

RESOURCE *review*

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Shell outlines oil spill response plan for the Arctic OCS

In a briefing open to the press with Senator Lisa Murkowski, Shell emphasized its experience in harsh, remote Arctic environments and the lengths and expense it is willing to go to safely explore, develop and produce oil and gas resources in the Chukchi and Beaufort seas.

“We do work in a lot of areas worldwide where there are weather conditions that are more challenging than what we see in the Beaufort and the Chukchi,” said Shell Alaska Vice President Pete Slaiby. “For instance, we’ve been operating in the North Sea since the mid-1960s where we have higher winds and seas. The Gulf of Mexico can have dramatically higher wind. What we get in the Beaufort and Chukchi is multi-year ice. The currents you see right out the window here in Cook Inlet are probably two to three



Shell oil spill response equipment on deck at Dutch Harbor.

times the current you see in the Chukchi, and Shell put the first two platforms in Cook Inlet in the early 1960s.”

The Chukchi Sea is an important future source of U.S. energy supply with up to 29 billion barrels of oil and 209 trillion cubic feet of natural gas potentially in place. The Chukchi is considered the most prospective unexplored offshore basin in the country.

Shell has been slammed with repeated permitting and litigation delays and has spent in excess of \$3.5 billion over the past several years to acquire leases and prepare for

drilling. The company is seeking approval for a 2012 exploration plan that would allow it to drill several wells in both the Chukchi and Beaufort, reinforced by a flotilla of support ships, barges, tugs, recovery vessels, back-up drill rigs, and a double-hulled icebreaking tanker with a capacity of 513,000 barrels.

Shell was planning to mobilize its fleet in 2010, but the Deepwater Horizon spill in the Gulf of Mexico led to a de facto moratorium on Arctic drilling. The company’s 2011 program was scuttled after its final air permit was revoked by the Environmental Protection Agency’s (EPA) appeals board.

Shell is now looking for a positive record of decision on a supplemental environmental impact statement by October 3. If that decision isn’t positive, the 2012 program would also be derailed.

In an encouraging sign, the EPA has issued draft air quality permits for Shell and ConocoPhillips exploratory drilling operations in the Chukchi and Beaufort seas beginning in 2012. The draft permits are subject to a 30-day public review, and it is likely that environmental groups will also appeal the most recent drafts. Shell has spent over \$60 million over the past four years to secure its air permits.

“We believe the work we have done to further modify and reduce our air emissions to meet new standards meets the goal of having no measurable impact on the environment or coastal villages,” said Shell’s spokesperson Curtis Smith.

At a July briefing in Anchorage, Shell highlighted its comprehensive spill prevention and response plans to Murkowski and the press. The company assured Murkowski it has the capability to respond quickly and effectively to a spill without the support of onshore infrastructure, which is currently quite limited in the Arctic.

Shell noted that drilling in the Arctic offers distinct differences and advantages over deepwater exploration and development in

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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.

Jason Brune accepts new position at Anglo American

RDC Executive Director Jason Brune has been appointed Public Affairs and Government Relations Manager for Anglo American US. Brune's resignation from RDC became effective June 1.

Anglo American is one of two partners pursuing development of the Pebble copper and gold prospect in Southwest Alaska. Brune will be based at the company's Anchorage office.

"Through the RDC, I have had the privilege of working with Jason for the last three years and besides his energy, integrity, and commitment to the responsible development of Alaska's resources, I have been very impressed with his efforts to build consensus and engage constructively on even the most challenging issues," said Paul Henry, Chief Operating Officer of Anglo American US. "I am therefore delighted to welcome Jason into the Anglo American family and I know he will make a great addition to our team."

Brune first came to RDC in August 2000 and served six years as Projects Coordinator and led the Alaska Mineral and Energy Resource Education Fund, now Alaska Resource Education, as its Executive Director. He was appointed RDC Executive



At the Annual Meeting Luncheon June 28, RDC President Tom Maloney presented Jason Brune with one of RDC's limited edition First Barrel of Oil plaques in appreciation for his 11 years of service to the statewide business organization. Brune served as Executive Director for over four years.

Director in November 2006.

During his tenure at RDC, Brune built on RDC's successes, working closely with state and federal governments and the Alaska Legislature on key resource development initiatives and issues. He also worked to expand RDC's membership base and grow the organization's special events. He was a

key player in building public opposition to several ballot initiatives which would have been detrimental to the responsible development of Alaska's oil and gas and mineral resources.

The RDC Board of Directors has initiated a search for a new Executive Director.

Alaskans turn out in force to support OCS drilling

Pro-drilling OCS energy advocates heavily dominated a public hearing in Anchorage June 29 on Lease Sale 193.

Approximately 100 Alaskans attended the hearing and of those who testified, 32 spoke in favor of Lease Sale 193 while 11 urged the federal government to dismiss it. Pro-drilling advocates included private citizens and representatives from virtually every Alaska industry and sector of the economy, including mining, timber, tourism and organized labor.

