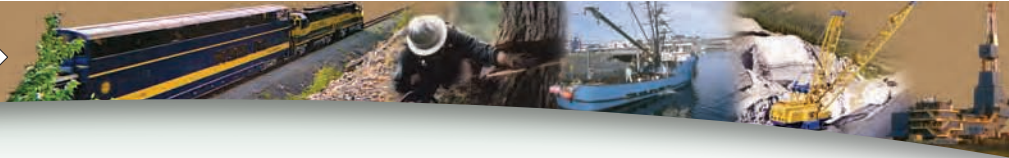


RESOURCE *review*

akrdc.org

A periodic publication of the Resource Development Council for Alaska, Inc.

April 2009



Offshore energy development is focus of key Alaska hearing April 14

Secretary of the Interior Ken Salazar will host a major public hearing in Anchorage on Tuesday, April 14 to discuss the future of offshore energy development on the nation's Outer Continental Shelf (OCS).

After opening remarks, the Secretary and his staff will present a brief overview of OCS energy resources. The rest of the meeting will be devoted to hearing from public and private interests on the best approaches to developing a comprehensive offshore energy plan that includes the development of traditional and renewable sources of energy in the OCS.

The Anchorage meeting, one of four being held across the nation, will be at the Denaina Civic and Convention Center. It will run from 9 am to 8 pm with breaks for lunch and dinner. Private citizens and elected local, state and federal officials, as well as energy producers, advocacy groups, Native organizations and science and research groups have been invited to offer brief testimony.

Unlike earlier hearings held during the



Bush administration, this meeting will not focus on specific lease sales. It will gauge public opinion on the development of an offshore energy plan that will likely put an increased emphasis on renewable energy, with some new oil and gas development in certain areas, but not necessarily Alaska.

"It is vital that Alaskans voice their opinion on offshore energy development," said RDC Executive Director Jason Brune. "This is our chance to express our view to the Secretary and his staff on the immense benefits of OCS development to Alaska and the nation. This particular hearing is perhaps the most important one to be held in Anchorage in years, and the resulting public testimony could play a major role in determining the future direction our country takes in the development of offshore energy resources."

Environmental organizations are mobilizing their forces to convince the new Interior Secretary that the public does not support the development of oil and gas



Offshore oil and gas production has an outstanding environmental record in Cook Inlet.

resources in the OCS. The Alaska Wilderness League is working to build "a chorus of voices for Alaska at these meetings," noted an alert posted on the organization's web site recently. "We'll show the broad support across America for conserving America's Arctic fragile ecosystem and we'll advocate against Bush's plan for a massive expansion of drilling."

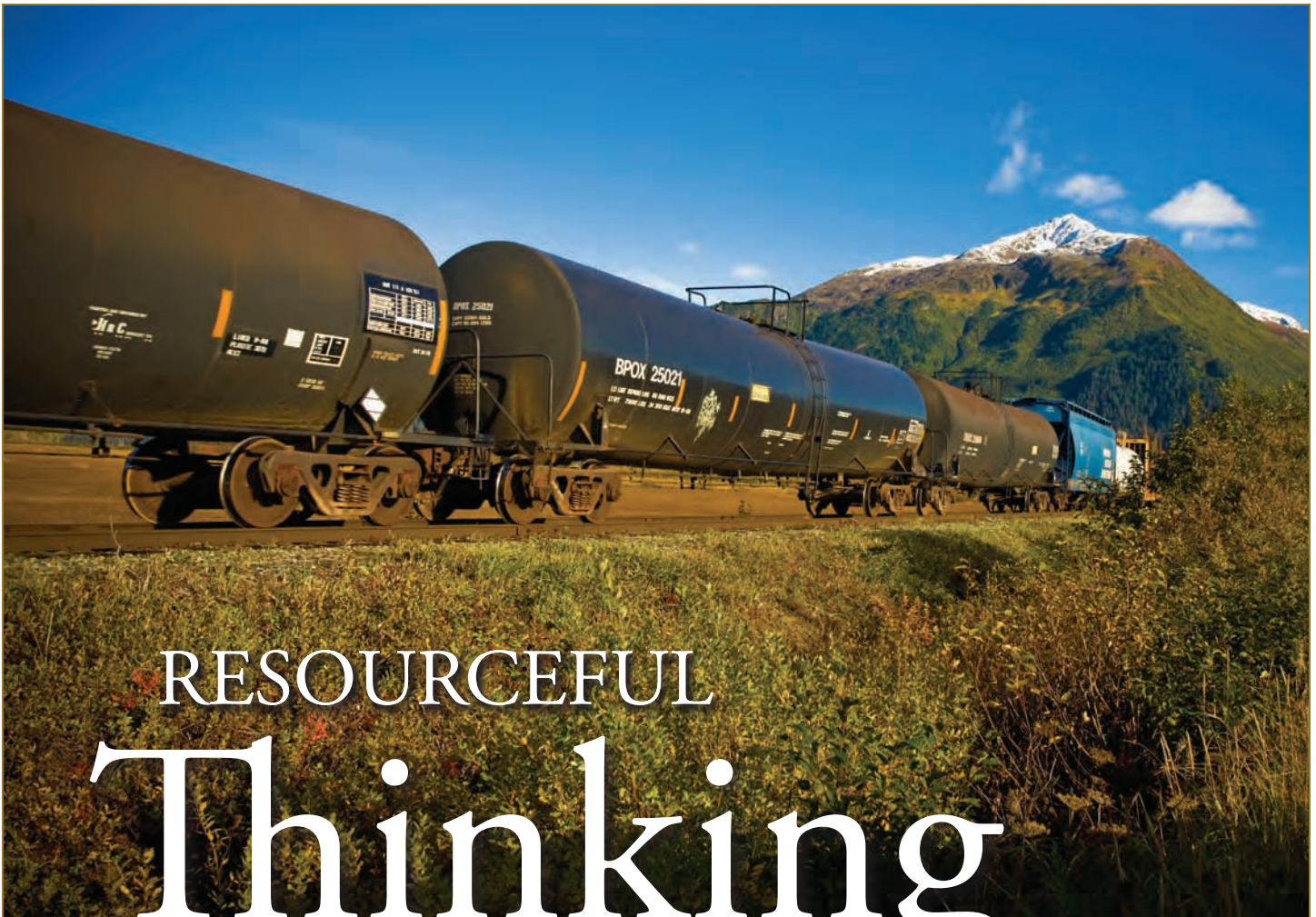
As recently as February, polls show that 61 percent of Americans support access to the new areas of the OCS that have not

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The 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.

