

A PERIODIC PUBLICATION OF THE RESOURCE DEVELOPMENT COUNCIL FOR ALASKA, INC.

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RDC's 27TH ANNUAL CONFERENCE

A BUSY YEAR AHEAD FOR ALASKA'S EVOLVING OIL INDUSTRY

It's going to be a busy winter on the North Slope with newcomers to Alaska's oil patch – ENI, FEX and others – planning to drill a number of exploratory wells targeting the smaller prospects.

The newcomers, along with major North Slope producers, outlined their plans for 2007 and beyond at the Resource Development Council's 27th Annual Conference, *Alaska Resources 2007*, in Anchorage last month.

What was apparent at the conference is the evolution of Alaska's oil patch from the land of the majors to a region punctuated with juniors actively pursuing the smaller opportunities. Such is an indication that Alaska is maturing as a global energy province and that high oil prices are motivating the so-called independents to drill in the remote and costly Arctic.

The first day of the two-day conference featured familiar Alaska oil patch companies such as BP, ConocoPhillips, Chevron, Shell, and Anadarko to relatively new players, including Italian giant ENI Petroleum, Pioneer Natural Resources, FEX and AVCG/Brooks Range Petroleum.

Tim England, Senior Exploration



Shell's Cam Toohey discusses why his company needs new opportunities to gain access to prospects in Alaska's Outer Continental Shelf. At left, Jim Bowles of ConocoPhillips said his company is committed to moving the gas pipeline forward. Ken Thompson of AVCG/Brooks Range Petroleum, center, urged Governor Sarah Palin to modify the stalled fiscal contract for the pipeline, as opposed to starting over from scratch.

Photos by Judy Patrick

Manager with FEX, announced his company will drill three exploratory wells this winter in the National Petroleum Reserve-Alaska (NPR-A), following up on a single well drilled last season. However, England warned the new petroleum production tax passed by the legislature this year is discouraging for independent oil and gas companies looking to invest in Alaska energy exploration, development and production.



England



Dall'Omo

subsidiary ENI Petroleum.

Italian energy giant ENI plans to drill two or three exploratory wells on the Rock Flour prospect near Kuparuk, according to Roberto Dall'Omo, president of Houston-based sub-

AVCG/Brooks Range Petroleum plans to drill its first of two wells this winter at its Gwydyr Bay prospect. The drilling is part of a three-year \$60 million investment, said managing director Ken Thompson, a former president of ARCO Alaska, Inc. The company is targeting oil prospects of 25 million to 50 million barrels.

Anadarko Petroleum is planning to drill

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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

JASON BRUNE

Editors's Note: Last month RDC announced the appointment of Jason Brune as its new executive director. Brune succeeds Tadd Owens, who was recently appointed director of government and public affairs at Pioneer Natural Resources Alaska. Owens served as executive director for nearly six years.

Brune served as RDC's projects coordinator for six years and executive director of the Alaska Mineral and Energy Resource Education Fund (AMEREF) since 2000.

Brune graduated from Carleton College in 1995 with a BA degree in biology and has worked toward a masters degree in environmental science at Alaska Pacific University. He worked four years for the University of Alaska and held positions with the National Biological Service, Alaska Pacific

University and the U.S. Fish and Wildlife Service. He is a member of the Exxon Valdez Oil Spill Public Advisory Committee and Chugach Electric Association's Bylaws, Election and Renewable Energy committees. He was selected by the Alaska Journal of Commerce this year as one of Alaska's Top 40 Under 40.

At right are Tadd Owens, RDC president John Shively and Brune.



NEW EXECUTIVE DIRECTOR TO BUILD ON RDC'S SUCCESS

I am excited at the opportunity to be RDC's new executive director. I have big shoes to fill, following in the footsteps of Tadd Owens, Ken Freeman, Becky Gay, and Paula Easley. Fortunately, RDC is blessed with an incredible staff and Board of Directors, led by John Shively. With their help, I see RDC meeting its mission to grow Alaska's economy through responsible resource development.

RDC is a workhorse organization. No job is too big nor too small for us. Resource development is Alaska's economic life-line, the very foundation of our economy, and I can assure our members RDC will continue to play a key role in promoting responsible development.

