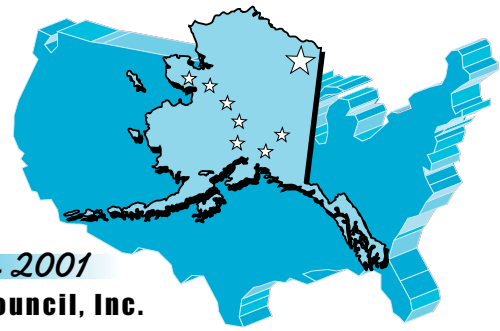


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Resource Review

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Tongass endangered?

Facts don't support claim by environmental group

Is the Tongass endangered from loggers poised with chainsaws waiting to clear-cut America's largest national forest?

An environmental group, the National Forest Protection Alliance, has listed the Tongass among the "10 most endangered" forests in the nation, claiming timber sales in roadless areas and a struggling veneer plant in Ketchikan threaten the 17-million acre forest.

The report drew criticism from the Forest Service which pointed out that all but a small portion of the forest is closed to logging.

"The numbers just don't add up to endangerment," said Dennis Neill, a Forest Service spokesman.

If anything is endangered, it's the Tongass logger and Southeast Alaska's timber industry that is now a mere shadow of itself. With six million acres of designated Wilderness and all but six percent of its timbered lands closed to logging, the Tongass is perhaps one of the most protected forests in America.

Since the Tongass was established more than 90 years ago, some 500,000 acres have been logged. With 576,000 acres designated for logging over the next 200 years, some 88 percent of the



Logging in the Tongass fell to its lowest levels in nearly 60 years in 2001. With six million acres of Wilderness and all but six percent of its forested lands closed to logging, the Tongass is one of the most protected forests in America.

forest's old-growth will remain untouched over the course of 300 years.

For the fiscal year ending September 30th, only 47.8 million board feet of timber was harvested in the Tongass, the lowest cut in 59 years. To put this harvest level in perspective, a single moderate-size sawmill requires at least 50 million board feet of timber annually to operate.

Even though the allowable harvest ceiling is much higher, the annual cut in the Tongass over the past six years has sunk below levels not seen since the 1940s and 1950s.

Southeast Alaska once had a thriving timber industry with two major pulp mills and other facilities employing thousands of Alaskans in high-paying, year-round jobs. However, over the past eight years, the sweeping land closures and new environmental restrictions of the Clinton era steadily diminished the land base available to logging. Large areas of the coastal forest were put into contiguous habitat conservation areas, buffer zones, viewsheds and other no-harvest zones.

The region lost most of its timber

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ANWR Update

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Message from the Executive Director by Tadd Owens

Connecticut Congresswoman seeking massive forest lockup in Alaska

Last month U.S. Congresswoman Rosa DeLauro (D-CT) and seventy-eight cosponsors introduced the Alaska Rainforest Conservation Act (ARCA). ARCA will set aside nearly 15 million acres and 81 river systems within the Tongass and Chugach National Forests for permanent protection. 15 million acres! That's an area almost five times larger than Representative DeLauro's home state of Connecticut.

Representative DeLauro's "shoot first and ask questions later" approach to land management in Alaska illustrates just how far elected officials, whose districts are thousands of miles from Alaska, will go to satisfy their

environmentally-leaning constituents. The fact that Representative DeLauro has never even been to Alaska does not seem to have dissuaded her from presuming to know more about the Tongass and Chugach forests than local residents. Clearly Alaskans still have a great deal to worry about from policy makers in Washington, D.C.

A recent Anchorage Daily News Compass piece supporting DeLauro's legislation stated that logging is the dominant activity in Alaska's national forests and that ARCA provides for true multiple use. This argument is absurd. Currently there is no ASQ timber harvest in the Chugach — a forest that is 98 percent roadless.

In the Tongass, the available timber supply has been cut from 520 million board feet to a current ASQ level of 267 million board feet. In fact, fewer than 700,000 acres of the 10 million acres of forested land in the Tongass National Forest are open to logging. In other words, more than 93 percent of the forested land in the Tongass is already off-limits to logging!

An objective view of the final Tongass Land Management Plan and the current revision of the Chugach Land Management Plan indicates the preservationists have been largely successful in limiting access to and multiple use of Alaska's two national forests. Whether it's an industry-crippling reduction in available timber on the Tongass, or an unwillingness to provide the infrastructure needed to disperse tourists or manage spruce bark beetle-killed timber on the Chugach, Alaska's national forests are being shut down.

With so much of our state already in the hands of the federal government and much of that under permanent protection, what is the ultimate goal of Congresswoman DeLauro and the environmental lobby? Are they truly interested in a balance between conservation and development? My guess is that re-election in the case of Representative DeLauro and fundraising for many environmental groups are the true priorities.

