

May 2015



## North Slope mayor calls out governor on Arctic drilling

### *Open Letter to Washington Governor Jay Inslee*

Editor's Note: Washington Governor Jay Inslee, Seattle's Mayor Ed Murray, and the Seattle City Council have expressed opposition to new Arctic drilling and Shell basing its Arctic drilling fleet at the Port of Seattle. A lawsuit by environmental groups is seeking to block Shell from using the Port of Seattle as a home base for its Arctic drilling fleet. The Alaska Legislature has passed a strongly-worded resolution firing back at Washington state officials "or any entity that would treat this state like a mere colony." Washington officials claim Arctic drilling and the basing of Shell's fleet at the port violates Seattle's environmental conscience. Below is Mayor Brower's open letter to Governor Inslee.



Mayor Charlotte Brower

Dear Governor Inslee:

We were very disappointed to see your recent letter to Secretary Sally Jewell protesting the federal government's decision to open portions of the Arctic to oil and gas development and calling for a ban on further lease sales.

Your comments reflect a lack of basic knowledge about our region and are offensive to people that live in America's Arctic. We also did not miss the fact that your letter made no reference to the people that actually live there.

The municipality that I represent, the North Slope Borough, spans an area of over 94,000 square miles across Alaska's North Slope – that is 23,000 square miles larger than the entire state of Washington. It is not an area, however, that is untouched as your letter asserts. The majority of our nearly 8,000 full-time residents are Inupiat

Eskimos who continue to be stewards of the land and sea much as their ancestors had for millennia. And the Inupiat will continue to be part of the Arctic landscape today as they always have been.

Your concerns for the environment and the natural resources of the Arctic, while laudable, fail to acknowledge the reality of the world we live in today. Last year alone, over 800,000 tons of petroleum products made their way through the Arctic Ocean and the Bering Straits on tankers transiting the Northern Sea Route en route to Asia. As Russia ramps up oil and gas development throughout its Arctic regions (including in areas immediately adjacent to U.S. waters), it is very likely that this traffic will increase. Thus, the Arctic is already at risk from an oil spill.

And by not investing in long-term infrastructure for Arctic production, as your comments espouse, our homelands will be more at risk from oil spills. Any potential oil and gas development in the U.S. Arctic will entail extensive investment in oil spill clean-up and response personnel and equipment. This includes other elements of essential infrastructure such as ports and telecommunications. Development will also likely spur the federal government to invest in more icebreakers and to establish a permanent Coast Guard presence in Arctic waters.

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

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Past issues of the Resource Review (1978-2015) are available at akrdc.org.



# The time to explore the Arctic is now

In spite of the naysayers, the time to explore the Arctic Outer Continental Shelf (OCS) is now.

It's been more than seven years since the federal Bureau of Energy and Ocean Management (BOEM) auctioned off federal offshore oil and gas leases in the Chukchi Sea, generating over \$2.6 billion in federal revenue. After appeals and lawsuits of every imaginable kind, it appears we may be on track to see the first exploration drilling this season. BOEM has reevaluated its lease sale as mandated by the courts, and now Shell, the leading leaseholder in the basin, has filed its exploration plan for 2015 drilling.

The naysayers are many including Greenpeace, an organization willing to commit acts of piracy, risk human lives and environment with silly publicity stunts simply to make national and international headlines. For many observers, the hypocrisy of these actions is hard to miss. Consider the carbon footprint of the round trip commute to work by air of a Greenpeace senior executive as reported last June in the London Telegraph, 250 miles from Luxembourg to Amsterdam at 142Kg CO<sub>2</sub> per round trip. Or how the defacing of the World Heritage Site in Peru, the Nazca Lines, again merely for media attention. The 72-meter long Greenpeace Vessel MV Esperanza certainly leaves a large carbon footprint as it shadows Shell's every move as the company mobilizes for Arctic exploration.

But it's not just extreme environmental activists outspoken against Arctic drilling. Washington Governor Jay Inslee and the Seattle City Council are outspoken critics of Arctic OCS drilling and are upset that the Port of Seattle is serving as a staging area for the Shell armada. The hypocrisy of this was not lost on the Alaska Legislature, which recently passed SJR18, which among other things urges the Washington leaders to "first consider closing the Boeing production facilities in the State of Washington if they are truly concerned about the effects of emissions of carbon dioxide from commercial activity."