Speaking against exploration were representatives of a number of international and national environmental activist groups, including the Pew Environmental Group, Sierra Club, Wilderness Society, and Ocean Conservancy, along with several private citizens.

The federal Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) recently released a new Draft Supplemental Environmental Impact Statement (SEIS) for the 2008 Chukchi Sea lease sale in which Shell, ConocoPhillips, Statoil, and others had purchased leases for oil and gas exploration. In July 2010, the U.S. District Court in Alaska, in response to an appeal against the lease sale, ordered BOEM to rework some technical aspects of the original Environmental Impact Statement for the sale, and the court banned lease related activities in the Chukchi Sea until BOEMRE prepared a new SEIS to the court's satisfaction.

The federal agency initially released a draft SEIS in October, but after reviewing public comments on the draft, BOEMRE

chose to add an analysis of a very large oil spill in the Chukchi. The scenario of 2.2 million barrels spilled from a blowout lasting 74 days is considered a theoretical "worst case" for drilling across the large lease area. That analysis has now been completed and is included in the new draft SEIS.

A Final SEIS will provide the Secretary of the Interior with sufficient information and analyses to make an informed decision on whether to affirm, modify, or cancel Lease Sale 193. No drilling can take place until the final EIS is issued and Sale 193 is affirmed.

In its comments, RDC urged BOEMRE to affirm the lease sale as held.

OCS oil and gas development is absolutely critical to Alaska's future economy. With the Trans-Alaska Pipeline System now running at one-third capacity, exploration blocked

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Shell confident it can respond to Arctic spill

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the Gulf of Mexico. The pressure encountered in deepwater drilling is multiple times greater than in Alaska where wells would be in much shallower water. The much lower reservoir pressure in the Alaska OCS means a significantly lower blowout risk compared to deepwater drilling in the Gulf. There are also major differences in well designs, as well as fundamental differences in the geology of the regions.

As it does with hurricanes in the Gulf of Mexico, Shell also has the ability to quickly move rigs out of harms way if ice moves in during its summer open-water drilling season.

Shell pointed out that the cold water of the Arctic and the depth of drilling offer some advantages that work in the company's favor. For example, the Deepwater Horizon spill in the Gulf of Mexico last summer occurred in 5,000 feet of water. In the Chukchi, Shell proposes to drill in water up to 150 feet deep. In deepwater drilling in the Gulf of Mexico, down-hole pressure is three to five times greater than what would be encountered in the Arctic, making a well much more difficult to cap in the Gulf. With the much shallower waters of the Alaska Arctic, an initial oil slick – should an accident occur – would be between 150-250 feet wide.

Oil would reach the surface in less than 10 seconds if a blowout occurred in Alaska, while oil from last summer's Gulf spill took more than an hour to surface and by then the slick was a mile wide.

Because oil would not emulsify as quickly

in cold water, Shell would have a longer window of opportunity to use dispersants in the Arctic without losing their effectiveness.

At the core of Shell's contingency plan is to have oil spill response equipment on site at drilling locations and staged at strategic points, ready for deployment in the unlikely event of a spill. The self-contained response capability would also include trained personnel and supplies.

The company already has extensive experience operating in remote Arctic regions with little or no infrastructure. Shell will use equipment specifically designed for deployment in icy conditions, even though the company would be drilling during a 105-day open-water season.

Shell emphasized its top priority and focus is the prevention of spills through effective well planning and the use of remote oversight and monitoring of drilling operations.

Given the difficulty encountered in stemming the flow of oil from the deep water spill in the Gulf of Mexico, Shell is developing two new well capping and containment devices for use in the Arctic. If there were a blowout in the Arctic and if the well's blowout preventer recessed into the sea floor were to fail, Shell's first response would be to cap the well to stop the escape of oil into the ocean. That could be done by lowering a capping system onto the well bore and then it would be clamped into place. This system would include conduit to send oil to storage vessels at the surface. This system would give drillers the capability to kill the well by re-entering the well or by injecting fluids.

A second device that could be deployed is a containment dome designed to be lowered over the top of the well to gather oil escaping from the well and direct it through piping to surface vessels.

Shell's plan for the recovery of oil includes three tiers: recovery near the well site, recovery near to shore, and recovery onshore and along the shoreline.

Shell's drilling operations will have a purpose built, ice-capable spill response vessel on site to support any well site oil recovery operation. The Nanuq is already in operation while a second vessel is under construction. The Arctic Endeavor, an ice-strengthened barge, would support nearshore response.

The vessels would be fully equipped with boom, skimmers, and other spill response equipment. An ice-class, double-hulled tanker would be used to store recovered oil.

For the shoreline and onshore areas, Shell has pre-staged equipment at strategic sites and has a contract with the spill response cooperative Alaska Clean Seas for onshore operations. Plans include the protection of high priority, environmentally-sensitive onshore sites.

