

RESOURCE *review*

akrdc.org

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

October 2012



Cultivating young-growth forests for future generations

“Sealaska Corporation is engaging in ecosystem management on a grand scale unmatched by any federal program,” exclaimed Professor Mike Newton of Oregon State University.

Leading a delegation of Resource Development Council board members through a stand of thinned young-growth trees on Prince of Wales Island in August, Newton explained the benefits of an actively-managed forest.

“A properly managed forest will grow to maturity faster, benefitting both wildlife and other uses,” Newton added.

A forester with extensive experience throughout the Western U.S., Newton praised Sealaska for doing a superb job of resource management and stewardship, and serving its Alaska Native shareholders.

Thirty years ago, Sealaska entered into the business of harvesting old-growth timber on its lands in Southeast Alaska. Its logging operations were a major pillar of the region’s timber industry and economy.

The corporation’s logging also had a statewide impact as the Alaska Native Claims Settlement Act (ANCSA) requires Native



Professor Mike Newton leads RDC board members through a Sealaska young-growth forest. Below, a state highway on Prince of Wales Island crosses an old clear cut that has evolved into a vibrant forest. The highway was originally a narrow gravel logging road.



In this issue

| | |
|-----------------------------------|-----|
| Young-growth forest | 1,4 |
| The federal “Yes...but...” | 3 |
| Struggling forest industry | 5-6 |
| RDC engages in ECA litigation | 7 |
| NPR-A alternative draws fire | 8-9 |
| Steller sea lion critical habitat | 9 |
| President’s Message | 10 |
| Pebble deserves consideration | 11 |

regional corporations to share 70 percent of their net revenues from the development of timber and subsurface estate on their lands. From 1971 to 2007, Sealaska has contributed over \$310 million to other regional corporations, which is distributed in a way that benefits all Alaska Natives and the communities in which they live.

In August, RDC board members and staff from Alaska’s oil and gas, mining, fishing, forestry, and tourism industries

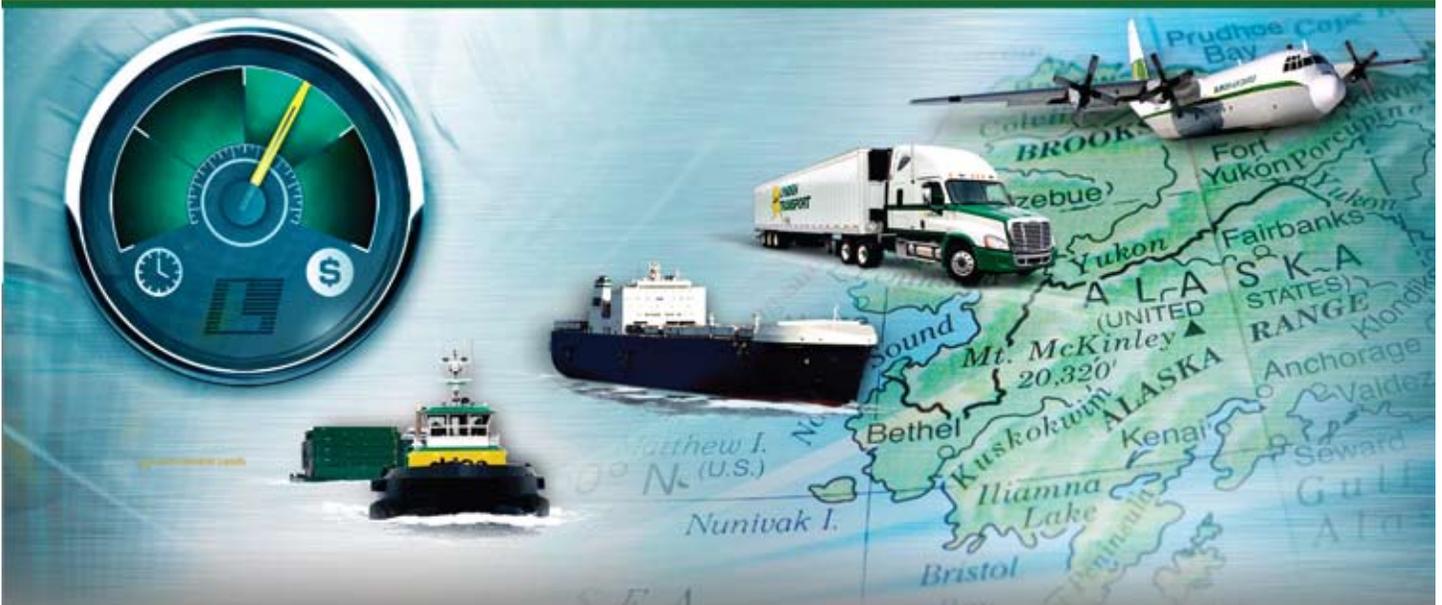
hiked through former clear-cuts that have now evolved into a young and thriving second-growth forest. Harvested in 1988, these harvest zones naturally regenerated into a new crop of trees.

After 15 years, the new trees that have grown since harvest, called regeneration, became over-crowded, but Sealaska thinned the stands to allow more sunlight to reach the forest floor, creating an abundance of

(Continued to page 4)



**Only pay for the speed
you need...
Dynamic Routing!™**



With shipping costs on the rise it only makes sense to match your time requirements to the mode. Lynden's exclusive Dynamic Routing™ makes it easy to change routing between modes to meet your delivery requirements. If your vendor is behind schedule we can make up time and keep your business running smoothly. If your vendor is early we can save you money and hassle by slowing down the delivery to arrive just as it is needed. Call a Lynden professional and let us design a Dynamic Routing™ plan to meet your supply chain needs.

www.lynden.com

1-888-596-3361

The Lynden Family of Companies



Innovative Transportation Solutions

Resource Development Council

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

Material in this publication may be reprinted without permission provided appropriate credit is given. For additional information, contact Carl Portman at cportman@akrdc.org.