Past issues of the Resource Review (1978-2009) are available at akrdc.org.



Leonardo DiCaprio's next cause du jour – OCS Offshore Alaska?

Leonardo DiCaprio is so dreamy. You know, it takes skills to memorize a few lines in between coffee breaks. Oh, and of course, he looks so cute for the cameras. In fact, I've decided I'm going to support any cause he endorses because he's such a superstar.

Jason: What's the cause du jour?

Leonardo: It's the cause of the day!

Jason: MMMMM! That sounds good. I'll have that.

Stealing the above lines from one of my favorite non-Leonardo movies, *Dumb and Dumber*, it's easy to see the importance of movies on our lives and subsequently, movie stars.

On his website, Leo explains the science of how oil and gas are merely "fossilized sunlight." Wow, he's smart! He coins a phrase taken from a popular vernacular and tells us to "Separate Oil and State." That's so witty Leo! Because it's coming from the mouth of Leonardo DiCaprio, he must know what he's talking about, right?

He also urges people to support RDC, oh wait, that's the NRDC. Ahhhhh, what's one letter?

Having perused his website, I think I now know the origin of many of the postcards that are sent in opposing whatever it is I'm supporting.

Sadly, I'm confident Leo and I will be on the opposite side of the fence on *my* cause du jour – the need for increased energy resources, including oil, gas, and renewables from our nation's Outer Continental Shelf (OCS).

"But, for every barrel of oil America refuses to develop domestically in places like the OCS, we will have to import an equal amount from elsewhere around the world, where weaker environmental regulations often apply. As I've said before, Think globally, develop locally."

"Now I know Leo's gut feeling would likely be to oppose this, but without oil, how will he get to his next film shoot? Bike? How will he post his next blog on his computer, which is made of oil?"

Secretary of the Interior Ken Salazar will be here in Anchorage on April 14 from 9 am to 8 pm at the Dena'ina Center. He wants to hear from Alaskans and we have some of our own superstars lined up to start things off: Senator Begich, Senator Murkowski, Representative Young, and Governor Palin will be providing testimony in support of increased opportunities for Alaskans to responsibly develop our resources in the OCS. Resolutions of support will also be presented by members of our State House of Representatives, State Senate, as well as by local elected officials.

If you're reading this, I encourage you to come out and be a superstar as well by providing testimony. We have rented the space adjacent to the hearing and will be hosting exhibits showing how the industry responsibly operates in Alaska. Stop by and see it for yourself.

The OCS could be a key factor in the success of a gas pipeline to the Lower 48. Indeed, an additional 15 Trillion Cubic Feet of natural gas (that's a lot Leo) must be discovered for either the TransCanada or Denali pipeline projects to be economically viable over the long term. In other words, we must allow acreage to open up in order to bring clean burning gas to the lower 48. Remember, many of the organizations Leo supports have endorsed a gas pipeline from Alaska. Fortunately, President Obama also supports it!

In addition, throughput in TAPS continues its decline from 2.1 million barrels of oil per day in the late 80s to one-third of that today. OCS production has the potential to refill the pipeline using infrastructure already in place, so the environmental footprint will be minimized. Now I know Leo's gut feeling would likely be to oppose this, but without oil, how will he get to his next film shoot?

Bike? How will he post his next blog on his computer, which is made of oil?

Even the Obama Administration, with its admirable goal to decrease our dependence on fossil fuels, admits that oil and natural gas will still account for 65 percent of our energy consumption in 2025. Where will that come from? The OCS is a definite option.

But, for every barrel of oil America refuses to develop domestically in places like the OCS, we will have to import an equal amount from elsewhere around the world, where weaker environmental regulations often apply. As I've said before, *Think globally, develop locally.*

No one cares more for their environment than Alaskans, and OCS development has a strong track record. In Alaska, this development will be overseen by the strongest regulatory regime in the world and it will continue to allow other users, such as subsistence hunters and fishermen, to coexist in an environmentally-sensitive and responsible manner. When necessary, seasonal operating restrictions and mitigation measures to avoid conflicts will be employed, because that's how we do it here in Alaska. We do it right.

Leo, you too should come and hear what we Alaskans have to say. I'll even pay the carbon offset for your flight. We have a moral obligation to develop domestic energy sources, and the OCS is the ideal location. The resources located in the OCS will buy us the time we need to develop the alternative and renewable energy resources that will someday break our reliance on foreign oil, and maybe even some day oil altogether.

At the conclusion of one of the videos Leo put together on his website, he tells us to think for ourselves. I couldn't agree more. On April 14, think for yourself. See you there.

Palin says House letter to Obama ignores U.S. energy imperatives

Governor Sarah Palin recently expressed concern that 67 Democratic members of the U.S. House of Representatives have ignored the imperative of American energy security by recommending to President Obama that virtually all oil and gas development be suspended in the Arctic pending further studies.

In their letter, the congressmen recommended statutory Wilderness for the coastal plain of ANWR, suspension of oil and gas exploration and leasing in the Chukchi and Beaufort seas, additional closures to oil and gas development in the National Petroleum Reserve - Alaska (NPR-A), and an overly cautious approach that would prohibit most industrial activities, pending further studies and the recommendations of an interagency task force.