Shell says it has enough equipment to respond independently to the largest foreseeable spill at any of its drilling operations in the Arctic. Should it prove necessary, the company also has access to caches of spill response equipment worldwide. Much of the equipment could be flown in through Barrow or the village of Wainwright. Much of the equipment is packaged so it can be transported quickly.

RDC touts benefits of tapping Alaska OCS

(Continued from page 3)

in ANWR, and non-development activists working toward Wilderness designations in the National Petroleum Reserve, nothing less than Alaska's future economy is at stake.

Development of potentially immense oil and gas deposits in the Chukchi Sea would significantly boost the economy for a generation and extend the life of the oil pipeline. Without new oil production, TAPS could be uneconomic to operate at some point in the next decade.

"If there is no oil and gas development

in ANWR and the OCS, and the best prospects in NPR-A are taken off the table, the federal government must then accept the consequences, including heavier reliance on foreign oil, soaring trade deficits, a weaker national economy, and compromised national security," said RDC Deputy Director Carl Portman. "For Alaskans, our future will be bleak with the state losing much of its economic base."

OCS production could provide an annual average of 54,700 jobs nationwide with an

estimated cumulative payroll of \$145 billion over the next 50 years. Moreover, revenues generated from OCS development in the Arctic could amount to hundreds of billions of dollars in revenues to federal, state and local governments over a 50-year period.

The potential recoverable reserves offshore Alaska is more than all the current total proven U.S. oil reserves of approximately 21 billion barrels.

Please see RDC's comments at akrdc.org.



Alaska ranks low in two recent surveys measuring business climate

Despite a pro-business governor, a treasure-trove of natural resources and a budget surplus, Alaska ranks near the bottom in two recent surveys of places to do business. We know how great it is to work, live and play here, so we find such rankings frustrating. However, objective observers are telling us that our economic house is not in order, and they are telling us what needs improvement.

The annual CNBC survey of “America’s Top States for Business” puts Alaska in 49th place. Last year we were 50th, and this year our huge oil tax surplus helped move us ahead of Rhode Island.

The study looked at the basic indicators of economic health and growth, including fiscal health, which was calculated by examining projected budget gaps (or surpluses) for the coming fiscal year. Even this bright spot was somewhat dimmed by learning that North Dakota and Wyoming beat us in this category – both with oil taxes orders of magnitude lower than Alaska’s.

We flunked most of the other categories: 49th in cost of doing business, 48th in workforce, 43rd in technology and innovation, 41st in education, 49th in cost of living. We got slightly better grades in access to capital, 35th, and business friendliness, 34th. The one category where we usually think we don’t stack up – what I call the “cold and dark” measure - we proved ourselves competitive in the middle of the pack at 21st.

But wait, there’s more!

A recent report issued by the Fraser Institute, a well-respected Canadian research organization, ranked locations in terms of their favorability to oil and gas development. Alaska’s scores went from bad last year to dismal this year, falling behind 21 oil regions.

While Alaska only ranked in the third quintile, other U.S. states dominated the top quintile, with eight of the top 10 spots going to U.S. states: Mississippi, Ohio and

Kansas taking the top three spots.

Meantime, Alaska offshore plunged from 57th to 78th and Alaska onshore fell from 68th to 83rd. Ouch!

So why is a state with a world-class resource ranked with Uzbekistan and Uganda? In the case of offshore, the report says: “investors continue to be turned off by environmental regulations and related uncertainties in these areas.”

Onshore, the report says, Alaska dropped 15 places “due to poorer scores on a number of issues, including fiscal terms, environmental regulation, the cost of regulatory compliance, uncertainties about protected areas and Native land claims.”

Maybe that explains why a single exploratory well was drilled on the North Slope last year – and a single well this year, despite record high oil prices. No more waiting to reform our oil tax!

But wait, there’s more! The operator of the trans-Alaska pipeline – the economic engine that pays for 90 percent of state government – just issued a report warning that we need to act now to increase flow through the pipeline.

“The study findings make it clear that the technical challenges compound and increase as throughput declines,” said Alyeska Service Company President Tom Barrett. “The simplest, most direct and cost-effective path to dealing with these challenges is to stop the decline by adding more oil.”

Our own Senator Lisa Murkowski quickly called for action on the federal level.

“A recent report issued by the Fraser Institute, a well-respected Canadian research organization, ranked locations in terms of their favorability to oil and gas development. Alaska’s scores went from bad last year to dismal this year, falling behind 21 oil regions.”

– Rachael Petro

And Senator Begich is aggressively pushing the federal government as well, calling the pipeline a national asset that delivers about 12 percent of U.S. oil production.

Here at home, Governor Sean Parnell outlined the “Secure Our Future” strategy, a five-point program to increase pipeline throughput to one million barrels a day:

- Boosting Alaska’s competitiveness and investment climate.
- Structuring the permitting processes to improve resource development decision-making.
- Facilitating and incentivizing the next phases of North Slope development.
- Forging national partnerships to increase investment, while protecting the state’s interest.
- Promoting domestic oil production and Alaska’s role.

