



Dale R. Lindsey, President/CEO Petro Marine Services

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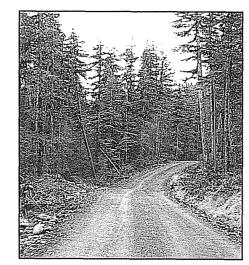
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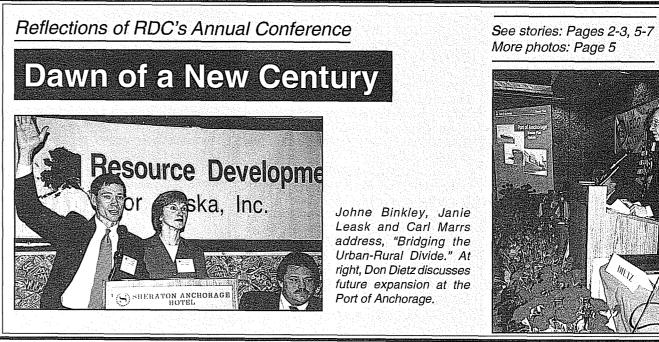
Less than five percent of the combined acreage of the Tongass and Chugach, the nation's two largest national forests, is accessible by roads. The newly proposed policy would prohibit motorized public access into these areas, blocking activities ranging from timber harvesting to recreational activities that use motorized vehicles for access.

# Alaskans speak out on Clinton's road ban initiative

forests

In Ketchikan, almost all of the 40 who testified blasted the proposal, especially its potential application to Alaska's two national forests, the Tongass and the Chugach. In Anchorage, 50 people testified with a slight majority opposing the plan. Meanwhile, a wide coalition of Alaska

and national environmental groups launched a direct-mail campaign in December urging residents to mail preprinted post cards to the Forest Service demanding that the Tongass and the Chugach be included in



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Alaskans from all walks of life -- miners. tourism providers, loggers, snow-machiners, oil patch workers and recreationalists --came out in force at public hearings held across Alaska last month to speak out against President Bill Clinton's initiative to ban new roads in roadless areas of national

the President's policy. The President cited favorable public comment last spring for a temporary moratorium on road building and is looking for more favorable comment to justify signing a permanent ban into law before leaving office at the end of the year.

The Governors of western states recently went on record opposing the administration's policy, saying it would be disastrous for small communities that depend on multiple uses of forest lands for their economy and recreation. An amendment sponsored by Governor Tony Knowles says the public planning process, not federal fiats, is the preferred course for addressing roadless issues in Alaska.

"To unilaterally overturn years of work through the public planning process by a federal policy constitutes less than a double (Continued to page 4)



**Message from the Executive Director** 

by Ken Freeman

## Marathon seeking to build Kenai pipeline

Marathon Oil Company is proposing to build a five-mile long pipeline in the Kenai National Wildlife Refuge to tap a newly discovered pool of natural gas.

The project is good news for Southcentral Alaska as it will mean additional gas reserves, jobs and new economic activity for the region.

Cook Inlet Region, Inc., owns the mineral rights beneath the part of the refuge where the gas has been discovered and has contracted with Marathon to develop the field.

The Wolf Lake prospect marks a new phase in oil and gas development on the Kenai Peninsula, where Marathon has operated since the 1950s. Old exploratory wells like the one at Wolf Lake are now being retapped to look for gas. The effort has paid off at Wolf Lake where CIRI hopes to gain royalties from land it has leased to

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Alaska's largest privately funded nonprofit eco-
nomic development organization working to de-
velop Alaska's natural resources in an orderly
manner and to create a broad-based, diversified
economy while protecting and enhancing the envi-
ronment.

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> RDC's e-mail address: resources@akrdc.org RDC's web site address www.akrdc.org

> > Writer & Editor Carl Portman

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Marathon. In addition, CIRI hopes to put some of its shareholders to work on the project and share royalties with other regional Native corporations.

Construction is expected to begin on the pipeline next winter and take less than two months to complete. The underground pipeline will start at an existing exploration drilling site near Wolf Lake and snake east to Marathon's Beaver Creek natural gas processing facilities. The company is planning on two new drilling pads near Wolf Lake to capture an estimated 20-year supply of gas.