“These recommendations are based on a false premise that could lead to bad public policy,” Governor Palin said. “Industrial development in the Arctic is not out of control. In fact, oil and gas development and other activities are subject to in-depth analysis under the National Environmental Policy Act, a stringent permitting process, and close oversight by state and federal officials. In other words, the opportunity for public comment and agency analysis already exists without creating additional bureaucracy and governmental control.”

The governor said that Alaska, which is America’s Arctic, has every incentive to make sure that development is done right.

Regarding the recommendations themselves, the governor said that they would permanently foreclose oil and gas development in the coastal plain of ANWR, which is the most promising onshore petroleum province in North America, with the tremendous potential to provide a secure source of domestic production for decades to come. Further, the recommendations would prohibit oil and gas development in large parts of the NPR-A, which was originally set aside by Congress to further such development and where off-limits areas have already been established.



Governor Sarah Palin recently took members of Congress to task for recommending to President Obama that virtually all new oil and gas development be suspended in the Alaska’s Arctic.

Regarding the Chukchi and Beaufort seas, there have been successful oil and gas lease sales in the past. Not only do the House members want to foreclose future leasing activity, they would even suspend exploration and other activities on existing leases pending further studies. This could raise significant issues of financial liability for the federal government.

Governor Palin pointed out that every instance of commercial development in the Arctic is preceded by extensive studies.

“So the recommendation for further studies and an independent task force becomes an excuse to keep anything from happening until sometime in the indefinite future,” she said. “We are all concerned about climate change and its effects, but the people of Alaska and the nation have the ingenuity to address these issues as prudent development occurs.”

The governor said that as the residents of Alaska’s North Slope were mentioned in the letter, it is worth noting that a large majority of these residents support onshore oil and gas development, including the coastal plain of ANWR, because they recognize on the basis of 30 years of first-hand experience that development can be done safely and

that revenues from such development help fuel the local economy.

The governor went on to point out that the suggestions in the letter mirror exactly the recommendations made by 29 national environmental groups in an earlier report entitled “Transition to Green.” She questioned whether the letter represents special interest politics or the independent assessment of each member of the House who signed it.

The governor said that Main Street seems to understand the implications of foreclosing oil and gas development in America’s Arctic better than some of their representatives in Congress.

“Where were these members when the price of oil was \$147 per barrel?” she asked. “Are we so shortsighted as to be lulled by the current price of oil, forgetting altogether what happens to the U.S. economy when prices rise or supply disruptions occur?”

“We all support the development of alternative sources of energy, but the need to develop secure supplies of oil and clean-burning natural gas will be with us for decades to come.”

The governor concluded by expressing hope that the Obama administration would not be influenced by the 67 House members but would examine the facts for itself in determining what’s best for the vast majority of the American people. “Alaskans who live in the Arctic know we can do it right and that we will if given half the chance.”

Editor’s Note: RDC also sent a letter to President Obama to express profound disappointment and concern regarding the recent proposal by members of Congress to suspend new oil and gas development in the Arctic. RDC noted that the proposal is yet another attempt to block domestic energy development in America’s most promising onshore and offshore oil and gas basins. The proposal is being floated as an Arctic conservation and energy plan, but has virtually no energy in it. Please see the letter at akrdc.org.



Without mining, the green economy will be a total disconnect

Recently, I was reading a booklet entitled *Leadership for a New American Economy*, which details an approach to developing renewable energy to reduce our dependence on hydrocarbons. The piece was put together by a group of environmental organizations that includes the Sierra Club, the National Wildlife Federation, and the League of Conservation Voters, among others. Their goal is to have much of America's electricity powered from renewable sources such as wind, solar, geothermal, and biomass in order to reduce our dependence on imported energy and also to reduce greenhouse gases.

The theme of the booklet is that moving to the "clean energy economy" will create millions of jobs and strengthen the nation's economy, both by the creation of these jobs and by reducing the importation of hydrocarbons, both goals that I can support.

According to the organizations sponsoring this booklet, the new jobs include engineers, iron workers, steelworkers, machinists, welders, metal fabricators, engine assemblers, electricians, sheet metal workers, millwrights, electricians, pipefitters, energy auditors, and many others. Even farmers and other landowners are due to benefit by leasing land for solar and wind farms.

As complete as this list might seem at first glance, there are some omissions in this inventory of potential economic opportunities. For instance, there is no mention of the gaggle of attorneys that will be involved in litigating against the location of these new facilities and the transmission lines needed to bring this energy to those who need it. We already see opposition to a wind farm off the coast of Massachusetts and a solar farm in the Mojave Desert in California. If clean energy is in trouble in two of the most "green" states in the union, it will be interesting to see how it fares elsewhere.

However, as concerned as I am about recognizing the role of lawyers in the "green economy," I was really struck by what I think is an even more glaring omission by these promoters of clean energy. Nowhere is there any mention of miners.

Where do organizations like the Sierra Club think all of the iron workers, steelworkers, welders, metal fabricators, engine assemblers, electricians, sheet metal workers and others listed in their booklet are going to get the materials they need to manufacture, assemble, and connect these new energy producers? For instance, every one

"Every one megawatt wind turbine requires more than 500 pounds of copper, plus an even greater amount of steel for its construction. Similarly, the materials needed to manufacture solar panels must be mined. And, of course it is useful to transmit the energy once it is produced, and for that activity the country will need steel towers and copper cables."

"It is probably not important to discern whether the omission of miners and mining is based on the distaste many in the environmental movement have for the mining industry or out of ignorance for how the world actually works. What is important is that without mining, the 'green economy' will be a total disconnect."

megawatt wind turbine requires more than 500 pounds of copper, plus an even greater amount of steel for its construction. Similarly, the materials needed to manufacture solar panels must be mined. And, of course it is useful to transmit the energy once it is produced, and for that activity the country will need steel towers and copper cables.

