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THE PEBBLE PROJECT

Northern Dynasty Mines, Inc. (NDM) is on track to complete a feasibility study for its Pebble copper-gold prospect by the end of this year.

Pebble is the largest known gold deposit and the second largest copper deposit in North America, according to NDM. The project is located 230 miles southwest of Anchorage in the Bristol Bay region, approximately 19 air miles northwest of the village of Iliamna.

Environmentalists and others have raised concerns about potential impacts of a large copper-gold mine operating in a region containing the headwaters for the Bristol Bay salmon fisheries. The area is renowned for its salmon and trout, attracting anglers from all over the world to the region's dozens of high-end fishing lodges. Those same fish yield millions of dollars in revenue for commercial fishermen and fill the freezers of Alaskans who rely on subsistence.

While some critics have insisted the proposed mine would be a disaster, polluting the area's salmon-bearing rivers and leading to the destruction of the Bristol Bay fishery, it is important to note



How to manage projects and get them designed without compromising fisheries and other environmental values was the driving factor that led Northern Dynasty to ask Bruce Jenkins to head up the Pebble project. Jenkins has extensive experience in environmental and fisheries issues. He holds a masters degree in fisheries ecology and is in the 32nd year of a career specializing in impact assessment and project permitting. Above, Jenkins points to the site of the Pebble copper-gold deposit.

the project is still in the feasibility and planning stages and no specific plan of operation or mine design has been submitted to state and federal regulatory authorities.

NDM's Chief Operating Officer, Bruce Jenkins, said images of destruction represent worst-case scenarios and examples of bad mining that occurred decades ago under a far different and less-stringent permitting and regulatory

structure. He called such predictions by some activists "fear-mongering" and encouraged Alaskans to look at examples of modern mines that have operated cleanly and within regulations, citing the Fort Knox gold mine near Fairbanks as a worthy example.

"We urge Alaskans to

(Continued to Page 4)

INSIDE



Pebble Project	1, 4-7
Congressman Pombo	3
AMEREF Outreach	7
Federal Energy Bill	8
Transportation Bill	9
Gov. Jay Hammond	10
Agrium Update	11
RDC Hosts EPA Chief	11

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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.



A MESSAGE FROM THE EXECUTIVE DIRECTOR

TADD OWENS

ALASKA HAS AN ALLY IN CONGRESSMAN POMBO



Congressman Richard Pombo addressed major Alaska issues before Congress at a special RDC luncheon in Anchorage last month. At left is Congressman Don Young and RDC President John Shively.

federal Healthy Forest Restoration Act.

Earlier this year Congressman Pombo helped defeat an amendment to the Interior Appropriations bill intended to block the U.S. Forest Service from building roads in the Tongass National Forest. Conservation groups have argued the Forest Service wastes taxpayer dollars by subsidizing timber harvests in the Tongass. These same groups grossly inflate the Forest Service's spending figures for timber harvesting and fail to mention that only seven miles of new road were constructed last year for timber harvest activities on the Tongass — a 17-million-acre forest.

Congressman Pombo has also taken a leading role in the work to open the 1002 area of the Arctic National Wildlife Refuge (ANWR) coastal plain to oil and gas exploration. In April 2003, he held a field hearing on ANWR in Kaktovik. Adding his voice to those of the Alaska delegation has helped keep this issue at the forefront of the debate over a national energy plan in Congress. Congressman Pombo will play a critical role in whether or not the House will include an ANWR provision in the budget reconciliation document to be debated this fall in Washington, D.C.

Beyond ANWR, Congressman Pombo has been a strong advocate for a national energy plan. He has hailed the recently passed energy bill as an important step forward, while acknowledging that much more needs to be done to help make America less dependent on foreign sources of energy.

Congressman Pombo has also focused on modernizing the Endangered Species Act (ESA). Concerned the ESA has moved away from its original intent of recovering species and become a costly burdensome regulatory program, Congressman Pombo has worked to make the act more responsive to the needs of private landowners and more effective in recovering threatened and endangered species. The Resources Committee is expected to release a draft of an updated ESA within the next several months.

Congressman Pombo has argued passionately for more local control of federal lands and more cooperation between federal agencies and private landowners in addressing issues of mutual concern. He is someone who believes responsible resource development and environmental protection are not mutually exclusive.

