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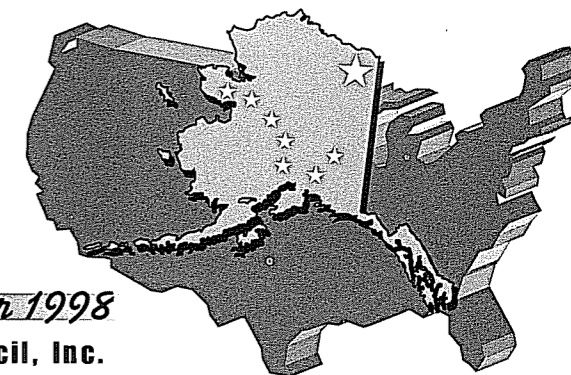
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# Resource Review

November 1998

A periodic publication of the Resource Development Council, Inc.



## AFA files amendment to TLMP lawsuit

### Complaint points out flaws

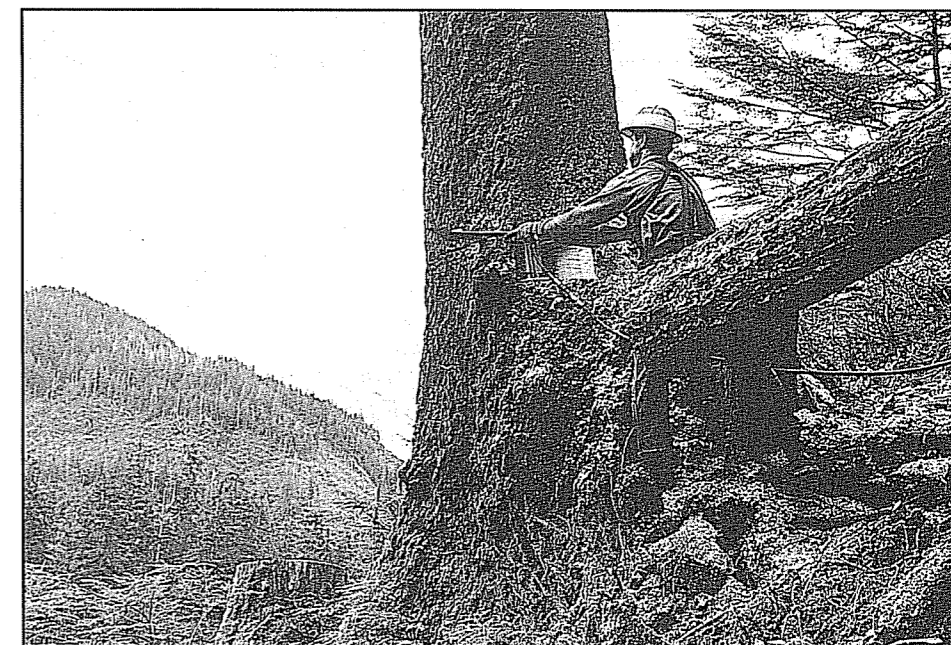
The Alaska Forest Association in October filed an amendment to its lawsuit against the Forest Service over the 1997 revision of the Tongass Land Management Plan, according to Executive Director Jack Phelps. Joining with AFA as co-plaintiffs in the action are Southeast Conference, the Ketchikan Gateway Borough, the City of Wrangell, the City of Coffman Cove, the Metlakatla Indian Community and Concerned Alaskans for Resources and the Environment (CARE).

Citing the devastating impact on the socioeconomic conditions of Southeast Alaska timber dependent communities as the reason for communities and organizations joining with AFA, Phelps said, "implementation of the revised TLMP and the lack of a sufficient economic supply of timber from the Tongass continues to have a major impact on the viability of the Southeast Alaska timber industry and its timber dependent communities."

Phelps noted deficiencies in the Forest Service's socioeconomic analysis as contributing to the agency's decision to set an insufficient annual timber harvest level.

"As a direct consequence of

*(Continued to page 4)*



Less than 400,000 acres of the Tongass have been harvested in the past 90 years, that's only 4% of the 9.5 million forested acres in America's largest national forest.