We know how to improve our business rankings, but our policy makers must agree and take action – as soon as possible.

Calling all champions for Alaska’s future. Let’s work together to improve Alaska’s business climate!

Plan to participate in the Alaska State Chamber of Commerce’s 52nd Annual Conference, where fellow champions will gather to discuss and plan Alaska’s future success. The conference will be in Talkeetna, Alaska from September 19-21. Register today at www.alaskachamber.com.

Rachael Petro is the President and CEO of the Alaska State Chamber of Commerce.

America is funding its own demise

In a keynote address before 950 Alaskans attending RDC's 36th Annual Meeting Luncheon in Anchorage June 28, Wyoming attorney Karen Budd-Falen reported that environmental groups are collecting tens of millions of dollars in attorney fees from the federal government in lawsuits aimed at systematically stopping development in oil, mining, timber, and other industries.

At issue is the Judgment Fund and the Equal Access to Justice Act (EAJA) which requires the federal government to pay attorney fees when it loses cases under statutes that do not specifically call for such fees to be paid by the government.

Budd-Falen and a growing block of Republicans in Congress argue that environmental groups have taken advantage of a lack of oversight on such payments and file lawsuits they know they can win on procedural grounds. Frequent litigants include the Sierra Club Legal Defense Fund, the Center for Biological Diversity, and Earthjustice.

Budd-Falen noted the Judgment Fund is reauthorized every year by Congress, but with no specified amount. The fund pays for litigation under the Clean Water Act, the Clean Air Act, and the Endangered Species Act (ESA). The Equal Access to Judgment Act applies in cases involving the National Environmental Policy Act (NEPA).

The Wyoming attorney and rancher reported that the Sierra Club alone has collected at least \$56 million from the federal government for attorney fees. She said in one case, the government agreed to pay Earthjustice an hourly rate of \$750 in attorney fees.

In that case, the environmental law firm collected \$500,000. She said that in many cases the federal government would not disclose fees paid to environmental groups. In at least 10 percent of the cases nationwide, there is no information available as to how much in U.S. tax dollars were paid in attorney fees to environmental groups.

Budd-Falen pointed out that although federal law requires the awarding of fees be limited to the winning party in a lawsuit, in 21 percent of the cases, the government paid fees before the outcome of the case was determined.

Budd-Falen emphasized that in most cases, the groups sue on process, not substance. She said that despite best intentions, the federal agencies cannot fulfill all NEPA and ESA requirements in an entirely perfect manner, given compliance is too complex. This opens the door for environmentalists to sue on process issues, not on the impacts of a project itself.

For instance, under the ESA, the government has 90 days to respond to a petition to list a species for special protection. If the government does not respond to the petition within that time period, it is vulnerable to a process-driven lawsuit where the environmental group gets its fees paid, even for writing the petition in the first place, Budd-Falen warned.

The Center for Biological Diversity last year alone filed 1,000 petitions with the federal government to list species under the ESA.

The litigation climate in Alaska and elsewhere is driving investment away from America, Budd-Falen warned. "We're funding our own demise."

In research she conducted, Budd-Falen discovered that between 2000 and 2009, in 19 states 14 environmental groups filed 3,000



Karen Budd-Falen spoke at RDC's 36th Annual Meeting Luncheon June 28, addressing the topic of environmental litigation and a strategy to restore fairness to industry and consumers. Budd-Falen warned that environmental groups are collecting tens of millions of dollars in attorney fees from the federal government in lawsuits that are brought largely on procedural grounds. These lawsuits have delayed or derailed projects in the oil and gas, mining, and timber industries that are important to national and local economies.

lawsuits in federal district courts, collecting \$37 million in attorney fees. In addition, they collected an additional \$4 million from private companies. No fees were disclosed in at least 10 percent of the cases.

Moreover, court documents revealed that the federal government and private companies were forced to make \$555,000 in donations to environmental groups, Budd-Falen said.

She noted that twice as many cases have been filed during the Obama administration, suggesting green groups may be emboldened by favorable decisions from a Democratic U.S. Justice Department. The most heavily litigated industry is the oil and gas sector.

According to a separate academic study outside of Budd-Falen's research, the Forest Service itself paid \$6.1 million in legal fees to groups that sued it over a six-year period. The payments cover the period spanning 1999-2005.

Budd-Falen said there are efforts underway in Congress to accomplish litigation reform to curb what she called abuses of the system. A Republican-backed bill, H.R. 1996, would reform the law to restrict reimbursements for each entity to no more than three in a calendar year and would prevent payments to any group that has a net worth of more than \$7 million. Attorney fees would be capped at \$175 an hour and maximum payment for each case would be \$200,000. Accountability of every dollar paid out in attorney fees would be required.

With regard to NEPA cases, Budd-Falen said the impacts of delays stemming from litigation should be calculated into the cost of a project. She said that in all NEPA compliant projects, the federal government should be required to equally consider the economic benefits of a project to local communities. She said the NEPA process needs to consider local economic stability in the permitting process. These recommendations are being worked into federal legislation. A video of Budd-Falen's presentation is available at akrdc.org.

