowner should have to bear an unusually large burden."

ADF&G would like to double the size of buffer zones along rivers and streams, but such a move would only

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EPA may expand options for tailings disposal at A-J

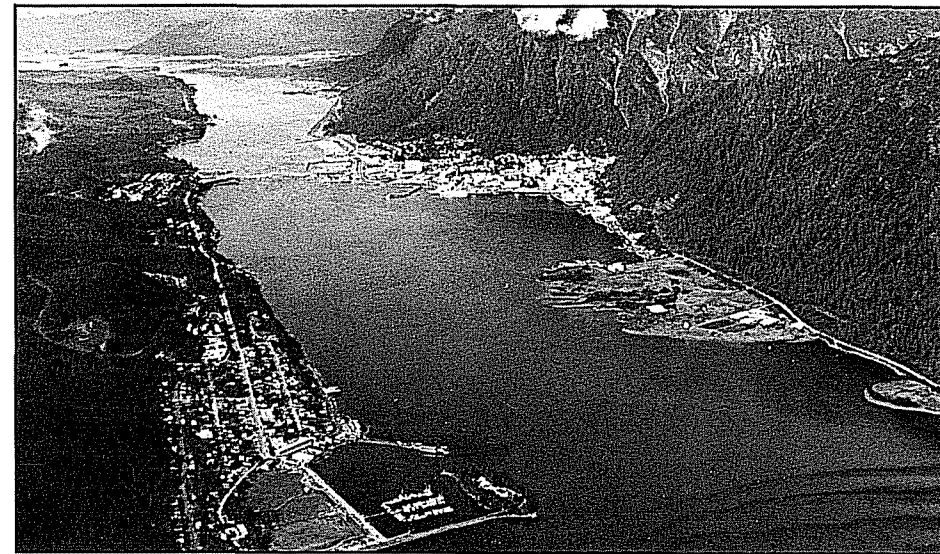
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The EPA is now in the process of looking at whether the existing federal rules — the New Source Performance Standards — were intended to apply to mines in situations like those that exist for the A-J project in Southeast Alaska, with its high rainfall, steep mountain terrain and proximity to seawater. If the EPA determines that the existing rules did not consider all the variables, then the agency will be able to compare the environmental impacts of submarine disposal to other tailings disposal options. What the rulemaking process does not do is give a permit for the A-J project or exempt the EPA from preparing a Supplemental Environmental Impact Statement.

The SEIS will compare the environmental impacts of tailings disposal alternatives and it will determine if the tailings disposal permit can be issued to Echo Bay for the mine. Through the SEIS, environmental consequences of various alternatives will be examined, including Echo Bay's proposed Sheep Creek site which will be studied for its impacts without the use of cyanide.

Echo Bay has completed a new 300-page permit application to EPA for disposing tailings at the mouth of Taku Inlet through a 9-mile underwater pipeline, eliminating cyanide from processing and placing its surface facility at the Thane Road rock dump.

RDC members are asked to write to the EPA and the Alaska Department of Environmental Conservation by April 12 to support the proposed rule allowing EPA to study and compare the environmental impacts of a broader array of tailings disposal alternatives under the unique surface and climatic conditions of Southeast Alaska, including submarine tailings disposal. Comments should be sent to: Carol Browner, Attention: Ore Mining Comment Clerk, Water Docket, Mail Code 4101, Environmental Protection Agency, 401 M Street, S.W., Washington, D.C. 20460.



The Alaska-Juneau gold mine's surface facilities will occupy less than 20 acres on an old industrial site at the base of Mt. Roberts, on the right side of photo. Surface impact is equivalent to the development of a single retail department store.

Echo Bay submits 300-page permit application for A-J

(Continued from page 1)

option to be chosen, Davis said it would have to be selected by the EPA after the environmental consequences of all disposal alternatives had been determined and compared with marine disposal. He emphasized that the rule change would only authorize the agency to consider a greater array of tailings disposal alternatives.

"To argue against the rule the EPA has proposed would be to say that the EPA should not even have the authority to consider additional alternatives through an SEIS," Davis said.

Davis addressed a crowd of 75 business executives at the Thursday, March 7 RDC breakfast meeting in Anchorage.

Echo Bay has been working hard since 1988 to reopen the Juneau mine, spending more than \$90 million to gather baseline studies and do what is necessary to acquire city, state and federal permits. Once in operation, the mine will generate 400 full-time jobs with an annual payroll of \$20 million. Total annual economic impact to the Juneau area is projected to be \$70 million. Yet the mine's surface facilities will occupy less than 20 acres.

Submarine disposal of tailings was noted in early drafts of an Environmental Impact Statement as being the most environmentally-sound method of tailings disposal, but EPA ruled that marine disposal could not be considered as a possible option because of federal rules.

Tailings is the leftover materials — rock, sand and gravel — from which gold ore is extracted during the mining process. Much of downtown Juneau is built on mine tailings from previous operation of the A-J Mine.

Because of the federal rule banning disposal of mine tailings in marine waters, Echo Bay has been working toward on-land disposal sites. Of the legally available on-land options, Echo Bay determined that the best alternative was to construct a dam that would back up the upper portion of Sheep Creek into a lake, creating a large pond in the Sheep Creek Valley near Juneau into which tailings would be disposed.