## Tongass harvests continue to fall

### Job losses pile up as logging hits new low

The timber industry is continuing to claw and fight for its survival in the nation's largest national forest in the wake of chronic timber supply shortages that have sent timber harvests to record lows and job losses to all-time highs.

The amount of timber available for harvest in recent years has plummeted from a past annual average of more than 400 million board feet (mbf) to less than 150 mbf—a 66 percent reduction. And this year the harvest is even lower,

aggravating job losses and economic hardship on Southeast Alaska families and timber-dependent communities. Industry employment has declined 65 percent since 1990.

Under the new Tongass Land Management Plan, the U.S. Forest Service can sell up to 267 mbf of timber annually, a reduction of almost 50 percent from the harvest ceiling under the previous plan. But as of September, the Forest Service had offered

*(Continued to page 4)*



**Message from the Executive Director**  
by Ken Freeman

## Arctic Power still moving full steam ahead

Arctic Power held its 6th annual meeting in Anchorage recently focusing on the existing need to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration and development. Arctic power started in 1991 as a non-profit, grassroots organization committed to securing congressional and presidential approval to open ANWR.

Since its creation, Arctic Power has conducted an aggressive grassroots and lobbying effort in Washington and in targeted states across the country. Alaska's Congressional delegation has made opening ANWR a priority and was able to win Congressional approval in 1996. Unfortunately the President's signature is not forthcoming.

Recent numbers from a U.S. Geological Survey assessment indicate the

"1002 Area" holds almost seven billion barrels of oil more than previously thought. That puts estimates of how much oil there may be under the coastal plain in line with how much oil has been extracted from Prudhoe Bay since 1977. With continued pressure and a new President, Alaskans are hopeful this new information will help trigger the opening of ANWR.

Rising oil imports and a declining rate of U.S. production weigh heavily in favor of exploration and development of the coastal plain, as does the support from North Slope residents, many of whom have visited Washington to tell their story.

Now more than ever, Arctic Power needs our help. Both local and national environmental groups continue to vigorously oppose opening ANWR. The Wilderness Society, for example, is working toward adding 100 million acres to Alaska's existing 57 million acres of federally-designated Wilderness. One tactic is to name ANWR as one of the nation's "most endangered wildlands."

The Brainerd Foundation has

awarded \$80,000 to the U.S. public Interest Research Group Education Fund in Washington, D.C., to conduct a national oil company accountability campaign to compliment efforts to permanently close ANWR to petroleum development. And a band of Canadian artists and musicians are trekking after the Porcupine Caribou herd in the hopes of creating a campaign to show oil development as a force that will destroy wildlife and Native culture.

These are only a few examples of the efforts underway to lock up ANWR.

The opportunity for opening ANWR could be very close. The outcome of the next presidential election will be very telling. In the meantime, it is critical we support Arctic Power's efforts to maintain a strong constituency, as well as the support of key senators and congressmen. Keeping Arctic Power strong in the interim is necessary to our success in the long term.

If you are not a member of Arctic Power, please call them at 274-2697. Your membership dollars are a wise investment in the future of Alaska.

## Pipeline would run full if ANWR opens

If oil development is allowed in ANWR and NPR-A and mean reserve estimates are found, and if 50 percent of the estimated 30 billion barrels of heavy oil in place could be recovered, the trans-Alaska pipeline could be running at rates of 2.2 million barrels per day -- above the peak hit in the 1980s -- for two decades next century, and would still be running at rates of more than 1 million barrels a day until almost mid century. The estimates combine current production, announced development and estimates of heavy oil in place, along with the mean U.S. Geological Survey estimates of undiscovered conventional oil across the entire North Slope.



*The Coastal Plain of ANWR.*

The estimates were presented at the Department of Energy's Alaska heavy oil workshop in Girdwood this past summer.

