

RESOURCE *review*

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

July 2012



Alaskans organize to oppose burdensome coastal zone management measure

Could cause serious economic harm, hinder resource development

Ballot Measure 2 does not renew Alaska's tested coastal management program, which expired in 2011. Measure 2 allows coastal districts the power to overlay State and federal statutes with a new, complex regulatory regime. This new level of red tape not only affects resource development projects but could impact property owners in coastal regions.

Photo by Judy Patrick

A coastal zone management measure on the August primary ballot is confusing, poorly written and easily could hamstring development activities statewide, says a new coalition formed to fight the ballot measure.

"Vote No on 2" is organizing the statewide campaign and officially registered with the Alaska Public Offices Commission as a ballot measure group on June 4.



The "Vote No on 2" campaign co-chairs are Judy Brady of Anchorage, Lorna Shaw of Fairbanks, and Kurt Fredriksson of Juneau. The group's treasurer is Cheryl Frasca of Anchorage.

"Alaskans support effective, responsible coastal management, but this measure will create confusion and uncertainty," said Brady. "It will impose a new undefined set of rules and standards that give unprecedented and un-checked powers to an entirely new body unaccountable to the voters," Brady said. "It creates more government red tape and grows the bureaucracy. Plain and simple, this is a vague, poorly drafted bad law that will spawn delays and endless litigation."

RDC, the Alaska Oil and Gas Association, the Alaska Miners Association, the Council of Alaska Producers, the Alaska State Chamber of Commerce, the Alaska Support Industry Alliance, Associated General Contractors of

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Alaska, and others are working with Vote No on 2 to defeat the ballot measure.

"I think the leadership of our campaign demonstrates how widespread concern is over this measure," said Rick Rogers, RDC Executive Director and co-treasurer of Vote No on 2. "Our group includes a former DEC commissioner, Kurt Fredriksson of Juneau, who spent twenty years working in coastal management; a former commissioner of DNR, Judy Brady of Anchorage, who appreciates the problems permitting delays and regulatory bureaucracy can create for investment and job creation, and Lorna Shaw, a business leader from Fairbanks, and someone who has spent her career in Alaska's mining industry."

Fredriksson said a coastal management program is needed, but not this one. "If this

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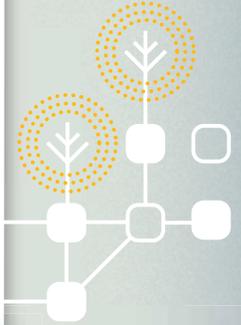
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Resource Development Council

121 West Fireweed, Suite 250
Anchorage, AK 99503
(907) 276-0700
e-mail: resources@akrdc.org
www.akrdc.org

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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 (1978-2011) are available at akrdc.org.



Coastal management program under Ballot Measure 2 is bad law

The Resource Development Council for Alaska supports responsible, well-designed coastal zone management (CZM), like the program described in H.B. 106, the bill that earned a 40-0 vote in the State House. Unfortunately, Ballot Measure 2 (BM2) is a far cry from the bill that passed unanimously. Instead, it is a bad law that was written behind closed doors without hearings or independent analysis. We can't change or fix any of this measure – we may only vote on what was written, and the Legislature is prohibited from making substantial revisions for two full years.

The sponsors say BM2 is simply about restoring the coastal management program that expired in June 2011. The reality is that this measure creates a coastal management program that is unlike anything we've ever seen in Alaska.

Packaging this measure as something other than what it is may be good politics, but frankly it is deceptive. This measure will not streamline government, cut red tape and make permitting projects easier.

In November 2011, Alaska Attorney General John Burns pointed out to Lieutenant Governor Treadwell that BM2 has “numerous potential constitutional concerns,” and “numerous irregularities involving draftsmanship, inconsistencies and ambiguities in the bill itself.” This means uncertainty and delay for resource development.

Normally, the Attorney General summarizes measures for voters in 50 words or less. When it came to BM2, he couldn't do it. He asked permission to write a 703 word description – 14 times the space – to attempt to explain to voters the massive new bureaucracy the initiative would create. Alaska has never seen a ballot initiative this long, its word count reflects the complexity of the measure and the extent of the bureaucracy it would create.