I don't consider Greenpeace and Washington state politicians credible sources of insightful perspective on the risks and rewards of exploring for and developing oil and gas in the Alaska Arctic OCS. When the U.S. Department of Energy needs a thoughtful and in depth evaluation of such thorny questions, it often asks the National Petroleum Council (NPC), an oil and gas advisory council to the U.S. Secretary of Energy.

Last month the NPC released a report requested by Energy Secretary Ernest Moniz that blows arguments against Alaska Arctic exploration and development out of the water. The report, entitled Arctic Potential, involved participation of over 250 participants from government, academia, industry, Alaska Native organizations, and nongovernmental organizations. In other words, this was a diverse group, not Greenpeace law-breakers or Washington state populist politicians.

The report is timely given that the draft regulations for exploration and development in the Arctic, as well as Shell's exploration plan for the Chukchi are currently under review. To quote the transmittal

letter from NPC chairman Charles Davidson to Secretary Moniz:

*"Other nations, such as Russia and China, are moving forward with Arctic development. Facilitating exploration and development in the U.S. Arctic would enhance national, economic, and energy security, benefit the people of the north and the U.S. as a whole, and position the U.S. to exercise global leadership."*

Enhanced national and economic security, benefiting people, positioning the U.S. to exercise global leadership – this preamble sounds encouraging. Key findings from the NPC are far more useful than publicity stunts and political rhetoric in evaluating the risks and rewards of Arctic development. Consider the following key findings on the NPC report:

- There have been substantial recent technology and regulatory advancements to reduce the potential for and consequences of a spill.
- The oil and gas industry has a long history of successful operations in Arctic conditions enabled by continuing technology and operational advances.
- Arctic oil and gas resources are large and can contribute significantly to meeting future U.S. and global energy needs. If development starts now, the long lead times necessary to bring new crude oil production from Alaska would coincide with a long-term expected decline of U.S. Lower 48 production.
- Most of the U.S. Arctic offshore conventional oil and gas potential can be developed using existing field-proven technology.
- The Arctic environment poses some different challenges relative to other oil and gas production areas, but is generally well understood.

Of all Arctic nations, the U.S. and Russia have the greatest Arctic conventional oil potential at 34 and 36 billion barrels respectively. The U.S. is poised to be a leader in responsibly developing these resources using the highest standards and leading edge technology. With or without the U.S., the Russian Arctic resources will be exploited. U.S. infrastructure and spill response capacity will be greatly enhanced if we are a player in Arctic development rather than a bystander.

As the U.S. has assumed chairmanship of the Arctic Council, we should lead by example in moving forward in carefully developing the resources. The NPC report shows how the benefits far outweigh the risks. That said, we have to get it right, and this report recommends advancing technology, using best practices and leading the other Arctic nations by example.

I encourage a look at the report's 53 page executive summary. View the summary at [akrdoc.org/membership/events/breakfast/1415/npcexecutivesummary.pdf](http://akrdoc.org/membership/events/breakfast/1415/npcexecutivesummary.pdf)

# Brower invites Washington governor to Slope to see benefits of responsible resource development

(Continued from page 1)

These kinds of investments will only make the Arctic environment more secure, not less. But as things stand today, we are only one shipping accident away from environmental catastrophe.

Similarly, your concern over carbon pollution is also misguided. Instead of focusing on the root cause of carbon emissions, which is the consumption of fossil fuels, you posit the simplistic, more parochial solution of halting U.S. oil and gas development in the Arctic. While this may make for lively banter during wine and cheese socials in Olympia, it reeks of the paternalistic past when the state of Alaska was plundered by people from Washington and elsewhere who coveted resources. But instead of whales and fish as it was in those days, it's wilderness areas and romantic notions of what the Arctic should be that continue to drive outsiders like yourself to glibly advocate for limiting resource development.

It should be noted that the state of Washington emits over twice the amount of carbon dioxide as Alaska. Perhaps we should call on the Environmental Protection Agency to refuse permits to large factories that build airplanes or other products in Washington state so that your levels of carbon pollution are diminished? Of course, we wouldn't do that out of respect for the people of your state whose livelihoods depend on those vital

**“It should be noted that the state of Washington emits over twice the amount of carbon dioxide as Alaska. Perhaps we should call on the Environmental Protection Agency to refuse permits to large factories that build airplanes or other products in Washington state so that your levels of carbon pollution are diminished?”** – Mayor Charlotte Brower

industries.