Alaska is fortunate to have someone of Congressman Pombo's energy and ability leading the U.S. House Committee on Resources. We look forward to working with him for many years to come.

RDC hosted U.S. Congressman Richard Pombo (R-CA) at a special luncheon forum on August 16 at the Hotel Captain Cook in Anchorage. From his post as Chairman of the House Committee on Resources, Congressman Pombo oversees and influences a great deal of activity in Alaska. Few in Congress beyond our own delegation understand Alaska issues better and few are more willing to advocate for responsible resource development and the rights of private property owners more vigorously than Congressman Pombo.

A cattle rancher from Tracy, California in the heart of the Central Valley east of San Francisco, Congressman Pombo has been heavily involved in Alaska resource issues since joining the Resources Committee as a freshmen congressman in 1992. During his time in Congress he has developed a close relationship with Congressman Don Young and has been an ally on many issues important to Alaska.

Congressman Pombo was instrumental in helping pass President Bush's Healthy Forests initiative in 2003. The Healthy Forests Restoration Act greatly enhanced the federal government's ability to actively manage public forests in order to minimize fire danger, protect public and private property and facilitate the development of commercial forest products.

Nationally the act has had immediate benefits as more than three million acres of national forest land was treated for hazardous fuels in 2004. Meanwhile in Alaska the U.S. Forest Service formed the "Kenai Forest, Wildfire Protection, and Fuels Management Coordinating Committee" consisting of representatives from each of the federal, state, local and private land owners across the region. A federal and state interagency work team is currently assisting twenty Kenai Peninsula communities in the development of wildfire protection plans. Guidance for developing such plans is now included in the



RDC Executive Director Tadd Owens is joined by Treasurer Stephanie Madsen and Vice President Wendy Lindskoog in a discussion with Pombo.

“We urge Alaskans to work with us, help us design the project in a way that protects water, fisheries, wildlife and other important values. Help us develop a mine that optimizes benefits to local residents while minimizing impacts on traditional ways of life.”

– Bruce Jenkins

THE PEBBLE PROJECT

(Continued from Page 1)

work with us, help us design the project in a way that protects water, fisheries, wildlife and other important values,” said Jenkins. “Help us develop a mine that optimizes benefits to local residents while minimizing impacts on traditional ways of life.”

Most of all, Jenkins urged local residents and others to keep an open mind and to not pass judgment on the project this early in the process.

“I can understand why many people do not trust Northern Dynasty because they don’t know my company yet, but what I ask is that Alaskans reserve judgment until they see what we do and compare what we do to what we say,” Jenkins said. “We walk the talk and we’re here for the long haul.”

Opinions on the proposed

mine among local residents is mixed. Diminished salmon runs, competition from fish farms, the loss of municipal revenue-sharing and high unemployment have contributed to a depressed regional economy.

“Do our residents want mineral development to occur? I believe that ten years ago, when our area was much more financially stable, the answer would have been a resounding no to an open-pit mine. But our area is already in a pit of its own and I believe there are many different views about that question,” said Bob Rychnovsky, Mayor of Newhalen, in an interview with the Anchorage Daily News.

“But even among those who may favor mineral development, more important than money is how mining



Since 2002, NDM drilled 366,279 feet of rock core in 391 holes at its Pebble properties. The drill program is important because the results will further define the details of the geology, which is an integral part of the mine-planning effort.

will affect the land,” Rychnovsky said.

At a conference in Newhalen this spring, Brian Kraft, owner of the Alaska Sportsman’s Lodge near Igiugig on the Kvichak River, expressed concerns about potential impacts of the project. “The reason people spend \$6,000 a week to come out here is because of the remoteness,” said Kraft. “I’m very concerned about the quality of the fisheries, the influx of people into the region and the presence of a large-scale industrial project with its environmental implications.”

Jenkins emphasized NDM is committed to building a project that can successfully coexist with commercial and

sport fishing and subsistence ways of life. The company is now in its second year of environmental and baseline studies at Pebble to accurately assess residual impacts of the project. The studies will also give the company the information it needs to properly design the project and prepare for a rigorous, multi-year federal and state permitting process.

The company is spending \$35 million in 2005 to carry out environmental and socioeconomic studies, and to perform geotechnical work and project engineering. Approximately \$20 million has been earmarked specifically for environmental studies, including assessment of



Helicopters are used to haul equipment and workers to the site of the Pebble prospect, 19 miles northwest of Iliamna.