In the 1980s and 1990s the program was cumbersome and prone to legal challenges. In fact, there were 13 major legal fights that went all the way to the Supreme Court or 9th circuit because of this program. It wasn't just industry that had concerns, one of the worst cases was an Alaskan who wanted to build a modest cabin. It took seven years, a trip to the state Supreme Court for one Alaskan to get permission just to build a simple cabin.

In 2003, the Alaska Legislature reformed the program by removing much of the delay and uncertainty that was stifling the economy. We need to learn from our short history as a state and not repeat the mistakes of the past. BM2 nullifies the repairs made, sending us back to dysfunction, project delays and litigation.

The measure is an environmental activist's dream masquerading as a voice of the coast. BM2 comes with new obstructionist tools, including a new unelected board with broad regulatory powers; broad new authorities for enforceable policies to include visual appearance; lack of a time line for implementation, and no clear rules.

“The measure is an environmental activist’s dream masquerading as a voice of the coast. BM2 comes with new obstructionist tools, including a new unelected board with broad regulatory powers; broad new authorities for enforceable policies to include visual appearance; lack of a timeline for implementation, and no clear rules.”

Absent a CZM program, coastal communities, like communities in Interior Alaska and the 20 interior U.S. states, still have a voice in federal and state decision-making. Countless opportunities to provide public testimony are afforded all but the most routine state and federal permitting and land use decisions. If you get RDC action alerts, you are well aware of the many hearings on issues affecting public lands in Alaska. The National Environmental Policy Act and the Administrative Procedures Act both guarantee opportunities for public and community input. Moreover, local governments have significant influence over project development through their planning and zoning laws.

So who drafted this initiative and what is their true agenda? Had they been interested in restoring the coastal management program that sunset in 2011, they would have proposed a measure with broad acceptance like H.B. 106 which garnered a unanimous vote in the House and the full endorsement of RDC. If such a measure were on the August primary ballot, it would likely pass with flying colors. Instead the initiative supporters have over-reached with an agenda of more red tape, bigger government, uncertainty, litigation and delay. They have left organizations such as RDC with no choice but to stand up in opposition.

As throughput in the oil pipeline continues to decline, Alaskans can not afford more red tape and yet another barrier to the responsible resource development and investment that create jobs and drive our economy. Our resource industries need fair and predictable regulatory processes and standards. BM2 introduces an uncertain process with ill-defined standards.

BM2 creates a major new bureaucracy, guarantees legal and political fights for years to come, and will establish one of the worst hurdles to new investment and jobs in our state. Please learn more at voteno2.net, and VOTE NO on 2 on August 28.

“The reality is that this measure creates a coastal management program that is unlike anything we’ve ever seen in Alaska.”

Coastal management measure raises alarm

(Continued from page 1)

law is passed, it is going to set us back, it's not going to let us move forward," he said.

Vote No on 2 will bring together concerned Alaskans from across the state, Shaw said. "This measure will hurt our economy and cost Alaska jobs. It creates a confusing web of conflicting rules that have not been subject to real review. It opens the door to political squabbling over Alaska's resources. Over the upcoming weeks we'll be expanding our statewide organization to inform Alaskans and stop this misguided measure."

A major concern with the ballot measure is that local districts could adopt enforceable policies that effectively veto, halt or delay projects that fully comply with all state and federal requirements.

RDC is not opposed to a coastal zone management program in Alaska. In 2011, RDC supported the passage of HB 106, which represented a finely crafted compromise that would have extended the then-existing ACMP. The bill passed the House by a unanimous 40-0 vote. It had broad support



among different constituencies, balanced competing needs, adhered to the Governor's guiding principles for potential changes to the program, and most importantly, went through a robust public process.

RDC's stated policy position regarding ACMP remains that it will oppose a program that shifts decision making authority from the Department of Natural Resources to other entities, adds process, duplicates state or federal requirements, or impedes or delays progress on resource development. Unfortunately, the ballot measure stands in direct conflict with this position.

"RDC recognizes the importance of an ACMP program and supports a long-term process to address local concerns," Rogers said. "We applaud efforts for local input while trying to maintain a predictable process that does not allow district involvement in areas already regulated by state or federal law."

RDC members are encouraged to sign up as a supporter of Vote No on 2 and to "friend" the campaign on Facebook. Vote No on 2 can be found on Facebook at: facebook.com/protectalaskasfuture. Follow the campaign on Twitter at [VoteNoOn2AK](https://twitter.com/VoteNoOn2AK) or voteno2.net.