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 a responsible manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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Mayor Dale Bagley, Kenai Peninsula Borough, Mayor Dave Carey, City of Soldotna, Mayor Sally Smith, City and Borough of Juneau and Mayor John Williams, City of Kenai, gather at a Kenai reception welcoming the RDC Board, which visited the Peninsula in late September.

Tongass Facts

Total Size	17 million acres
Forested Area	10 million acres
Commercial timber	5.6 million acres

Old Management Plan

Open to logging	1.7 million acres
Harvest ceiling	520 mmbf
Rotation cycle	100 years

1997 Tongass Management Plan

Open to logging	676,000 acres
Harvest ceiling	267 mmbf

1999 Tongass Plan Revision

Open to logging	576,000 acres
Harvest ceiling	187 mmbf
Rotation cycle	200 years

Under Roadless Policy

Open to logging	183,000 acres
Annual cut	< 50 mmbf
Manufacturing capacity remaining sawmills	355 mmbf



Tongass Harvests

Measured in million board feet (mmbf)

Highest:	590.7 in 1973
Lowest:	47.8 in 2001

Average (1960-1969)	397.2
Average (1970-1979)	507.1
Average (1980-1989)	344.6

1990	471.0
1991	363.3
1992	370.0
1993	325.0
1994	276.0
1995	271.0
1996	106.6
1997	87.8
1998	85.2
1999	110.0
2000	102.9
2001	47.8

Source: U.S. Forest Service

Tongass listed as endangered forest, but facts don't support claim

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processing facilities and more than 5,000 direct and indirect jobs. A few remaining small sawmills and the veneer plant in Ketchikan are now struggling to survive.

A look at statistics and trends clearly show the Tongass is not threatened.

Under the revised 1999 management plan for the forest, 576,000 acres of the Tongass is open to logging out of a timber base of 10 million acres. The allowable annual harvest ceiling is 187 million board feet, down from 520 million board feet under the old plan. However, a recent court ruling has forced the Forest Service to operate under a 1997 management plan which set a harvest ceiling of 267 million board feet.

Actual timber harvested, however, is typically much lower than the allowable harvest ceiling as demonstrated by fiscal year's 2001 harvest of 47.8 million board feet. In 2000, the harvest was 102.9 million

board feet and in 1999 it was 110 million board feet. The harvest was only 85.2 million board feet in 1998 and 87.8 million board feet in 1997.

The actual cut is often lower than the total allowable harvest as the Forest Service frequently falls short in its timber offerings. In defense of the agency, environmental groups have consistently attacked the timber program, challenging sales through administrative and legal channels. In some cases, however, the industry declined to bid on timber sales, citing that the agency's composition of timber offerings made them uneconomic to pursue.

If the roadless policy is not overturned by the courts or revised significantly by the Bush administration, the area open to logging in the Tongass would fall to only 183,000 acres while the annual harvest would likely dip and remain below 50 million board feet.

The Forest Service is planning to

move forward with some timber sales in the Tongass, where harvests have traditionally taken place in roadless areas since most of the forest has always and continues to be roadless. Environmentalists claim there is plenty of timber for industry along the region's limited road system, but most trees in roaded areas have not yet reached maturity or are in areas where logging is prohibited.

Even if timber sales occur in roadless areas, the forest is not endangered since only a small portion of non-roaded areas remain open for harvest.

"Despite sweeping land closures, radical cutbacks in timber processing and more stringent environmental restrictions, nondevelopment interests are working hard to foster the perception that the Tongass is endangered," said Tadd Owens, RDC's Executive Director. "In reality, the Tongass is one of the most protected forests in America."

Photo Notebook

RDC board takes an in-depth look at a diversified Kenai Peninsula economy



Board members take a close up look at oyster seedlings in the palms of Ron Long's hands at the Qutekeak Hatchery in Seward.



The Challenger Learning Center in Kenai was one of the most fascinating and popular stops on the trip.



Frank Brown tries out his skills in the Challenger Learning Center's lab. The high-tech science center draws hundreds of students from across Alaska each year.

In late September, a contingent of 40 RDC board members and spouses visited the Kenai Peninsula at the invitation of Borough Mayor Dale Bagley to take a close-up view of the region's diversified economy. The Board met with local members and toured a wide range of facilities and industrial sites in Seward, Kenai and Homer. From oyster bed farms in Katchemak Bay to the spruce bark beetle program office in Soldotna, the Board learned first hand about one of Alaska's most balanced regional economies -- one that is anchored by the fishing, timber, tourism, mining and oil and gas industries. Special thanks to Mayor Dale Bagley, economic specialist Jack Brown and Gail Phillips for their assistance in developing a fantastic itinerary.



RDC Board members pose at Exit Glacier with Anne Castellina, Superintendent of Kenai Fjords National Park, and a fellow ranger, pictured at far left. The park has made significant improvements to accommodate increasing visitation at the glacier outside Seward.