During my tenure, RDC will continue to build on its successes and place a premium on its members. RDC's newsletter, the *Resource Review* and website, www.akrdc.org, have been a valuable member tool that will continue to grow. RDC's events are very educational and popular. Our conference is the premier resource development event in the state and our bimonthly breakfast meetings are well attended.

I eagerly look forward to working with the RDC Board, Palin administration, and legislature to get a gas pipeline built. By providing a market for Alaska gas, we will increase the number of independent companies who will be exploring on the North Slope. With new exploration activities, the volume of oil in the Trans Alaska Pipeline System is likely to increase as well, benefiting all Alaskans.

RDC will continue to advocate for the development of a comprehensive, responsible, and long-range state fiscal plan. Included in this plan must be equitable and stable tax and royalty policies for all Alaska's industries.

Alaskan resource development projects must be given a fair shot under the National Environmental Policy Act (NEPA). Projects should not be judged before they are given the opportunity to traverse the thorough and rigorous

environmental permitting process.

I intend to work with our Native corporation members to facilitate land exchanges with the federal government to increase responsible resource development and put more Alaskans to work. Land exchanges usually result in a win-win situation for both the environment and the economy. Native corporations are the largest private land owners in the state and Alaskans will benefit as these companies prosper.

As a biologist, I am very interested in working with RDC members to help develop responsible changes to the Endangered Species Act. I continue to be frustrated at the lack of peer reviewed, sound science for making management decisions.

As the previous executive director of the Alaska Mineral and Energy Resource Education Fund (AMEREF), a program RDC administers, I will continue to put an emphasis on resource education in our schools. AMEREF distributes nearly 300 resource kits each year, free of charge, to Alaskan educators. Working with the AMEREF board of directors, I hope to increase the number of kits distributed and the quantity and quality of the training sessions that accompany these materials.

I look forward to maintaining RDC's close relationship with our sister organizations such as the Alaska Miners Association, the Alaska Support Industry Alliance, the Alaska Forest Association, and other business organizations. RDC will also work to find common ground with conservation organizations. While we may often disagree with many of these organizations on key issues, it is important to build relationships and work together when opportunities for collaboration arise.

RDC staff will work hard with its diverse membership to advance these goals. Please feel free to contact me at (907) 276-0700 or email at jbrune@akrdc.org

RDC's Alaska Resources 2007: Time of Transition

FROM THE NORTH SLOPE TO COOK INLET, BUSY YEAR AHEAD FOR ALASKA'S OIL PATCH

(Continued from page 1)

on its Jacob's Ladder prospect this winter, said Doug Wilson, the company's exploration manager. Wilson called the prospect "a very large play potentially." It is located southeast of Prudhoe Bay. Earlier this year, Anadarko took over Kerr-McGee, which has its sights set on the Nikaitchuq field, which potentially holds up to 200 million barrels of oil.



Wilson

Joey Hall, Manager of Operations at Pioneer Natural Resources, said his company is moving ahead with construction of its Ooguruk oil field, an island-based operation six miles offshore in the Beaufort Sea. Hall said some 500 people will work on the North Slope this winter on the project, which involves drilling 38 wells. ENI is a 30 percent partner in the field, which is expected to come online in early 2008. Ooguruk could produce 50 million to 90 million barrels, Hall said. It is likely to become the first North Slope oil field operated by a non-major.



Hall

Pioneer is also looking at developing the Cosmopolitan prospect in the Cook Inlet region. The field could yield up to 100 million barrels of oil and production could begin in four years.

Executives from the familiar giants – ConocoPhillips, Chevron and Shell – also discussed plans for the new year. ConocoPhillips president Jim Bowles said his company is planning five ex-

ploratory wells, including the Intrepid prospect deep inside NPR-A south of Barrow. The company drilled seven exploration wells last winter.

In a question and answer segment following his panel, Bowles said with Alaska's massive resource potential, one would expect to see more exploration activity in the state, but Alaska is a high-cost place to operate and its distance to major markets is a negative factor. He said it is important for Alaska to find the right balance and to recognize the cost structure. He also emphasized his company is committed to moving a gas pipeline project forward, but said, "I think the reality is it is going to take longer than we would like it to take." Bowles called the gas pipeline "far and away the most important issue we are facing here."