Minimal environmental impact will occur from this project. The final route for the pipeline right-of-way will be selected to minimize impact to timber and wildlife habitat. Construction will occur during the winter on frozen soil to minimize surface impacts. The right-of-way will be kept to the minimum width and will be permitted to naturally revegetate.

The total surface impact for development of natural gas reserves in the Wolf Lake area, including the well pads. pipeline right-of-way and access road, will total less than 50 acres or 0.0026 percent of the refuge's 1.950,000 acres.

RDC recently testified in support of this project at a recent public hearing in Soldotna.

### **RDC** highlights beluga issue

RDC testified at a recent public hearing on a proposed "depleted" listing for the Cook Inlet beluga whale, urging the National Marine Fisheries Service (NMFS) to focus its efforts on establishing a co-management agreement with Alaska Natives to regulate the subsistence hunt of the mammals.

In addition, RDC hosted a special luncheon on the topic at its November annual conference. Penny Dalton, the Director of NMFS, and several mayors from Southcentral Alaska, addressed proposed listing options.

NMFS is proposing to designate the Cook Inlet beluga whale stock as depleted under the Marine Mammal Protection Act. The agency is also considering an "endangered" listing under the Endangered Species Act and is expected to reach a final decision in March.

RDC would like to see the beluga whale population in Cook Inlet recover and believes a co-management agreement would accomplish that goal. However, RDC and others are concerned that community and resource development activities in Cook Inlet may suffer under a depleted listing, and certainly under a potential endangered listing, even though they have not played a role in the beluga's decline.

George Wuerch, Chairman of the Anchorage Assembly, told RDC conference



Beluga whales and Steller sea lions were the focus of this RDC conference panel of Southcentral Alaska mayors, including Darcie Salmon of the Matanuska-Susitna Borough.

delegates that Municipality of Anchorage monitoring efforts and other water quality studies have consistently shown no impacts to Cook Inlet from community or industrial activity. He also noted that state and federal water quality studies have largely ruled out exposure to pollutants as a factor in the beluga's decline.

Wuerch feared that Anchorage could be forced to invest hundreds of millions of taxpayer dollars into new wastewater treatment facilities if the belugas are listed as endangered.

"Do what is necessary to help the whales recover, but do it without harming those (Continued to page 3)

Editor's Note: The following is a condensed version of Dale Lindsey's speech at RDC's 20th Annual Conference, Dawn of a New Century.

> By Dale Lindsey President & CEO Petro Marine Services

As I contemplate the relationship between business and the bureaucracy on resource development issues in Alaska, I'm often reminded of the antics of Laurel and Hardy, the comedy duo whose films in the 1920s and '30s depicted them stumbling through a series of self-induced and escalating blunders, invariably culminating in chaos.

It doesn't take a tremendous amount of imagination to see the similarities. All too often, we work against, rather than with each other, resulting in unnecessary and burdensome paperwork, mutual mistrust, and a loss of productivity and economic growth.

Then we shake our heads, point fingers at each other and, like Ollie in so many of the Laurel and Hardy classics, say, "Here's another fine mess you've gotten me into."

I've witnessed many examples of businesses and bureaucrats tangling over development throughout Alaska, and I've reluctantly concluded that if Lewis and Clark had to function as we do today, they'd still be in St. Louis waiting for the regulatory permits they need to explore.

It would be easy to place all the blame on overzealous bureaucrats. Easy, but unfair

At Petro Marine Services, we try very hard to promote a more productive relationship with the regulatory community to focus on finding solutions in a spirit of cooperation, collaboration and mutual respect.

In return, we need regulators to be reasonable in their dealings with us to ensure that their rules, interpretations, and implementations reflect the realities of our business and avoid costly duplication while protecting the public interest.

In the wake of Exxon Valdez, Petro Marine found itself in a regulatory "No Man's Land" with regard to spill response standards.

Federal and state laws spelled out

"We can no longer afford to imitate Laurel and Hardy, and we'll all reap greater benefits from cooperation than from confrontation and from negotiation rather than litigation." - Dale Lindsev



Speaking at the RDC conference in November, Dale Lindsey gets his point across in his presentation on business-government relations.

standards for crude oil tankers in Prince William Sound and Cook Inlet, but requirements for refined petroleum carriers, primarily tug and barge operators in the rest of the state, were unclear and inconsistent. Rules for Prince William Sound and Cook Inlet were unworkable elsewhere in Alaska because of logistical restraints, limited financial resources, and unreasonable demands in terms of spill response personnel, equipment, and deployment of other assets.