Become a fan on Facebook: Resource Development Council



Follow us: [alaskardc](https://twitter.com/alaskardc)

Executive Committee Officers

President
Sr. Vice President
Vice President
Treasurer
Secretary
Past President

Phil Cochrane
Len Horst
Ralph Samuels
Eric Fjelstad
Lorna Shaw
Tom Maloney

Staff

Executive Director
Deputy Director
Projects Coordinator
Membership Director/
Projects Coordinator

Rick Rogers
Carl Portman
Marleanna Hall
Kati Capozzi

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 (1978-2012) are available at akrdc.org.



From the Executive Director

Here we go again, from NPR-A to the national forests, the federal, “Yes...but...”

Here we go again, the federal “Yes...but...”

Without access to natural resources, the potential for Alaska to support sustainable communities is severely limited. While there are legal and political limits to additional federal Wilderness withdrawals, federal agencies continue to whittle down lands available to support Alaska’s resource dependent economy. I share RDC President Phil Cochran’s outrage (page 10) with Interior Secretary Ken Salazar’s decision to severely limit oil and gas exploration in the National Petroleum Reserve-Alaska (NPR-A). Sadly, the NPR-A action is not unique, but yet another example of an all too common trend of access restrictions that undermine the original congressional intent for these federal lands. I call it the “Yes...but” syndrome.

It goes something like this: Yes, these lands are available for resource development as mandated by Congress, but (insert impossible restrictions, land use plans, and other constraints that result in an inability to actually achieve congressional intent).

Another example of “Yes...but” is with the management of our national forests. Our federal national forests were established under a working forest model. Unlike the national parks that were established for preservation, the national forests were established under the authority of the Organic Administration Act of 1897 to conserve water flows and to furnish a continuous supply of timber for the American people. The notion of the working forest has been with us for over a century. A working forest is one that recognizes the human component of our forest, incentivizes workforce development and local jobs while providing opportunities to enhance wildlife habitat and recreational and subsistence activities. A working forest provides society with a triple bottom line – environment, society, and economy.

In 1905 Gifford Pinchot, a Roosevelt Administration forester credited with the establishment of our national forest system, summed up the purpose for which our national forest were established.

Forest reserves are for the purpose of preserving a perpetual supply of timber for home industries, preventing destruction of forest cover which regulates the flow of streams, and protecting local residents from unfair competition in the use of forest and range. They are patrolled and protected, at Government expense, for the benefit of the community and the home builder.

As our nation grew and demands on our forests increased, additional acts of congress refined but did not supersede the Organic Act. The 1960 multiple use sustained yield act added outdoor recreation, range, fish and wildlife to the balance of national forest uses. The 1976 National Forest Management Act (NFMA) established a framework for forest planning, however nowhere did congress alter the fundamental mandate to balance water, timber, recreation, range, fish and wildlife.

This April, lacking any authority from Congress, the Obama administration tossed all that history on its ear with the adoption of new a federal forest-planning rule. The rule emphasizes ecosystem services, carbon sequestration and spiritual sustenance. While federal

“If the federal government can’t manage its lands as Congress intended to support local economies and states, perhaps it’s time to rethink the entire model of federal ownership. Serious consideration should be given to the conveyance of lands not congressionally designated...”

law requires the Forest Service to balance environmental, social and economic concerns (the working forest triple bottom line), the new rule elevates “ecological integrity” to a higher level of concern. The planning rule requires the Forest Service to “maintain a viable population of each species of conservation concern within the plan area.” The ill-defined term “viable population” does not appear in NFMA or any other statute.

Through the planning rule the administration has effectively redefined the very purpose for which the national forests were established, in direct contradiction to the congressional intent. Yes the national forest are established as working forests for production of water and timber...but good luck distinguishing these lands from national parks. After complying with the new planning rule, the renewable forest and range resources on 193 million acres of federal lands, including 22 million in Alaska, are likely to produce little in the way of resources to support local economies. How can they when “ecological integrity” trumps the congressional mandate to provide for the needs of citizens and communities.

In August, RDC joined with twelve other interested parties, including the Alaska Forest Association and other recreation, forestry and cattlemen groups, to file suit in Federal District Court to overturn the rule. One would hope that Congress would flinch and take decisive efforts to rein in an unconstrained administration and move us towards a more balanced working forest model. But with today’s congressional gridlock there is nowhere to turn except the courts to try to slow the endless march towards a lockup of our federal natural resource assets that are essential to the well being of our communities.

If the federal government can’t manage its lands as Congress intended to support local economies and states, perhaps it’s time to rethink the entire model of federal ownership. Serious consideration should be given to the conveyance of lands not congressionally designated as wilderness, parks, refuges, and military reserves to the states or trusts. Such lands could then once again be managed as working lands to support our nation’s need for essential resources and to support state and local economies, providing the triple bottom line – environment, society, and economy.

Nurturing the young growth

(Continued from page 1)

undergrowth and vegetation for wildlife and local subsistence, explained Newton.

The Oregon professor noted that an unmanaged stand after 30 years would produce a dense forest of trees only five inches in diameter, cutting out sunlight needed for a vibrant understory and making it difficult for wildlife to navigate. However, properly thinned, the same stand would produce fewer but much larger trees over the same period, more than twice in diameter, with adequate sunlight to support undergrowth and provide shelter and forage for wildlife.