It is difficult to discern whether the omission of miners from the list of employment opportunities was intentional. We do know that many in the environmental movement find mining distasteful, so it is possible miners were left out on purpose so as not to offend some of the supporters of the groups sponsoring this clean energy initiative.

Unfortunately, I suspect the real reason is much more disconcerting, at least to me. Many people in this country just do not understand where things come from. If we want to make substantial changes in our energy infrastructure, someone – somewhere – is going to have to dig some holes in the ground.

A few of you may think that I am writing this column because of my position at Pebble, as the prospect contains large amounts of copper and molybdenum, both of which will be needed to build the pieces of the "clean energy economy." While it is true that my new hybrid car contains twice the copper of a non-hybrid I might have bought, my whole life does not revolve around finding new uses for that metal.

The potential development of Pebble is not particularly relevant to the point of this column. What really concerns me is that this booklet is an unfortunate example of a situation in which the environmental community is not telling the whole story when it comes to what is necessary to have a "green economy."

It is probably not important to discern whether the omission of miners and mining is based on the distaste many in the environmental movement have for the mining industry or out of ignorance for how the world actually works. What is important is that without mining, the "green economy" will be a total disconnect.

John Shively is Chief Executive Officer of the Pebble Partnership, a member of the RDC Executive Committee and past president.

Offshore development will provide bridge to renewable resources of the future

(Continued from page 1)

been available for oil and gas development. Federal waters hold the greatest potential for finding new energy resources and Alaska's Chukchi Sea is considered America's most prolific unexplored offshore energy basin in North America.

"RDC and many Alaskans share President Obama's view that America needs to conserve more and put new emphasis on renewable energy, but we also need to pursue new oil and gas production, given the fact it will take decades before renewable energy will become a dominant energy source," said Brune.

Even considering the most optimistic projections for growth in renewable energy development, petroleum products and natural gas are projected to account for almost 65 percent of domestic energy consumption in 2025.

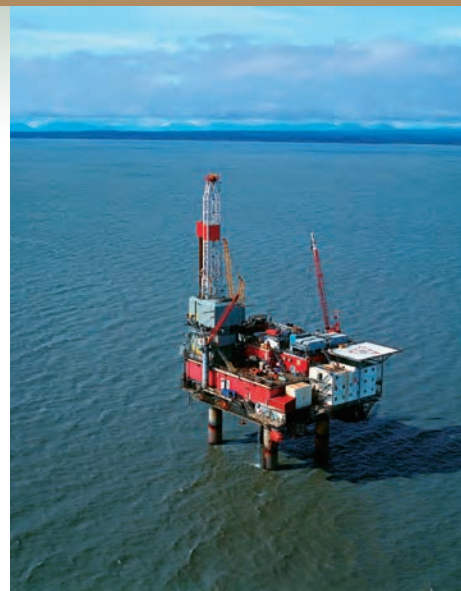
"Increased emphasis on renewable energy should not preclude or require less oil and gas development because for every barrel of oil we refuse to develop domestically, our nation will import another from overseas — where weaker environmental regulations and emission standards often apply," explained Brune. "New OCS production is the bridge to the renewable energy resources of the future," Brune said.

RDC supports exploration in Alaska's

OCS because it is confident operations can occur safely and with little impact to the environment and wildlife, including polar bears. Offshore development has an outstanding safety record in Alaska and elsewhere. Moreover, Alaska has a strong regulatory regime and specific measures in place to avoid conflicts with other resource users, including seasonal operating restrictions and deferral of specific tracts. In addition, advances in technology have dramatically reduced industry's footprint.

New production from the OCS could enhance the economic viability of the proposed gas pipeline, given the project needs additional reserves beyond what has already been discovered to make it economic over the long haul. In addition, a recent study indicated new OCS production could double throughput in the existing oil pipeline from Prudhoe Bay, which is now operating at one-third capacity.

According to the University of Alaska and Northern Economics study, OCS production in Alaska could provide an annual average of 35,000 jobs within the state over 50 years and \$72 billion in total new payroll over that same period. Offshore production could also result in an estimated \$15.3 billion in new state government revenues, assuming an average price of \$65 per barrel over the 50-year period. Local communities could see



The Tyonek North platform in Cook Inlet.

revenues of \$4.5 billion over the time span.

"OCS development, if it were to occur, could be a significant driver of the next generation of economic activity by extending the duration of the petroleum industry in the state," the report said. "OCS-related growth could more than offset losses from the decline of petroleum production on state lands and could help sustain the economy for decades."

Those who wish to speak at the Anchorage hearing will need to register at the sign-in table on the day of the meeting. They will be given a speaker number at that time. Elected officials will speak first. Speakers from the general public will receive up to three minutes to present oral comments. Elected officials will receive up to five minutes.

The latest details and updates on the April hearing can be found at akrdc.org.

North Slope mayor claims study paints too optimistic of a picture

A recent study by the University of Alaska Institute of Social and Economic Research and Northern Economics may have painted a too optimistic picture of the future regarding the potential economic benefits of oil and gas production off the state's coasts, countered Mayor Edward Itta of the North Slope Borough.

While noting he recognizes the benefits of oil and gas development to his borough and the state, Itta said the recent study "paints a picture that is so rosy it's hard to believe."

Itta said the recent experience in oil price fluctuations suggests that "50-year projects are as much about guesswork as they are about science. It is important to be wary of setting unrealistic expectations about the future."

Itta emphasized that the North Slope Borough supports oil and gas development. "I will continue to work with the state and the industry on development issues," Itta said. "In particular, I look forward to working with Shell to make sure that, along with economic benefits, social and cultural impacts are analyzed closely, too." (*Editor's Note: Shell is commissioning an*

extensive socio-economic baseline study to look at cultural societal impacts of OCS development in the Arctic.)