In the same Q&A segment, Thompson urged Governor Sarah Palin to tweak or revise the stalled fiscal contract on the gas pipeline to create a win-win situation between the state and North Slope producers, as opposed to starting over from scratch. He also urged Palin to broaden her field of advisors on the gas pipeline.

Shell's Alaska government affairs man-



ConocoPhillips Alaska president Jim Bowles visits with Pioneer Natural Resources Alaska president Ken Sheffield at the RDC conference.



George Eynon, Vice President of the Canadian Energy Research Institute in Calgary, presented a keynote presentation on "The Canadian and North American Energy Mix: What Does The Future Hold." Eynon spoke before an audience of several hundred attending the RDC conference at the Sheraton Anchorage Hotel.

ager Cam Toohey said it is extremely important to his company to have opportunities to gain access to good prospects in Alaska's Outer Continental Shelf and asked conference delegates to write the U.S. Minerals Management Service supporting a proposed five-year leasing schedule for the Beaufort and Chukchi seas, as well as the North Aleutian Basin.

John Zager, Chevron's general manager in Alaska, said his company plans to spend \$200 million over the next several years on a drilling program to stabilize and increase production from its Cook Inlet fields. Zager said Chevron also plans a significant gas program, including exploration at Granite Point and south Kenai, and development at Beluga River, McArthur River, West Side, Ninilchik and Happy Valley.



Zager

Current Cook Inlet oil production is approximately 12,000 barrels per day, down from 200,000 barrels per day in the 1970s. In comparison, North Slope production currently averages more than 800,000 barrels per day, down from a peak of 2 million barrels per day in the late 1980s.



Former RDC Board member and Governor-elect Sarah Palin delivered the keynote address on the second day of the RDC conference. Palin pledged to work with RDC members across Alaska to move the gas pipeline forward and to diversify Alaska's economy through the responsible development of natural resources. She also encouraged those attending the RDC conference to work with her transition team in finding the most qualified Alaskans to serve in her administration.



Above, Jacob Adams, outgoing president of Arctic Slope Regional Corporation, and Bobbi Quintavell, incoming president, received a standing ovation following their presentation, "Passing the Baton: Transition at ASRC." Adams worked for ASRC for 37 years, serving as its president for the past 23 years.



BP's Phil Cochrane addressed his company's "fifty year future" in Alaska.



At left, Briggita Windisch-Cole presents a 2007 economic forecast for Alaska's resource industries. Above, George Bee of Barrick Gold discusses his company's interest in Alaska.



Alaska coal development opportunities were explored by Bob Stiles, upper left, Teresa Imm, upper right, Steve Denton, lower left, and Tim Johnson, lower right. Stiles covered the Chuitna coal project, Imm discussed efforts to advance development of the Western Arctic coal deposit, Denton focused on Usibelli Coal Mine and Johnson spoke to Agrium's Blue Sky project.



Joining for a group photo are Ken Thompson, Brian Davies, Frank Brown and Jim Palmer. Thompson formerly headed ARCO Alaska while Brown led development efforts for ARCO's initial Alpine development. Palmer and Davies worked for BP.



**27th Annual Conference on
Resource Development in Alaska**

**Alaska Resources 2007
A Time of Transition**

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THERE'S NO PLACE LIKE NOME!

RDC's Board Of Directors 2006 Community Outreach Trip



RDC president John Shively climbs aboard a giant dump truck at the Rock Creek project. Below, board members pose under the truck.

In October, RDC Board members visited Nome, taking in a wide variety of venues, including the local port, historical dredges, the Norton Sound Seafoods plant, the Rock Creek mine project, the Golden Beaches and the Last Train to Nowhere. In the inset above are Paul and Jacqui Glavinovich.

Gail Phillips and Kim Griffith enjoy a visit to the Last Train to Nowhere, which is located near the village of Solomon, about 25 miles east of Nome. On the journey out to Solomon, the board came across a herd of several hundred wild reindeer, pictured in the inset.