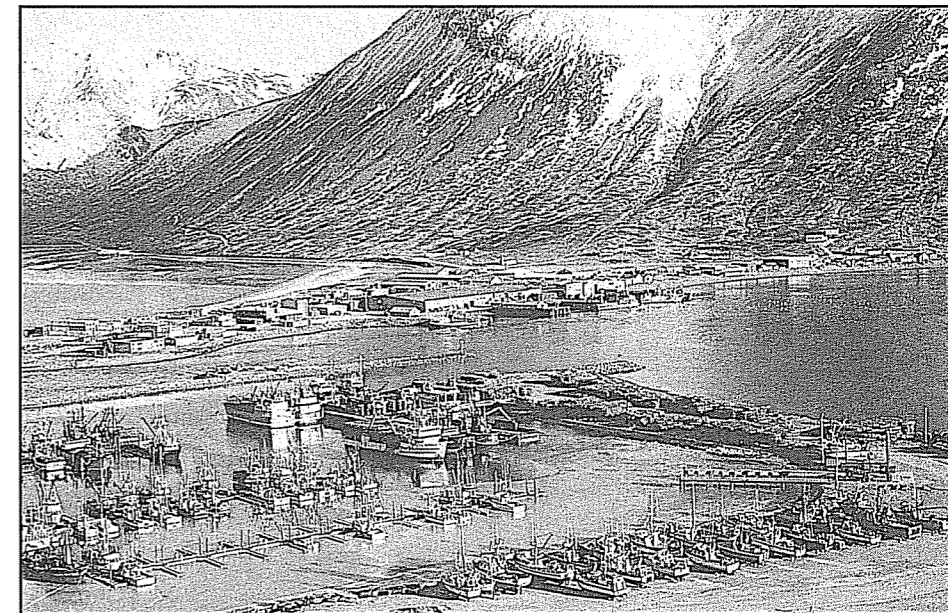
## Stevens obtains King Cove road deal

by Tadd Owens

Senator Ted Stevens, Chairman of the Senate Appropriations Committee, ended months of controversy regarding a proposed road through the Izembek National Wildlife Refuge to connect Cold Bay and King Cove by forging a compromise solution with the Clinton Administration.

The proposed road was the most contentious of several riders attached to the appropriations bill by the Alaska congressional delegation. Environmental groups objected vigorously to any road through a federally-designated Wilderness and President Clinton threatened to veto the entire spending package if the riders were not removed.

Stevens, promising to take the issue all the way to the President if necessary, was able to secure a \$38 million compromise. The deal authorizes several projects in and around King Cove, including \$20 million for a road, marine terminal and ferry, \$15 million for improvements to the King Cove airstrip to allow jet ambulances to take-off and land, and \$2.5 million to provide a full-time doctor and nurse, as well as state-of-the-art telemedicine and telecom-



*Senator Ted Stevens has secured \$37 million to fund the King Cove road, a marine terminal and improvements to the community's airport and clinic.*

munication improvements to the King Cove medical clinic.

The compromise steers the road away from the federally-designated Wilderness lands inside the Izembek refuge, but requires a marine ferry to make the final connection south of Kinzarof Lagoon to Cold Bay.

Stevens said road advocates did not believe they were asking too much

to build a road through a portion of Wilderness already crisscrossed with old jeep trails.

The issue reached a peak in October when the Senate voted 59-38 in favor of a pro-road bill by Senator Frank Murkowski. National environmental groups lobbied hard against the bill, but King Cove residents visiting the Capitol effectively countered the opposition.

## Alaska delegation wins commitment for more timber

The Alaska Congressional delegation has obtained a commitment from the Forest Service to begin discussions this fall on a dependable timber supply to support a new veneer mill in Southeast Alaska.

To help the Forest Service carry out its pledge, the delegation has won an additional \$12.5 million of funding in the agency's FY 99 budget to increase the amount of timber offered to loggers.

"We've fought for months to get a commitment to get enough timber to support a new modern timber industry in Southeast and it appears we now have that commitment," said Senator Frank Murkowski.

## AFA lawsuit ... (Continued from page 5)

the TTRA was passed. That law was supposed to have adjusted the balance between timber interests and preservationist goals. Phelps, however, pointed out that TLMP completely destroys that balance by placing every other use of the forest ahead of timber management.