“Foresters use thinning to increase growth of the most valuable trees and to increase the understory,” said Newton. “In an actively-managed forest, it takes 70 to 100 years for trees to reach an economically harvestable size.”

Newton pointed out that in a thinned forest, 85 years after harvest – 70 years after thinning takes place – the average diameter of the trees is 14 inches. Each acre produces roughly 39,000 board feet of timber. In comparison, it takes an unmanaged forest approximately 240 years after harvest to produce the same stand with an average diameter of 14-inches, yielding 38,000 board feet of timber per acre.

The Southeast Alaska Native corporation has invested over \$19 million in planting,



Sealaska’s Ron Wolfe briefs RDC board members on Alaska forest practice regulations which require 66-foot wide no-cut buffers for all anadromous fish streams. Many of Sealaska’s buffer strips exceed the requirement.

thinning, and pruning operations, according to Ron Wolfe, Sealaska’s Natural Resources Manager.

Sealaska has pre-commercially thinned over 44,000 acres and has hand planted over 8,760 acres. It has also pruned lower limbs from 15-20 year old trees on over 3,500 acres, allowing more sunlight to reach the forest floor to stimulate growth of deer browse and improve log quality.

“Forest thinning is good for trees and good for wildlife,” Wolfe said. “Pruning produces high-quality trees and is another silviculture treatment that benefits wildlife. Our forest stewardship activity creates jobs in the woods and opportunity for year-round work. Full time family-wage jobs are critical for our rural communities.”

The RDC tour also included a no-cut stream buffer zone. Here the old-growth forest was fully intact, surrounded by the younger stands growing up from a 1988 clear-cut.

Wolfe explained that in 1990, the Alaska Forest Resources and Practices Act was amended to provide for riparian management protection measures on private timberlands in Southeast Alaska. The protection measures depend on stream channel type. The new rules include 66-

foot wide no-cut buffers for important anadromous fish streams, restrictions on timber harvest near other fish streams that are controlled by bedrock, and protective measures for unstable slopes. Many of Sealaska’s buffer strips exceed the 66-foot wide minimum standard.

Twenty years of monitoring demonstrate these buffer strips are wide enough to provide large woody debris that forms fish habitat in streams and other critical habitat components, including bank stability and stream temperature.

“Stream buffers protect salmon habitat and they are an important component of responsible timber harvesting, and salmon is a very important subsistence, commercial and sport fishing resource,” Wolfe said.

Wolfe considers the corporation’s investment in its modern silvicultural practices an investment in its shareholders’ future. Its resource stewardship program is guided by the core cultural values that have guided Tlingit, Haida and Tsimshian Indians for all times.

“Every tree ultimately harvested will support cultural activities, scholarships, jobs, and communities,” Wolfe said. “Silviculture practices such as thinning, fertilization, timber stand improvement, pruning, and planting will ensure productive forestlands while promoting healthy fish and wildlife populations, and subsistence foods. These forestlands will also provide an economic base for local communities and jobs for future generations of Alaskans.”



Sealaska has pruned the lower limbs from 15 to 20 year-old trees over 3,500 acres, allowing more sunlight to reach the forest.

Forest industry alive, but struggling

The good news is the forest industry in Southeast Alaska is still alive. Although the industry is a mere shadow of its former self, it is a vital source of jobs in rural and urban communities of the region.

The bad news is the forest industry remains under attack with efforts to lock up virtually every acre and deny it the reliable, long-term timber supply it needs.

In the 1970s, the forest products industry was one of the largest economic sectors in Alaska with 4,600 jobs, mostly spread throughout the Southeast Panhandle. Most commercial logging took place in the Tongass National Forest and on Native corporation land. Large manufacturing facilities, including two major pulp mills in Sitka and Ketchikan, were major anchors of the region's economy and local tax base.

Today the pulp mills are gone and there is only one medium-size sawmill remaining in the region, and it's struggling for its very survival. According to the Alaska Department of Labor, there were only 307 people directly employed in forestry and logging jobs last year. There were an additional 150 wood products and manufacturing jobs.

In the industry's heyday, loggers could cut up to 520 million board feet (mmbf) each year, which was still well under what the forest could sustain in perpetuity. But the industry went through a major transformation in the 1990s with new land withdrawals and adverse public policy decisions sharply curtailing the timber supply to local mills. A new land management plan reduced the annual harvest ceiling to a maximum of 267 mmbf.

Despite a sharply reduced harvest ceiling and most of the forest closed to logging, environmentalists routinely litigated government timber sales, stalling virtually all offerings. The cumulative impact of government policy, more restrictive land management regimes, ongoing litigation, and a powerful environmental lobby dealt a severe blow to the industry and its lifeblood – a long-term timber supply.

Contrary to public perception outside Alaska, the forest products industry today is not starved for timber because it has consumed the forest. In fact, only seven percent or a little over 400,000 acres of the total productive old-growth timber have been logged over the last 100 years in the Tongass. Only 15 percent of the highest volume stands have been harvested, while about 85 percent of the forest's largest old-growth remains unharvested.

Today, only four percent of the entire Tongass is available for harvest. Of the forested commercial-grade timber, six percent is available for logging. Yet this is still a lot of timber, which could revive the industry and local communities in Southeast Alaska, but public perception, federal environmental politics, and the economic viability of timber sales continue to stifle potential, according to Owen Graham, Executive Director of the Alaska Forest Association (AFA).

As the 2008 Tongass Land Management Plan was nearing completion, the Forest Service informed AFA it planned to offer about 140 mmbf of timber annually for the following five-year



The family-owned Viking Lumber Company in Klawock operates the last remaining medium-size sawmill in Southeast Alaska. Other mills have closed due to a severely constrained timber supply.

period – well under the new harvest ceiling. Instead, the agency prepared and offered an average of only 22 mmbf annually.