Mayor Denise Michels led RDC board members on a public works tour of the Nome area. At bottom left, RDC lobbyist Dave Parish and his daughter, Tonya, enjoy a walk on the Golden Beach. Below, Karen Matthias of the Canadian Consulate poses inside a giant tire of a Rock Creek dump truck.



Paul Glavinovich discusses the history surrounding Gold Dredge #6 near Nome. The dredge is owned by Alaska Gold Company.



THE CORPORATE WETLANDS RESTORATION PARTNERSHIP IN ALASKA: A 5-YEAR PROGRESS REPORT

By Colleen Burgh

Environmental Scientist, EPA

The Corporate Wetlands Restoration Partnership (CWRP) is an innovative public-private initiative that brings together businesses, government agencies, conservation organizations, community groups, tribes and academia to protect, preserve, enhance and restore coastal and freshwater wetlands and aquatic habitats throughout the U.S.

The CWRP is a way for environmentally-responsible companies to reach out to their communities, beyond the boundaries of their own facilities. The program allows private companies to make voluntary donations of funds or in-kind services to the Coastal America Foundation, a non-profit foundation available to each regional CWRP. These funds or in-kind services are then used, at the direction of the companies, to help support coastal habitat restoration and public education projects.

Nationwide, the CWRP currently has 260 corporate sponsors and 175 non-federal partners, including environmental organizations, foundations, and state and local governments. To date, the CWRP has raised over \$4 million and helped restore or conserve over 20,000 acres of wetlands and 7,000 miles of fish habitat.

In Alaska, the CWRP works in cooperation with Coastal America, a partnership of federal agencies, state and local governments that is administered through the multi-agency Alaska Regional Implementation Team. Since its beginning in 2001, Alaska's CWRP has worked on projects that improve the health of Alaska's coastlines, rivers and waterways. Examples of projects that have been completed by the Alaska CWRP and Coastal America over the last five years include:

- Fish passage and stream channel restoration in Silver Salmon Creek, Matanuska Valley, which opened 8 miles of salmon spawning habitat
- Stream channel restoration along Moose Creek, Matanuska Valley, which

resulted in 8.5 miles of stream bank restoration and helped return salmon to nearly 25 miles of historic habitat

- Construction of a raised viewing platform on the Gulkana River, along the Richardson Highway, which facilitates viewing of spawning salmon while protecting the fragile riparian zone

For 2006, projects sponsored by the CWRP that are currently funded and underway include culvert replacement in creeks along North Road on the Kenai Peninsula to open up several miles of salmon habitat and an extensive revegetation project along Resurrection Creek near Hope that will involve the

“Alaska’s CWRP is a viable member-guided program that helps Alaskan private corporations to support needed stream, watershed and fishery restoration projects. These projects help protect and restore Alaska’s valuable natural heritage, a benefit to our environment, our economy and our Alaskan quality of life.”

Youth Restoration Corps. Several other projects throughout the state have been approved by the Regional Implementation Team and are awaiting sponsorship, which could include funding or in-kind services to help carry out the projects. Approved projects include:

- Shore zone coastal mapping of geomorphic and biological resources along Southeast Alaska
- Assessment of eroding solid waste landfills along Alaska’s remote coastline
- Culvert replacement to restore fish passage in four creeks of the Matanuska-Susitna Borough
- Educational displays and outreach materials regarding a newly installed artificial reef in Whittier
- Educational displays and outreach materials for the Salmon in the City stewardship initiative, Anchorage
- Fishing access improvements and stream bank rehabilitation in Ship Creek in Anchorage

A unique feature of CWRP projects is the opportunity to educate the public and provide an effective way for companies to sponsor youth education in environmental restoration. Often, companies help make the required local match for federal funds for community-based restoration projects. It makes for a win-win situation for the companies, government agencies, and the communities. All parties are able to leverage and maximize the environmental benefits of each dollar provided and better serve their communities and the environment.

Coastal America offers public recognition of project partnerships through an awards program and opportunities for public presentations.

