

Fairbanks-North Pole-Delta Junction-Holly-Cantwell-Talkeetna-Willow-Big Lake-Knik-Soldotna-Anchor Point-Homer-Fritz Creek-Whittier-Cooper Landing-Seward
 Valdez-Dahlgren-Birdswood-Missile-Stratley-Lyon-Anderson-Village-Copper-Centers-Gannick-Northway-Tek-Mile-188.5-Mile-156-Mile-147-Mile-102-Fairbanks-North Pole-Delta Junction-Holly-Cantwell-Talkeetna
 Valdez-Dahlgren-Birdswood-Missile-Stratley-Lyon-Anderson-Village-Copper-Centers-Gannick-Northway-Tek-Mile-188.5-Mile-156-Mile-147-Mile-102-Fairbanks-North Pole-Delta Junction-Holly-Cantwell-Talkeetna

It's time we all put our best energy to work for Alaska

Since Tesoro Alaska began production at our Kenai refinery in 1969, Alaska's petroleum industry has created a world of new opportunities. And overcome tremendous challenges.

Today, Alaska's future is brighter - and the potential for real stability is greater - than ever before. We need to listen and understand. We need to cooperate and work together.

We need to develop our potential and preserve our quality of life. It's going to take good energy from everyone.

Tesoro Alaska is proud to share our very best.



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

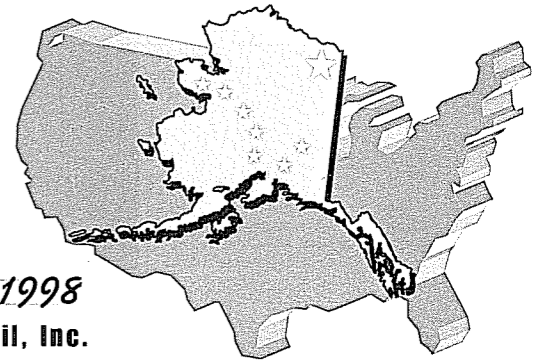
Bulk Rate
U.S. Postage
PAID
Anchorage, AK
Permit No. 377

This Edition Sponsored by: Tesoro Alaska Petroleum Company

RESOURCE REVIEW

January 1998

A periodic publication of the Resource Development Council, Inc.



RDC supports full leasing in National Petroleum Reserve

The Bureau of Land Management (BLM) has released a Draft Environmental Impact Statement (DEIS) on whether the National Petroleum Reserve - Alaska, should be reopened to oil and gas leasing.

The DEIS outlines five alternatives ranging from no activity to leasing the entire 4.6-million-acre study area, located in the northeast sector of the huge 23-million-acre petroleum reserve. The BLM will be accepting public comments on the alternatives up to February 10. Because the bureau will not make its own recommendations until after the public comment period concludes in February, it is imperative that Alaskans make their voices heard.

The reserve was created by

"The federal government should choose mitigation measures and operating restrictions rather than deleting large parcels of highly-prospective lands to protect wildlife." Ken Freeman, RDC Executive Director

President Warren Harding in 1923. Since then, occasional lease sales and exploration efforts have occurred. BLM estimates the study area could contain more than 500 million barrels of recoverable oil at \$18 a barrel or more than 2 billion barrels at \$30 a barrel.