"Under TLMP, the Tongass will no longer be a multiple use forest in the historic sense of that term."

The new plan sets an annual harvest limit of 267 million board feet, a reduction of almost 50 percent of the allowable harvest limit under the old plan. According to the new plan, 267

mbf can be offered for harvest each year without compromising any other value in the forest.

By the end of August, the Forest Service had offered only 67 mbf for harvest, 200 mbf less than projected and 390 mbf less than the historical average.

The Alaska congressional delegation has won a pledge from Secretary of Agriculture Dan Glickman to increase the amount of timber in the planning "pipeline" by up to 25 percent next year, remaining well within the goals of permitting up to 267 mbf of timber harvest under the new plan.

**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 an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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RDC is located at 121 W. Fireweed, Suite 250, Anchorage, AK 99503, (907) 276-0700. Fax: 276-3887. Material in this publication may be reprinted without permission provided appropriate credit is given.

RDC's e-mail address:  
[resources@akrdc.org](mailto:resources@akrdc.org)  
Writer & Editor  
Carl Portman

## Interior to move ahead with NPR-A leasing

While disappointed that much of the highest prospective acreage in the National Petroleum Reserve - Alaska (NPR-A) will be unavailable for oil and gas leasing, the Resource Development Council applauded Interior Secretary Bruce Babbitt's decision to move forward with a lease sale in the petroleum reserve.

"The Record of Decision is a positive step forward in renewing oil and gas leasing in NPR-A," said RDC Executive Director Ken Freeman. "RDC now encourages the Bureau of Land Management to move forward as expeditiously as possible with the scheduling of a lease sale."

Freeman noted that October's announcement fell short of RDC's preference for opening the entire 4.6 million acre study area to leasing with appropriate stipulations to protect sensitive areas, but he emphasized

that proceeding with a lease sale represents significant progress toward someday tapping a portion of the region's oil and gas potential.

"We are pleased the Secretary did not make any permanent withdrawals from the study area," Freeman said.

RDC believes oil and gas leasing, exploration and development can take place in all areas of NPR-A without adverse impacts to the environment, wildlife and subsistence uses. With more than 30 years of experience on Alaska's North Slope, the industry has demonstrated it has the ability to operate in an environmentally-sensitive manner.

The Record of Decision opens 87 percent of the study area to leasing, but the highest prospective areas along the coast and Teshekpuk Lake are unavailable.

## RDC supports Alpine pipelines



RDC recently urged the Alaska State Pipeline Coordinator's Office to approve right-of-way leases for pipelines associated with the development of ARCO's new Alpine oil field. RDC noted the pipelines would have only a very small footprint and would be built by crews using ice roads. Pictured above is an ice road built last winter for the Alpine project.

## EPA proposes changes to water list

### RDC calls for removal of Log Transfer Facilities from impaired list

The Resource Development Council has taken strong objection to the Environmental Protection Agency's (EPA) proposed changes to the Alaska 303(d) list of impaired waterbodies.

EPA has proposed including on Alaska's 303(d) list active or inactive log transfer facilities (LTF) where bark accumulations exceed the one-acre zone of deposit (ZOD).

RDC has urged the EPA to carefully analyze the implications of its proposed changes to Alaska's 303(d) list and has specifically asked that eleven proposed LTFs be removed.

"This criterion for automatic listing raises a myriad of policy questions and gives us great concern for what appears to be a new direction for EPA that could impact many of our members," said RDC Executive Director Ken Freeman.

While it is EPA's job to review the list, Freeman noted the agency's oversight is secondary to the jurisdiction of the state in governing its waters. Past EPA policy allows each state discretion in the formation of impaired waterbodies recommendations so that a state's 303(d) list complements its own water quality programs. States are given the primary role of listing a waterbody because of potential economic impact to individuals, companies and communities.