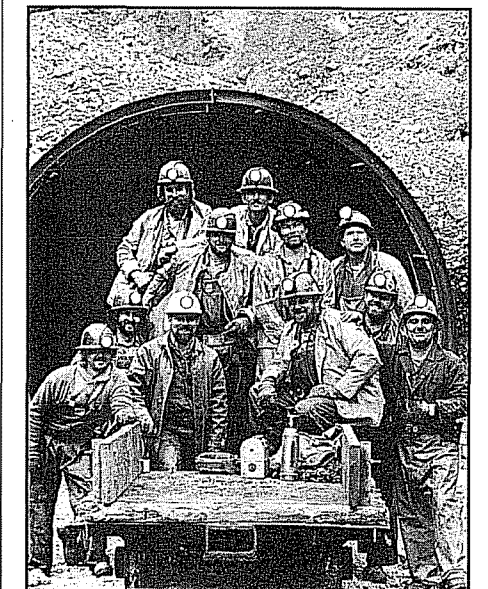
In December 1994, the EPA completed a supplemental two-year environmental study of the A-J project and published its findings in a Technical Assistance Report (TAR). The EPA re-

port was designed to assist the U.S. Corps of Engineers in deciding what requirements the Corps would need to include in the permit issued to allow construction of the Sheep Creek tailings pond.

The EPA reached several conclusions in the TAR, principally that the tailings disposal pond at Sheep Creek would not allow federal water quality standards to be met when water was released from the pond into Gastineau Channel. Echo Bay disagreed with EPA's findings, but followed with a proposal to completely eliminate the use of cyanide at the A-J in favor of implementing gravity recovery methods similar to those used during the early operation of the mine. Using this method, a concentrate would be formed which could be shipped out to the international market for final processing. These new plans, however, were not evaluated as part of the TAR process.

In the TAR, the EPA turned down Echo Bay's proposal to put a tailings impoundment at Sheep Creek, but the agency determined that the assumptions in federal rules applying to tailings ponds may not accurately fit the unique climatic and surface conditions that exist in Southeast Alaska and the situation at the A-J mine.

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The A-J crew poses in front of the mine's portal. The historic A-J features more than 200 miles of tunnels beneath Mt. Roberts. The entire gold mine is underground.

AWRTA DECISION DRAWS FIRE

"They took the heart out of some of these timber sales."

- Rep. Bill Williams



Ketchikan Pulp Company recently announced the closure of its two sawmills in Southeast Alaska due to the timber shortage.

Environmentals and the Forest Service call it a "compromise" which will open timber in the northern Tongass National Forest to logging, but Timber industry officials, Alaska's congressional delegation and legislative leaders say it's nothing but a sham which deliberately misleads the public. At issue is a settlement pertaining to 280 million board feet of timber tied up in a lawsuit brought against the east started for wood.

"Revisiting this process could take at least two years to complete, and would serve no purpose other than to tighten the noose around the necks of our remaining timber families," said state Rep. Bill Williams in a letter to Glickman. "Can you explain to me why this process the lawsuit and open about 100 million board feet of timber to logging. Because of the economics of access and logistical considerations, only about 46 million board feet of that timber is feasible to harvest.

"Only a full harvest of the locked-up timber will restore the jobs and economic stability to timber communities in Southeast Alaska," said Senator Drue Pearce in response to the settlement. "Calling this a 'fair settlement' is an oxymoron," said House Speaker Gail Phillips. "If the so-called negotiated settlement is accepted by the court, it will have the net effect of negotiating away Alaska jobs."

All of the timber held hostage in the lawsuit had already been cleared for harvest through a costly environmental round timber jobs in Southeast have

disappeared.

The Alaska Forest Association, which is a party to the AWRTA lawsuit, was excluded from closed door meetings between environmentalists and the Clinton administration. During these meetings last month, the other two parties reached a settlement agreement which was then presented to the AFA in a take-it-or-leave-it fashion.

"In the spirit of compromise, AFA offered a counter proposal which was rejected," explained Jack Phelps, the organization's executive director. "The AFA then asked for an all-party settlement conference which the court denied."

Referring to the environmentalists and the Clinton administration, the court said it "sees no advantage in leading two horses to water that obviously have no intention of drinking."

Phelps says the proposed settlement "puts us in a worse position than losing the entire case in court." He said many of the sales which the government and environmentalists are either inaccessible or uneconomical.

Phelps pointed out that the settlement nets the timber industry nothing since environmentalists are planning to litigate on an equal amount of timber elsewhere in the forest.

"The public needs to understand that this is really an effort by the Clinton administration, in league with environmental groups to halt timber harvest in the Tongass," Phelps said. "The environmentalists' pattern on the Tongass in cases like this has been to request an SEIS and then sue on the SEIS when it comes out years later."

AFA is asking for a reasonable settlement discussion that would result in significant relief from the severe timber shortage facing Southeast mills. The Alaska House and Senate majorities, as well as the Alaska congressional delegation, are supporting the request. The Majorities have filed a friend-of-the-court brief asking the Court to either release all timber involved, order a settlement conference between the industry, the plaintiffs and the Forest Service or give timber communities a day in court to comment on the settlement.