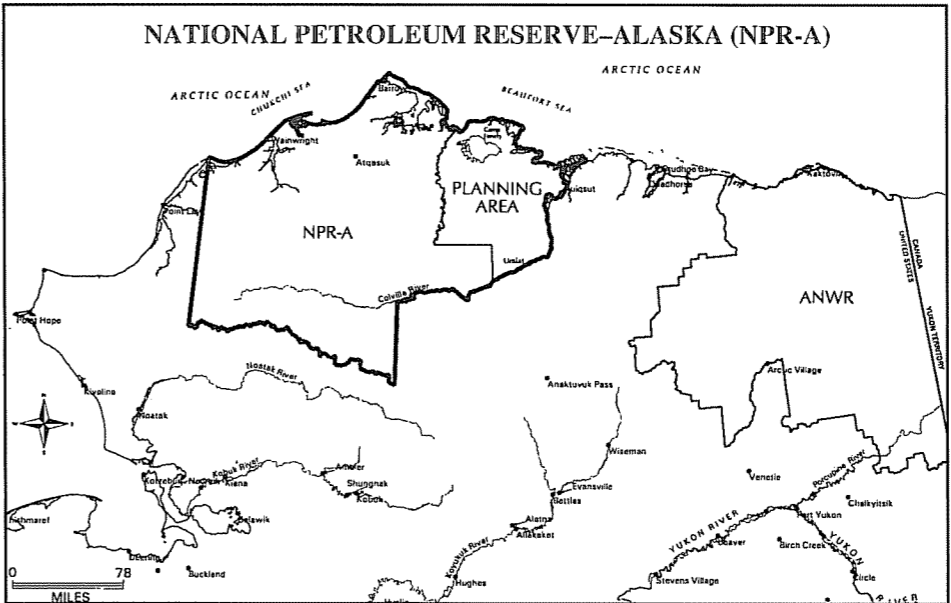
Interest in NPR-A has increased, especially after the discovery of the 365-million barrel Alpine field, which is located adjacent to the eastern border of the reserve.

Some of the alternatives in the DEIS would close the most environmentally-sensitive areas to exploration and development, including Teshekpuk Lake, named after a caribou herd that calves in the area in May and June. Three of the alternatives would forbid leasing in that area, the other two would allow it, but under stipulations to limit the impact on wildlife.

With advancing technology and new ways of looking for oil, industry is confident in its ability to find and develop oil anywhere in the NPR-A in an environmentally-responsible manner. Some environmentalists, however, are urging a federal Wilderness designation for the entire study area while others are demanding that sensitive wildlife habitat be closed to development.

"RDC believes the federal government should choose mitigation measures and operating restrictions rather than deleting large parcels of highly-prospective lands to protect wildlife," said Ken Freeman, RDC's new Executive Director. "Some of the most prospective areas in NPR-A include lands where wildlife and waterfowl are abundant," Freeman explained. "The

(Continued to page 2)





Message from the Executive Director
by Ken Freeman

RDC gearing up for '98

Wide variety of issues face membership

As the new year begins, RDC is gearing up to make a difference on a number of issues that are of critical importance to our members.

Currently RDC is in the process of finalizing its administrative and legislative priorities for the upcoming legislative session and is now preparing for a full-scale strategic planning retreat for staff and board of directors. As newly-appointed Executive Director, I am committed to not only sustaining, but increasing RDC's membership base and its effectiveness on issues transcending all Alaska industries and communities. The strategic planning

retreat will be a valuable exercise for the board and staff to ensure we stay on track with the needs of our membership.

Keeping our members informed and working together to overcome challenges facing all resource sectors are extremely important aspects of this organization. Quite frankly, the key to RDC's impeccable reputation for being highly effective and successful is its membership. That's why the staff and board always look for better ways to serve its membership.

In 1998, RDC will be taking a proactive role in oil and gas, tourism, mining and timber issues, as well as transportation. Right now we are working closely with federal and state agencies on specific projects, including oil and gas leasing in Cook Inlet and the National Petroleum Reserve, as well as the new Chugach National Forest Land Management Plan. The Forest Service will soon begin formulating draft alternatives for the new CLMP and RDC is a major participant in the process.

On the water quality front, RDC recently concluded a four-month process to forge consensus on highly contentious water quality issues. RDC organized a task force of industry and community interests which met from July through October to discuss a wide variety of water quality issues. The product of this effort is a Consensus Issues Document which outlines specific points of agreement. Designed to serve as a framework for new legislation, the elements in the consensus document may be included in a new water quality bill.