Emerging ocean policy draws concern from Alaskans

By Marleanna Hall

Recent listening sessions, public workshops, and review of the nine Strategic Action Plan outlines issued by the National Ocean Council (NOC) have offered little more to further explain the future of national ocean policy.

There is growing concern that the new ocean policy, especially coastal and marine spatial planning (also widely called ocean zoning), could cause unnecessary harm to economies across the United States. In Alaska, industries such as fishing, transportation, mining, tourism, forestry, oil and gas, and support sectors could all be impacted. These impacts will likely cause a larger burden on Alaskans than the rest of the nation.

Given Alaska has more coastline than the continental U.S. combined, a national ocean policy will have a greater impact on the state, further hampering the already slow processes with little or no added benefit to the environment. Alaskan stakeholders are discouraging a one-size-fits-all ocean policy.

RDC and member concerns

Although their own documents state that effective implementation will require regulations where appropriate, the NOC continues to state that the nine strategic action plans are not regulatory, and they will not replace other regulatory mechanisms. Even so, RDC continues to remind the NOC of the existing array of measures in place to protect the nation's waters. These plans may lead to increased litigation on responsible resource development projects, with no added benefit to the environment. These projects create jobs in communities where few other jobs are available.

In Anchorage on June 10, members of the NOC received public comments from Alaskan stakeholders on the SAP outlines. Stakeholders also questioned the authority of the program, and where funding might come from. While the NOC came under fire for these important issues, RDC continued to support improving existing coordination of protection measures, instead of the addition of another layer of bureaucracy.

Doug Vincent-Lang, Acting Deputy Commissioner of the Department of Fish and

Game for the State of Alaska, spoke to the importance of natural resources to Alaska's economy. Vincent-Lang noted Alaska's large Outer Continental Shelf boasts up to 29 billion barrels of oil and 209 trillion cubic feet of natural gas.

“Alaska's interest in our managing coastal and marine resources cannot be overstated,” Vincent-Lang asserted.

Coastal and Marine Spatial Planning

Alaska accounts for one of the nine regional planning areas to be assigned a regional planning body (RPB), though the members of the RPB have not yet been announced. RDC has urged the NOC to involve stakeholders early, and to coordinate with existing measures and groups to define members of the RPBs.

June 21st marked a national gathering in Washington, D.C., with hundreds of online participants across the country. The focus of the three-day workshop was on National Coastal and Marine Spatial Planning (CMSP), with the first day dedicated to presentations and public testimony. The NOC has committed to future regional workshops, but has yet to propose the dates.

Presenters at the workshop, including Dr. Jane Lubchenco, Undersecretary of Commerce for Oceans and Atmosphere and Administrator of NOAA, spoke about CMSP being a “common vision.” But participants asked, whose vision?



Brent Greenfield of the National Ocean Policy Coalition testified to the NOC, urging that CMSP first be tested in a pilot project and “must rely on neutral government funding to ensure that Coastal and Marine Spatial Plans are not seen as being paid for by advocates.”

Additionally, there must be focus placed on using the best available science, and the amount of science used must be sufficient. RDC has advocated for further studies and research, and supports ocean access and safety through increased infrastructure and Coast Guard presence.

RDC's ongoing efforts

RDC submitted comments addressing concerns on the nine SAP outlines. These and earlier comments can be found online at akrdc.org. RDC members are encouraged to get involved and to watch for action alerts regarding the next steps.

While RDC staff continues to monitor the advancement of ocean policy, RDC has joined the National Ocean Policy Coalition. The NOPC is a national group with 10 principles that support the development and implementation of a sound, balanced ocean policy. For more information on these guiding principles, and to view NOPC members and comment letters, please visit oceanpolicy.com.

State challenges Roadless Rule, delegation seeks repeal

Governor Sean Parnell and Attorney General John Burns have directed the Department of Law to file a legal challenge to the Roadless Rule adopted in 2001 by the United States Forest Service (USFS). The Roadless Rule prohibited local and regional control over decisions about road construction, reconstruction and timber harvest on roughly 58.5 million acres of national forest lands.

As the latest step in a complex history of litigation, a March 2011 Federal District Court ruling set aside a Tongass National Forest exemption and reinstated the application of the Roadless Rule in the Alaska Forest. A 2003 administrative ruling had previously blocked the rule's implementation in the Tongass.

"Applying the Roadless Rule to national forest lands in Alaska diminishes jobs and hurts families, and removes local and regional management of the forests from the state, communities, residents, and foresters," Governor Parnell said. "This is the wrong time for the Forest Service to further restrict timber supply, new mining jobs and development, and impose higher energy costs on communities. Our forests are best managed for multiple uses including mining or logging, which require construction of roads. A one-size-fits-all forest mandate from Washington, D.C. is the wrong approach."