If you're serious about limiting the entrenchment of fossil fuel use in our society, perhaps you should start first with making more responsible personal choices rather than attacking another state and region's largest economic generator. Limiting resource development in the U.S. will only benefit foreign nations who have much less respect for the natural environment and who will gladly take our country's place to fill the demand.

But if you'd like to understand the benefits that responsible resource development can bring to a region, we invite you to come and visit the North Slope. Here you can learn from those of us who can still remember the old times when some parents had to watch their children die in their arms because there was no clinic or medical staff to treat them or when hunters would go out on the ice never to be heard from again due to lack of communications and search and rescue

capability. You should listen to stories about children who had to leave their communities to go to Bureau of Indian Affairs schools where they were abused and forbidden to speak our native language or about people getting sick and dying due to unsanitary water and sewer systems.

Thanks to the visions of our elders who recognized the benefits that resource development could bring to our people and region, we Inupiat do not have to endure these types of conditions any longer.

So in the future, we hope you will take the time to more carefully consider the policies for which you advocate. Then perhaps you might bring about more good than harm.

Sincerely,  
Mayor Charlotte Brower

Charlotte Brower is a life-long Alaskan who has served as the North Slope Borough's mayor since 2010.

## Alaska's contribution to Puget Sound economy: \$6.2 billion

Alaska and Puget Sound share a dynamic and diverse economic relationship strengthened by shipping, seafood, petroleum, and tourism.

The Seattle Metropolitan Chamber of Commerce contracted with McDowell Group to analyze the economic impact of Alaska on Puget Sound in 2013. This is the fourth report in a series started in 1985, repeated roughly every decade.

Alaska's economic relationship with Puget Sound accounted for 113,000 jobs in the region, and \$6.2 billion in labor earnings, in 2013. The sectors accounting for the largest percentage of Alaska-related jobs were services at 26,500 jobs (23 percent), seafood at 23,900 jobs (21 percent), and trade at 19,100 jobs (17 percent). Alaska-related economic activity in Puget Sound fell into two categories: export-related and natural resource-related. Alaska's "export value" to Puget Sound is the value of all goods and services Puget Sound businesses

provide to households, businesses, and industry in Alaska. In 2013 those exports were valued at approximately \$5.4 billion, resulting in 74,000 jobs.

Economic activity related to Alaska's natural resources include those resulting from commercial fishing, seafood processing, petroleum, and tourism. These resource-related sectors accounted for 39,300 jobs and \$2.3 billion in earnings.



Photo courtesy Alaska Airlines

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# RDC urges feds to move forward with OCS lease sales

RDC has urged the Bureau of Ocean Energy Management (BOEM) to maintain all of the proposed leasing areas in the Alaska Outer Continental Shelf (OCS) and to resist additional restrictions on leasing in the Arctic OCS and Cook Inlet.

In response to the request for comments regarding the Draft Proposed 2017-2022 OCS Oil & Gas Leasing Program, RDC said the proposed lease sales in the new five-year plan should not be cut back further. Since January alone, the Department of Interior moved to forever block energy development on the coastal plain of ANWR, America's greatest onshore energy prospect, and closed nearly 10 million acres of offshore areas to development, essentially putting off limits more than 10 billion barrels of oil.

These federal actions come at a time when Alaskans are facing a multi-billion dollar deficit due to low oil prices and low production. Throughput in the Trans-Alaska Pipeline System (TAPS) peaked at 2.1 million barrels per day in 1988 and the pipeline is now running at three quarters empty. With its enormous resource potential, the Alaska OCS likely contains enough oil to at least double TAPS throughput, extend the longevity of the pipeline, and sustain Alaska's economy for decades.

TAPS has played a critical role in our nation's energy security, carrying more than 17 billion barrels of oil to West Coast markets. It is the economic lifeblood of Alaska's economy and a critical link to the nation's long-term energy security.

RDC noted in its comments that one cannot overstate the importance of oil and gas to Alaska. Oil production accounts for more than one-third of the economic activity in the state. It provides and funds thousands of private and public sector jobs, as well as critical public services.

RDC also reminded the federal agency that the very concept of Alaska's statehood is predicated on the development of its natural resources.