In addition to its regular program efforts, RDC spearheads the Alaska Wetlands Coalition and maintains the

Alaska office of the Pacific Legal Foundation. PLF recently filed a "friend-of-the-court" brief on behalf of RDC in support of Nationwide Permit #29, which allows the filling of wetlands up to 0.5 acres for a single-family residence.

RDC also continues to administer AMEREF, a popular partnership between the State and private sector to provide students in grades K-12 with balanced information on Alaska's mineral and energy resources.

As I settle into my new position at RDC, I want to hear from you. I am open to new suggestions and changes and look forward to enhancing RDC's efforts at encouraging a strong, diversified resource development sector and expanding the state's economic base.

NPR-A leasing ...

(Continued from page 1)

oil industry, however, has clearly demonstrated it has the ability to operate in the Arctic without disturbing the wildlife or harming the environment."

Industry routinely documents nesting locations and seasonal activities of birds and mammals. By studying preferences and patterns, the industry has been successful in mitigating impacts. Sensitive habitats and wildlife considerations are factored into site development plans.

Moreover, technological advances have greatly diminished industry's footprint. For example, a typical production pad with producing wells encompassed 65 acres in 1970. Today's technology has cut the size of that pad to nine acres.

The industry is applying its new advancements in new oil field development. For example, the Alpine reservoir covers 40,000 acres, yet ARCO Alaska will develop the oil field from just two drill sites of less than 115 acres — under one percent of the land will be involved.

NPR-A, an area larger than the state of Maine, was specifically set aside for oil and gas development. Alaskans need to remind the federal government of this fact. Submit your comments before the February deadline supporting, Alternative E, full leasing of the study area.

More gold digging in Alaska

17 environmental groups sue to block wetlands permit

by James S. Burling

There's been a new gold strike in Alaska, but this time it's on recycled paper. This strike has nothing to do with mining claims, but involves the mining of the legal system while prospecting through direct mail marketing.

How else can one explain why 17 environmental groups from Anchorage to the Virgin Islands banded together to sue the Corps of Engineers in Anchorage over a special wetlands permit that applies throughout the nation? Why did all these groups, from the giants of the environmental fund raising industry, including the National Wildlife Federation and the Sierra Club, join with such obscure entities as the "Tip of the Mitt Watershed Society" and the "Virgin Islands Conservation Society" in order to file a lawsuit in Alaska? The little groups were brought in, no doubt, to provide an illusion of "grass roots" support for the lawsuit. But why Alaska?

No doubt the plaintiffs have an explanation why they are all relying on the Anchorage attorneys from the local office of the National Wildlife Federation to save the nation from the Corps. But how much longer will it be until mailboxes in the Lower 48 fill up with more of those hysterical pleading screaming "SAVE AMERICA AND ALASKA!" letters complete with glossy pictures of the Tongass National Forest or the North Slope?

And what are they saving us from? Technically the lawsuit is about the so-called "Nationwide Permit 29." This is the permit that was dreamed up by the Clinton gang to head off the Republican Congress when it came perilously close to actually adopting some meaningful reform of the wetlands laws. In order to head off a firestorm of criticism from small landowners across the nation, the Administration adopted a "nationwide" permit that allows individuals a once in a lifetime opportunity to fill up to



Now that the chance of meaningful reform of the wetlands laws has been beaten back in Congress it is only natural for the environmental industry to show its true colors by trying to destroy what minimal reforms the Clinton Administration tossed in the direction of landowners.

one-half acre of wetlands in order to build a single family home, including driveways, utility lines and septic systems.

The permit is not automatic, however. Landowners must notify the Corps in advance, and the Corps has plenty of opportunity to assess the environmental value of the wetlands and to require a full blown individual permit if the home-site has any significant environmental values. If the bureaucrats from the Corps require an individual permit then the homeowner will usually not get one without paying a steep price, probably in the form of creating new wetlands somewhere else.

Now that the chance of meaningful reform of the wetlands laws has been beaten back in Congress it is only natural for the environmental industry to show its true colors by trying to destroy what minimal reforms the Clinton Administration tossed in the direction of landowners.