The primary reason is the 2008 plan included too much high-cost, low-volume timber and too many costly harvest constraints, said Graham, who explained the agency's own economic analysis indicated only 18 percent of the old-growth timber available under the plan would support viable, operable timber sales.

"Many of the areas the Forest Service selected for harvest under the 2008 land management plan were steep, high elevation slopes where it costs more than double to log," Graham said. "In the past the agency would balance high-cost harvest areas with lower-cost areas, and the result would be an economic mix of timber stands. The 2008 plan has insufficient lower-cost areas to balance against the high-cost offerings. As a result, the agency has been challenged in implementing its timber sale program."

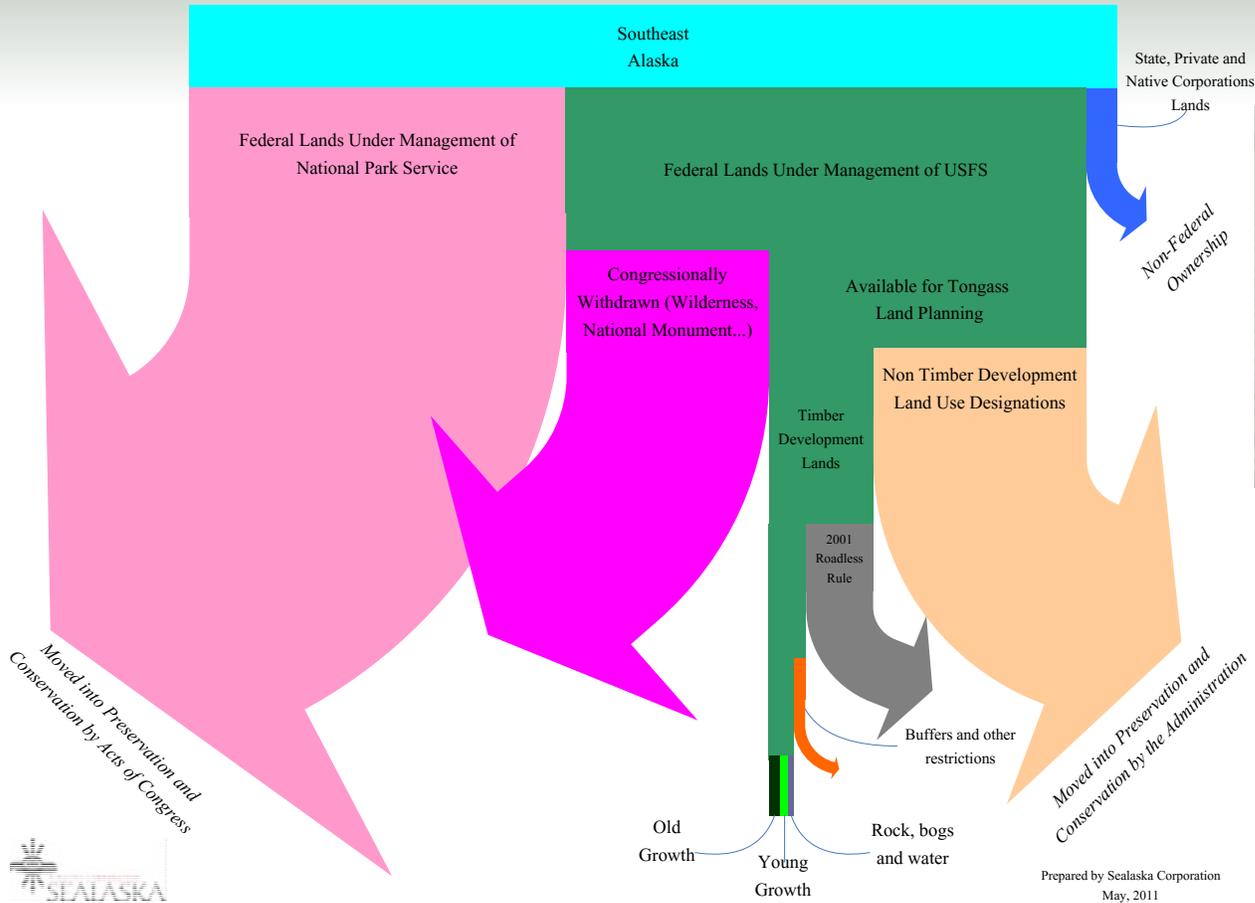
Shortly after the 2008 plan was adopted, the State and the Forest Service began a joint effort to help prepare federal timber sales. That effort stagnated after the Forest Service was directed by the Obama administration to impose its "restoration economy" and limit most logging to young growth timber, even though Tongass second growth is mostly 30 to 40 years from maturity.

"Environmental groups and some in the administration want to replace our industry with a restoration economy," Graham said. "Their idea is to restore 'impacted watersheds' and 'old-growth conditions' across the forest, even though less than ten percent of the commercial forestland has ever been harvested. Today there is little that needs restoring. The Forest Service did a good job managing the forest in past years."

Graham noted fish populations in the region have increased over the past 50 years. Wildlife populations are stable or increasing, particularly in the logged areas. All of the harvested acres have regenerated and second-growth trees are maturing as projected.

(Continued to page 6)

Southeast Alaska Lands and Preservation Status



Only seven percent of the total productive old growth timber have been logged in the Tongass National Forest. Of the largest old growth trees, 85 percent remain intact. Over the next 100 years, less than 10 percent of these stands are scheduled for harvest.