BP Exploration (Alaska), Inc. is the corporate lead for the CWRP in Alaska; other active CWRP partners represent diverse business sectors throughout the state including the construction industry, engineering and environmental con-

sulting firms, oil and gas companies and support industries, and fishing organizations. Alaska’s CWRP is a viable member-guided program that helps Alaskan private corporations to support needed stream, watershed and fishery restoration projects. These projects help protect and restore Alaska’s valuable natural heritage, a benefit to our environment, our economy and our Alaskan quality of life.

By participating in the CWRP, Alaska companies can make a real difference in the future of Alaska’s natural world. For information on Coastal America and the national CWRP see www.cwrp.org or call Patmarie Nedelka, Coastal America (202-401-9808).

For more information about Alaska projects and joining CWRP, contact Allison Erickson, BP Exploration (Alaska), Inc. (907-564-4132) or Colleen Burgh, EPA (907-271-1481).



RURAL ALASKA FOCUS OF BALLOT MEASURE 2 EFFORT

Over the past several months, residents of Anchorage, Fairbanks and Juneau heard a lot about Ballot Measure 2, the proposed gas reserves tax that was rejected by nearly a 2-1 margin by Alaskan voters last month. Concerned the issue could be decided by a thin margin, RDC launched a broad campaign directed not only at its statewide membership, but residents outside Alaska's railbelt.

"Given the extensive and effective media campaign launched by other organizations targeting primarily urban Alaska, RDC focused nearly all of its external efforts at rural Alaska, knowing this broad area of our state could make the difference in a close election," said RDC Executive Director Jason Brune. "We heard from a number of our members in the smaller communities that they had heard little about the issue and there was a need to get the word out."

RDC embarked on a campaign to inform the public of the risks Ballot Measure 2 posed to Alaska's economy and the gas pipeline. A variety of page-dominant ads were placed in newspapers across Southeast, Southwest, Southcentral and Northwest Alaska.

RDC did not raise funds for the campaign, choosing instead to use reserves.

RDC's new executive director spoke before a number of community organizations and government entities, such as the Petersburg City Council, which followed with a resolution opposing the ballot measure. RDC's president, John Shively, participated in a debate and other forums. RDC also sent updates to its membership, published a special four-page newsletter and worked closely with other organizations, including the Alaska Oil and Gas Association and the Alliance.

"Ballot Measure 2 was one of the most crucial issues to face Alaska in years," said Brune. "As it turned out, the more Alaskans knew about this issue, the more likely they were to vote against it."

NANUQ BEGINS PRODUCTION

ConocoPhillips and Anadarko Petroleum Corporation have begun production from Nanuq, their second Alpine satellite oil field. Nanuq, located three miles south of the Alpine oil field, is expected to have peak production of approximately 15,000 barrels of oil per day (BOPD) in 2008.

Discovered in 2000, Nanuq was developed exclusively with horizontal well technology and will employ gas and water injection enhanced oil recovery, similar to the Alpine field. The currently approved plan for Nanuq will entail drilling of approximately 19 wells.

Construction of Nanuq, and the first Alpine satellite, Fiord, involved more than 1,400 people over the past two winter seasons. To minimize environmental impact, 50 miles of temporary ice roads constructed during winter were used to move construction equipment, facilities, drilling rigs and drilling supplies to the site and nearby Alpine oil field. Alpine is located 35 miles west of Kuparuk on the

border of the National Petroleum Reserve-Alaska.

Production from Nanuq and Fiord will be processed through the existing Alpine facilities. Together, the two fields represent approximately \$675 million in capital reinvestment and are expected to have peak production of 35,000 BOPD in 2008. The addition of Nanuq and Fiord increases overall production from the Alpine complex to approximately 130,000 barrels of oil per day, making Alpine the third biggest producer on the North Slope after Prudhoe Bay and Kuparuk.

In addition to the Fiord and Nanuq satellites, ConocoPhillips is pursuing state, local and federal permits for additional Alpine satellite developments, including the recently announced Qannik reservoir.

Alpine, Nanuq and Fiord oil fields owners are ConocoPhillips Alaska, Inc., 78 percent, and Anadarko Petroleum Corporation, 22 percent.