Of course, in order for the green giants and their little friends to win this lawsuit, they will have to do a mighty good job at snowing the court. So far, they are trying their best. In a recently filed brief, they claim that the Nationwide Permit will allow "developers" to fill "even the most productive and fragile aquatic ecosystems...streams supporting anadromous fish...or the wetlands of the highest value." The plaintiffs can only hope that the court neglects to read the Corps permit documents that state: "If the activity is determined to

have more than minimal adverse effects, the district will require mitigation or an individual permit."

So what will the impact be? In 1996, applicants across the nation requested authorization under the nationwide permit for 333 projects to fill a total of 101 acres. The Corps allowed fill, however, on only 62 acres. Undeterred, the green groups say the number is rising and it could be a lot more in future years. There are 375 million acres of land in Alaska and 2.3 billion acres in the United States not to mention over 85 thousand acres in the Virgin Islands. We would have to multiply the 62 acres of filled wetlands many times over before they could possibly have a significant impact on the environment. This low acreage, combined with the Corps' ability to require individual permits when the activity will occur in a sensitive environment makes the green groups argument of environmental Armageddon a joke.

If not for fundraising purposes why was this lawsuit filed in Alaska? Federal judges in Alaska are just as capable of looking at the merits of a case, or in this case the demerits, as they are anywhere else. This wouldn't be the first time the save-the-earth industry has used Alaska to feed itself. It won't be the last. In the meantime, watch your mailbox.

Jim Burling is an attorney for the Pacific Legal Foundation which filed a friend of the court brief on behalf of RDC in the Nationwide Permit 29 lawsuit.

Resource Review is the official periodic publication of the Resource Development Council (RDC), 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.

Executive Committee Officers

President Allen Bingham
Sr. Vice President John Sturgeon
Vice President Jerry Booth
Secretary Uwe Gross
Treasurer Michael E. Stone
Past President Scott Thorson

Staff

Executive Director Ken Freeman
Communications Director Carl R. Portman
Finance/Membership Steven Dougherty
Special Assistant Tadd Owens

RDC is located at 121 W. Fireweed, Suite 250, Anchorage, AK 99503, (907) 276-0700. Fax: 276-3887. Material in the publication may be reprinted without permission provided appropriate credit is given.

RDC's e-mail address:
rdc@aonline.com
Writer & Editor
Carl Portman



THURSDAY

Petroleum Club of Anchorage
3301 "C" STREET

January 1998

.....
Reservations are required. 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: \$6.00
Non-Members: Breakfast: \$12.50, Coffee & Pastry: \$7.00

- | | |
|----------|--|
| Jan. 8: | Setting New Directions in Economic Development
Debby Sedwick, Commissioner, Alaska Department of Commerce & Economic Development |
| Jan. 15: | Construction '98
Henry Springer, Executive Director, Associated General Contractors |
| Jan. 22: | Gateway Alaska: A Closer Look at Airport Expansion
Morton V. Plumb, Airport Manager
Ron Lance, General Manager, Anchorage Operations, United Airlines
Charles Johnson, President, Era Aviation, Inc. |
| Jan. 29: | Alaska's Economic Indicators: Oil and Gas, Mining, Timber, Fisheries and Tourism
Neal Fried, Labor Economist, Alaska Department of Labor |

[The text in this section is extremely faint and illegible due to low contrast and scan quality. It appears to be a list or series of entries.]

RDC panels examine urban-rural relationships

RDC's 18th Annual Conference, "Alaska Perspectives: Sustaining Urban-Rural Relationships," attracted more than 300 registrants, some of whom came from the Lower 48 to hear a variety of perspectives and thought-provoking points of view on a wide range of issues facing Alaskans.

RDC members heard a plea from Governor Tony Knowles for their support to place a constitutional amendment on the 1998 ballot to resolve the subsistence dilemma with the federal government. House Speaker Gail Phillips warned that if Alaskans don't create a rural preference for subsistence use of fish and game, the state's commercial fisheries could be sharply curtailed.