"Automatically listing any LTF which exceeds the ZOD does not allow the Alaska Department of Environmental Conservation to exercise its discretion on a site-specific basis," Freeman said. "Without site-specific analysis, it is impossible to determine whether bark deposition beyond the one-acre limit is harmful to the environment."



## Thoughts from the President by Allen Bingham

## Alaska Resources 2000 focuses on challenges, opportunities and prospects for Alaska industry

RDC's 19th Annual Conference, "Alaska Resources 2000: Opportunities, Challenges and Future Prospects" is quickly approaching. This top-notch conference will be held Thursday and Friday, November 19-20 at the Anchorage Sheraton Hotel.

RDC is experiencing a strong response to this year's event in terms of advance registrations, an impressive list of corporate sponsors and a sold-out exhibit arena. RDC's Program Committee, co-chaired by Executive Committee members Bob Stiles and Elizabeth Rensch, has put together a solid program with knowledgeable speakers to examine internal opportunities, external challenges and future prospects facing Alaska industry at the new millennium.

The two-day conference is RDC's largest event of the year, attracting several hundred influential Alaskans from across the state, including resource industry and Native corporation executives, state legislators, federal, state and local government officials, educators and the press. The

convention provides an excellent opportunity for RDC members to join their peers in exploring the most vital issues and trends facing Alaska industry.

Alaska Resources 2000 has a multi-industry focus, examining issues impacting not just one industry, but all of our state's resource industries — fishing, tourism, mining, oil and gas. Common issues transcending each industry are explored so our members can work together more effectively toward the RDC goal of sensible and progressive resource development. The conference will open with Alaska's 1999 Economic Forecast, followed by a comprehensive look at the state's new industrial module-building industry. Emerging trends shaping oil, gas, timber and fisheries will also be addressed.

Thursday afternoon's program will focus on major regulatory issues, including Essential Fish Habitat, the President's new Clean Water Action Plan and the impact of State permitting fees on industry. Federal, state and private sector officials will deliver vary-

ing perspectives on these issues.

Friday will open with a thorough update on the prospects for an Alaska North Slope LNG project, as well as a general overview of the impressive growth in Alaska's mining industry. Native corporation leaders will also speak Friday morning on new direction and opportunities for development on Native lands.

RDC's conference will conclude with an extended keynote luncheon featuring Steffen Palko, Vice Chairman and President of Cross Timbers Oil Company and Barbara Griffiths, Deputy Assistant Secretary of State for International Finance and Development. Ms. Griffiths will address the challenges of economic recovery in the Pacific Rim while Mr. Palko will spotlight his company's interests in Alaska and elsewhere.

Don't miss this networking opportunity and the cutting-edge information needed to respond to rapid change. In the current economic climate, the bonds established and the information exchanged at this conference makes a difference.

## Inlet fish pristine, EPA study concludes

Cook Inlet salmon, halibut and clams are as pristine as ever tested, according to a recent study conducted by the Environmental Protection Agency (EPA).

"The seafood samples in Cook Inlet show some of the lowest levels of contamination that we've ever seen in sampling done throughout the country," said Rick Albright of the EPA's Alaska office. "These are some of the cleanest fish we've seen."

The EPA collected a variety of fish and plant samples last summer near the Native villages of Seldovia, Tyonek, Port Graham and Nanwalek. The samples were collected next to villagers so that the food studied in

the lab would reflect what is served on the dinner table.

The Minerals Management Service recently reported the results of another study that showed there has been no increases in sediment contaminants in Cook Inlet since oil operations began there in the early 1960s. That study focused on the outer zones of the Inlet. It was conducted at the urging of several environmental groups after previous research in the Inlet had come up with insignificant levels of contaminants when compared to background levels of the same compounds naturally found in the sediment.

# Tongass loggers see lower harvests

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substantially less than the new lower limit and much of what has been offered is either uneconomic to cut or is tied up in challenges filed by environmental groups.