Southeast Alaska forest industry struggles for survival

(Continued from page 5)

After about 80 to 100 years, the maximum growth capacity of second-growth stands is reached and the trees are large enough to be profitably milled into lumber. At maturity, a stand of trees will have four to five times more merchantable volume as it does now – just 30 years after forest regeneration of the second growth started.

“Forcing a premature transition to young-growth will reduce the future timber yields and will force closure of mills because most of the young growth is currently too small to be profitable,” Graham said. “In addition, there are not yet enough acres of young growth to sustain our industry even when the trees are finally mature.”

Graham said the industry needs to continue harvesting old-growth until it has sufficient acreage converted to young-growth and those trees have had time to mature. He said the supply of second growth in any significant quantities is at least 20 years out. “We need to let the young trees grow,” he said. “The early transition to young-growth harvesting is a bad idea. Commercially sized second-growth timber is not available.”

Graham warned that the development of a second growth industry in Southeast Alaska would require total retooling of existing sawmills or building of new mills. He said investors are not willing to trust government assurances that it will be able to deliver sustainable supplies of second-growth timber.

Why? Because almost 50 percent of the Tongass second growth is tied up in roadless and other administrative withdrawals. And most timber tied up in these withdrawals is the oldest second growth available.

The industry continues to struggle due primarily to the uncertain timber supply. It has been so long since the industry had a reliable long-term timber supply that most of its skilled workers and facilities are gone and the economy of scale has grown so small that it is hard for the industry to be competitive.

Graham, however, said the gloomy situation the industry finds itself in today can be turned around.

“When we had longer-term timber sale agreements in the 1950s, industry was able to make enormous manufacturing investments and quickly ramp up its operations,” Graham pointed out. “All of those investments were made by private industry without government funding. That can happen again. All we need is an adequate supply of suitable timber.”

With the Tongass Land Management Plan set to undergo significant revision beginning this winter, Graham said “this will be the time to ensure that the second growth forests are returned to the commercial forest timber base and that a reliable supply of old growth is set aside for harvest until second growth reaches maturity.”

ECA will impact all Alaskans statewide

By Marleanna Hall

The Emission Control Areas (ECA) covering offshore in North America out to 200 miles are creating problems for cruise ships and transportation vessels operating in Southeast and Southcentral Alaska. The new EPA rule calls for vessels operating in the ECA to use expensive low-sulfur fuel. There was no scientific evaluation done by the EPA before implementing this rule.

While the ECA extends only to the west of Cook Inlet, the impact will be felt statewide. Approximately 85% of all Alaskans receive 90% of their goods through the Port of Anchorage. Businesses of all types and sizes will see an increase in costs. From retail and grocery stores to industry supply companies, nearly every Alaskan business will see costs rise, with no demonstrated benefit to the environment.

In rural Alaska, where costs are some of the highest in the nation, and transportation is high due to all goods being flown into the communities, costs will go up yet again.

Cruise lines have indicated the one percent sulfur rule that became effective August 1, 2012 has raised their fuel costs by 40 percent. The cost of fuel will increase again in 2015 when a 0.1 percent sulfur emission restriction will be effective, raising costs an estimated 70 percent, based on current crude prices.

ECA was implemented without study of impacts – environmental or economic – to Alaskans. Additionally, stakeholders, specifically Alaskans, were denied opportunity to comment on the ECA.

In mid-September, the State of Alaska filed an amended complaint to its July 2012 suit to stop ECA. The State followed with a motion for injunctive relief in late September. The State's motion is an attempt to block the new rules from being enforced.

"The EPA's 'one-size-fits-all' approach is unsupported by proper science and modeling in Alaska, and fails to consider and balance impacts on Alaskans," said Governor Sean Parnell. "We will ask the court to intervene

to try to stop this federal drag on Alaskans and our economy."

Alaska saw a severe reduction in cruise ships to Alaska after the passing of the 2006 head-tax, which resulted in a loss of approximately 5,000 jobs. Based upon today's fuel prices, it is expected the ECA will result in costs that are three times higher than the head-tax. This is extremely bad news for an industry that just started to turn around in Alaska and gain some of the 5,000 jobs back.

RDC and its members have a substantial stake in supporting the State's injunction

motion. The ECA will adversely impact all industries in Alaska. Increased shipping costs will be passed along to businesses as well as consumers. Supplies and equipment used to develop Alaska's resources will increase, making operating a business in the state more expensive. Food and other household items will also be more expensive, increasing the cost of living.

The Center for Biological Diversity, the Environmental Defense Fund, Friends of the Earth, and the Natural Resources Defense Council have asked to intervene in support of the federal government.



The EPA's new offshore emission rules for ocean vessels operating to and from Alaska will mean significantly higher prices for virtually all goods sold in Alaska.

Donlin Gold files for mine permits

Donlin Gold LLC has filed permit applications to federal and state agencies for its \$6.7 billion gold mine in the Kuskokwim region of Southwest Alaska. Donlin Gold is a subsidiary of Barrick Gold Corporation and NovaGold Resources Inc. The project is on land owned by Calista Corporation and the Kuskokwim Corporation.

The permit applications represented a major milestone for the project, which has been in the exploration and planning stage for two decades. However, in a briefing to investors, Barrick cautioned that the project "does not meet our investment criteria at this time" if the decision were made today.

"The timeline for the permitting process means the co-owners have approximately four years to make any major decisions on the project," NovaGold said. Both companies committed to work proceeding on permitting and an environmental impact statement. The companies will also continue to explore options to reduce high capital costs.

Vote Tuesday, November 6th!