Roy Huhndorf, Chairman of Cook Inlet Region, Inc., said subsistence should be viewed as an economy, perhaps the largest single economy in the state. He said the subsistence debate offers the state an opportunity to create a new holistic management scheme that brings Native corporations into the mix.

Ralph Seekins of the Fairbanks-based Alaska Wildlife Conservation Society spoke out against a rural preference which he said would discriminate against urban hunters and fishermen. Seekins said state fish and game statistics show a rural preference isn't needed if the state manages its resources correctly.

In a keynote address, North Slope



Terry Nininger of Homer-based Circle DE Pacific Corporation explained how his company is both logging and reforesting beetle-killed timber on the Kenai.



North Slope Borough Mayor Ben Nageak said it's a myth the borough is an oil-rich jurisdiction. He pointed out that residents' total tax burden is one-third higher than that of Anchorage residents.

Borough Mayor Ben Nageak pointed out that while Alaska is both urban and rural, "when it comes to our economic health, we are like twins, joined at the hip." Nageak warned that "any move to

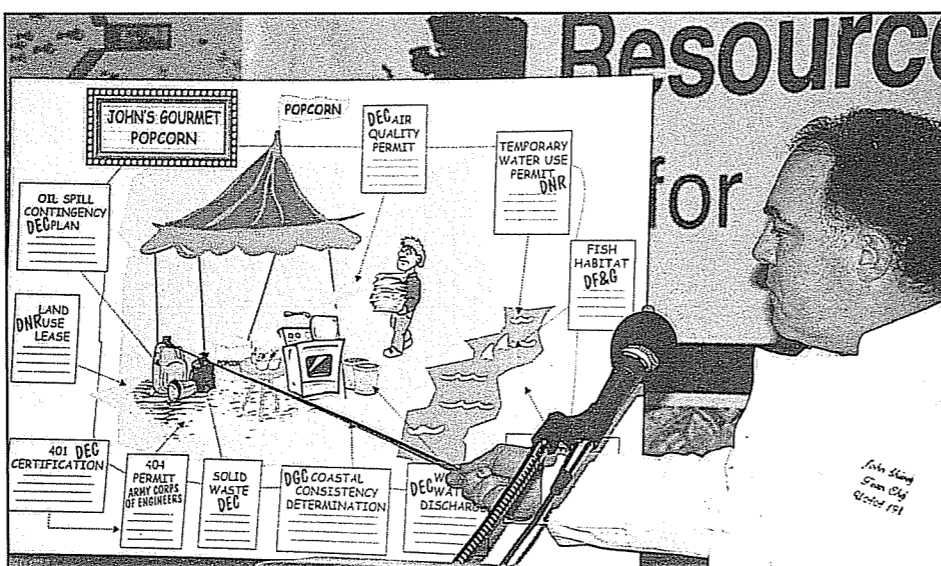


Ken Nadolny, Manager of Exploration for Anadarko Petroleum Company, spotlighted his company's interests in Alaska and across the world.

cripple the Bush economy would have a devastating effect on Anchorage."

Nageak cited a recent study commissioned by the borough that shows 25,000 jobs in the Anchorage area come from trade with the rest of Alaska, and \$3.4 billion in area goods and services were purchased by outlying consumers in 1996.

According to the study, Alaska's Economic Links, Anchorage exports about one-third of its output and 60 percent of that business flows to the rest of the state. The study backed up Nageak's contentions that Anchorage benefits greatly from development on the North Slope and in Bush areas.



Natural Resources Commissioner John Shively, wearing a chef's uniform, gets creative in his presentation on "Cutting the Red Tape: Simplifying the Permitting Process." Shively's case-in-point, "John's Gourmet Popcorn," even included real popcorn, heavily salted, however.