If allowed to stand, the Roadless Rule will increase costs for developing hydroelectric projects by prohibiting roads along transmission line routes for construction and maintenance. Those increased costs would be passed along to consumers.

"As Federal District Court Judge Brimmer already found in the roadless case in Wyoming, procedure counts," Attorney General Burns said. "The Roadless Rule and the rushed manner in which it was adopted violates several federal statutes, including the Administrative Procedure Act (APA), the National Environmental Policy Act, and other federal statutes. It creates de facto wilderness without the approval of Congress."

The State of Alaska also filed a notice of appeal of the Federal District Court decision that the Tongass exemption was invalid. Judge Sedwick ruled that the Forest Service violated the APA by changing the status of the Tongass from not exempt to exempt without providing adequate reasons.

The state maintains that the Forest Service provided a substantial examination during the Tongass exemption decision. The record shows extensive discussion about the settlement with the state, the direction provided to the USFS by Congress in the Alaska National Interest Lands Conservation Act (ANILCA) and the Tongass Timber Reform Act.

ANILCA provides that administration agencies may not withdraw more Alaska land for wilderness without the approval of Congress. The Tongass Timber Reform Act mandates that the Forest Service must seek to meet timber demand from the Tongass, while the Roadless Rule makes that impossible.

Meanwhile, Senator Mark Begich and Congressman Don Young recently introduced legislation to repeal the Roadless Rule in Alaska's national forests. Senator Lisa Murkowski co-sponsored the Senate measure.

"This cookie-cutter rule is a bad fit for Alaska," Begich said. "With high unemployment and high energy costs in Southeast Alaska,

"The roadless rule never made sense for Alaska since 96 percent of the Tongass and 99 percent of the Chugach are already protected by ANILCA and forest management plans. Exempting the Tongass from the roadless rule will help make certain that what little remains of the timber industry in Southeast Alaska can survive long enough for the Forest Service to implement its second-growth harvest."

– Senator Lisa Murkowski

the Forest Service needs greater flexibility to address these issues. Repealing the rule will help keep the few existing mills alive and allow for the development of hydro projects throughout the region as well as two promising mining projects on Prince of Wales Island. Instead of adding options, the roadless rule takes them away."

"As we have seen time and time again, the one-size-fits-all approach rarely ever applies to Alaska," said Congressman Don Young. "The economic well-being and way of life for many Alaskans relies on responsible resource development and this legislation will ensure that this rule doesn't harm Alaska more than it already has. Over the last few decades I have watched the timber industry go from thousands of jobs to nothing; we cannot allow the government to decimate this area more than they already have. This legislation is an economic necessity so that Alaskans may start to responsibly develop our resources in these areas again."

"The roadless rule never made sense for Alaska since 96 percent of the Tongass and 99 percent of the Chugach are already protected by ANILCA and forest management plans," Murkowski said. "Exempting the Tongass from the roadless rule will help make certain that what little remains of the timber industry in Southeast Alaska can survive long enough for the Forest Service to implement its second-growth harvest policy. The exemption will also ensure that hydropower and other affordable energy projects in Southeast Alaska can move forward."

As implemented, the rule prohibits new roads in inventoried roadless areas and prohibits most timber harvest in these areas. The March court decision reinstating the rule effectively places 300,000 acres of inventoried roadless area in which logging would have been allowed under the Tongass Land Management Plan off limits to development.

The legislation introduced last month would prevent use of the rule in planning and decision making for Alaska's Chugach and Tongass National Forests.

Alaska's two national forests are the nation's largest. The Tongass is 17 million acres, covering an area the size of West Virginia. The Chugach National Forest is 5.4 million acres.

RDC staff attends Emerging Leaders Dialogue in Kotzebue

By Natasha Shively, RDC Intern

Kotzebue hosted the 2011 Emerging Leaders Dialogue, led by the Institute of the North, in early June. Attending from RDC were staff members Deantha Crockett, Marleanna Hall, and summer intern Natasha Shively.

The first Emerging Leaders Dialogue was first held in 2007 in Girdwood and is now held each spring in communities around the state. The theme of this Dialogue was “Livable Communities and the Human Condition.” Most of the focus was on small group discussions. Topics ranged from getting youth involved in making community decisions and focusing on economic opportunities to preventing domestic abuse and addressing racism. The Dialogue featured a full slate of speakers, including Representative Reggie Joule, and Kotzebue Mayor Martha Siikauraq Whiting.

The Dialogue also included a tour of Red Dog Mine and a trip to Noatak. Featured in the Red Dog tour was a safety orientation, as well as a walk-through of the mill, mine, and fish weir. Visitors learned of the economic impact of Red Dog and the \$145.9 million in royalties paid to NANA Regional Corporation in 2010. Studies have shown that most of rural Alaska’s population is diminishing because people are moving into urban areas, which offer better economic opportunities. However, this isn’t the case for the NANA

Region, mainly because of the Red Dog Mine.