Grades of your elected leaders are posted online: alaskabusinessreportcard.com

Governor urges Salazar to start over on NPR-A

Citing a complete failure to take the State of Alaska's views into consideration, Governor Sean Parnell has withdrawn the State as a cooperating agency in the federal land management process for the National Petroleum Reserve – Alaska (NPR-A). Parnell urged Interior Secretary Ken Salazar to start the process over and include input from the State.

In August, without providing any notice to the State or other cooperating agencies, Salazar announced millions of acres in NPR-A would be closed to development as part of a new land management plan for the energy reserve. The plan drew praise from environmental organizations, which circulated press releases within minutes of Salazar's announcement, an indication they were briefed in advance of the news.

"Your recent surprise announcement of a preferred alternative effectively withdrawing millions of acres in NPR-A, and the complete failure of the Department of the Interior to take into account the State's comments as a cooperating agency, shows a complete lack of respect for the views of the State," Parnell wrote Salazar.

The State had provided comments supporting full development of oil and gas resources in NPR-A, with reasonable mitigation measures. The State's recommendations were not included in the selected alternative.

The Bureau of Land Management's (BLM) preferred alternative for the integrated activity plan for NPR-A provides the greatest environmental protection of four management options. It would open 11 million acres to leasing but would place 13 million acres in special conservation areas prohibiting development.

Under the preferred alternative, all of the highly prospective NPR-A coastline adjacent to the Beaufort Sea would be closed to development as well as some areas that had been open to leasing. Moreover, the establishment of special conservation areas could highly complicate and potentially preclude a pipeline across the energy reserve to bring Chukchi Sea oil to the Trans-Alaska Pipeline System (TAPS).

Parnell wrote Salazar that the State has critical concerns with the process and how decisions were made. He said the State voiced those concerns in 2010 when the U.S. Geological Survey released dramatically lower estimates for oil potential in NPR-A, on the eve of the new planning process. Parnell said that the USGS estimate failed in a number of ways, including an absence of estimates for unconventional oil and gas deposits. Nor did the estimate include any of the modern 3-D seismic volumes and data from several key exploration wells at the time of the evaluation.

The governor noted that BLM had promised "a collaborative and open process" in its NPR-A planning, but "BLM did not keep its promise."

Only one or two meetings of BLM employees with all the cooperating agencies occurred, Parnell said. One of those meetings was after the announcement of the preferred alternative. At the latter meeting, BLM informed the State that the preferred alternative would not change, despite concerns expressed by the State, the North Slope Borough, and Arctic Slope Regional Corporation (ASRC).



Under the preferred alternative, the Teshekpuk Lake Special Area, which prohibits future leasing and development, has been expanded to cover a large highly-prospective area of the energy reserve.

The State provided comments during the process in support of full development in NPR-A with reasonable mitigation measures, and cited decades of experience in the Arctic where exploration and development have successfully coexisted with wildlife.

The State had warned BLM in February that based on the Alaska National Interest Lands Conservation Act, the agency was selectively disregarding congressional direction and inappropriately applying agency policy to NPR-A. The State told BLM that the most restrictive alternative would place wildlife protection above the primary purpose of NPR-A, exploration and development of oil and gas reserves.

In June, the State submitted detailed comments on the draft environmental impact statement, making it clear the planning process and several alternatives were "selectively disregarding" congressional direction.

Parnell said Salazar's approach to the preferred alternative was "stealth" in nature and precluded the State and other cooperating agencies from suggesting and discussing other options as a preferred alternative or ways to mitigate impacts. The governor said a collaborative and cooperative process did not occur.

The plan prompted sharp criticism from Alaska's congressional delegation. In a joint letter to Salazar, Senators Lisa Murkowski and Mark Begich, and Congressman Don Young said the preferred alternative "represents the largest wholesale land withdrawal and blocking of access to an energy resource by the federal government in decades."

Given the significant new acreage put into special areas, the delegation said it does not see how the Department of the Interior could meet the stated purpose and need for NPR-A and its land management plan. The delegation warned that the preferred alternative will significantly limit options for a pipeline through NPR-A and will unnecessarily restrict access to rich oil and gas deposits.

(Continued to page 9)

Science behind fishing restrictions questioned

By Kati Capozzi

Last month, a peer review panel concluded that the 2010 decision by the National Marine Fisheries Service (NMFS) to restrict commercial fishing of mackerel and cod in the western Aleutians was not based on sound science.

The three scientist panel, contracted by NMFS to review the agency science, claims the biological opinion (BiOp) does not support the determination that continued fishing in the region would harm or threaten Steller sea lions. Each of the three panelists identified separate flaws to the science, but they also shared many of their criticisms. Most notably, they all agreed that based on the available data there is no evidence to support the hypotheses that sea lions are suffering nutritional stress caused by commercial fishing.

The western population of Steller sea lions was listed as endangered in 1997. According to the NMFS, their numbers fell from 250,000 in the early 1970s to 49,000 in 2008.

The State of Alaska, commercial fishing companies, and many industry support organizations, including RDC, argued NMFS failed to follow correct procedures and lacked scientific support to validate the restrictions when they were handed down in 2010. NMFS said it had to comply with the Endangered Species Act.

Panelist Brent S. Stewart concluded in his separate review that “hypothetical suggestions for jeopardy...do not, I think, meet the standard established by the Endangered Species Act.” Stewart noted “the Biological Opinion often equated language of possibility” with “language of substantial chance.” In other words, Stewart asserts the BiOp is confusing what *could be* with what is likely.



A peer review panel of scientists has concluded restrictions on fishing in areas designated as critical habitat for the Steller sea lion in the Western Aleutians was not based on sound science.