The study considered a 50-year time span, ending in 2057 with oil prices averaging \$65, said Patrick Burden, Principal of Northern Economics. The study assumed a North Slope natural gas pipeline would go into operation in 2020 and operate at full capacity through 2057.

Although the study's economic projections represent one view of the future, other plausible scenarios pointed to significant benefits to Alaska from OCS development, Burden said.

"We know right off the bat that the future will not unfold as we have laid it out," Burden said. "...Different scenarios have different results, but we think that any reasonable set of assumptions for a reasonable scenario would end up with a similar finding that the OCS provides benefits to the State of Alaska... Our modeling suggests that the benefits and these revenues that we see are robust through a wide variety of changes in the assumptions."

Make your voice count at OCS hearing

When: Tuesday, April 14th beginning at 9 am

Where: Dena'ina Convention Center, Anchorage

As Secretary of the Interior Ken Salazar develops a new offshore energy plan and rewrites coastal policy, it is vital he hears from RDC members that responsible development of Alaska's OCS is our best prospect for a strong economy and is in our nation's best interests. Recent studies indicate oil and gas development in the OCS has the potential to sustain Alaska's economy for an entire generation and significantly boost domestic production.

Most Alaskans support energy development in the OCS, but environmental groups hope to dominate the hearings in the Lower 48 and Anchorage with their members to "build a chorus of voices" in opposition to development. As a result, RDC strongly encourages its members to come out in force to let the Secretary know how important OCS development is to Alaska.

Americans support OCS development

- As recently as February, 61 percent of Americans support new offshore development.

Federal offshore waters hold great potential

- A comprehensive energy plan for the nation must include Alaska, which accounts for over 30 percent of the nation's technically recoverable oil and gas resources.

- The Alaska OCS is an important future source of U.S. energy supply with an estimated 27 billion barrels of oil and 132 trillion cubic feet of natural gas potentially in place. By comparison, total production from the North Slope since 1977 has been approximately 15.5 billion barrels.

- The Chukchi Sea is considered this nation's most prolific, unexplored offshore basin in North America.

- Access to Alaska's OCS may be a key element in the economic feasibility of the proposed natural gas pipeline from the North Slope to the Lower 48. Additional gas reserves beyond those already discovered are needed to make the project economic.

- Access to the OCS will help reverse the decline in North Slope production and sharply increase throughput in the oil pipeline, which is currently operating at one-third capacity.

OCS will invigorate our economy and create jobs

- According to a recent study by the Institute of Social and Economic Research at the University of Alaska Anchorage and Northern Economics, The OCS has the potential to sustain Alaska's economy for a generation, stem the decline in Alaska oil and gas production, create tens of thousands of new jobs and substantially boost federal, state and local government treasuries.

- New OCS production could provide an annual average of 35,000 jobs for 50 years and \$72 billion in new payroll.

- OCS production has the potential to refill the trans-Alaska oil pipeline, leading to a generation of new petroleum revenues for Alaska and the federal government.

- Increases in oil and natural gas prices in recent years were largely the result of growing U.S. and global demand without equivalent increases in available supplies. Impacts may be seen again unless supply can be increased.

OCS development has an outstanding record

- According to the Minerals Management Service, the OCS produces over 1 million barrels of oil per day. Since 1980, less than 0.001 percent of that has been spilled – far less than from natural seeps.

- Decades of operations in Alaska, the Gulf of Mexico and around the world have shown that the fishing industry and offshore oil and gas industries coexist successfully.

OCS development is strictly regulated and studied

- Oil and gas development and other activities in the Arctic are subject to in-depth analysis under the National Environmental Policy Act, a stringent permitting process, and close oversight by state and federal agencies.

- Oil and gas development in the Arctic has and continues to occur under science-based precautionary management. In every instance, development is preceded by extensive studies.

- The Alaska OCS is perhaps the most studied energy basin in America. The federal government alone has funded nearly \$300 million for environmental studies related to Alaska waters. Since 2000, it has had 30 to 40 active environmental studies each year offshore Alaska.

Renewable energy is a supplemental energy source

- Increased emphasis on renewable energy should not preclude or require less oil and gas production. America needs more of both to reduce its reliance on foreign oil.

- Given demand for energy will rise as the economy recovers, America must continue to pursue new oil and gas development, even as the nation transitions to the new energy sources of the future.

- Even under the most optimistic projections, petroleum products and natural gas are projected to account for almost 65 percent of domestic energy consumption in 2025 – requiring continued development of domestic oil and gas resources.

- New oil and gas production will provide America the time it needs to develop renewable resources to the point where they are a dominant energy source. Oil and gas will remain the bridge to the new energy sources of the future.

For more details on the hearing, please see akrdc.org.



Haa Aani is economic stimulus for Southeast Alaska

RDC and its membership have been steadfast supporters of legislation to finalize Sealaska's land entitlements. Unfortunately we were not successful in the last congressional session. Senator Murkowski and Congressman Young have committed to reintroduce the legislation. Senator Begich is playing an important role by providing interested parties the opportunity to express their views about our legislation to him as a newly-elected Senator.

Sealaska is one of 12 Alaska Native regional corporations established under the Alaska Native Claims Settlement Act (ANCSA) with over 20,000 tribal member shareholders. Sealaska is entitled to less than one percent or 375,000 acres of the 44 million acres conveyed under ANCSA.

Since 1980, Sealaska has been a major contributor to the economy of Alaska, especially in Southeast, through dividends, revenue sharing, scholarship programs and contributions to Native heritage and cultural programs. Through these contributions, we are a significant economic and cultural contributor to virtually every corner of Alaska. Examples of our regional and statewide contributions include:

- In 2007 Sealaska paid dividends of \$12,540,000 to its shareholders and 7(i) revenue sharing payments of \$6,700,000 to the rest of Alaska Natives. Section 7(i) of ANCSA requires regional Alaska Native Corporations to share 70% their natural resource profits.