Noatak rolled out the welcome mat for the group by serving traditional native foods like caribou, sheefish, and dryfish. Many attendees participated in the Walk for Life; a walk through the village to recognize how devastating the suicide rate is for Alaska Natives in small villages. The group was also given a tour of the new high school and had a chance to visit with the locals.

RDC very much appreciated the opportunity to participate in this Dialogue, as well as the hospitality in Kotzebue, Noatak, and Red Dog.



Pictured in Kotzebue from left to right are Marleanna Hall, Natasha Shively, and Deantha Crockett.

Parnell details new Alaska energy policy

Governor Sean Parnell and Natural Resources Commissioner Dan Sullivan met with national reporters to share the state’s plan to offer additional lands and offshore waters for oil and gas exploration.

The briefing with national media is part of the Parnell administration’s wide-ranging efforts to generate national awareness and support for the state’s goal to boost the flow of oil through the Trans Alaska Pipeline to one million barrels of oil within a decade.

“By reaching this goal we will strengthen Alaska’s contribution to U.S. energy security and we will create tens of thousands of new jobs and billions of dollars in payroll,” Parnell said after the briefing.

Calling President Obama’s decision to release 30 million barrels of oil from the nation’s Strategic Petroleum Reserve “bad policy,” Parnell said “the real Strategic Petroleum Reserve is Alaska, which has the potential to provide more than 30 *billion* barrels of oil over three decades.” He said developing Alaska’s vast hydrocarbon resources will supply the nation with billions of barrels of domestic crude, provide tens of thousands of high paying jobs and generate hundreds of billions of dollars in revenue for the federal government.

Parnell also described his efforts in recent months to reach out to Obama, members of Congress, and other governors to encourage broad cooperation on boosting domestic energy production.

Commissioner Sullivan laid out the state’s plan to boost development on its land and in state waters. He also discussed the stringent environmental protection measures in place that protect the sensitive tundra and the North Slope’s wildlife populations.

The Central North Slope undeveloped acreage still holds three to six billion barrels of oil and 24 to 45 trillion cubic feet of natural gas, according to federal estimates of the region’s undiscovered, technically-recoverable resources. The undiscovered resources on state land include dozens of pools of conventional oil that range in size from 50 to 150 million barrels, tens of billions of barrels of heavy and viscous oil, and potentially enormous shale oil deposits.

These estimates do not include the more than five billion barrels of conventional oil reserves that lie under producing fields or fields that are close to being placed into production.

Importantly, some of the known oil and gas plays on state land straddle highly prospective federal lands, including the National Petroleum Reserve-Alaska (NPR-A) and the 1002 Area of the Arctic National Wildlife Refuge (ANWR). By drilling on state land and waters adjacent to NPR-A and ANWR, developers may end up drawing untapped oil that lies beneath these federal lands.

“I applaud Governor Parnell and Commissioner Sullivan for stepping up to the plate to help deliver American energy that we so clearly need,” said Karen Harbert, president and CEO of the U.S. Chamber’s Institute for 21st Century Energy. “Alaska is acting to address our supply problems because the federal government has not. I hope that policymakers in Washington will take notice of the example set by Alaska’s leaders by allowing more access to our oil and gas resources which will create jobs and improve our energy security.”

RDC elects new statewide board, Maloney continues as president



Pictured above are members of the 2011-2012 RDC statewide Board of Directors who attended the 36th Annual Meeting at the Dena'ina Convention Center in Anchorage June 28. Pictured in the front row are Treasurer Eric Fjelstad, Vice President Len Horst, President Tom Maloney and Immediate Past President Wendy Lindskoog. At top right, Governor Sean Parnell was one of two speakers addressing a luncheon crowd of 950. At bottom right, Governor Parnell presents the Interstate Mining Compact Commission's 2011 National Minerals Education Award to Alaska Resource Education (ARE). Receiving the award are Nick Enos, Vice President of ARE and Michelle Brunner, Executive Director. (Photos by Judy Patrick)

Tom Maloney was re-elected to a second term as the President of the Resource Development Council Board of Directors. RDC's statewide board met for its 36th Annual Meeting in Anchorage June 28.

A 22-year Alaska resident, Maloney is Alaska Area Manager for CH2M HILL. He has worked as a senior project controller, corporate business manager, and president of two operating companies. He has also headed up business development, external affairs, and government relations. At RDC, Maloney has been a long-time member of the Executive Committee and had served as Treasurer before being elected to his first term as president in July 2010.

Phil Cochrane, Vice President of External Affairs at BP Exploration (Alaska), Inc., was re-elected Senior Vice President while Len Horst, Senior Vice President and Commercial Loan Manager at Northrim Bank, was re-elected Vice President. Ralph

Samuels, Vice President of Government and Community Relations at Holland America Line, was elected Secretary while Eric Fjelstad, an attorney at Perkins Coie, was re-elected Treasurer.

Newly-elected to the RDC Executive Committee were Lisa Parker, Parker Horn Company, Scott Jepsen, ConocoPhillips Alaska, Inc., and Ralph Samuels.