“Their reviews confirmed our assessment of the foundational science,” said Doug Vincent-Lang, director of the Alaska Division of Wildlife Conservation.

Spokeswoman for NMFS Julie Speegle said that the agency is committed to making sure their decisions are based on the best available science and that the independent review was being carefully considered to determine if “any follow-up actions are warranted.”

Reaction is harsh to NPR-A preferred alternative

(Continued from page 8)

ASRC called the preferred alternative counterintuitive to the intent of annual onshore lease sales as directed by the Obama administration in May 2011. “The Department of the Interior is locking up the most prospective areas for increased domestic energy supply, while proposing lease sales on tracts of land with low oil potential,” said ASRC President Rex Rock, Sr.

“The alternative preferred by Secretary Salazar in the NPR-A would restrict areas that have already been leased, where commercial potential has already been discovered,” said Richard Glenn, ASRC Executive Vice President of lands and natural resources. “Salazar’s choice would lock up large swaths of land with little or no benefit to wildlife resources found there and elsewhere throughout the petroleum reserve. The Interior’s preferred alternative is based on a mistaken idea that somehow development can proceed in one part of the petroleum reserve only by locking up lands in another part. It would turn back the clock on the achievements made to date that show that oil and gas exploration can coexist with wildlife populations and the subsistence needs of the people of the North Slope.”

Alaska geologist Richard Garrard was also highly critical of the proposed alternative, insisting it ignores the sub-surface geology and

hydrocarbon potential of a strip of land within 25 miles of the Beaufort Sea coastline – a geologic structure known as the Barrow Arch. He explained that all of the current North Slope production comes from fields located along the Barrow Arch. He said the decision is bad news for the oil and gas industry and should be of great concern for Alaska and the longevity of TAPS.

Garrard was also disappointed that tracts closed to development under the preferred alternative include most of the areas where modern 3-D seismic and recent well data have been collected by industry since the resumption of leasing in 1999.

“What has just been decided by the Secretary of the Interior raises a key question – why have a national petroleum reserve in Alaska if those areas containing the best opportunity for new oil and gas discoveries are designated by the BLM as ‘unavailable’ for future exploration and production?” Garrard asked.

Governor Parnell said the only way to cure the defects in the NPR-A planning process is to start over. He said the first step would be a more accurate assessment of oil and gas resources in the energy reserve, involving State and other non-BLM geologists.

The final plan is to be finalized and put in effect by year-end.



NPR-A compromise was made 32 years ago

I am troubled.

The Department of Interior (DOI) has issued a proposed management plan that effectively locks up about half of the National Petroleum Reserve-Alaska (NPR-A) from development. The announcement was heralded in a federal news release as a compromise between development and conservation. In reality, it was just a wholesale land grab.

Apart from the obvious contradiction of stopping oil and gas activity in an area set aside specifically for the purpose of oil and gas development, this decision makes no sense to me. That's why what troubles me most is not the announcement itself, but the reaction to it.

Oh, I know that many leading Alaskans spoke out against DOI's final proposed plan. The arguments were strong and made sense. However, if you spend some time looking at the various statements, news releases and media coverage, you'll see there was something missing – a serious conversation about the Alaska National Interest Lands Conservation Act (ANILCA) (16 USC 3213) and how this action runs counter to it.

ANILCA was signed into law in 1980 and set aside 106 million acres of federal lands in Alaska for conservation. Added to the already protected existing spaces, over 148 million acres of federal land was declared off limits to development.

Long-time Alaskans will tell you that the full impact of ANILCA on resource development is still not known, and, to this day, many still oppose the legislation. My purpose here is not to debate the merits of ANILCA. However, ANILCA is the law of the land and we must abide by it. We also need to understand that it did more than just lock-up federal lands.

There are many good resources to help us understand ANILCA – probably the best is RDC's Who Owns Alaska? It describes the history and impacts of the legislation on Alaska and resource development. It's a must read.

In my opinion, the most important parts of the law are Section 101 (d) – the purposes section – and Section 1326 – commonly referred to as the “No More” clause. In section 101, Congress said that ANILCA represents a proper balance between conservation and development and no more land would be withdrawn for conservation purposes by the federal government. Section 1326 put some teeth in the legislation and said the Federal Administration cannot withdraw more land for conservation without Congressional approval.

Don't take my word for it. Here is exactly what it says:

SEC. 1326. (a) No future executive branch action which withdraws more than five thousand acres, in the aggregate, of public lands within the State of Alaska shall be effective except by compliance with this subsection. To the extent authorized by existing law, the President or the Secretary may withdraw public lands in the State of Alaska exceeding

“If ANILCA says no more conservation land is needed, how then can DOI propose to add more conservation land? Why is it Congress’ carefully crafted ‘proper balance’ appears to be set aside by administrative fiat?”

five thousand acres in the aggregate, which withdrawal shall not become effective until notice is provided in the Federal Register and to both Houses of Congress. Such withdrawal shall terminate unless Congress passes a joint resolution of approval within one year after the notice of such withdrawal has been submitted to Congress.

(b) No further studies of Federal lands in the State of Alaska for the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation area, or for related or similar purposes shall be conducted unless authorized by this Act or further Act of Congress

All of this brings me back to the debate over the DOI proposal for NPR-A. If ANILCA says no more conservation land is needed, how then can DOI propose to add more conservation land? Why is it Congress’ carefully crafted “proper balance” appears to be set aside by administrative fiat?

Now do you understand why I am troubled?

This should have Alaskans standing on our chairs, waving our arms and demanding an explanation. ANILCA prescribes the rules of the game. Alaska is playing by them. How is it that the federal government apparently doesn't have to? Surely this was not Congress’ intent.