A crew monitors drilling at the Pebble project site in the South Fork Kaktuli Valley. The open pit and proposed tailings lake would be located in the small treeless valley which is surrounded by rolling hills.

wetlands, fish habitat and wildlife populations. The 2005 spending is on top of more than \$30 million the company invested in the project in previous years.

“Engineers are not designing this project,” Jenkins said. “We are taking a multi-disciplinary, environmental design team approach where engineers work with fisheries biologists, wetlands biologists, social scientists, wildlife biologists and water quality experts,” Jenkins explained. “Each team member tests acceptability of a concept or design against their discipline issues.”

In the development and operation of the mine, NDM has set a primary goal of avoiding and minimizing ef-

fects on fish and fish habitat. Jenkins said effects that ultimately cannot be avoided would be mitigated to ensure productive fish habitat in the project area is maintained so there is a no net loss to the fishery. He said that doesn’t imply there would be no impact, but when habitat is affected, the company would enhance habitat elsewhere.

This summer a team of 40 consulting firms – most from Alaska – are working on the project at remote sites in the region to collect data. The company has hired more than 80 people from the region to work on the project. To keep in touch with local residents and learn of their concerns, NDM has stepped up its community outreach pro-

gram and has been holding meetings in villages across the region.

“We have an open door policy,” said Jenkins. “We’ll engage and talk to any stakeholder, especially in the community. Our main goal is responsible development that considers and incorporates the concerns of local residents and stakeholders. Our development plan will reflect the feedback we receive.”

Jenkins noted new measured and indicated resources at the Pebble deposit are now estimated at 3.03 billion tons of material containing 31.3 million ounces of gold, 18.8 billion pounds of copper and 993 million pounds of molybdenum.

Construction of the Pebble mine will require a capital expenditure of at least \$1.5 billion over a two-year period, and will create about 2,000 direct jobs. Mine operations could last from 30 to 50 years, generating annual expenditures of \$300 million and supporting 1,000 full-time jobs.

Key components of the project include a large open pit, a mill, on-site storage for

rock, ore and tailings, a deep water port facility on Cook Inlet, a 95-mile access road connecting the mine site to the port, and provisions for electrical power for the mill. Ore removed from the pit would be processed at the mill. The concentrate would be transported to the port site by a slurry pipeline for shipment overseas.

While acknowledging there are risks associated with developing a large mine, Jenkins said his company has looked at a number of ways to position mine facilities to best protect fish and minimize effects on the environment. Jenkins noted NDM studied 25 tailings disposal facility design concepts, but in recognition of the region’s significant fisheries values and other issues, 24 were eliminated from consideration. Tailings are a mixture of water and finely ground rock that is left over once recoverable materials are removed.

The site chosen for tailings disposal is in the upper most reaches of the south fork of the Kaktuli River, miles upstream from any salmon and

(Continued to Page 6)

PERMITTING COULD BEGIN ON PEBBLE NEXT YEAR

(Continued from Page 5)

trout habitat. Jenkins said the company has made a commitment to keep the tailings footprint out of Upper Talarik Creek because of sensitive fish habitat and has abandoned an earlier concept to store mine tailings in Lake Iliamna because of community opposition and other factors.

The current concept envisions an earth-fill embankment between two rolling hills that would create the tailings pond. Frying Pan Lake, a small body of water, and other shallow water bodies in the area would end up inside the tailings lake. Frying Pan Lake is just one of many glacier-scoured ponds in the area and it does not contain any salmon or trout habitat.

“We have gone the extra mile to find a location for the tailings pond that minimizes impacts to fish habitat, wetlands and wildlife at a much greater cost to the project,” Jenkins said. “We have an environmentally-sound design

approach where fisheries, wetlands and wildlife considerations play a major role in helping the team come up with a project design that is defensible, legitimate and consistent with Northern Dynasty’s commitment to responsible mineral development.”

Throughout the process, Jenkins said water quality around the project area and tailings pond would be strictly maintained to “Aquatic Life Standards” set by federal and state authorities. Surface and ground water would be tested throughout the mine’s life and beyond. Any water that does not meet the standards would be processed in a treatment plant prior to discharge.