More than five decades ago when Alaska statehood was debated, many politicians in Washington, D.C. doubted this northern territory could build an economy and contribute to the union. Alaskans joined together to convince Congress that

## RDC supports Shell's revised Exploration Plan

The revised Chukchi Sea Exploration Plan (EP) submitted by Shell fully addresses all of the major activities associated with offshore exploration in the Chukchi Sea and should be approved in an expeditious manner so drilling can begin this summer, RDC said in correspondence to the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement.

RDC is confident Shell can and will properly execute on its EP and will explore its leases in a responsible manner. Approximately 440 exploration wells have been drilled in Arctic waters, including 35 in the Alaskan OCS.

Shell pioneered the first oil and gas development in Cook Inlet where in 1964 it was the first operator to install a platform and produce hydrocarbons. Since 1987, Shell has successfully drilled 11 wells in the Alaska Arctic OCS, not including the two top holes drilled in the Chukchi Sea nearly three years ago. Shell's planned drilling



Shell pioneered the first oil and gas development in Cook Inlet in the 1960s.

activities in the Chukchi Sea will occur in shallow water, similar to Cook Inlet and near-shore Gulf of Mexico.

Shell has invested more than \$6 billion in its Arctic leases and subsequent efforts in preparing to responsibly explore its prospects in the Chukchi and Beaufort seas.

development of Alaska's vast resources could establish and sustain a strong private sector economy. Washington responded by adding a 49th star to the American flag.

"We remind federal policy makers that Alaska was allowed to join the union because of the expectation that the development of our natural resources would sustain our economy," RDC said. "Now, more than 50 years later, our economic lifeline, TAPS, is starved for oil. It's not because we have depleted our natural resources. In fact, there is more oil in place onshore and offshore the North Slope than what we have developed since statehood. The challenge is achieving access to the resource."

With America still importing more than a quarter of its oil, America needs Alaska oil, RDC said. In the future, that need will grow as oil production from shale formations in the Lower 48 are projected to be in steady decline beyond 2025.

The National Petroleum Council, an advisory commission to the U.S. Department of Energy, recently warned that the U.S. should

immediately begin exploring the Arctic off Alaska or risk a renewed reliance on imported oil. The NPC explained the shale boom will not last beyond the next decade and that it could take more than 15 years to bring Arctic oil into production. Such production has the potential to offset declining shale production and keep foreign imports from rising sharply.

"It is vital that the United States maintain and accelerate opportunities to develop offshore oil and gas, particularly in the resource-rich Beaufort and Chukchi Seas," RDC said in its comments.

The Alaska Beaufort and Chukchi seas hold an estimated 23.6 billion barrels of oil and 104 trillion cubic feet of natural gas, the development of which would create 54,700 jobs and \$193 billion in government revenue. Resource development in the U.S. Arctic would also significantly bolster the nation's influence in a strategically critical area.

RDC expressed confidence that with reasonable regulation and advancing technologies, development of Arctic energy resources can proceed safely.

# In-stream flow reservations, a new anti-development tool

By Marleanna Hall

RDC recently submitted comments to the Department of Natural Resources (DNR) opposing the approval of In-stream Flow Reservation (IFR) applications filed by the Chuitna Citizens Coalition.

In its letter, RDC wrote, “One of RDC’s primary concerns is that approval of the IFR applications would undermine existing regulatory processes and set a dangerous precedent for community and resource

development projects across Alaska.”

IFRs have been “on the books” in Alaska for years, but questions concerning how IFRs should be addressed in the face of competing uses have not been resolved. RDC is further concerned anti-development groups will consider IFRs as a tool they can use to preemptively stop community and resource development projects beyond mining.

RDC contends investment in Alaska should not be jeopardized by pre-emptive



Above, the Fort Knox mine near Fairbanks coexists with a thriving fishery that was restored as a result of the mine’s construction. IFRs could be used to block future development projects across Alaska’s resource industries.

actions to stop community and responsible resource development.

The Alaska Miners Association (AMA) strongly opposed the IFR applications, noting, “Without question, these applications were filed with the sole intention of stopping development of the proposed (Chuitna) coal mine.”

AMA Executive Director, Deantha Crockett, explained the State of Alaska has a lot to lose if these IFR applications are approved. “If investors cannot rely on a stringent, predictable permitting process, they will look to spend their dollars, taking jobs and other economic benefits, elsewhere,” she stated.

RDC also expressed concerns that the applications are flawed.