THE WINDS OF CHANGE ARE BLOWING

We have all survived another election season, and an interesting one it was. Change was definitely on the minds of voters as they went to the polls in Alaska and throughout the country.

The new Congress will present some challenges for Alaska. ANWR will certainly be a backburner issue for at least the next two years. Our delegation's ability to secure federal funding will most likely be reduced, but certainly not eliminated. The seniority of Senator Stevens and Congressman Young will still leave them in powerful positions. In addition, Senator Murkowski is building a reputation of being a hard working and open minded member of the Senate. She has shown an ability to work across party lines, which should prove valuable in the Democrat-controlled Senate.

Here in Alaska the voters also showed an inclination to do things differently. Sarah Palin clearly struck a very responsive chord as she distanced herself from the traditional political establishment. When you combine her votes with those of Andrew Halcro, it is clear that the majority of those who voted wanted a new approach to governing the state.

As I write this column, Governor Palin has announced the leaders of her transition team, and I was pleased, but not surprised, to see some RDC folks among those named. Moreover, in recent cabinet appointments, she has tapped individuals with a broad range of experience which will assist her administration in getting off to a good start. These well-qualified individuals will contribute a great deal to government.

Governor Palin will face numerous challenges including but certainly not limited to: an agreement for a gas line, the need for a stable fiscal system, the deficit in the state and local government retirement programs, high energy costs in rural Alaska, and contract negotiations with the state's labor unions.

She will be faced with the continuing dilemma that Alaskans have high expectations for what they want from government, but low expectations as to what they ought to pay. However, perhaps because she comes from outside the political establishment, the voters will be more willing to accept a reasonable approach to stabilizing the state's revenues.

I believe Sarah Palin has a genuine desire to make Alaska a better place for all of us to live. Although it is no secret I personally supported another candidate (RDC as an organization

does not support political candidates), I pledge both my support and the support of RDC's board and staff to assist Governor Palin as she works to achieve that goal.

Fortunately for the new governor, the voters soundly defeated the ill-conceived gas reserves tax initiative. The demise of this attempt to tax a non-earning asset was the result of a strong and coordinated voter education effort.

RDC's role in that effort is explained on page 9 of this edition. We joined with other organizations and individuals to tell the story of how much damage this initiative could have done to the goal of having a gas line built to take the vast North Slope gas reserves to market. Of course, it didn't hurt to have all three of the major gubernatorial candidates agreeing with our position.

Another sign the voters were not happy with how things are functioning politically was the passage of the initiative to limit the legislative session to 90 days. Some feel this new law will fall to a judicial challenge, whereas others believe it will only lead to more special sessions.

The sponsors are hoping that a 90-day session will make the legislature more efficient and will entice more citizens to run for the House and Senate. Time will tell which of these prognostications are correct, but it is clear a majority of those who voted want to see some change in the way business is conducted in Juneau.

Last, but certainly not least, I should mention the legislature, where the winds of changes have also made their presence known. There will be a few more Democrats in Juneau this year. That has not made much difference in how the House will be organized, although it may be a little more difficult for the Republican leadership to round up the votes they need on some controversial issues.

The Senate, on the other hand, will be a much different place, if the current coalition of five Republicans and nine Democrats holds. Coalitions aren't new to the legislature and particularly to the Senate. However, we have not seen one for quite some time. In my experience, making coalitions work requires some skillful leadership in both parties in order to accommodate varying political philosophies. There are some very experienced legislators in the coalition who should be able to make the organization work.

So the winds of change are blowing. May those winds head the ship of state into calm and stable waters.

"...I pledge both my support and the support of RDC's board and staff to assist Governor Palin as she works to achieve that goal."

RDC OPPOSES STATE FISH REFUGE PROPOSAL

The Resource Development Council has joined the Alaska Miners Association, the Alaska Outdoors Council and other organizations in opposing a proposal before the state Board of Fisheries to create a state fish refuge on a river and stream near the Pebble copper and gold prospect in Southwest Alaska.

Opponents of the proposal consider the fish refuge recommendation as yet another attempt to block any development of mineral resources in the region. The Alaska Department of Natural Resources (DNR), the Lake and Peninsula Borough and the Naknek/Kvichak and Lower Bristol Bay regional fish and game advisory groups also have expressed concern about the proposal.