After many months of discussions with the U.S. Coast Guard and the state's Department of Environmental Conservation, we forged a new set of spill standards that promote environmental stewardship and protect the public interest while addressing the economic and logistical realities of transporting fuel throughout the far reaches of Alaska.

## Do business, government really have to behave like Laurel and Hardy?

It was a long and sometimes difficult process. But by identifying common objectives and a "roadmap" for getting there from



the outset, we all ended up where we needed to be. It's a process that can and should be adapted to other resource development initiatives throughout Alaska.

We can no longer afford to imitate Laurel and Hardy, and we'll all reap greater benefits from cooperation than from confrontation and from negotiation rather than litigation.

Our only alternative, I'm afraid, is a future of pointing fingers at each other while we quarrel over the remnants of our past and forego a bright future built on balanced and responsible resource development.

By setting our sights on common goals and a shared future in Alaska, by working together to explore, produce and sustain responsible development, we can move our resource-driven economy forward.

It's the only way we'll ever tap the full potential of our vast resources -- not just our fish, our timber, our minerals, our oil and gas and our outstanding scenery, but also our people -- you and me.

(Dale Lindsey is president and CEO of Petro Marine Services, Alaska's largest independent petroleum marketing firm with operations throughout Southeast and Southcentral Alaska, as well as the Yukon Territory and northern British Columbia.)

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# Anadarko: We believe in Alaska

Editor's Note: Here is a condensed version of John Seitz's presentation at RDC's annual conference. Mr. Seitz is President and CEO of Anadarko Petroleum Company.

Anadarko is one of the largest independent oil and gas exploration and production companies in the world. Some of the regions where Anadarko has chosen to focus include the U.S. onshore and offshore, North Africa and the North Atlantic, where we're in the initial phases of exploration near Scotland and Ireland.

Most recently, we've turned to Brazil and Argentina. In Alaska, our partnership with ARCO will bring Alpine on line in 2000.

Anadarko is different from most other oil companies. We are willing to take risks and explore aggressively. Our company's history is full of examples of how we bucked conventional wisdom.

We discovered the largest gas field offshore Texas, where everyone "knew" no giants would be found. In the great Hugoton Field of the mid-continent, Anadarko was one of the first companies to aggressively pursue in-fill drilling, significantly increasing U.S. gas production -- and our own.

In East Texas, we discovered and are developing a trillion cubic feet gas field, 103 years after the first drilling at Corsicana.

In the Gulf of Mexico, we discovered and developed four fields to date, despite daunting technological challenges.

Many thought we were nuts for going into Algeria: The desert, the politics, the failed exploration by others. Twelve discoveries and more than 2 billion barrels of oil later, they're not laughing anymore.

Some said the same things about Alaska, Well, I think we've proved them wrong again.

Granted, in today's world, it's not easy to be the first to explore in a new or challenging area. But technology improves and politics change, creating new opportunities.

If you resist the temptation to think like everybody else, you'll stay ready to take advantage of those opportunities.

Anadarko announced record production volumes and reserve growth for 1998. We achieved a reserve replacement of 581%--- the 17th consecutive year that the company has more than replaced annual production with new reserves.

By continuing to make significant exploration discoveries in the U.S. and overseas, we achieved real economic growth and added value for our stockholders.

We added a quarter billion barrels of



Anadarko's President Jim Seitz believes Alaska has a number of substantial fields vet to be found.

proved reserves last year. To put this in perspective, that was about the size of our entire company 12 years ago.

To have significant finds is reason enough to celebrate, but to do so at a cost that is well below the industry average means we have staying power.

From the beginning, we knew Alaska had a great deal of resource potential. Like any oil company, we have certain criteria by which we judge any given area, and Alaska fit the criteria.

We were convinced that there are a number of world-class fields still to be found. But while we had identified significant resource potential, for an independent there were still too many roadblocks to doing business in Alaska. By that I mean permit delays, long lead times, little access to prospective acreage, high operating costs and logistical challenges.