In detailed and technical comments, Joe Lucas, Vice President, PacRim Coal LP, urged DNR to reject the IFR applications. He wrote, “there are numerous technical deficiencies with the IFR applications.”

Lucas explains the methods used to determine the in-stream flows were flawed and inaccurate, further highlighting why the applications should be rejected.

A public meeting is expected before fall 2015. RDC will post more information on it at [akrdc.org](http://akrdc.org)

## 9th Circuit gives green light to Big Thorne timber sale in Tongass

The 9th U.S. Circuit Court of Appeals has denied a request by environmental groups to halt the Big Thorne timber sale in the Tongass National Forest, clearing the way for the harvesting of sorely needed timber for the region’s last remaining medium-size sawmill.

A federal judge in March had halted the project to allow the 9th Circuit to decide whether an extended injunction against logging was needed. Viking Lumber Company, which won a contract last fall from the U.S. Forest Service to cut Big Thorne timber, is now out in the woods harvesting logs for its Klawock sawmill on Prince of Wales Island west of Ketchikan.

“We are very pleased to see the logging move forward because the Viking sawmill was facing imminent closure due to a lack of logs,” said RDC Executive Director Rick Rogers. RDC was an intervening party in defense of the timber sale, along with the state, the Alaska Forest Association, Viking, and other entities.

The appeals court still must decide on the merits of the environmental groups’ appeal in the coming months.

“Appellants seek to achieve through procedural delay something they could not accomplish on the merits: closure of the last

remaining mid-sized sawmill in Southeast Alaska,” intervenors said in its argument to the court.

Viking is expected to complete about 17 percent of its multi-year Big Thorne logging contract in 2015. The contract offers 97 million board feet of timber over a ten-year period. Included is a requirement for Viking to perform habitat restoration work in the forest.

The Big Thorne project is at the center of a dispute between environmentalists, the Forest Service, and the forest products industry over how quickly to transition from old-growth to second-growth logging in the Tongass. The Forest Service wants the transition to occur over the next 10 to 15 years

while environmental groups are demanding that all old-growth logging end now.

The industry has argued most second-growth trees are not fully mature and will not be ready to harvest for at least two decades. In the meantime, a mix of old-growth and second-growth harvests are needed to sustain what remains of Southeast Alaska’s forest industry. Approximately 85 percent of the forest’s old growth remains intact and less than 10 percent is scheduled for logging over the next 100 years.



# Alaska seafood eco-labeling battle draws to an end

By Kati Capozzi

For the time being, it appears as though the seafood eco-labeling battle has been settled.

In 2012, Alaska salmon producers made the decision to withdraw from the Marine Stewardship Council (MSC), which many believed had gone wayward from a sustainable fishery certification program to a monopolistic entity that sought control of the eco-labeling market. Alaska seafood industry members as well as officials from the State of Alaska, including then Governor Sean Parnell, argued that Alaska's fisheries were some of the best-managed fisheries in the world and served as a global model for sustainability.

The decision to withdraw was based around the concern that MSC's ever-changing and questionable criteria for being 'sustainable' would ultimately tarnish the Alaska brand of salmon while being grouped in with salmon from other regions of the world, primarily Russia, and labeled as equal under the MSC. The 'pay-to-play' labeling was damaging to the Alaska seafood industry and left unknowing conscious consumers in the dark. MSC certification was in many cases the only eco-label that large retailers would consider purchasing, most notably Wal-Mart, Sodexo, and even the National Park Service.

The departure of Alaska salmon and other Alaska fisheries from the



privately funded MSC eventually forced the seafood market, domestically and globally, to reevaluate their seafood sustainability program criteria. Buyers and consumers alike knew the quality of Alaska seafood but were being denied access to it based off the lack of an MSC label. Retailers began reviewing alternate sustainability programs that were "equivalent" to MSC certifications.

Domestically, Alaska seafood adopted its own, independent sustainability certification called "Responsible Fisheries Management." In Europe, where the MSC label is highly regarded, the Global Seafood Sustainability Initiative was launched in an effort to create a benchmark for sustainability guidelines for seafood. These significant eco-label advancements ultimately dismantled the threat of an international monopoly over suitability certifications.

With a more level playing field, Alaska salmon and many other Alaska fisheries are choosing to once again participate in the MSC. You may ask, why rejoin? First, it allows the Alaska brand to compete alongside other MSC certified seafood yet still retain its identity as a global leader in sustainability management. Secondly, it delivers Alaska seafood in the hands of consumers who rely on and continue to prefer MSC certification.