A ship docks at Agrium's nitrogen facility dock in Nikiski. RDC visited the facility, as well as the BP GTL plant now under construction.



The RDC Board arrives on the Rainbow Connection into Seldovia where Mayor Sue Hicks treated her guests to a walking tour of the scenic community.



Gail Phillips, John Shively, Jack Williams and Wendy Lindskoog relax as the board cruises Kachemak Bay on a beautiful late September afternoon.



Seldovia Mayor Sue Hicks joins Juneau Mayor Sally Smith, Gail Phillips and a contingent of RDC board members on the historic Seldovia boardwalk.



RDC Board members are briefed from the deck of the Rainbow Connection on a Peterson Bay oyster bed farm operated by Ron and Marie Bader. Kachemak Bay oyster farms, which are generally family operated, are struggling to cope with a myriad of regulatory issues.



Technician Tim Lebling provides special care to Elfin, a sea otter pup, at Seward's SeaLife Center.



Jack Williams, left, and Frank Brown enjoy a tour of Kachemak Bay.



RDC Board members Wendy Lindskoog and John Shively catch fresh air on the tour.



President Bob Stiles gets a close up view of a steller sea lion at the SeaLife Center.

Slope teams rally after pipeline shutdown

by Frank E. Baker

The longest oil production shutdown in the history of the North Slope—about 75 hours— occurred October 4-7 after a lone saboteur with a high-caliber rifle shot a hole in the trans Alaska pipeline about 50 miles north of Fairbanks.

The pipeline's loss of pressure was detected at the Operations Control Center in Valdez at about 2:30 p.m. October 4th, and valves were quickly closed to isolate the leak.

Oil from the bullet hole spewed under high pressure across an access road into a wooded area, covering about 4 acres, resulting in a 6,000-barrel spill, one of the largest spills in the pipeline's 24-year history.

Alyeska crews responded immediately to begin pipeline repair and spill cleanup operations.

Across the North Slope, production and operations crews scrambled to reduce the oil flow to about 5% of the daily 1 million barrels per day, which constitutes about one-sixth of America's daily oil production.

"People might think we turn off oil wells with a simple switch or a key," notes BP's Jack Fritts, Greater Prudhoe Bay Operations Manager. "In fact it's a very involved process requiring close teamwork and coordination by scores of individuals in the field—in this case, all North Slope fields."

Fritts says one of the most important tasks in any arctic field shutdown is providing freeze protection to all of the wells and gathering lines. In many cases this involves injecting dry gas or a methanol mixture into pipelines and manifolds to sweep or purge liquids which can freeze.

"The biggest danger to oil wells is down-hole freezing in the permafrost zone from the surface to a depth of 2,000," says Fritts. "One of our main tools for downhole freeze protection on wells with high water content, or watercut, was to depress fluid levels in the tubing to below permafrost levels with gas lift pressure."

Production from the few wells that

remained on line was absorbed by large storage tanks at Pump Station 1.

"This was an amazing effort," mentions Gerald Miller, a BP controller in the Production Control Center. "People were creative in how to allocate resources, and very diligent in getting the job done with the resources available."

Across the North Slope, crews took advantage of the sustained shutdown to perform dozens of large maintenance projects, some of which would have required major facility shutdowns.

just a few hours, about 7 p.m., North Slope fields had ramped back up to full production, about 1 million barrels per day.

"This event gave me the opportunity to see first hand the teamwork, dedication and experience required to accomplish a cold start up of these production facilities," notes Ruth Germany, Greater Prudhoe Bay Operations Manager who shares the position with Fritts. "It was no small feat to work equipment problems, process



North Slope oil fields account for approximately one-fifth to one-sixth of America's domestic oil production. Following the pipeline's shutdown last month, crews scrambled across the North Slope to reduce oil flow to about 5 percent of the daily 1 million barrels per day.

Fritts says that major maintenance at Prudhoe's gas plants—the largest facilities of their kind in the world— saved about 180,000 barrels of oil production, and work performed at Gathering Centers and Flow Station avoided several plant shutdowns that would have cost about 200,000 barrels.

BP Facility Safety Advisor Jim Montgomery says this was one of the finest team efforts he has seen in his 16 years working on the Slope.

"People stayed focused and safety-conscious throughout some very difficult days and nights," he says. "They did an outstanding job of expediting all this work, shutting in and restarting facilities without a single recordable safety incident."

Early on Sunday, October 6, after Alyeska crews had repaired the pipeline rupture, the line was restarted and in

and well issues simultaneously in order to bring the plants safely on line."

At its peak, clean up of the spilled oil at Pipeline Milepost 400 involved more than 200 workers, plus agency personnel. During visits to the site, agency representatives, including the Alaska Department of Environmental Conservation, (ADEC), gave Alyeska high marks for its cleanup efforts.