- Sealaska and the Sealaska Heritage Institute spent a combined \$41 million in 2007 in Southeast Alaska and provided \$563,000 in scholarships.

- Sealaska's combined ANCSA 7(i) revenue sharing payments exceeds over \$315 million since it first began.

- Sealaska's philanthropy includes contributions to the Morris Thompson Center in Fairbanks, the Alaska Native Heritage Center in Anchorage, and the Smithsonian Institution's National Museum of the American Indian.

A pivotal requirement for our continued contribution is the passage of federal land legislation we call *Haa Aani*. The Tlingit word *Haa Aani* refers to our tribal

member shareholders' ancestral tie to their homeland.

Haa Aani ensures that Sealaska land conveyances meet the promises made in ANCSA. For 38 years Sealaska has been committed to achieving a sustainable Native culture and regional economy. The passage of *Haa Aani* will allow Sealaska to perpetuate these benefits.

The public frequently asks questions about Sealaska and its land legislation. The following are responses to the most common.

Why is Sealaska interested in Native sacred sites?

Under *Haa Aani* Sealaska will use 3,600 acres of its entitlement to acquire title to Native sacred sites in its region. Title to these sites is vital to the preservation of our culture by enabling Natives to assume stewardship of their cultural properties. Sealaska ownership and collaboration with tribes, clan leaders and traditional scholars creates unbreakable bonds of Native identity linked to these culturally significant sacred sites.

Why does Sealaska need legislation to finalize its land claims under ANCSA?

Sealaska was treated very differently from other regional Alaska Native Corporations: Sealaska's land entitlement was far lower in proportion to the number of original Native shareholders, and the areas from which Sealaska was permitted to select lands were more heavily restricted than other Alaska Native Corporations. Each of the regional Corporations, except Sealaska, received an entitlement to land proportionate to the size of its shareholder population. Sealaska did not receive land in proportion to its population base, in part because of U.S. court of claims cash settlement in 1968 with Tlingit and Haida for lands taken to create the Tongass National Forest and Glacier Bay National Monument. This \$7.5 million cash settlement did not adequately compensate Southeast Natives; so we were allowed a small land settlement through ANCSA. *Haa Aani* does not give Sealaska any additional land than it is entitled to under ANCSA. The legislation allows the corporation to select other lands from the Tongass that will further the economic, social and cultural needs of its shareholders.

What about public access "to and through" Sealaska lands?

Sealaska proposes to guarantee unprecedented public access for subsistence and recreational activities on all economic development lands acquired through its legislation. *Haa Aani* includes multiple road and trail easements to guarantee that the public can travel to neighboring Tongass National Forest lands and communities.

What are Native Futures Sites?

At Sealaska, we see Native futures sites as an economic stimulus opportunity for the region and for tribal member shareholders. Sealaska has identified 47 sites encompassing 5,000 acres. Sealaska would partner with local tribes, clans, businesses and residents to offer unique cultural tourism, historical and biological research, educational and renewable energy opportunities on futures sites throughout the region.

Why the urgency?

Our communities are in trouble! Sealaska cannot provide for an economically-sustainable future without its full ANCSA land entitlement. The lands Sealaska has identified for economic development are a combination of old-growth and second-growth forest lands that will enable our timber program to be sustainable.

Rural communities are in desperate need of sustainable jobs. Our shareholder youth depend on the scholarships and funding provided by the Sealaska Heritage Institute, which in turn is dependent on our timber revenues. The State predicts that Southeast Alaska's population will decline by 25% in urban areas and over 30% in rural areas by 2030.

Sealaska has a right to select its remaining land entitlement from designated selection areas, but these lands have natural resources that would benefit the public more if left in the Tongass. This is because a suitable selection for our sustainability would come from many small, scattered parcels that when conveyed would break up these larger intact areas, creating fractionated land management.

Sealaska's *Haa Aani* land legislation is one of the most important economic stimulus measures available to Southeast Alaska, and with support, it can be passed in the 111th Congress.



Alaska opposition to beluga whale, polar bear ESA listings is justified

Governor Palin and the Legislature were criticized for opposing the Endangered Species Act (ESA) listings of beluga whales in Cook Inlet and polar bears. ESA advocates imply the listings are based on definitive science. They are not. Mike Nizich and Governor Palin have capably justified the state's positions.

Animals considered under ESA are not necessarily endangered with extinction. Polar bears were listed even though worldwide numbers have increased over the last 40 years and most populations have not declined. Of the 19 populations identified in the ESA documents, five were declining, two were increasing, five were stable, and seven were unknown.

Polar bears were considered endangered because of global warming and summer sea ice models. Whether polar bears are endangered at this time depends on one's view of the model predictions. Models were also used for the belugas, so it's also not definite they are endangered with extinction. The whales declined from 653 in 1994 to 375 in 2008, but have increased over the last six years. Model results are predictions, not facts, and should be considered hypotheses to be tested with new information.

Some ESA species are *not even species* because the ESA can consider species, subspecies, or distinct population segments (DPS). Subspecies and DPS are not rigorously defined, so almost any fish and wildlife population can qualify for the ESA. Subspecies and DPS are simply fish and wildlife populations with distinguishing characteristics in a geographic area. Examples of these categories include entire species (polar bears), subspecies (Pacific walrus), and populations (belugas in Cook Inlet).

Populations of belugas, sea otters, and sea lions in Alaska were declared genetically distinct to support DPS designations. However, "genetically distinct" must be scientifically defined. For example, every person (except identical twins) is genetically distinct from

every other. That's why DNA testing works. At the other extreme, species are genetically distinct. For example, there are definite genetic differences between caribou and moose. Populations of one species are somewhere in between individuals and species. The beluga, sea lion, and sea otter DPS do not have absolute genetic differences, but have limited interbreeding with other populations. Because of the indefinite nature of subspecies and DPS the potential for more to be considered under the ESA is almost limitless.