**"If this law is passed, it is going to set us back, it's not going to let us move forward."
– Kurt Fredriksson, Co-chair, Vote No on 2**

Crockett accepts new position with Alaska Miners

RDC Membership Director/Projects Coordinator, Deantha Crockett has been appointed Executive Director for the Alaska Miners Association. Crockett's resignation from RDC became effective May 31.

The Alaska Miners Association (AMA) is a statewide business group similar to RDC, but with a primary focus on Alaska's oldest industry, mining. AMA has branches in Fairbanks, Juneau, Ketchikan, Nome, and Anchorage, where Crockett will be based.

Crockett first came to RDC in May 2005 as an intern, and quickly became Membership Director and Projects Coordinator.

During her tenure at RDC, Crockett was the lead on mining and tourism issues, where

she worked closely with AMA and mining members on important issues facing the mining industry.

Crockett also built on expanding RDC's membership, as well as growing events. Crockett worked closely with state and federal governments on resource development issues.

RDC Executive Director, Rick Rogers said, "We are sorry to see Deantha leave RDC, and we will miss her experience and knowledge of our organization, but we're thrilled for her new opportunity. Deantha is a vital part of a larger group of trade organizations, and we'll still get to work closely with her."



After seven years with RDC, Deantha Crockett is moving to the Alaska Miners Association to lead its statewide efforts. (Photo by Dave Harbour)

NPR-A plan could impede OCS pipeline to TAPS

At a recent hearing in Anchorage, RDC urged the Bureau of Land Management (BLM) to expand oil and gas exploration and development in the National Petroleum Reserve-Alaska (NPR-A), and allow for infrastructure development to carry offshore oil and gas resources to the Trans-Alaska Pipeline System (TAPS).

RDC also urged the Department of the Interior to consider asking Congress to open NPR-A to mineral exploration, given world-class deposits likely exist in its southern areas.

The hearing was held to seek public input on the Draft Integrated Activity Plan/Environmental Impact Statement (IAP/EIS) for NPR-A. One option in the plan, Alternative B, would close more than half of the 23-million acre energy reserve to development and set it aside for conservation purposes. Most of the coastal areas, considered to be among the most oil-rich lands in NPR-A, would be closed to development.

RDC urged BLM to include solid provisions in the IAP/EIS for efficient transportation corridors within NPR-A to facilitate future oil and gas development in the Outer Continental Shelf (OCS) and potential offshore development in state waters of the Beaufort Sea.

With regard to state leases in the Beaufort Sea, RDC is concerned that development of these assets could be hindered or precluded by the designation of Special Areas spanning the coastline. The Draft IAP/EIS currently precludes a pipeline corridor through the Special Areas, potentially stranding offshore reserves.

“Given NPR-A is a petroleum reserve, BLM should manage the area in a manner that facilities oil and gas production and the development of vital infrastructure for both onshore and offshore development,” RDC said. The significant enlargement of Special Areas and proposed Wild and Scenic River designations, could affect the ability of onshore and offshore operators to lease areas for development, as well as build and operate infrastructure necessary to transport oil and gas to market. In addition, such designations could diminish the potential recovery of much needed energy resources for Alaska and the nation.”

Alaska and the federal government have already designated significant portions of Alaska for conservation purposes. In fact, Alaska contains 90 percent of all national park lands, more than 80 percent of national wildlife refuge lands, and more than half of all federally-designated Wilderness. The Special Areas proposed for NPR-A are essentially de-facto wilderness that would block exploration of highly prospective areas of the energy reserve.

Although the IAP acknowledges that land management practices in NPR-A should provide for necessary pipelines and other infrastructure to carry OCS resources to TAPS, each of the proposed alternatives include significant restrictions which could inhibit permitting and construction of a pipeline across the reserve.

“We believe that under Alternative B there would be no way to get across the NPR-A” for a pipeline from the Chukchi Sea to TAPS, Lon Kelly, BLM’s Anchorage field office manager told the Alaska Journal of Commerce.

Most criticism from state and industry officials was targeted on the plan’s exclusion of leasing the highly prospective areas near Teshepuk Lake in Northeast NPR-A.



A pipeline is essential to deliver oil from the Chukchi Sea to TAPS. The potential 27 billion barrels of oil offshore could reduce the nation’s trade deficit by \$25 billion annually, generate more than \$193 billion in government revenues, create an annual average of 55,000 new jobs, \$145 billion in new payroll, and add up to one million barrels per day to TAPS – Alaska’s economic lifeline.