In the end, retailers and consumers are left with more options and Alaska seafood continues to be purchased and consumed worldwide.

## RDC supports Apache survey

RDC is supporting the issuance of a proposed letter of authorization for the incidental take of marine mammals between March 2015 through February 2020 during Apache Corporation's offshore seismic survey operation in Cook Inlet.

Given the need for new and sustainable natural gas supplies in Southcentral and Interior Alaska, the proposed seismic survey could ultimately lead to the development of much needed energy resources for Alaska's most populous regions, RDC said in a letter to the National Marine Fisheries Service. "The survey is clearly in the public interest as it could give Apache the information it needs to potentially secure a stable source of energy for local communities and utilize a valuable resource for Alaskans," RDC said.

Although oil and gas production has been occurring in Cook Inlet for more than 50 years, the potential for new significant discoveries is high. In the past five years, there has been a revival of industry activity in the region. In 2014, Cook Inlet oil production increased by 25 percent and has nearly doubled since 2010 to 16,288 barrels per day.

Apache has acquired over 850,000 acres of oil and gas leases in Cook Inlet since 2010. The size of the survey area and the activities proposed for the upcoming surveys in the 2015-2020 seasons are essentially the same as those conducted during Apache's previous surveys in 2012 and 2014. The measures and operating standards imposed by the company in the earlier surveys were exceptional. Apache operated in full compliance of the previous permits.

With proposed mitigation and monitoring, no injuries or mortalities to marine mammals are anticipated as a result of the proposed seismic survey. No data indicates that the beluga whale population was adversely affected from the previous surveys.

## State forest plan on right track

The Alaska Division of Forestry is on the right track in its future plans for the Southeast Alaska State Forest (SESF), RDC acknowledged in its review of the draft land management plan for the new forest.

RDC was a strong supporter of the legislation creating the SESF in 2010 and subsequent legislation, which added additional units to the forest in 2011. Although the 48,472-acre SESF is too small to provide for the timber supply needs for the region's struggling forest industry, the state timber sale program from the forest has helped sustain what remains of the industry and its well-paying jobs – given the lack of adequate timber from the adjacent Tongass National Forest.

RDC agrees with the state's assessment in the draft plan that there are additional state-owned parcels located in southern Southeast Alaska that should be considered for inclusion into the state forest. These additions would add existing managed young growth timber stands to the forest land base, and reduce future use conflicts.

In 2012, the Governor's Alaska Timber Jobs Task Force made multiple recommendations concerning additions to the SESF, including adding two million acres of national forest lands from the Tongass. Successful implementation of the recommendations would help ensure a vibrant forest industry, RDC noted.

While the SESF does not have the timber base to fully support the industry, it can provide a stable supply of timber to local mills and supplement declining timber harvests on the national forest. It can also provide relief to the industry while it waits for increasing second-growth harvests from the Tongass in coming decades.

In its comments, RDC supported a productive working forest concept for the SESF. Read RDC's full comments at [akrdc.org](http://akrdc.org).

# RDC, other entities challenge National Ocean Policy

RDC Executive Director Rick Rogers urged the U.S. Senate and House Appropriations committees to craft language in an appropriations bill to limit the adverse impacts of the Obama administration's National Ocean Policy Executive Order on the Alaskan economy.

Rogers noted Alaskans, with 34,000 miles of coastline, 3,000 miles of rivers, and over three million lakes, have a significant stake in National Ocean Policy, and will be impacted more than other states by it. He said coastal and rural Alaskan communities may become financially devastated by National Ocean Policy implementation.

"With efforts soon to commence to draft legislation funding the federal government for FY 2016, I write to urge the inclusion of language in all appropriations bills to help ensure that continued implementation of the July 2010 National Ocean Policy Executive Order does not create any additional uncertainty or result in new regulatory hurdles," Rogers said.

The National Ocean Policy directs dozens of federal entities to participate in Coastal and Marine Spatial Planning (CMSP) across the U.S. CMSP is described as a process "to better determine how the ocean, coasts, and Great Lakes are sustainably used and protected," and the Interior Department has likened CMSP to a "national zoning plan" that "will serve as an overlay" in federal decisions.

Concerns are further heightened given that the geographic coverage of CMSP includes inland bays and estuaries, and upland areas as deemed appropriate by Regional Planning Bodies established to create these plans. There are additional concerns with federal entities setting ocean management priorities associated with marine planning as described in the Executive Order, especially in regions like Alaska that choose not to participate.