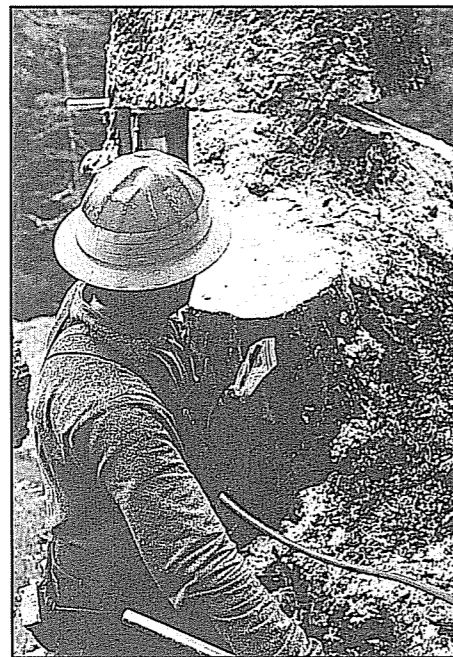
The lack of a stable, dependable timber supply, coupled with the Forest Service's inability to offer sales that are economic to harvest, has frustrated the industry and damaged prospects for a new generation of value-added facilities in the region.

Environmentalists, however, claim supply is not the problem and that many Forest Service offerings beg for a buyer. In reality, industry demand for economically-viable timber sales is strong.

The real problem is that most of this year's offerings are deficit sales, meaning the composition and design of the offerings resulted in costs exceeding projected revenues. For example, the Forest Service's own estimates showed purchasers would lose about \$9 million if they bought those offerings. Of 120 mbf offered in September, one sale — a 0.8 mbf offering — was economic.

1998 has been an especially bad year for the Southeast timber industry. The Forest Service told industry it would provide approximately 249 mbf of timber for sale by September. However, as the year progressed, the agency lowered its target to 208 mbf, and by the end of September, only 187 mbf was offered, 120 mbf in that month alone. Of the 187 mbf offered, only 21 mbf was sold. Of the volume sold, only half is available as the remainder is tied up in environmental lawsuits.

Southeast loggers say there are at least seven measures the Forest Service can take to improve the economics of its timber sales: more timber should be accessed per mile of road building; more temporary roads should be built as opposed to expensive permanent roads; sales at remote sites should be larger to reduce fixed costs; high-cost logging, including helicopter yarding and selective tree harvest, should only be required when it is economic to do so; utilization standards should be revised



Tongass harvests are planned on a 100-year rotation. Natural regeneration is so abundant that many new trees quickly replace the harvested forests. Many areas require thinning after 15 years.

to avoid high-cost, low-value cutting practices; the Forest Service should apply cost-benefit analysis to costly timing restrictions placed on Log Transfer Facilities and a small percentage of log exports should be considered in some cases to eliminate a timber sale deficit.

Industry insiders say the Forest Service should be encouraged to produce timber sales that are economic and redesign uneconomic offerings that received no bids.

Given what's left inside the existing timber supply pipeline, industry expects to harvest about 150 mbf of timber in 1999. Moreover, appeals to TLMP are expected to be settled sometime next year, providing some certainty to the timber supply.

As a devastating 1998 draws to a close, trees continue to grow, fish run healthy and wildlife thrive, but will there ever be peace in the Tongass?

Alaska's congressional delegation is hopeful that it will get a commitment to secure enough timber from the Forest Service to support a new modern timber industry in Southeast Alaska and bring another major wood processing plant to the region.

## AFA lawsuit targets TLMP

(Continued from page 1)

these deficiencies, timber communities in Southeast Alaska are experiencing major dislocations, declining revenues and increased social costs," Phelps said.

The amended complaint points out many of the flaws in the Forest Service's socioeconomic analysis.

AFA's original complaint, filed in August, alleges that the Forest Service violated six federal laws in its revision of TLMP, including provisions of the Tongass Timber Reform Act of 1990 (TTRA). The Forest Service also violated its own planning regulations at several points in the revision process, according to the AFA lawsuit.