The State of Alaska warned that several alternatives in the proposed plan selectively disregards congressional direction provided under the law that set up NPR-A. “We believe the plan inappropriately applies administrative policy to the Reserve,” said Ed Fogels, Deputy Director of the Alaska Department of Natural Resources. “Instead of planning for the Reserve for the purpose for which it was established, as a petroleum reserve, the draft plan implies the area should instead be managed as a conservation unit.”

Even in areas that can be leased, the plan calls for complex setback requirements from numerous lakes and rivers that would make the development of surface infrastructure, including pipelines, challenging, if not impossible, many at the hearing warned.

Richard Garrard, a geologist with extensive experience in NPR-A, said that geologic conditions in closed areas along the coast are optimal for large oil and gas discoveries. Garrard explained that virtually all commercial North Slope oil and gas discoveries have occurred exclusively within a 25-mile strip of the Beaufort Sea coastline – a geologic structure known as the Barrow Arch. He said that the south flank of the arch contains subtle stratigraphic and combination traps that only recently have become identifiable on modern 3-D seismic. “Many of the primary reservoir targets associated with these traps rapidly deteriorate to the south and are no longer valid at distances greater than 25 miles from the coast,” Garrard told BLM. Acreage that would be offered for leasing is well south of the coast.

The Alaskan geologist said previously that updated U.S. Geologic Survey estimates for oil discoveries in NPR-A are too low, partly due to the lack of exploratory drilling in highly prospective areas.

Hearings held on Bristol Bay watershed assessment

Hundreds of Alaskans attended a public hearing in Anchorage June 4 on a controversial draft watershed assessment of the Bristol Bay region in Southwest Alaska, where the Pebble Partnership is considering developing a large copper and gold prospect.

About 60 percent of those testifying at the Anchorage hearing were critical of the assessment, however, most people who attended similar hearings in Southwest Alaska and Seattle encouraged the Environmental Protection Agency (EPA) to preemptively veto the Pebble project.

Three state legislators – Senator Cathy Giessel, Representative Charisse Millet, and Representative Dan Saddler – criticized the EPA assessment as rushed, precedent setting, and a pre-judgment of a project on state-owned lands. Millet was particularly critical of the agency scheduling the first hearing on the assessment in Seattle.

Lisa Reimers, CEO of Iliamna Development Corporation, said that Iliamna, the village nearest to the project, opposes the assessment because of the uncertainty it creates for land use activities on Native-owned lands in the region.

In a statement released before the Anchorage hearing, Pebble CEO John Shively said, “We believe that the EPA has rushed its assessment process, and that this is especially problematic in light of the large size of the study area. We have taken several years and expended considerable resources to study the ecosystem in a small area around the Pebble deposit, while the EPA has, in only one year and with limited resources, completed a draft assessment in relation to an area of approximately 20,000 square miles. We believe that this explains why the EPA’s work has not yet approached the level of rigor and completeness required for a scientific assessment.”

In his testimony at the Anchorage hearing, Shively said that preemptively vetoing Pebble now would be no different than approving the project before it enters the permitting process. He said opponents of the mine would “howl” if the assessment was being conducted to consider a premature approval of the project, and he said they would be right to oppose such an assessment.

The EPA chose to do the assessment after it was petitioned to use its authority under Section 404(c) of the Clean Water Act (CWA) to preemptively veto any dredge or fill permits in wetlands associated with mining and the Pebble Project.

Alaska Native tribes close to the project asked EPA to refrain from such action until a formal permit application has been submitted and the permitting process under the National Environmental Policy Act initiated. Having never used its authority preemptively, the EPA said it decided instead to conduct a watershed assessment to help “inform its decision” on potential impacts of large-scale mining in the region.

EPA did no scientific fieldwork on the assessment other than a literature review. It also conducted interviews with 54 tribal elders to gather traditional knowledge on the region’s bountiful salmon

fisheries.

The State of Alaska has strongly objected to the assessment, insisting it is premature and unprecedented, given the Pebble Partnership has not yet developed a mine plan and filed applications for permits. The State has said that any consideration of impacts should be made within the context of a specific, detailed mine plan, including proposed mitigation measures.