The Board of Fish does not have the authority to create a refuge, but it can forward a recommendation to the Legislature.

A major concern of RDC's is the precedent the the proposal sets, not just for one particular project or industry, but for any individual or company working to follow the rules to develop a project in Alaska. The specific area proposed for refuge status has been managed for multiple use and open to mineral entry for decades. The Bristol Bay Area Plan, which was revised in 2005 after lengthy public comment, specifically recognizes the Pebble prospect and notes "the state selected much of the land in the planning area because of its mineral potential." In fact, the plan states "the general resource management intent for the Pebble Copper area is to accommodate mineral exploration and development and to allow DNR the discretion to make specific decisions as to how development may occur, through the authorization process."

Numerous state mining claims overlap the proposed refuge boundaries. The holders of those claims possess valid and existing rights that must be recognized and not usurped by a refuge intentionally placed over the area after major discoveries were confirmed.

In comments to the Board of Fish, RDC pointed out that the refuge boundaries seem to have been drawn to encompass mineral deposits, rather than reflect the major fisheries resources of the region. RDC noted Alaska has one of the most comprehensive regulatory and permitting systems in the U.S. for protecting the environment, conserving fish and wildlife resources and protecting water quality in streams and rivers. A major development project typically requires more than 50 state and federal permits.

RDC said the proposal would create a redundant management scheme. The proposal not only duplicates, but likely usurps existing state authorities, making the process so complex and unwieldy as to tie up resource development projects in the region and invite delay and litigation. RDC said the proposal is unnecessary because any significant project would be thoroughly scrutinized by regulators through Alaska's extensive, multi-year large project permitting process and the National Environmental Policy Act.

In comments submitted to the U.S. Minerals Management Service, RDC supported increased access to Alaska's Outer Continental Shelf for oil and gas exploration and development. RDC is confident offshore leasing, exploration, development and production can occur without significant impacts to the environment and other resource users.

While RDC strongly supported the federal agency's proposed five-year schedule, it stressed that new leasing should move forward only after proper stakeholder consultation, planning and environmental analysis is undertaken. Any leasing plan should consider conflict avoidance measures to minimize impacts to other resource industries and subsistence harvesters. Reasonable stipulations to protect scientifically-verified, environmentally-sensitive areas should be incorporated into any leasing plan.

Alaska's offshore contains reserves estimated at 27 billion barrels of oil and 132 trillion cubic feet of natural gas. The Chukchi Sea is considered the most promising offshore petroleum basin in the U.S. Expanded access to Alaska's OCS could significantly improve America's domestic energy situation and provide economic stimulus to coastal communities.

LAWSUIT SEEKS TO SUSPEND ROCK CREEK PERMIT

A lawsuit has been filed by a citizens group and others challenging NovaGold Resources' Rock Creek gold mine project near Nome. The lawsuit seeks to suspend the permit issued by the Corps of Engineers related to the construction and operation of Rock Creek Mine.

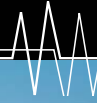
NovaGold believes the lawsuit is without merit and that the process undertaken by the Corps, along with the voluntary public consultation and information process undertaken by NovaGold, complied with applicable laws and gave ample opportunity for all stakeholders to be heard prior to final permits being issued in August. The plaintiffs contend that the Corps failed to adequately consider environmental impacts, to consult with certain Native groups and to properly account for public comment.

Both Bering Straits Native Corporation and Sitnasuak Native Corporation have openly supported the project.

AMEREF HAS SUCCESSFUL FUNDRAISING

AMEREF raised nearly \$80,000 in November in support of objective resource education in Alaska. The George Schmidt Memorial Raffle and Silent Auction raised over \$20,000. A list of raffle prize winners is available at www.ameref.org. In addition, AMEREF received generous pledges from TeckCominco, Northern Dynasty Mines and Barrick Gold. Many generous individual and corporate pledges were made as well to the Wells Fargo and North Slope Producers' (BP, ConocoPhillips and ExxonMobil) matching grants. To donate to AMEREF, please visit www.ameref.org.

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