No oil reached any waterways and no wildlife mortalities were reported. Clean up of the spill is expected to last well into the winter and resume next spring.

"From Milne Point in the west to Endicott and Badami in the east, as well as our folks in the Greater Prudhoe Bay fields, everyone deserves a big thank you and congratulations for this tremendous effort," says Fritts.



Northstar field begins production

The Northstar oil field on Alaska's North Slope started operation on October 31. Production is expected to reach a peak rate of 65,000 barrels per day in first quarter 2002.

Northstar reserves are about 175 million barrels. Gas re-injection is occurring from startup to maintain reservoir pressure and improve recovery.

BP holds a 98% working interest in the field. Murphy Exploration & Production Company, a subsidiary of Murphy Oil Corporation, holds a 2% working interest.

RDC supports TAPS renewal

In comments to the Bureau of Land Management last month, RDC expressed strong support for the 30-year renewal of the Trans-Alaska Pipeline System (TAPS) right-of-way permit.

The expeditious renewal of TAPS plays a critical role in Alaska's future, noted RDC. The economic impact of TAPS and the 13 billion barrels of oil that have flown through it is significant to both the public and private sectors in Alaska. Thousands of jobs, funding of state services through royalties and providing nearly twenty percent of domestic oil supply are a few of the benefits resulting from TAPS.

RDC said that any additional regulation resulting from the reauthorization process should be supported by demonstrable benefits to safety and the environment.

"Given TAPS economic and strategic importance to Alaska," RDC supports an expedited reauthorization," said Executive Director Tadd Owens.

National support for ANWR grows, Senate leader holds up key vote on energy plan

Since September 11th and with renewed turmoil in the Middle East, there is growing signs that many Americans want ANWR open for oil drilling to reduce the nation's dependence on foreign oil.

Recent polls have shown dramatically increasing support for oil and gas development in the refuge. A national survey released by Arctic Power last month revealed that 61 percent of Americans feel that the positives of ANWR production would outweigh any negatives. The poll indicates strong national sentiment towards the government taking steps now that will result in reducing America's dependence on foreign oil.

Oil and gas development on the Coastal Plain of ANWR, which would be allowed only on 2,000 acres within the 20 million-acre refuge, could double Alaska's production and significantly increase the U.S. domestic supply of oil.

"ANWR oil production could begin as early as 18 months, not the ten-year figure that opponents would like Americans to believe," said Arctic Power's Roger Herrera. Reports indicate that ANWR oil fields could hold up to 16 billion barrels of oil, which would be enough to replace more than 50 years of oil currently being imported from Iraq.

National labor and business groups are urging the U.S. Senate to act now. The economic implications of ANWR production would create hundreds of thousands of jobs nationwide at a time when the nation is entering a deep recession.

Several prominent veterans groups this month have thrown their support behind the President's national energy policy, which includes ANWR drilling as one of its many elements. They believe increasing national en-

ergy production is a matter of national security because it reduces dependence on foreign sources of oil.

Senator Frank Murkowski is pushing Senate leaders for a vote this year on energy legislation which calls for more drilling, but Democrats have resisted, cancelling Senate Energy Committee work on an energy bill and threatening to filibuster any effort on the Senate floor to allow drilling in ANWR.

Energy Secretary Spencer Abraham rejected arguments by drilling opponents that the Bush administration should drop ANWR from its energy plan because it would be too divisive for the nation at this time. Abraham suggested Democrats are reluctant to have a showdown on energy because opponents of ANWR drilling are losing ground due to increased public concern about energy security. He urged Senate President Tom Daschle to bring the debate to a head and let the chips fall where they may.

New ANWR perspectives

Pass to a friend in the Lower 48

• **Less than one character of text on a newspaper front page:** If the State of Alaska were a front page of a daily newspaper, ANWR would be seven column inches of text, the 1002 Area would be one-half inch of text, and the area of energy exploration would equal the size of less than one character of text.

• **Smaller than a regional airport:** ANWR is about the size of the State of South Carolina. Actual energy development would take place on a total of just 2,000 acres of land -- that's smaller than a regional airport.

• **The blink of an eye:** If the State of Alaska were a two-hour movie -- ANWR would represent six minutes and 24 seconds, the 1002 Area would be equal to one-half minute, and the area of energy production would be four-hundredths of a second -- a blink of an eye.

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Richard Strutz, Regional President



Thanks is a small word for the huge support we received from Alaskans during our transition to Wells Fargo. Now a whole new era of banking in Alaska is made possible by the merger of local resources with national strength. So while you will still enjoy working with the same great people when you walk in our doors, be sure to give your favorite banker a chance to tell you about all the new benefits we offer. Your personal and business banking options have never been greater.