The State has said that if the EPA were to deny Pebble access to the process through a preemptive veto, such action would rob Alaska of its sovereign right to determine uses on state land in Southwest Alaska, where land use designations already prohibit or restrict resource development on about 70 percent of the land base. Pebble is located on state land specifically designated for mineral exploration.

The State’s Attorney General has warned that preemptive action on Pebble would not only be illegal, it would deprive government agencies and stakeholders of the specific information, science, and rigorous reviews that would come out of the multi-year permitting process.

The CWA does give the EPA authority to veto other agencies’ approval of permits. But it is unprecedented that the agency would prepare its watershed assessment in advance of any permit application. The agency has rarely used its veto authority and never in advance of permits being issued by other agencies.

Pebble must successfully obtain more than 60 major permits from state and federal government agencies before advancing. An environmental impact statement will be required, including analysis of Pebble’s detailed plans and proposed mitigation measures.

When Pebble presents its package to regulators, government agencies will thoroughly analyze the project to determine if it can coexist with fish. If the science-driven process ultimately determines the project would have an adverse effect on Bristol Bay, Pebble would not advance.

The EPA assessment concludes a large-scale mine would result in significant impact on fish populations in streams and wetlands surrounding the site. However, the streams near the prospect contribute only a very small fraction of the total salmon runs in Bristol Bay, and the assessment ignores mitigation that will be required to offset unavoidable impacts.

The EPA assessment also ignores the positive benefits of Pebble in a region without a diverse economy. While the fishery provides important commercial and subsistence benefits, fishing alone has not provided the needed support to improve the region’s economy. Fishing by its nature is seasonal, and a majority of those employed in the fishery live outside Alaska. People in the region are leaving and schools have closed. Yet a large project like Pebble has the potential to diversify the local economy, providing thousands of year-round jobs.

RDC urged that final decisions on Pebble should come through



Pictured is a remote exploratory drilling operation for the Pebble project.

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The Point Thomson Project is 60 miles east of Prudhoe Bay. The commercial dispute over the lease terms at Point Thomson has been a significant barrier to moving forward to monetize North Slope gas for the benefit of Alaskans. RDC applauds the administration and the leaseholders for reaching this agreement so Alaska can move forward in the shared goal of commercializing North Slope gas.

Alaskans voice support for Point Thomson settlement

ExxonMobil is making progress toward the development of the Point Thomson oil and gas field, as required under a court settlement reached earlier this year between the State and industry lease holders, a senior project manager told Alaska legislators at a hearing in June.

ExxonMobil is committed to the development of Point Thomson and has invested more than \$1 billion in the last four years drilling two wells and is prepared to spend billions more, said Senior Project Manager Lee Bruce. Under the court settlement, ExxonMobil needs to complete work on those wells and drill a third. It has applied for major permits, but is awaiting regulatory approvals from the federal government, Bruce said.

Many Alaskans are working on the project, as required by the settlement agreement, Bruce said. The project management team includes a workforce of 80, with engineering involving 350 people. Since 2010, about 1,500 people from more than 150 companies have worked on Point Thomson.

Barbara Huff, Director of Governmental and legislative Affairs for Teamsters Local 959, told the Senate Judiciary Committee that many Alaskans trained at the pipeline training center in Fairbanks have been hired to work on Point Thomson. She credited ExxonMobil and its contractors for their local hire record on the project.

Point Thomson, located east of Prudhoe Bay and just west of ANWR, holds at least 20 percent of known North Slope conventional gas reserves and its development is considered essential to the economic viability of a major North Slope gas line to Lower 48 or overseas markets.

Development of the field will be challenging, given its high pressure. Wells will be drilled horizontally from land to reach a reservoir two miles offshore in the Beaufort Sea.

By 2016, ExxonMobil expects to be processing 200 million cubic feet of natural gas and 10,000 barrels of condensate daily. The company plans to re-pressurize the gas and inject it back into the reservoir through an injection well until a gas pipeline from the North Slope to markets is built. For oil and condensate, a new pipeline will be built west to the Badami field, where it would be piped through existing infrastructure to the trans-Alaska pipeline.

RDC Executive Director Rick Rogers told the Committee that the Point Thomson settlement includes firm time lines and work commitments with significant consequences, including acreage relinquishment for failure to perform. “The Settlement recognizes the technical challenges of the field and provides needed flexibility to ensure a viable commercial opportunity to produce Point Thomson resources,” Rogers said. “Even critics of the agreement have changed their view over time regarding the best way to develop Point Thomson gas. It is sensible that the agreement acknowledges uncertainties and provides for alternative development scenarios.”