The State also recognized the problem and began a concerted dialogue on new ideas, land access, royalties and lease sales. Alaska's elected officials began pitching the state as "open for business" in an effort to attract new players to the oil patch.

With strong resource potential and a new attitude toward business, we decided it was time to invest in Alaska.

Thanks should go to the Governor, the legislature and the Congressional delegation for adopting an "open for business" attitude, for promoting stability and predictability and for creating opportunity.

We've taken advantage of that opportunity by building a significant portfolio of exploration prospects.

Cook Inlet got underway for us in 1996 by signing with ARCO, an alliance covering 127,000 acres. Partnering with ARCO, we were successful bidders in State Sale 85A. totaling 39,000 acres.

We followed that up in 1997 by shooting seismic and mapping prospects. Anadarko was the operator of the Moguawkie Lone Creek #1 well that was spud in June of 1998 and where we announced a commercial gas find that fall.

We also operated the largest onshore 3-D seismic shoot on the Kenai Peninsula. We have had great success with ARCO

in discovering and developing Alpine. We're pleased that significant components for this North Slope field were built in Alaska.

Together with ARCO, we announced last summer a discovery called Fiord, which could become the first Alpine satellite field.

We are excited about our partnership with Arctic Slope Regional Corporation, where we are exploring more than 3 million acres in the Foothills on the North Slope. At Anadarko we like to apply new exploration technology to areas that have been ignored for years and we're optimistic about the potential on ASRC's lands.

Speaking of opportunity, who would have thought a few years ago that we would be on the brink of drilling exploratory wells in NPRA this winter? We see a lot of potential in NPRA, which is why we bid extensively with ARCO and on our own, and were successful in acquiring 99 tracts.

I know that the agreement between the State and BP-AMOCO regarding the merger with Arco is very much on everybody's mind. We've studied it carefully and believe it is a sound proposition that will create new competition on the North Slope.

That's important, because the natural by-product of competition is ideas. In this case, new ideas about where and how to look for oil and gas and how to develop the fields we find.

It's clear that the companies which acquire the divested assets will have a strong production base and the access they need to explore areas with high potential.

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From our perspective, the business environment the deal fosters will benefit everybody, including the people of Alaska.

At Anadarko we're excited about Alaska. We see great opportunity to expand and make new discoveries. With good people, a favorable business climate, and a portfolio of exploration prospects in Alaska, we hope to be a successful company that contributes to this state for many years to come.



**Thoughts from the President** by Jim Branch

## Good news for Alaska

Sometimes we are so consumed by new regulatory issues, policies, and endless series of public hearings, it's easy to miss a few rays of sun light. Recently, however, some good news has come our way.

On the timber front, Gateway Forest Products recently closed its deal with Louisiana Pacific Corporation for the purchase of Ketchikan Pulp Company assets in Southeast Alaska, including a Ward Cove sawmill.

Gateway plans to build a new veneer adjacent to the sawmill and expects the facility to be operational by next summer. Once complete, the new veneer manufacturing operation should compliment the Southeast Alaska timber industry by creating new needed opportunities for lower quality and small diameter sawlogs. The new facility will also provide new jobs and tax revenues for Ketchikan.

Alaska's mineral industry now provides almost 3,000 good-paying, full-time jobs for Alaskans and interest in state's mineral wealth remains strong, as demonstrated by

### Mayors outline concerns with potential beluga listing



Kenai Mayor John Williams spoke of high numbers of beluga whales this summer in the Kenai river.

industries and activities that haven't been a factor in the beluga's decline," Wuerch said.

Kenai Mayor John Williams urged NMFS to "take a real good look at what you're doing." Williams warned that economic prosperity and future projects, including a potential North Slope gas pipeline to Cook Inlet, could be in jeopardy if belugas are listed as endangered. A long-time resident of the Cook Inlet basin, Williams said the Inlet does not appear to be an unhealthy environment for beluga whales.

"I see a correlation between the drop in the numbers of fish and belugas," Williams said. "Regulators need to do more research, examining the path of salmon and other fish, and how all this relates to belugas."

There's also good news in the mining industry. Although exploration expenditures were down due to a sharp decline in base and precious metal prices, the total value of the industry in 1999 is projected to exceed \$1 billion for the fourth consecutive year. Exact figures will not be known for some time, but the industry had another solid year in terms of production and employment.