New incoming board members were Dave Cruz, Cruz Companies, Palmer; Tim Gallagher, HDR Engineering, Anchorage; Ricky Gease, Kenai River Sportfishing Association, Soldotna; Larry Houle, RIM Architects, Anchorage; Jim Laiti, Pipefitters Local 375, Fairbanks; Thomas Mack, Aleut Corporation, Anchorage; Sam Mazzeo, Wells Fargo, Anchorage; Mike Satre, Council of Alaska Producers and Hecla Mining, Juneau, and Lorali Simon, Usibelli Coal Mine, Palmer.



Karen Budd-Falen, an attorney from Cheyenne, Wyoming, was the keynote speaker at the RDC Annual Meeting Luncheon. Budd-Falen addressed the topic of environmental litigation and a strategy to restore fairness to industry and consumers. See a recap of her presentation on page 6. A video is also available at akrdc.org.

Portman Achieves 30 Years at RDC



On April 1, 2011, Carl Portman celebrated his 30th Anniversary at RDC. Carl celebrated by not discussing the occasion with anyone he knew and crossing his fingers that nothing was planned to recognize him. His hopes were dashed upon arriving at the Petroleum Club of Anchorage for what he thought was a business meeting, only to be greeted by a huge group of colleagues, friends, and family.

Carl began his amazing career at RDC as a Community Relations Coordinator and worked in various capacities over the years, including Interim Executive Director several times. His current title is Deputy Director, but expanded titles include Mentor, Resident Genius and Oracle of all things Resource Development.

Former Executive Directors Applaud Portman

Paula Easley, Executive Director 1979-1987

You don't become a change-agent to get rich. You do it because you care about people and believe your work can improve peoples' lives. That's really what RDC has always been about - changing policies and systems so we all can live and work in this great state. Carl is that change-agent; he thrives on the daily challenges and if he gets discouraged, you'd never know it. His tenacity, passion and integrity are unmatched, as is the quality of his work. He's grown a lot and given a lot in the last three decades. Alaskans owe him a huge "thank you" for his contributions.

Becky Gay, Executive Director 1987-1998

Since we met in 1984, I think of Carl synonymous with the Resource Review. It epitomizes Carl's decades of dedicated work. In the early years, it absorbed him as photojournalist and researcher. Over the decades, as editor, writer and publisher, his words helped shape public views of Alaska resource development for policy, education, and debates nationwide. Carl clearly has staying power, creating his own destiny at RDC. Funny, he so resists change, but Carl has been at the forefront of change in Alaska. Now with his RDC career span of 30 years, Carl is a force to be reckoned with, a determined constant. I could always count on Carl as my "compass" on all things RDC.

Debbie Reinwand, Executive Director 1998

Everyone who works with Carl knows what an incredible resource he is for historic and current information about Alaska. From resource development, to oversight laws and regulations, to weather patterns for the past 30 years, Carl is our "go-to" guy. As a reporter in the 80s, I would call him for information and he always had it. Now at Bradley Reid, when discussing resource projects, we often say "Carl will know that - let's call him!" He is a unique Alaska treasure. I'm honored to have worked with him and that he allows me to continue to rely on him as a credible source of information.

Ken Freeman, Executive Director 1998-2001

Carl is one of the finest, most genuine and sincere persons I have ever known. Carl taught me a lot about RDC during my early days as an intern, projects coordinator, and most of all when I had the opportunity to serve as Executive Director. RDC is one of the most dynamic and important organizations in support of Alaska's economy, and the continuity Carl has provided over the many years of tireless service have helped make it one of the most prominent organizations in the state.

Tadd Owens, Executive Director 2001-2006

It is a great privilege to have the opportunity to contribute something in honor of Carl and his 30 years of service to RDC. Readers of this newsletter know Carl through his outstanding writing, public policy analysis, and advocacy for the responsible development of Alaska's natural resources. Others have gotten to know Carl over the years at RDC events and public hearings, and they have invariably come away impressed with Carl's intelligence, passion and tireless work ethic.

By employing these qualities and characteristics over the course of a 30-year career at RDC, Carl has left an indelible mark on the organization. RDC would not be what it is today without Carl. In many respects the organization IS Carl Portman.

Jason Brune, Executive Director 2006-2011

"Nobody knows more about resource development in Alaska than Carl Portman." That is a phrase I've repeated over and over again in my time at RDC, often to Carl's blushing, waving of hands, and denial. As humble and embarrassed as Carl may be, it's true. Across all resource sectors, Carl is a wealth of knowledge. Each Executive Director RDC has ever had has had the privilege of working with Carl. He has made the organization what it is today. I learned so much from Carl and I will always value his mentorship and sincere caring nature. Alaskans owe a sincere debt of gratitude to Carl Portman.



Carl, back row, third from right, poses for a photo with several former and current board members in attendance at a reception honoring him April 1.

Compiled by Jason Brune, Deantha Crockett,
and Marleanna Hall



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