Rogers noted that ExxonMobil, along with the other leaseholders, are among the best-capitalized and technically capable companies in the world. “A project of the magnitude of monetizing Point Thomson oil and gas resources requires such an operator,” Rogers said. “We will never know whether the State would have prevailed in the Point Thomson lease dispute. Even if the State prevailed years down the road, how closer would that put us to commercializing Point Thomson resources? RDC applauds the administration and the leaseholders for forging this agreement so Alaska can move forward in the shared goal of developing North Slope gas. Many technical, economic and regulatory challenges remain, but at least now we have alignment on the disposition of the Point Thomson leases and a way forward.”

The commercial dispute over the lease terms at Point Thomson has been a significant barrier to moving forward to monetize North Slope gas for the benefit of Alaskans. The State has immediate challenges, including reversing the TAPS throughput decline and adapting quickly to changing global markets for its stranded natural gas.

Dave Chaput, Program Manager for Alaska Frontier Constructors, told legislators at the hearing that “the time vested and the leadership ExxonMobil is bringing to our workforce is priceless.” Chaput added, “not only will our Alaskan workforce have good paying jobs but they will be instilled with the knowledge to be leaders in an ever expanding and important industry.” He said his company and its employees are looking forward to more work at Point Thomson.

Emission control Areas will lead to economic hardships for Alaskans

By Marleanna Hall

On August 1st the Environmental Protection Agency (EPA) will begin enforcing a new regulation requiring more expensive fuel for marine transportation. The new regulation, which was adopted through the creation of a special North America Emission Control Area (ECA), will go in effect in the coastal waters of the United States, including Alaska, and will negatively impact all areas of Alaska.

Marine freight transportation is critically important to Alaska. In fact, 85% of all goods Alaskans consume are shipped through the Port of Anchorage. In addition to food, construction equipment, military equipment, mining equipment, oil and gas equipment are all shipped via marine transportation.

In a recent article, Totem Ocean Trailer Express stated the higher price fuel will result in an 8% increase in total operating costs. These costs will be passed on to consumers, in effect, imposing an 8% shipping tax on Alaskans. To make matters worse, the EPA will require even more expensive fuel by 2015. The second tier could result in an increase of 16% - 20%.

The ECA will increase the cost of living and increase the cost of operating a business in Alaska.

The real problem, however, is that the ECA regulations are not backed up by any proven or documented scientific studies. Even the State of Alaska Department of Environmental Conservation has not documented any ambient air quality issues related to shipping. In addition, the EPA did not conduct any economic analysis of the potential negative effects of the ECA on Alaskan communities. Modeling done in Los Angeles is not sufficient justification to impose such impacts upon Alaskans.

Alaska's tourism industry will also be

severely impacted, with the likelihood of some cruise ships turning to alternative destinations in the years to come. In 2010, after a 2006 State cruise ship tax was put in place, ships turned away from Alaska, lowering the number of visitors by 140,000 passengers a year. The resulting job loss was over 5,000 in Alaska.

The ECA impact will likely be two to three times as high. Estimated fuel prices show the impact upon the cruise industry will be approximately \$140 million annually.

RDC board member, AlaskaACT steering committee member, and Skagway Street Car Company President Steve Hites recently disseminated information warning Alaskans on ECA. Here is an excerpt from his comments:

"Very few Alaskans even know that this is happening. The EPA got the North American ECA approved into regulation through the International Maritime Organization, not through Congress where it would have been publicly debated. It is a questionable interpretation and application of the Clean Air Act.

"The regulations will affect all ocean shipping, and they will hit both cruise ships and cargo ships. But because the much higher fuel costs will be passed on to the consumer, the real effect – economically – will be felt by the American people.

"No economic studies have been done about how the ECA will impact any aspect of the American economy.

"But more troubling, the ECA specifically targets one group of Americans – those of us who do not live in the contiguous United States – and it imposes unreasonable economic burdens upon us. Alaska, Hawaii, the U.S. Virgin Islands, and Puerto Rico will all be directly and disproportionately affected, with discriminatory economic hardships put on every man, woman, and



While the Emission Control Area only extends to the western side of Cook Inlet in Alaska, the impact from the increased cost for shipping will be felt statewide.

child in these non-contiguous places.