Teck Resources, which is moving forward with its advanced exploration program-at the Pogo gold prospect near Delta. Preliminary information suggests that a gold resource of 5.2 million ounces exists at Pogo.

Meanwhile, thanks to higher worldwide oil prices, the state's savings account will shrink at a slower rate than projected. Despite this good news, the reserves account could still disappear in two years if oil prices fall again and state spending holds at current levels, according to the State's latest revenue outlook. Even with the upswing in prices, Alaska still needs \$500 million from its reserve to balance the budget.

As we enter the new millennium, there's reason to celebrate and be thankful, but we still have our work cut out for us in finding long-term solutions and overcoming the many challenges facing Alaska's resource industries.



NMFS director Penny Dalton said an Environmental Impact Statement will be prepared to identify steps necessary to halt the beluga decline and promote its recovery.

Many fishermen believe the Cook Inlet whales have abandoned their usual waters in recent summers in search of food in Bristol Bay. Unusually high numbers of belugas were sighted in the bay last summer while at the same time fishermen there were hauling in large numbers of fish. Meanwhile, the Cook Inlet salmon catch was down.

Dan Alex, Project Coordinator at the Cook Inlet Marine Mammal Council, emphasized that Alaska Natives do not support hunting any species into extinction.

He warned that "environmental organizations are working in concert toward a bigger agenda of targeting the oil and gas and fishing industries in seeking an endangered listing." If a listing occurs, he



Dan Alex of the Cook Inlet Marine Mammal Council noted that his organization is committed to reaching a co-management agreement with NMFS.

warned that such groups are likely to file lawsuits to stop any project or activity they don't like.

Kodiak Island Borough Mayor Gary Stevens urged NMFS to let science drive the beluga and Steller sea lion issues, warning regulators to not jump to conclusions and to not punish the innocent. Stevens said there has been only limited investigation and no proof as to what has caused a steep decline in the sea lion population. The Kodiak mayor stressed there isn't enough data to support more restrictions.

Unalaska Mayor Frank Kelty supported more research for the Steller sea lion issue, noting "there is so much we don't know."

### Alaska says "no" to forest policy

### (Continued from page 1)

cross," Knowles said. "Such action would negate the years of work and millions of dollars that were spent in crafting the Tongass Land Management Plan and the planning now underway in the Chugach. I join other western governors in challenging the administration to honor its commitment to the public planning process."

In addition to Knowles, Alaska's congressional delegation, many members of the state legislature and community leaders have all blasted the proposed policy.

The Tongass and the Chugach are among those national forests being considered under the new policy. While the policy is inappropriate on all national forests, it is particularly unacceptable in the Tongass and the Chugach.

The Tongass has just gone through an extensive 11-year, \$13 million land management plan revision which withdrew more than half of the land previously available for development. Even more recent revisions have left only ten percent of the commercial forest land in the Tongass open for timber production.

In the Chugach, which is 98 percent roadless, the policy would shut down access to roadless areas for a variety of uses, including forest management activities to restore forest health.

Most of the non-roaded areas of the Tongass and the Chugach are already under some form of protection. These include Wilderness, Wilderness Study Areas,

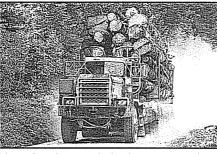
administrative land use designations for non-development such as "remote recreation," and Wild and Scenic River designations. The only roadless areas under consideration for protection in the proposed policy are those few areas currently open for resource extraction.

Opponents of the policy point out there is no issue of science driving the proposal, noting that the needs of wildlife, fish and the non-development sector of the public are fully met by the planning process mandated by governing federal laws. They also contend that the proposal is unlawful, in direct conflict with a provision in the Alaska National Interest Lands Conservation Act that stipulates congressional approval of any further land withdrawals in Alaska.

At the Anchorage hearing, Ray Kreig emphasized that national forests are different than national parks. "By law, national forests are suppose to be managed for multiple uses, including timber harvesting and mining, whereas parks have a much heavier emphasis on preservation and other single uses." Kreig noted.

Frank Baker, an Eagle River skier and mountain climber, said he doesn't support all roads, but believes they should be considered on a case-by-case basis by Alaskans who live and work here.