Managing wildlife requires balancing with multiple uses. Maintaining belugas in Cook Inlet is one objective, but so are commercial, subsistence, and sport fishing, oil, gas and mineral production, marine and air traffic, and forestry. Because ESA listings are not definitive and can negatively impact citizens and economics, the Governor's opposition is legitimate and I believe reflects her concern for multiple-use management and her responsibility to Alaska.

Finally, scientists who don't support ESA listings have been accused of non-objectivity and bogus science in the *Anchorage Daily News* (5/9/08, 1/15/09). This is reminiscent of what was known as Lysenkoism in the Soviet Union, in which science was dictated by government policy and dissension was not allowed. Because ESA species designations are not scientifically definitive, debate and discussion should be welcomed, not prevented.

Matthew Cronin, Ph.D., is a Research Associate Professor of Animal Genetics, University of Alaska Fairbanks, Palmer Research Center. He is also a member of the Board of Forestry as the non-governmental wildlife biologist. His research includes population genetics of wildlife and domestic livestock, including polar bears, grizzly bears, marine mammals, caribou, reindeer, and cattle. His education includes a B.S. Forest Biology, Syracuse 1976, M.S. Biology, Montana State University 1986, Ph.D. Biology, Yale University 1989.

2009 RDC board legislative fly-in to Juneau



At left, RDC board members addressed a wide variety of state and federal issues while meeting with Governor Sarah Palin and her staff in Juneau last month. At right, former RDC President John Shively and Rep. Reggie Joule exchange a laugh during a meeting with the Bush Caucus. Executive Director Jason Brune and board met with nearly 30 legislators on RDC's legislative and administrative priorities, including the need for a long-term fiscal plan, ballot initiative reforms, revisions to cruiseship wastewater discharge permits, and legislation impacting the Alaska Railroad.



Alaska Economics 101

RDC member Northrim Bank and the University of Alaska Foundation have provided generous financial support for a research initiative, "Investing for Alaska's Future," at the University of Alaska's Institute of Social and Economic Research (ISER). The first of several reports planned under this initiative, "What Drives the Alaska Economy," was published last fall by Dr. Scott Goldsmith of ISER. Dr. Goldsmith's insightful structural analysis looks at where new basic industry dollars come into our state and provides remarkable insight into the drivers of Alaska's economy. The report estimates how many Alaska resident jobs, both direct and indirect, result from these new dollars.

All told, our resource development industries: oil and gas, mining, seafood, timber and tourism account for 57% of all our jobs! The study concludes that in 2005, 30% of all resident employment, some 108,000 jobs held by Alaska residents, come as a result of the new wealth flowing into our economy from the oil and gas industry alone. This is truly remarkable, considering that only about 5,000 Alaskans work directly in production of oil and gas, or about twice that counting oil and gas transportation and refining. But without the oil and gas industry, there would be 108,000 fewer jobs in our economy. Because most of our state revenues come from oil and gas taxes and royalties, three quarters of all State jobs and 57% of local government jobs also depend on the oil and gas industry.

Our other basic resource industries, mining, fishing, timber and tourism account for 96,000 jobs, 27% of our total employment. Again, the direct jobs are a small fraction of this whole, but without these industries 96,000 Alaskan jobs would not exist.

Dr. Goldsmith categorizes Alaska resident employment, some 350,000 jobs, into basic and non-basic industries. The basic industries are those that are bringing new dollars into our economy. Federal Government spending stands tall along with resource development and represents 125,000 jobs or 35% of the total. Included in all these total job numbers are the non-basic service industries such as retail and health care. Over the years as our economy has matured, these non-basic industries have grown to provide the services we used to have to shop for outside of Alaska. While this allows new dollars contributed to the economy from the basic industries to stay in the Alaska economy longer, new dollars are needed to keep the economic engine running.

So why is it so important that your friends, neighbors, business associates and elected leaders understand these economic fundamentals?

Consider that our oil production is declining at a rate of 6% annually and is one third of its past production, and that the crude oil price escalation in 2008 only temporarily masked the economic effect of this decline.

Consider that Endangered Species Act listings and litigation are threatening further production from all our natural resource industries.

Perhaps if more of us understood the direct linkage between healthy basic industry and our own station in this economy, we'd be more engaged and more thoughtful in what ballot initiatives we sign in front of Wal-Mart. Maybe more of us would comment on important issues such as support of oil and gas exploration in Alaska's outer continental shelf.

Consider that some elements of the public and our elected leadership are seeking to stop potential projects such as Pebble before they can even complete exploration and feasibility, submit permits and have a fair hearing on their merits.

Consider that the single economic metric of direct revenue to State coffers often dominates policy debates without due consideration to job creation and economic resilience of these important basic industries.

Finally consider the second biggest source of new dollars in our economy after the resource sectors is the federal government. While our Alaska delegation is working hard for Alaska, it is unlikely these federal new dollars will maintain the 2005 levels reported by ISER.

We really have our work cut out for us in educating Alaskan policy makers and citizens of the importance of our natural resource sectors and other basic industries to our economic well being. Perhaps if more of us understood the direct linkage between healthy basic industry and our own station in this economy, we'd be more engaged and more thoughtful in what ballot initiatives we sign in front of Wal-Mart. Maybe more of us would comment on important issues such as support of oil and gas exploration in Alaska's outer continental shelf. It is critical that public policy makers and Alaskan citizens have a firm grasp of what makes our economy tick. Public land management, taxation and regulatory policies that directly impact resource development have far reaching implications to our economy as a whole.

Without understanding where we are and where we've come from through an economic lens, it is difficult for us to know where to most effectively invest for Alaska's future. Thanks to two forward thinking Alaska institutions, Northrim Bank and the University of Alaska, and the top notch professional expertise at ISER, we now have a tool to foster a better understanding of the drivers in our economy.