In addition to Hites concerns, the State of Alaska on June 27th sent a letter to EPA Administrator Lisa Jackson. In the letter, Attorney General Michael Geraghty explained the EPA's ECA will threaten Alaska's economy.

"EPA's decision to include Alaska within the ECA is based on flawed or incomplete data," explained Geraghty. He urged the EPA to revisit the decision to enforce ECA in Alaska waters.

There have been several proposals submitted to the EPA which would implement the ECA in more reasonable manner. One would provide for environmental equivalencies where even better fuel would be utilized near populated areas. The costs would be significantly reduced through the allowance of lower cost fuel in the long stretches of remote areas in Alaska.

Extension and implementation of ECA to Alaska will likely impact Alaska's economy in a larger way than the contiguous U.S. RDC believes the ECA is unwarranted and threatens Alaska jobs and coastal communities across the state. RDC is encouraging Alaska's congressional delegation and governor to persuade the EPA to implement the ECA in a reasonable manner.

"Very few Alaskans even know that this is happening. The EPA got the North American ECA approved into regulation through the International Maritime Organization, not through Congress where it would have been publicly debated." – Steve Hites

Strong support for Izembek land exchange

A packed standing-room only public hearing in Anchorage produced compelling testimony strongly urging the U.S. Fish and Wildlife Service to approve a proposed land exchange that would allow for a long-sought one-lane gravel road between King Cove and Cold Bay.

By nearly a 3-1 ratio, Alaskans supported the exchange between the federal government, the State of Alaska, and the King Cove Corporation.

The Izembek National Wildlife Refuge Land Exchange would provide for a safe, reliable, and affordable land transportation link for King Cove residents to an all-weather airport at Cold Bay. Most residents in the region, including their local governments, strongly support the 19-mile road, which would be narrow and unobtrusive.

The road would be used primarily for health and safety purposes and would be closed to commercial traffic. The road corridor was evaluated in a recent environmental impact statement and its routing was chosen to minimize adverse impacts to refuge resources and the transfer of federal acreage. The route was also chosen to incorporate existing roads and trails into the corridor.

The land exchange would involve the removal of only 131 acres of federally-designated Wilderness inside the Izembek refuge and 1,600 acres of federal land within the Alaska Maritime National Wildlife Refuge. The federal government would receive 43,000 acres of land owned by the State and approximately 13,000 acres of land owned by the King Cove Corporation. Overall, the exchange would add more than 56,000 acres to the Izembek and Alaska Peninsula National Wildlife Refuges and designate 43,000 acres as federal Wilderness.

The road would solve King Cove's perennial problem with access to the outside world, especially in poor weather conditions, which is common in the area. A marine link between the two communities has not solved King Cove's transportation challenges in reaching Cold Bay and its airport in poor weather. A hovercraft was put in operation in the last decade, but that option proved more expensive and difficult to keep in



The gravel road connecting King Cove (bottom left) and Cold Bay would be built to the same standard as the new 17-mile gravel road on King Cove Corporation land (upper left) from the King Cove airport to the hovercraft terminal. Pictured above is an existing motorized trail in the Izembek Wilderness legally used by local residents to access subsistence resources. The road would utilize existing trails to minimize its footprint.

service. Weather conditions often inhibited the hovercraft and the service was eventually cancelled. Meanwhile, air transportation is limited by weather, availability of aircraft, and the topographic constraints of the King Cove airport. Flights are often delayed or cancelled.

At the Anchorage hearing, local residents spoke of family members who perished in plane crashes while attempting to fly out of King Cove in poor weather, and others with medical emergencies who died after being stranded after flights were grounded by the weather.

On average, one to two patients a year die at the King Cove Clinic due to transfer delays. "We have lost children and adults," said Dr. Martha Cotton. "We have had pregnancy disasters and major trauma. Imagine what it's like knowing the weather is bad and you have a critically ill child who you know will have problems surviving without the benefit of hospital or a surgery."

A certified family medicine physician, Elizabeth Clawson called the road a "complete medical necessity" and warned that the King Cove clinic is not equipped to handle any continuing care of lengthy treatment of any patient, nor are the providers. "Should patients be denied medical care because

some political agenda will not allow a road from King Cove to the much bigger, more accessible Cold Bay airport? Is anything worth that?"

Orin Seybert, the founder of PenAir, warned that the King Cove airport is the most dangerous in Alaska and noted the proposed 19-mile road would provide a simple solution and save lives.