Some residents have voiced concern about the tailings dam failing in a natural disaster or water seeping into streams beyond the facility. Jenkins said the 750-foot high, moderately-sloping gravel embankment or barrier would have a very wide base and would not be subject to



Northern Dynasty is considering locating a deep-water port at Iniskin Bay, on the west side of Lower Cook Inlet. Concentrate from Pebble would be shipped out of the port to smelters overseas.

bursting like a conventional dam in an earthquake or flood. Seepage itself would be controlled through various methods and water collection systems to ensure that any water that seeps from the tailings lake is collected and recycled. This approach has been proven to achieve 100 percent recovery of tailings water at other modern mines, including Fort Knox.

Nearly everything about the Pebble project is big. Gold production could reach 674,000 ounces annually, more than Alaska’s total output today. It would produce up to 470 million pounds of copper a year. Overall, Pebble would process more than 220,000 tons of ore daily. In comparison, Fort Knox processes about 50,000 tons daily while the Red Dog Mine in Northwest Alaska, now the world’s largest producer of zinc, processes about 9,000 tons daily.

The mine’s open pit would dwarf other large pits in Alaska and would be one of the largest open pits in North America. It would measure

approximately two miles long, one-and-three-quarter miles wide and 1,700 feet deep. Rolling hills surrounding the pit would block views from a distance, however, it would be visible to people flying overhead.

“While the pit itself is enormous, most people wouldn’t know it’s there unless they were to go right up to the rim and look down,” said Jenkins. “It’s minuscule in comparison to the vast Iliamna basin, and when put in the proper perspective, it’s a pin-prick relative to the Bristol Bay region.”

While Jenkins and his team of environmental specialists and engineers are eyeing a slurry pipeline to transport the concentrate to a new port at Iniskin Bay on the western side of lower Cook Inlet, an existing road from the coast would still need to be upgraded and extended to the mine site to haul equipment and supplies. NDM had initially planned to haul the concentrate out by truck, but local communities like Pedro Bay expressed concern over



A narrow road from Cook Inlet to Pedro Bay on the north end of Lake Iliamna cuts through a narrow pass. The road would be upgraded and extended to haul equipment and supplies to Pebble, should the project move forward.



During a recent tour, John Shively and his daughter, Natasha, study a core sample from Pebble. Northern Dynasty Mines is engaging in an open pre-permit application process so that early comments from government agencies and various stakeholders can be received and acted upon.

the traffic, noise and dust that would be generated by the road.

NDM is working closely with the State to mitigate concerns local residents have with the road and is considering a route that bypasses Pedro Bay, where many residents oppose the road. Whether the concentrate is trucked to the port or transported through a slurry pipeline, the road will bring change. Some residents acknowledge the road would bring benefits, such as lower fuel and freight costs, and the ability to drive places. But they also don't like the prospect of the road opening remote areas of the region to crowds from other areas of

the state. NDM is also responding to this concern by investigating the option of a privately-built industrial road with access for only local communities.

The mine will require more than 250 megawatts of power and Jenkins said NDM is looking at several options to bring power into the mine site, including a submarine cable crossing Cook Inlet to Homer where it would be connected to the power grid. Local communities could tap into the power, lowering energy costs.

Before construction could begin on the mine, the project must first undergo rigorous review by federal and state

government agencies. With the permitting phase of the project likely to span several years, and assuming the company is successful in its permitting efforts, construction is not expected to begin until 2008 or later with mine operations following in two years.

By mid-2006, NDM plans to file an application to initiate the Environmental Impact Statement (EIS) process under the National Environmental Policy Act. Following development of an acceptable EIS, the company will apply for approximately 45 additional permits from federal and state government agencies to build and operate the mine.

"We will not submit permit applications until we have the very best designed project the environmental and engineering design team can put forward," Jenkins emphasized. "The bottom line is that we're committed to designing this project properly because we know the state and federal regulatory authorities will not permit this project if it can't be done right," Jenkins continued. "I intend to be in that review process prepared."

NDM has taken the unusual step of submitting its environmental study plan to all the relevant agencies and Alaska stakeholders so that they could comment before

the permit application process begins.

The Alaska Department of Natural Resources hasn't taken a position on Pebble at this point and will not do so until well after NDM submits permit applications and it has ample opportunity to review a specific development proposal outlining mine design, plan of operations, mitigation efforts and public input.