"I've lived in Alaska 54 years, and I hike, ski, climb, fish, hunt and generally get into the outdoors as much or more than anvone know." Baker said. "I see no conflicts in multiple-use land policies that include roads, which provide access for important



Many logging roads in the Tongass have now been converted to public uses, including access to second-growth areas for recreational activities.

industries like logging and mining, and even tourism. All my life I have witnessed decisions that have had tremendous impact on Alaska made by Beltway bureaucrats thousands of miles away who have as much understanding of the state and its economy as I do nuclear particle physics."

Ketchikan Gateway Borough Mayor J.C. Conley said the proposal "is ludicrous, given the history of compromises and promises that led to the decline of the timber industry." Conley added. "this is the ultimate door-slamming Wilderness."

Ketchikan Gateway Borough Assembly member George Lybrand said his message to Washington is to "leave us the hell alone and the Tongass out of the policy."

Many businesses in Southeast Alaska cannot survive another hit. Richard Leary, Vice President of Gateway Forest Products, said his new company deserves a chance to survive. The company presented a letter containing the signatures of 68 employees opposing the initiative.

### ANILCA course offered at APU, Starting February 19

Twenty years after the passage of the most sweeping land conservation act in history, the Institute of the North will inaugurate an in-depth course on the Alaska National Interest Land Conservation Act (ANILCA).

The Institute of the North is a division of Alaska Pacific University and is dedicated to studying issues facing Alaska and other Arctic regions.

Mead Treadwell, Managing Director of the Institute and Malcolm Roberts, a senior fellow, will lead the course, "The Alaska Lands Act: Visionary Victory or a New Colonialism?" It will be held every second Monday evening from 5:30 to 9:30 PM at APU from February 19 to May 3.

Stakeholders in ANILCA, from federal conservation unit managers to conserva-

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tionists and resource developers, will be invited to assist with the presentations and discussions. Full time, degree-seeking students will participate, as well as interested individuals who wish to audit the class.

In 1980, the Alaska National Interest Lands Conservation Act (ANILCA) designated 106 million acres of Alaska's public lands as conservation system units (CSUs) classified as national parks, forests, wildlife refuges, and wild and scenic rivers. The intent of the Act was to set aside the natural wonders of Alaska while respecting the lifestyle and culture of its rural and Native people and encouraging a healthy, sustainable economy for all its citizens. To that end, ANILCA made Alaska-specific provisions for inholders, subsistence, hunting and fishing, traditional use, and access that are not normally addressed in federal conservation units.

This course is designed to teach history and policy, assessing views from all sides while providing critical analysis of the law in relation to three criteria: biological sustainability, economic sustainability, and social equity. The primary expectation of this course is to gain a thorough understanding of ANILCA's original intent, as well as its actual impact on Alaska.

The importance of the study of ANILCA emerges when one looks not only at the vast acreage designated, but the conflict it incited from inception.

Contact Treadwell, meadwell@alaska.net <mailto:meadwell@alaska.net> 343-2216 Malcolm Roberts, mbroberts@gci.net. 343-2457.

### Photo album on RDC's 20th Annual Conference

## Dawn of a New Century



BP's Jim Palmer addresses "The BP-ARCO Merger: A New Beginning and What It Means for Alaska."



RDC President Jim Branch moderates the keynote lunch.

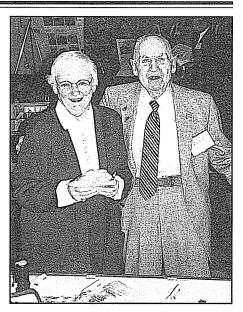




ADF&G Commissioner Frank Rue on subsistence.

Stephanie Madsen moderates.

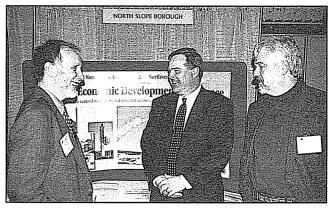




Long-time RDC members Bettye Smith and the Rocky "The Old Prospector" Miller enjoy the conference exhibits.



Jack Phelps and Captain Bob Pawlowski share a moment at the conference.



Paul Laird, Erling Johansen and Brad Reeve visit the exhibits.





Marilyn Heiman addresses subsistence.

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