Thoughts from the President by Allen Bingham

Public hearings frequently dominated by opponents to resource development

Case-in-point: Cook Inlet lease sale

Public hearings on resource development issues tend to attract those individuals that generally oppose development. Even the public comment record that agencies are so fond of using to demonstrate public support or opposition to a project or land plan is often dominated by non-development interests. Quite frankly, our opposition appears more motivated to attend public hearings or submit written comments than the average citizen supporting reasonable development of Alaska's natural resources.

A case in point is the Cook Inlet Areawide Oil and Gas Lease Sale issue. At stakeholder meetings last October,

those testifying against the sale outnumbered proponents by more than a 2-1 margin. Yet a recent poll by Dittman Research Corporation shows two-thirds of Southcentral Alaska residents support the Cook Inlet sale.

Areawide leasing was authorized in 1996 legislation sponsored by Rep. Norm Rokeberg. The legislation had strong bipartisan support and passed the Legislature with a unanimous vote. It was signed into law by Governor Knowles later that year.

The purpose of the survey was to assess local opinions and concerns about the sale. The Dittman poll showed Alaskans support areawide leasing because of its economic benefits and job opportunities. Sixty-five percent of those surveyed support the concept of areawide leasing, 14 percent were unsure and 22 percent were opposed.

The poll revealed that concerns of local residents fall into three main categories—property issues, lifestyle/safety effects and environmental considerations. By a two to one ratio, residents felt that an oil company would treat them fairly if it purchased oil and gas lease rights beneath their property. Eighty-six percent of the 605 people surveyed felt that local oil and gas development had been good for their communities.

Yet by attending the Anchorage hearing on the Cook Inlet sale, one would get the impression Alaskans do

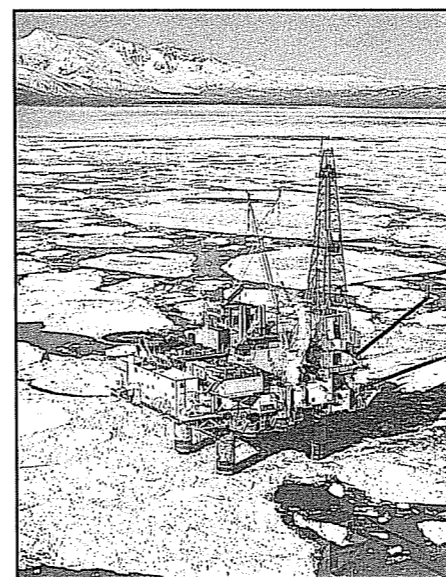
"Quite frankly, our opposition appears more motivated to attend public hearings or submit written comments than the average citizen supporting reasonable development of Alaska's natural resources."

not support oil development anywhere in the state and that nothing good has come to Alaska from oil and gas development. One would also get the impression Alaska is the primary cause behind global warming and should immediately cease development of all fossil fuels.

Unfortunately, our public hearing and comment process has come down to a numbers game. Some federal agencies sometimes use these numbers to justify their actions to block access or development opportunities on public lands. In Alaska, where more than 80 percent of the land mass is in public ownership, this is a serious concern for the industries that drive our economy.

RDC needs your help in responding to the action alerts it sends out on highly-contentious issues. I know our members are busy people who have little time to write comments on sometimes confusing issues, but please make the time to write. Whether it's the new management plan for the Chugach National Forest or BLM's call for comments on NPR-A, you can be assured the opposition will make its voice heard in the public process.

In other words, when given the opportunity, submit your comments to the public record and be willing to voice your concerns at a public hearing -- or forever hold your peace.



Ice surrounds Cook Inlet oil platform.

RDC urges multiple uses in Chugach

New plan in works

The U.S. Forest Service has recently concluded its scoping process for revising the Chugach Land Management Plan (CLMP) and is now developing a range of alternatives outlining management options and future uses in the nation's second largest national forest.

In a meeting with Forest Service planners last month, RDC expressed a wide range of concerns regarding future management of the forest. RDC emphasized its concerns can only be addressed through the continuation of the multiple use mandate that has driven Forest Service policy in the past.