Bob Loeffler, Director of the Alaska Division of Mining, Land and Water, is fully aware of local concerns and apprehension among commercial and sport fishermen. He emphasized Alaska has a competent permitting group and a good track record when it comes to mining operations.

While there is a lot of excitement and anxiety surrounding the Pebble project, Northern Dynasty has not formally made a decision to move forward with the mine. Much will depend on the results of exploration and a favorable conclusion to the feasibility study.

The junior mining company has acknowledged it does not have the financial resources to develop the project on its own and will need to partner with a major, which it expects to have lined up in 2006.

AMEREF SHOWCASED AT GOVERNOR'S ANNUAL PICNIC



Hundreds of children stopped by the AMEREF booth at the Governor's Picnic in Anchorage this summer. At left, Governor Frank and Nancy Murkowski join AMEREF President Steve Lovs and Executive Director Jason Brune. To the right of the Governor is Andrée McCleod with the State. At right, Brune leads a group of children in, "How To Mine A Cookie" which delves into the mining process from exploration to reclamation.



NEW ENERGY BILL LIGHTS WAY TO BALANCED ENERGY DEVELOPMENT

The recently passed comprehensive energy bill should light the way toward a balanced energy blueprint that will increase domestic production of energy from non-renewable and renewable sources and promote efficiency, conservation and new energy technologies.

The bill nationally should produce some 230,000 new jobs, save nearly 2 million jobs, and add some \$200 billion to our gross domestic product by 2012. It contains a number of provisions that should speed permitting for oil and gas operations without harming the environment, increase clean coal production, make it possible to site terminals for liquefied natural gas, help relicense hydroelectric plants and jumpstart new nuclear power plants.

The bill also will increase production of power from renewable sources. It includes \$5.6 billion of tax aid to help wind, biomass, geothermal and solar energy grow, while promoting energy efficiency and conservation. That is done by mandating rises of up to 40 percent in the efficiency of major appliances, by funding home and business conservation improvements and weatherization efforts.

The unprecedented conservation and efficiency measures will reduce peak electric demand by 50,000 megawatts – the equivalent of 170 new

300 megawatt power plants.

Most importantly, the bill for Alaska offers hope on a host of fronts. It provides \$2.9 billion in tax credits for clean coal projects, and grants for other coal developments. This can help a combined-cycle coal gasification project that could fuel development of the Beluga, besides expansion of the Healy coal fields. It may further the Silverado low-rank coal water boiler fuel project, the Syntroleum project to turn coal into diesel and aviation fuel, and coal projects to remove moisture and boost the energy of our coal for export sales.

The bill aids not only wind turbine development and biomass energy that may help us turn the Kenai Peninsula's spruce bark beetle kill into electricity; but also geothermal and ocean, tidal/wave, current and thermal energy for our coastal towns. My amendment extends construction incentives and a federal purchase credit to ocean energy projects for the first time.

The bill is especially helpful in that it authorizes \$550 million over the next decade to help bring Alaska's power grid into the 21st Century, encouraging development in rural Alaska. Specifically:

- **Rural Energy Assistance:** The bill authorizes a decade of funding to the Denali Commission to fund rural energy projects from new

power generation and transmission lines to innovative fuel cells and wind, tidal and biomass energy. It will help the state continue to fix fuel storage tanks. Some of the money, \$5 million a year, is intended to endow the state's Power Cost Equalization program to help subsidize rural power.

- **National Petroleum Reserve Alaska Leasing Changes:** The bill should speed the discovery and production of oil and gas by allowing more expeditious leasing and potential royalty relief. The bill also allows royalty suspensions and improves federal offshore oil revenue sharing – Alaska gaining at least \$2.5 million annually initially.

- **Gas Hydrate Research & Development Assistance:** The bill improves research to help Alaska tap its 600 trillion cubic feet of gas hydrates on shore and the 32,000 tcf offshore – funding an actual exploratory drilling rig in permafrost.

- **Cook Inlet Carbon Dioxide Oil Enhancement Program:** It authorizes a pilot project to

see if injecting carbon dioxide can help extend the life of the Cook Inlet oil field at Kenai.

- **Indian Energy Assistance:** The bill authorizes grant assistance and up to \$2 billion of loan guarantees to help Native corporations and tribes develop energy from their lands.