Although there is no industry interest that will benefit from the road, RDC has been a consistent advocate for the road and offered supportive testimony. "The spirit of the proposed land exchange would recognize and honor with equal regard the human side of conservation, alongside wildlife and wilderness," RDC said. "King Cove Corporation is giving up 20 percent of its land for a single-lane gravel road. That demonstrates how much of a priority emergency access to the airport at Cold Bay is to local residents. King Cove has been waiting 20 years to build a surface transportation link to Cold Bay and the land exchange is a big step in the right direction."

National environmental groups testified in opposition to the road, citing wilderness values and waterfowl resources. Local residents said the road would have little, if any, impact.



Above are members of the 2012-13 RDC statewide Board of Directors who attended the 37th Annual Meeting at the Dena'ina Convention Center in Anchorage June 21. Pictured in the front row are Secretary Lorna Shaw, Treasurer Eric Fjelstad, Senior Vice President Len Horst, Past President Tom Maloney, and Executive Director Rick Rogers. At top right, nearly 1,000 people attended the Annual Meeting Luncheon,

which featured John Hofmeister, Chief Executive of Citizens for Affordable Energy. A video of his keynote address is available at akrdc.org and a feature story on his remarks will appear in the August Resource Review. At bottom right is Tom Maloney receiving recognition from Len Horst for his long-time service to RDC, including two consecutive terms as President.

RDC elects new leadership

RDC announced newly elected Board member and officers for 2012-2013 at its 37th Annual Meeting Luncheon at the Dena'ina Convention Center in Anchorage June 21.

Phil Cochrane, Vice President of External Affairs at BP Exploration (Alaska), Inc., was elected President while Len Horst, Senior Vice President and Commercial Loan Manager at Northrim Bank, was elected Senior Vice President. Ralph Samuels, Vice President of Government and Community Relations at Holland America Line, was elected Vice President.

Eric Fjelstad, an attorney at Perkins Coie, was re-elected Treasurer and Lorna Shaw, External Affairs Manager at Sumitomo Metal Mining Pogo LLC, was elected Secretary.

Cochrane is an accomplished professional communicator with diverse experience in leadership, crisis communications and issues management. He leads a team of dedicated individuals responsible for managing BP's external relationships, government relations, public affairs, media relations, community giving and corporate reputation in Alaska. He also led BP's external response



Phil Cochrane

in the state of Florida during the Deep Water Horizon accident in 2010.

Before moving to Alaska, Cochrane served in BP leadership roles in Los Angeles and in Calgary. He joined the company in 2001 and has served on the RDC Board since 2006.

Cochrane's experience includes work in both the natural gas pipeline industry as well as various political and policy roles within the Canadian federal government. A trained broadcast journalist, Cochrane is a graduate of the Southern Alberta Institute of Technology.

Newly elected to the RDC Executive Committee were Ella Ede, Statoil and Bill Jeffress, SRK Consulting (U.S.) Inc., both of Anchorage. New incoming board members were John Barnes, Hilcorp Alaska, LLC, Anchorage; Jason Bergerson, North Slope Borough, Anchorage; Rick Boyles, Teamsters Local 959, Fairbanks; Matt Gill, Tesoro Alaska Company, Anchorage; Karen Matthias, Consultant, Anchorage, and Glenn Reed, Pacific Seafood Processors Association, Seattle.

Bristol Bay watershed assessment ... (Continued from page 6)

the established process, and only after the completion of a thorough environmental impact statement and evaluation of the project.

“The process was designed to provide a full and honest assessment with public input at various phases to help reach informed decisions,” said RDC Executive Director Rick Rogers. “If EPA preemptively

vetoes Pebble, it would undermine the process and set a dangerous precedent for future projects.”

The EPA is accepting comments on the assessment until July 23. For additional information and comment points, please see the RDC Action Alert at akrdc.org.

Thank You!

The Resource Development Council would like to acknowledge the many fine sponsors of our 37th Annual Meeting Luncheon. Because of your generous support, RDC continues to play a key role in advancing responsible resource development in Alaska and shaping state and federal public policy. Thank you for helping grow Alaska and giving RDC the strength it needs to promote new economic opportunities for all Alaskans.

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121 West Fireweed Lane, Suite 250, Anchorage, AK 99503
(907) 276-0700 • akrdc.org • resources@akrdc.org



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