"They took the heart out of some of these timber sales," said Rep. Williams.

Forestry law under assault

Responding to a highly critical report compiled by the Alaska Department of Fish and Game (ADF&G) on the effectiveness of the Alaska Forest Practices Act (FPA), the Alaska Board of Forestry says the state law on timber harvesting is working well in protecting salmon habitat and water quality.

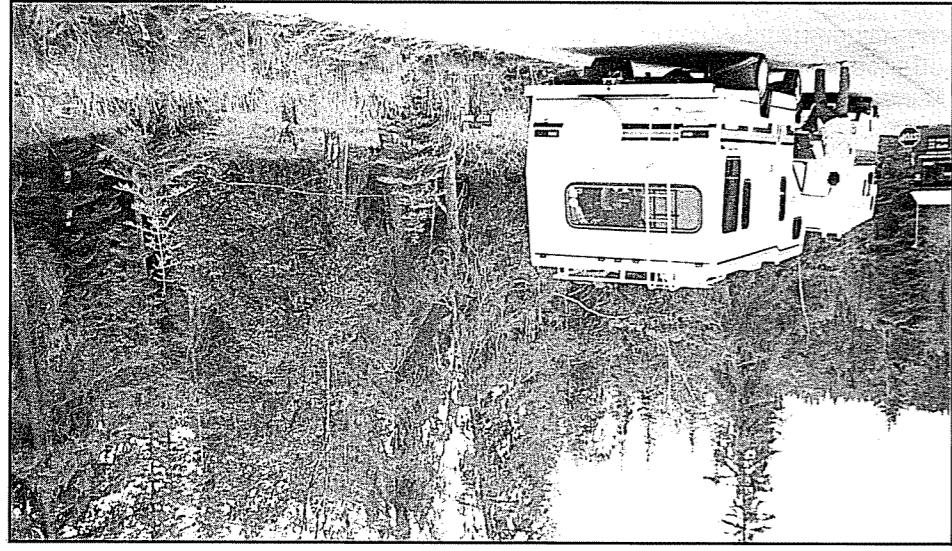
There are, however, several issues of concern the Board will investigate, including internal disputes between ADF&G and the Alaska Department of Natural Resources (DNR) on enforcement authority and the need for additional protection measures for some small streams and flood plains.

The Board of Forestry established a Science/Technical Committee consisting of industry representatives and officials from DNR and ADF&G to address "science" related issues raised in the report. Governor Tony Knowles also created a Forest Practices Act Task Force to provide guidance and support to the forestry board's technical committee and help it evaluate the magnitude of issues raised, the availability of information to address them and recommend solutions as may be necessary.

The FPA is a delicately crafted compromise among very diverse interest groups. RDC was an active participant in the early debates on the FPA, and some RDC members felt that the act went too far in accommodating concerns of non-development groups. However, in the interest of compromise, RDC did not block attempts to reach the final consensus that led to the FPA.

The Knowles administration at this time has no intention of opening the act for statutory or regulatory amendments without significant evidence that the act is failing to protect fish habitat and water quality. Knowles has made clear the ADF&G report does not represent the position of his administration.

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The 4,000-plus acres remaining under consideration for salvage harvest in the northern Chugach represent only a fraction of the hundreds of thousands of acres of trees stricken by the beetle in the nation's second largest national forest.

Forest Service scales back proposed salvage harvest, buffers required

In response to a wave of adverse public comment on the proposed salvage harvest of beetle-killed or threatened timber on the Kenai Peninsula, the U.S. Forest Service has cut some of the more controversial acreage from the program. The acreage eliminated, 20 percent of the 5,500 acres targeted for harvesting, includes timber in the Seattle Creek, Resurrection and Palmer Creek drainages of the Chugach National Forest. All of the timber in the Sixmile Creek area adjacent to Turnagain Arm, has been eliminated from the proposed sale. Much of the acreage eliminated from the sale would have required road access near backcountry hiking trails, including the Resurrection.

The Forest Service has also made a decision to not log the Ingram Creek drainage at this time. The Ingram Creek timber will be evaluated in a couple of years as part of the Forest Service's regular timber harvesting program. Approximately 4,425 acres of beetle-infested federal timber in the area is still infested timber in the Chugach as a whole.

The Forest Service is planning to release for public comment in April an Environmental Assessment/Biological Evaluation (EA/BE) for timber in the Sixmile and Resurrection/Palmer Creek drainages that has not been dropped from the sale. In addition, it plans to begin scoping the Primrose/Snow River area this spring. An EA/BE on that timber is planned as part of the Forest Service's normal timber program and is currently not planned to fall under the provisions of the federal Salvage Amendment.

In addition to Sixmile and Resurrection/Palmer, the other areas that the Forest Service will be considering under the provisions of the Salvage Amendment will be a sale in the Juneau Creek/Cooper Landing Area, one at Frenchy Creek and two sales under the Moose Pass Cooperative Project — North Shore and Moose Pass salvage sales.

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