- **Healy Clean Coal Loan:** The bill allows a market rate loan of up to \$80 million to help get the Healy power plant running.

Other Alaska provisions: The bill also should speed permit approvals for small hydroelectric projects, funds a North Slope science initiative that should produce the research needed to allow development to proceed, extends the life of the Oil Spill Recovery Institute to help industry find ways to prevent spills, and refunds the Oil Spill Liability Trust fund. The bill also funds a new University of Alaska Arctic engineering center and a new \$61 million science facility in Barrow sought by Senator Stevens.

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CONGRESSMAN DON YOUNG

FEDERAL TRANSPORTATION BILL WILL BOOST ECONOMY

As you probably heard, Alaska fared well in the national highway and transit legislation President Bush signed into law in August - the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

I was proud to serve as Chairman of the House-Senate Conference Committee that negotiated this bipartisan \$286.4 billion bill that will benefit every community in all 50 states. Working with Senators Stevens and Murkowski on the Conference Committee, we were able to ensure that communities throughout our vast state will receive important funding over the next five years.

This historic bill was approved by the House on July 29th by a vote of 412-8 and later that day by the Senate, 91-4 vote.

Alaska will receive approximately \$2.12 billion over the next five years under the federal highway funding programs which provides funding to all 50 states. This includes an increase of about \$100 million in each of the next five years for Alaska over the previous highway and transit bill - TEA 21 (1998-2003). This increased funding level represents more than a 30 percent increase for these programs over TEA 21.

The Federal Lands Highway program will receive an annual average increase of approximately 32 percent over what the same program received in TEA 21. In addition, SAFETEA-LU makes changes to some of the formulas used to distribute funding under this program that should yield additional funds for transportation projects on federal lands in Alaska.

In addition, the Ferry Boat and Ferry Terminal Construction program also received a substantial increase in funding. The Ferry Program will receive an average annual increase in funding of approximately 56 percent over what was available for this program in TEA 21. In addition, at least \$10 million a year from this program will be available for the construction of ferry boats and terminals in Alaska.

The two largest projects for Alaska include \$229 million for the Knik Arm Crossing project and \$233 million the Gravina Access Bridge. The Knik Arm Crossing will play a vital role in the expansion of residential and commercial growth of Anchorage and the Mat-Su borough over the coming years. The Gravina Access Bridge will play an equally important role for the future growth of Ketchikan.

There were a number of other important projects for communities throughout the state including:

- \$10 million for Fairbanks roads
- \$10 million for Anchorage roads
- \$5 million for North Star Borough roads
- \$3 million for Naknek River bridge
- \$3 million for Alaska Pacific University roads
- \$3.7 million for King Cove-Cold Bay roads and hovercraft
- \$25 million for the Port of Anchorage
- \$3 million for Seward ferry infrastructure
- \$2 million for Kotzebue road paving

However, the new highway and transit legislation includes much more than the individual projects highlighted in the bill. This bill will protect existing U.S. jobs in the transportation sector and related industries and millions of new jobs will be created and sustained by the infrastructure funding increases in SAFETEA-LU.

Most people are unaware that congestion costs American drivers \$67 billion in productivity and wasted motor fuel each year, including 3.6 billion hours of lost productivity sitting idle in traffic and the waste of 5.7 billion gallons of fuel.

We address this congestion problem by providing more than \$227 billion between fiscal years 2004 and 2009 for the federal highway program. This is nearly a 40 percent increase over the funding level provided in TEA 21. Our bill also provides more than \$52 billion for federal public transportation programs. Public transportation is an important component to solving the nation's congestion problems.

In addition, we created several new programs designed to bridge current infrastructure gaps and to address congestion. These programs include a \$1.9 billion National Corridor Infrastructure Improvement program, a \$1.8 billion Projects of Regional and National Significance program, and \$833 million for a Coordinated Border Infrastructure program.

Safety was also an important factor we considered when writing this legislation. More than 42,000 Americans are killed and 2.9 million are seriously injured each year on the nation's highways. It's an unfortunate fact that substandard road conditions and roadside hazards are a contributing factor in nearly one-third of all fatal crashes each year.