As Alaskans and as leaders in the responsible development of Alaska's resources, we need to stand up and take this fight on. We need to draw a line in the sand. Every time the federal government takes an action that we believe is inconsistent with ANILCA, we must stand up and demand answers. Our elected leaders need to do the same. If we don't, this won't end. Think of the initiatives waiting in the wings today that could be next – ocean spatial planning and the Arctic National Wildlife Refuge Comprehensive Conservation Plan are just two examples.

George Santayana famously said “Those who cannot remember the past are condemned to repeat it.” It's time we all take a refresher course on ANILCA or expect to see more land grabs dressed up as “compromises.” The compromise was made 32 years ago.

“It's time we all take a refresher course on ANILCA or expect to see more land grabs dressed up as ‘compromises.’”



Guest Opinion - Kathryn Thomas

Kathryn Thomas is a board member of Truth About Pebble.

Pebble warrants due process, consideration

The Environmental Protection Agency's (EPA) Dennis McLerran is claiming overwhelming public support for the agency's Draft Bristol Bay Watershed Assessment, a controversial report on the potential effects of mining in the region. What he fails to mention is the source of most of this purported support: pre-written, mass emails generated by national environmental groups. The EPA describes the messages as identical in both form and content.

It is troubling the EPA is rushing through this draft report and ignoring the concerns of so many Alaskans. I am baffled the EPA refused to extend its public comment period on the assessment. The agency received numerous requests by Alaska Native corporations, the State of Alaska and other concerned Alaskans for more time to evaluate this lengthy and controversial document.

The EPA gave Alaskans just 60 days to provide feedback during our busiest season. Of concern beyond this is their apparent reliance on national spam campaigns to gauge public sentiment - outside the norm for government agencies that typically weight mass mail campaigns as one comment. They have the power to increase their comment periods to accommodate public need. And there is no policy reason for not doing so. So why didn't they?

Because in this case the EPA seems to be pursuing politics over policy, perhaps trying to rush through the process before a potential change in Administration this fall.

It's no secret that this White House and the EPA have close ties to environmental groups. In a recent hearing of the House Energy and Commerce Committee, Oklahoma Senator Inhofe described the situation as a "revolving door" between Obama administration officials and major national environmental groups. The hearing was meant to get an explanation from Region 6 Administrator Al Armendariz about statements he made calling for the "crucifying" of oil and gas companies. Armendariz, who was forced to resign after the statements were made public, did not show up for the hearing and now works for the Sierra Club. His resume includes past collaborations with radical groups such as Environmental Defense Fund.

A top aide to Administrator Jackson used to work for the Natural Resources Defense Council, a group that is actively using the Pebble issue to raise money.

Agency Administrator Lisa Jackson has also refused to meet with leaders from communities closest to Pebble who advocate for due process and a sustainable economy for Bristol Bay. They have traveled to Washington, DC, on numerous occasions to discuss their concerns. While the Administrator regularly meets with Pebble opponents, her refusal to meet with people representing communities closest to Pebble is astonishing.

The EPA has not listened to the full spectrum of Alaskan concerns in this matter. The debate should first be between Alaskans, and the outcomes should be determined by the facts and the science, using established processes.

Recent editorials by the Anchorage Daily News and opinions offered about the

EPA study claim the time frame and study were sufficient. This so-called watershed assessment was for the largest land area ever undertaken by the EPA and rushed through in less than a year – the shortest period for a watershed assessment. There was no new science and speculative conclusions from a hypothetical mine scenario were spelled out to the hundredth decimal point.

The State of Alaska repeatedly asked for more involvement and more time in this matter. The Attorney General has questioned the legality of the entire process reinforcing the concern as to why EPA is rushing through such an important matter.

The issues raised around Pebble are controversial and important. Pebble is on Alaska land and could bring needed jobs to our state. Whether you support it, oppose it, or sit in the middle, it warrants careful time and consideration as a matter of public policy.

**33rd Annual
Alaska
Resources
Conference**

November 14-15, 2012
Denafina Convention Center
Anchorage, Alaska



Alaska's largest industry conference with insights into trends and events that will shape Alaska's economy and business in years to come. Speakers from Alaska's resource industries will provide updates on projects and prospects, and address key issues and challenges facing Alaska's economy. Visit akrdc.org today!



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

121 West Fireweed, Suite 250, Anchorage, AK 99503

PRSR STD
U.S. Postage
PAID
Anchorage, AK
Permit No. 377

ADDRESS SERVICE REQUESTED



FABIO LUCAS
Niquelândia, Brazil

FROM MINER TO MINERALOGIST,
GEOLOGIST TO ENVIRONMENTALIST,
EVERYONE AT ANGLO AMERICAN
HAS THE SAME UNITY OF PURPOSE.

AS OUR FOUNDER SIR ERNEST
OPPENHEIMER SAID, OUR PURPOSE
IS TO "CREATE VALUE FOR OUR
SHAREHOLDERS, BUT TO DO SO IN
SUCH A WAY AS TO CREATE A REAL
AND LASTING CONTRIBUTION TO
THE COMMUNITIES IN WHICH WE
OPERATE".

IT'S A WAY OF DOING BUSINESS
THAT UNITES THE COMPANY TO
THIS DAY.

WHY? BECAUSE WE ARE A MINING
COMPANY BROUGHT UP PROPERLY.

FIND OUT MORE, AT
ANGLOAMERICAN.COM

MINING OUR WAY: GREATER SHARE VALUE FROM GREATER SHARED VALUES



Real Mining. Real People. Real Difference.