There are many indications the Forest Service has perceived that its mission has changed from one of allowing a moderate level of multiple use to allowing little multiple use. The Chugach National Forest, however, was intended

to be managed for multiple use development, including timber, mining, oil and gas, recreation, commercial tourism and other resources.

Mark Stahl, Director of Land and Resources for Chugach Native Corporation, expressed concern that the decision process could be biased by pre-decision planning for "recreation only" uses in the Forest. Stahl pointed out that the Forest Plan Revision Map does not address those areas identified as suitable for timber harvesting, mining exploration, destination tourism, or oil and gas development. He said the revision already appears predisposed to non-development, pro-wilderness designations for the forest which is in direct conflict with the national forest mandate of multiple use.

One of the original mandates of the national forest system is to provide a reliable source of timber to a domestic forest products industry. Yet the Forest Service, in its first newsletter on the revision process, asked the question, "Is commercial timber harvest appropriate on the Chugach National Forest?" This question gives the public the impression that timber harvesting, commercial or otherwise, is a discretionary activity of the national forest system, said RDC member John Merrick. "Timber harvesting is not discretionary, no more so than habitat preservation and recreation."

Among points emphasized by RDC



Alaska is experiencing the largest spruce beetle outbreak in North America. The spruce beetle population has risen at alarming rates and remains at very high levels in the Chugach National Forest. RDC has told the Forest Service that its new ten-year management plan for the Chugach must include a timber harvesting regime to help restore forest health.

members attending the meeting:

- The new plan should include specific actions to restore forest health and reduce the risk of catastrophic fire. An annual commercial timber harvest must be provided in the new plan to improve the supply of raw materials to local communities and industry.
- Areas with known mineralization or moderate to high mineral potential should be given a minerals prescription. It is vital that access to these areas are not restricted.
- Improved access for destination tourism opportunities must be allowed. The road to Whittier should be given a high priority.
- Roads built to access timber should be maintained — not obliterated — to provide access for recreational users, future forest management and fire fighting. The existing road across the south end of Montague Island should be converted to recreational use once logging operations have been completed. This road provides a unique recreation experience that would not otherwise exist.
- Since much of the forest is roadless, helicopter landings should be provided. Statistics show helicopter flightseeing and landings are among the most popular and highest-rated activities for Alaska

visitors. It is often the only way for the physically impaired, aged or a traveler on a tight time schedule to experience remote, rugged lands up close and personal.

• The Forest Service has identified 20 rivers in the Chugach as eligible for inclusion into the National System of Wild and Scenic Rivers. RDC Opposes these classifications as they would diminish multiple use, access and potential mining activity.

• RDC opposes federal Wilderness designations in the Chugach. Alaska already contains 57 million acres of designated Wilderness — 62% of all federal Wilderness in the U.S.

• RDC requested the Forest Service to address the cumulative socio-economic impacts of numerous withdrawals and proposed withdrawals of land from multiple use management. Moreover, RDC asked the Forest Service to outline cumulative impacts of large private land purchases by the Exxon Valdez Oil Spill Trustees Council for the purposes of preservation. This land represents a significant portion of private land holdings in the region, and the impact on the economic resource base of losing those holdings is a serious concern. RDC stressed there should be no net loss in the economic resource

Longtime Alaskan speaks out on Chugach forest plan revision

by John Merrick

I am writing these comments as a longtime (40 year) citizen of Southcentral Alaska and as a forest biologist.

Quite frankly, I am disturbed at the trendy and politically-correct approach the Forest Service is taking on a national basis to placate the environmentalist fringe which certainly seems to be replicated in Alaska with the prospective Chugach Land Management Plan Revision. I find that the Forest Service's pre-planning material is already biased in favor of additional Wilderness and Wild and Scenic River designations — this in a state that already has more than 60 percent of all the designated Wilderness in the nation.