In addition to improving and expanding roads for safer travel, our new bill provides over \$5 billion to address several important safety issues. We provide \$360 million for a new High Risk Rural Road Safety Improvement Program that targets funding for safety improvements on rural two-lane roads. About 61 percent of all highway-related fatalities occur on rural roads.

I am also proud that this legislation will play a vital role in creating new jobs in all 50 states and help stimulate our local and national economy. The Department of Transportation estimates that 47,500 jobs are created or sustained for every \$1 billion invested in federal highway and transit spending so our legislation will be a tremendous help for our workers.

As Chairman of the House Transportation and Infrastructure Committee, I worked for the past four years on this important legislation. I traveled throughout Alaska and the nation to see the unique transportation needs in every region of the United States. Working with Senators Stevens and Murkowski, I believe we did a good job in laying the groundwork for improving Alaska's transportation infrastructure for future generations.



JAY
HAMMOND
NEVER
STOPPED
CARING
ABOUT
ALASKA

I suppose Jay Hammond might be slightly bemused to find that he was being eulogized in the Resource Development Council's Newsletter. But, of course, our former governor found much in life to amuse him. The ability to use humor to defuse difficult situations was one of his great strengths.

All of us have our particular memories of him. There are a couple of mine I would like to share.

Jay was the quintessential Alaskan – bush pilot, homesteader, guide and he dressed the part. One seldom saw him dressed in a suit and tie, the standard wear for governors today. In fact, I still remember the time I first saw him in a suit, which was in a meeting in Washington, D.C. I was so shocked I said something like, "Governor, you're wearing a suit." He just shrugged and smiled at me as if to say, "What can you do; it's Washington."

Governor Hammond was a Republican, although there are those in his party who would just as soon not claim him. However, he was an Alaskan first and was willing to go beyond party lines to find people to help him. However, I was a little surprised when he appointed me to the University of Alaska Board of Regents, not only because I was not of his party, but also because I was not all that well known at the time.

The latter point was driven home to me several months later when a friend of mine was introducing me to one of the denizens of Anchorage society. As a sort of tag line my friend added, "... and John is on the Board of Regents." The woman I was being introduced to looked me straight in the eye and said, "You know, you used to have to be somebody to be on the Board of Regents."

I suppose that Jay would have been as amused as I was, if he had been present because he liked to do things differently. He had his own vision of Alaska and that did not always comport with the views of others either in his own party or in the development community. When it came to development, he had three principles. I have heard these principles expressed in several ways and here is my interpretation of the questions he wanted to have answered.

Can the project be carried out in an environmentally responsible manner?

Will the project pay for itself?

Is the project good for Alaskans? (Some people say "all Alaskans," but given the cantankerous nature of our citizens, Jay would have known that this was not an achievable goal).

Using these principles, Governor Hammond led us through the tumultuous years of the construction of the pipeline and the incredible wealth it brought the state.

He also led us through one of the most contentious issues we have faced as a young state – the debate over the Alaska National Interest Lands Conservation Act (ANILCA). The governor and the Organization for the Management of Alaska's Resources, as RDC was known then, seldom agreed on much of anything during those times. The resources community was appalled at the clearly defined goal of the environmental community to prevent any development of resources on as much land as they could lock up. Governor Hammond had to deal with that issue, as well as others such as subsistence and the political realities of Congress and the executive branch.

In the end, both the governor and Sen. Stevens agreed that supporting the final version of ANILCA was the right thing to do. However, I would not be surprised if their motives might have been different – Sen. Stevens driven by his desire to get on with the development of the state and Governor Hammond by his to protect the habitat upon which his Lake Clark lifestyle and the lifestyle of other rural Alaskans depended.

There are lots of aspects of the very complex personality of Jay Hammond that I admire, only a couple of which I have been able to touch on in this column. However, if there is one thing about Jay Hammond that stands out in my mind, it is that he never stopped caring about Alaska. At the age of 83, having been among other things a governor, legislator, pilot, guide, fish and game employee, commercial fisher, author, poet, and, most importantly, loving husband, father, and grandfather, he still spent part of his waking hours thinking up concepts he thought would make Alaska a better place to live.

Although I didn't always agree with his ideas, there is no question Alaska is a much better place today because of the intellect, energy, and time on earth Governor Hammond committed to the state he loved.

Jay, thanks and Godspeed.

"Although I didn't always agree with his ideas, there is no question Alaska is a much better place today because of the intellect, energy, and time on earth Governor Hammond committed to the state he loved."