I encourage you to read the research summary and the full report at www.iser.uaa.alaska.edu.

Newsdigest

RDC, Pebble Partnership file complaint

RDC and the Pebble Limited Partnership recently filed an Alaska Public Offices Commission (APOC) complaint against some of the proponents of Ballot Measure 4, the so called 'Clean Water' ballot initiative which failed by an overwhelming margin last August.

The complaint was filed against the Renewable Resources Coalition, Alaskans for Clean Water, Americans for Job Security, and Robert Gillam for violation of Alaska's campaign disclosure laws.

RDC would like to emphasize that it is not opposed to organizations taking a position on initiatives and working to convince voters about their position – they have every right to do so. However, as Alaskans, RDC believes all groups working to influence voters on these initiatives must register with APOC and meet the requirements of Alaska law, especially when it comes to disclosing financial resources.

RDC encourages its members to read the complaint and the associated materials located on its website at www.akrdc.org.

The complaint speaks for itself and it is now in the hands of APOC to research and sort out.

Izembek road advances

A proposed one-lane gravel road through a small portion of the Izembek National Wildlife Refuge advanced a step closer to reality when the U.S. House passed a sweeping public lands bill that will allow planning to move forward on the 25-mile road from King Cove to Cold Bay on the Alaska Peninsula.

The road still faces a rigorous environmental impact statement process where the Secretary of the Interior will ultimately decide whether the road will be built.

The Izembek Road is just one of hundreds of projects in the massive lands bill, which designated 2 million acres of new federal Wilderness in nine states. The bill authorized a land exchange that gives the state an easement through the Izembek refuge to build the road from King Cove to an all-weather airport in Cold Bay.

In exchange for the easement, the refuge would add 61,000 additional acres to protective status to aid waterfowl habitat and provides additional land for millions of geese and other birds that live in the area. The road would be narrow and unobtrusive. Traffic would be restricted to private vehicles with no industrial use allowed.

RDC and King Cove has long supported the road for public health and safety reasons. Without the road, local residents must take a short, but often dangerous flight across the bay to the airport in Cold Bay. Residents have been stranded in emergency situations, unable to access the all-weather airport just across the bay due to harsh weather. Several fatalities have occurred as residents struggled to reach the airport.

Cruise lines cut back in Alaska

Major cruise lines, which account for over half of Alaska's tourism traffic, plan to cut back on their Alaska itineraries in 2010, resulting in as much as a 25 percent reduction in cruise ship visitors to Anchorage and Fairbanks.

Approximately 100,000 fewer cruise passengers will come to Southcentral and Interior Alaska. The lower traffic will have a ripple effect in the economy, impacting airlines, restaurants, hotels, car rental agencies, tour operators and other businesses.

The reduction in Alaska cruises is the result of a "perfect storm"

accentuated by the global recession, new cruise industry taxation and stricter regulations enacted by the passage of a citizens ballot initiative several years ago. Industry officials blamed the initiative for flat growth in Alaska's cruise industry over the past two years and for sending away budget-conscious travelers this year.

Tileston Award nominations are open

The 2009 Tileston Award, a joint effort by the Alaska Conservation Alliance and the Resource Development Council to recognize that economic development and environmental stewardship are not mutually exclusive goals, is now open for nominations. The purpose of the award is to encourage partnerships and solutions that fuse economics and environmentalism, a goal of Peg and Jules Tileston.

The first annual Tileston Award was presented to the Alaska Board of Forestry in 2008. Nominations for this year's award are due April 30. For more information, visit www.tilestonaward.com

Alaska exports remain strong

Despite a weak global economy, the value of the state's exports reached \$3.6 billion in 2008, the fourth-best year ever for exports.

"Alaskans benefit from export activity," said Governor Sarah Palin last month when she released an update on Alaska exports. "Given what is happening in economies around the world, it's clear that Alaska's economy remains strong and our resources are still highly valued," said Palin.

The \$3.6 billion in Alaska exports represents an 11 percent decline from the previous year. World commodity prices and demand are beyond any state's control. The decrease in the value of the Alaska's 2008 exports comes as prices for key resources fluctuated worldwide.

The rising price of gold brought the value of Alaska's 2008 export of gold to \$143 million from \$131 million in 2007. Switzerland is the major market for Alaska's gold exports.

Zinc prices, which have driven the value of Alaska's total exports to the highest levels ever in 2006 and 2007, declined during 2008. The total value of zinc, lead and copper ore exports was \$691 million, compared to \$1.3 billion in 2007.

Japan remains Alaska's top export market at \$1.1 billion, followed by China at \$733 million, Canada at \$370 million, Korea at \$366 million, Germany at \$208 million, and Switzerland at \$148 million.

In 2008, the value of Alaska's annual seafood exports was \$1.8 billion, the fourth-highest year ever and a 9.1 percent decrease from the previous year. Alaska exported \$553 million to Japan, the state's largest seafood export market, \$404 million to China, \$226 million to Korea, \$168 million to Germany, and \$449 million to other markets.

In 1999, Alaska seafood exports to Europe accounted for less than 5 percent of the total seafood exports. In 2008, European markets continued their upward trend in importance, accounting for 24.7 percent of Alaska's seafood exports.

The state's 2008 energy exports of \$501 million included \$322 million of Liquefied Natural Gas to Japan. Refined petroleum product exports from Alaska in 2008 totaled \$156 million to China, Canada, and Japan. The value of the state's coal exports grew in 2008 to \$23 million of sales to Pacific Rim countries. The 2008 export value of forest products was \$83 million, down 3.23 percent.



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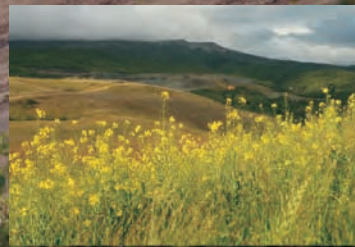
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