I also feel that the legal mandate of multiple use of National Forest lands which was submerged in the 1984 CLMP, is in danger of all but vanishing in the 1998 CLMP. The rhetorical question in the pre-planning material asking if commercial timber harvest is still appropriate in the Chugach is outrageous when large areas of the forest are either dead, dying or threatened by bark beetles. Besides the economic waste, dead forests also have adverse effects on recreation, as well as fish and wildlife.

Economic developments through natural resource extraction are multiple uses that should not be foreclosed. Commercial use development potential such as oil and gas, coal and mining exist and should not be hamstrung by more wilderness/roadless designations. Similarly, tourism opportunities need to be expanded, perhaps in concert with mineral development. It is interesting to note that after 50 years or so, many old mines become historic and today are popular recreational areas that also offer recreational access to the back country.

I am an older person nearing age 70 who came to Alaska for both opportunity and the love of wilderness, but I strongly believe there needs to be a balance between wilderness and accessibility to an increasingly-older population. Airplane and helicopter access are often the only way elders can get to view wilderness and wildlife. Expanded access opportunities for those who are predominantly older should be considered.

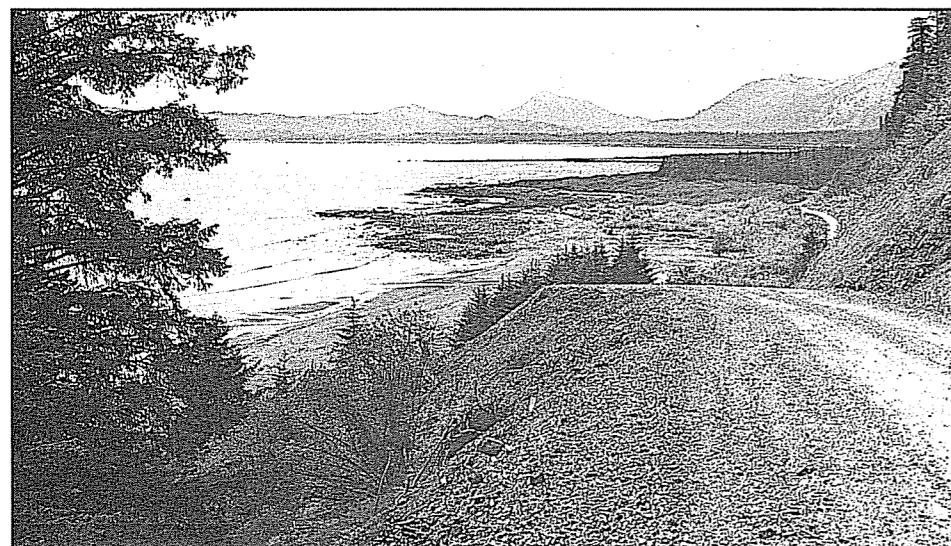
Timber cutting is a legitimate activity, especially for beetle-infested timber that has economic value remaining. The Forest Service is perfectly capable of getting it cut without long-term damage to the environment or fish and wildlife. For older beetle-killed forests with little or no economic value remaining, fish and wildlife, forest renewal and forest health considerations become paramount, and best management practices invoked to accomplish those objectives.

The Forest Service is a multiple use agency by law. Alaska already has the bulk of the national acreage in single use management — both in national and state wildlife refuges and national and state parks. The Forest Service has, over the years, gotten far away from its legal mandate. It should eschew its unfortunate tendency to become another single use agency — this by adopting a truly multiple use CLMP.

base. The Forest Service must balance increases in land withdrawals with increases in resources available for development.

The alternatives that are currently being drafted by Forest Service plan-

ners will be available for public comment later this winter and a draft environmental impact statement will be released in September. A final forest plan and environmental impact statement will be completed by June 1999.



RDC has requested the Forest Service to consider a "roads-to-trail" proposal for the Montague Island road. With logging operations completed, the Forest Service has ordered the timber operator to "obliterate" the 34-mile, \$7 million road.