Bill Boycott

AGRIUM CREDITS GAS PRODUCERS, GOVERNOR AND EMPLOYEES IN GAINING TEMPORARY REPRIEVE

“The Little Engine that Could” is a classic tale of the power of positive thinking and how persistence saves the day. It’s a storyline that closely describes the last few months at Agrium’s Kenai Nitrogen Operations. Through sheer determination, a can-do attitude and help from a lot of friends, we secured enough natural gas to keep our facility operating at half capacity for another year. While this is only a temporary reprieve, it provides more time to seek a longer-term solution.

Our story has no supporting actors, just a cast of stars led by the natural gas producers, the Governor and our employees who continued to do their work safely and professionally during what can best be called challenging times. Thank you.

The new gas contracts will allow us to operate one ammonia plant and one urea plant.

For those of you not familiar with our facility, let me give you some background. By the late 1960s, Cook Inlet was awash in stranded natural gas prompting the leading producers to invest in two industrial plants in the Kenai area – the liquefied natural gas plant owned by ConocoPhillips and Marathon and a fertilizer plant, built by Collier Carbon & Chemical, a Unocal subsidiary. Unocal sold the facility to

Agrium in 2000. Agrium is one of the world’s largest fertilizer producers, with 12 production plants in the United States, Canada and South America.

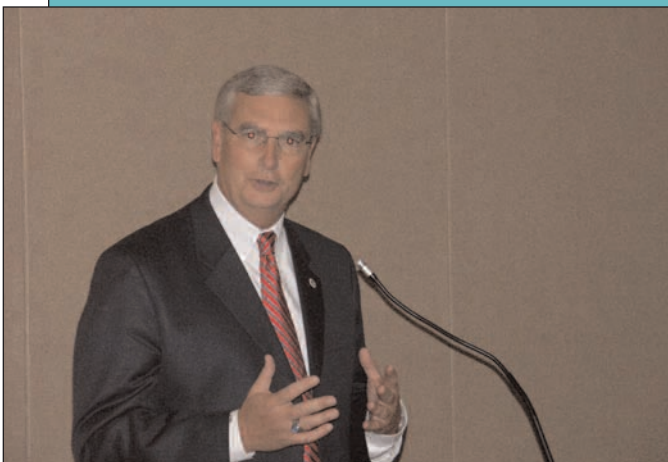
The Kenai fertilizer plant turns natural gas into liquid ammonia and granulated urea, mostly for export to Mexico and the Pacific Rim. Those exports total about \$200 million each year, and represents 7.3 percent of all Alaska exports. A small amount of our product stays in Alaska where it is used by the state’s agricultural community, sold to homeowners to green up their lawns or used by the airports in Anchorage, Fairbanks and Kenai for de-icing runways in the winter.

It might be easy to write our future off if the stakes were not so high. The Agrium facility is a major economic engine for the Kenai Peninsula that pumps in excess of \$100 million into the area through taxes, salaries and benefits, contributions and purchases from local businesses. Few businesses equal our economic impact – for every thousand cubic feet of gas we purchase from Cook Inlet fields we return over \$9.00 to the Alaskan economy.

As stated in an April 2004 McDowell Report, “...closure of the Agrium plant would represent a major step back in Alaska’s effort to add value to its natural resources before shipping to outside markets. Economic development efforts in Alaska are focusing on adding value to resources, creating family wage jobs for Alaskans, and providing a local tax base to support essential public services. Agrium brings all of these to Alaska.”

Bill Boycott is General Manager, Agrium Kenai Nitrogen Operations.

RDC Hosts EPA Administrator In Anchorage



RDC, the Alaska Oil and Gas Association and The Alliance hosted EPA Administrator Stephen Johnson at a reception in Anchorage last month. Johnson, pictured at left, discussed his agency’s role in a number of Alaska resource development issues. Johnson has been with the EPA for 24 years and is the first career scientist ever appointed to lead the agency. He assumed the position with the goal of promoting and maintaining the utilization of sound science while using collaborative, innovative approaches to solving environmental problems. At right, Jim Bowles, President of ConocoPhillips Alaska, discusses Alaska development issues with George Wuerch, Chairman of the Knik Arm Bridge and Toll Authority, and Senator Lisa Murkowski.

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