"By refusing to follow the law and its own planning regulations when developing the new Tongass Land Management Plan, the Forest Service was able to remove so much commercial forest land from the timber base that it is no longer able to follow the clear intent of Congress to sell enough timber to satisfy market demand and meet the needs of Alaska's timber industry," Phelps said. "Standards and guides relating to the Plan's wildlife viability strategy are so unreasonable and restrictive and so limit the agency's discretion that it is exceptionally difficult for the Forest Service to offer sales that are economic to harvest."

Phelps said AFA's appeal and its lawsuit point out that these standards and guides were illegally adopted since they were added to the Plan only when the Record of Decision was released and were not subject to public comment and debate during the planning process.

The timber industry has lost two-thirds of the direct jobs it had when

(Continued to page 7)

# Drill advances oil spill readiness

BP drill is largest ever conducted in Alaska

To help prevent and prepare for a major oil spill, BP conducted a huge six-day drill in September that included Prince William Sound communities and more than 600 individuals from 65 organizations. Participants from 12 states and four countries took part in the drill, the largest ever conducted in Alaska.

In conjunction with the U.S. Coast Guard, the State of Alaska, Alyeska Pipeline Service Company and ARCO Alaska, BP launched a very real attack on a simulated oil spill in the Sound.

"Our goal was to demonstrate and enhance our response capabilities should another spill occur...despite all of the preventive measures we've implemented in the past decade," said Richard Campbell, President of BP Exploration (Alaska), Inc.

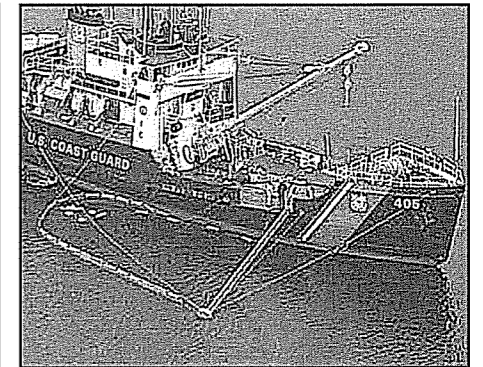
BP crafted a worst-case scenario to test its ability to respond to a spill surpassing the 1989 event in volume and potential impacts. With the involve-

*"Over the course of six days, we set a new standard for oil spill preparedness and reinforced our commitment to make Prince William Sound's tanker transportation system the safest in the world."*

*- Richard Campbell, President, BP Exploration (Alaska), Inc.*

ment and expertise of regulators, government officials, industry partners and the people of Prince William Sound, BP mobilized an aggressive, coordinated and cooperative response.

"Over the course of six days, we set a new standard for oil spill preparedness and reinforced our commitment to make Prince William Sound's tanker transportation system the safest in the



The U.S. Coast Guard participated in the on-water booming operations with its vessel operated skimming system. The drill received attention from high-ranking officials, including Coast Guard Commandant Admiral James Loy.

world," Campbell said.

Since 1989 the industry has initiated a tanker escort system and stationed a rescue tug at the entrance to the Sound. A pair of state-of-the-art tractor tugs have been ordered, as well as improved tanker transit procedures. In addition, the Coast Guard has initiated a new ship tracking system.

A recent study by regulators, the industry and the Prince William Sound Regional Citizens Advisory Council concluded these initiatives have significantly reduced the risk of a major spill in the Sound.

A major objective of the exercise was logistics, including the physical procurement and deployment of sufficient out-of-region oil spill response resources. A second part of the exercise was to test the ability of a Unified Command consisting of state and federal officials and the responsible party to coordinate an effective spill response.

The scenario played out in the drill centered around a BP-chartered tanker which ran aground on the north shore of Montague Island, spilling more than 307,000 barrels. Alyeska immediately launched an initial response with equipment and personnel located in Prince William Sound, while BP activated its worldwide response network to procure additional resources. By the third day of the drill, the scenario called for the deployment of 700 vessels, of these about 200 were skimmers, 400 were fishing vessels and 100 were barges with waste storage capacity of about 4.5 million barrels.



Hundreds of participants crowded into the Valdez Civic Center for the spill drill. Because of its size and scope, it was classified by the U.S. Coast Guard as a Spill of National Significance (SONS).