In addition to CMSP, the National Ocean Policy requires the federal government to implement Ecosystem-Based Management (EBM), which is described as a "fundamental shift" in how the U.S. manages ocean, coastal, and Great Lakes resources. Among other things, the National Ocean Policy requires dozens of federal entities to incorporate EBM



Given Alaska has more coastline than the entire Lower 48 combined, the Obama administration's National Ocean Policy will have a disproportionate impact on Alaska. RDC's diverse board and membership are aligned in its concerns over the negative consequences of unchecked implementation of the proposed policy.

Photo courtesy of Red Dog Mine

into federal agency environmental planning and review processes by 2016.

Language adopted by the Executive Order states that effective National Ocean Policy implementation would "require clear and easily understood requirements and regulations, where appropriate, that include enforcement as a critical component," and acknowledges that the policy "may create a level of uncertainty and anxiety among those who rely on these resources and may generate questions about how they align with existing processes, authorities, and budget challenges."

"In order to ensure that further implementation of the most concerning aspects of an initiative that has not been authorized by Congress does not create additional regulatory uncertainty, result in new regulatory hurdles, or siphon away scarce federal dollars from critical and authorized activities, I respectfully request that all appropriations bills include language stating that 'None of the funds made available by this Act may be used for further implementation of the coastal and marine spatial planning and ecosystem-based management components of the National Ocean Policy developed under Executive Order 13547,'" Rogers said.

RDC's broad and diverse membership are aligned in its concern over the negative consequences of unchecked implementation of Executive Order 13547.

Rogers said Alaska and its federal partners have successfully managed the diverse and important uses of marine waters without the need of the additional layer of planning and regulatory oversight envisioned in the Executive Order. He said multiple uses include logistics and shipping, well managed renewable fisheries, offshore oil and gas development, mining, tourism, and sport fishing opportunities.

Including the proposed language in the appropriation bills will provide Congress with an opportunity to more closely examine the National Ocean Policy and the full range of its potential impacts before it is fully implemented, Rogers said.

RDC also signed on to a letter by nearly 70 commercial and recreational groups to the House and Senate Appropriations committees urging the inclusion of language in FY 2016 appropriations bills that would achieve a one-year pause in implementation of the policy's CMSP and Ecosystem-Based Management components.

The letter's signatories represent a wide array of commercial and recreational interests across the nation.

Language identical to that requested in the letter has already been included in the FY 2016 Energy & Water bill that would fund entities including the Department of Energy and Army Corps of Engineers, among others. That bill passed the Committee in late April.





# Sullivan outlines concerns with wetlands rule

Alaska is a state that understands and loves its water. We boast 43,000 miles of coastline, and millions of lakes. More than 43 percent of our state’s surface area is composed of wetlands — which accounts for 65 percent of the all the wetlands in the nation. It’s in our back yards, and we take care of it. In fact, we have some of the cleanest waterways in the world.

The federal government, however, doesn’t trust our state and its people to take care of our own resources, even though our environmental standards are among the strictest in the world and our waters among the cleanest. They want to assert authority over even more water and activities on adjacent lands by bypassing Congress and imposing rules that would have a devastating effect on Alaska’s economy.

Already, a huge percentage of Alaskans’ waters are under federal control. In fact, a whopping 63 percent of the nation’s jurisdictional waters are in Alaska, meaning those who are doing business on or near those waters have to wrangle with the federal government to get permits. And as many who are doing business in Alaska can attest, having to deal with the federal government is time consuming and expensive, which can serve as a disincentive to doing business in the state.

But if the Environmental Protection Agency (EPA) has its way and enacts yet another rule, this one called the Waters of the United States Rule, it appears the EPA’s jurisdiction will increase significantly. As of now, the Clean Water Act gives the EPA and the Army Corps of Engineers authority over navigable waters and some wetlands. However, the rule the EPA is proposing, informed by dubious studies, says virtually all water — including potholes, ditches, seasonal streams, puddles, and ponds — could be connected to major waterways and is therefore under EPA jurisdiction.

If the rule is promulgated as proposed, it could mean many Alaskans could be subject to having to get a permit from the EPA to dig ditches in their backyards. It would mean a farmer might have to get a permit to plow new land. It would mean harbors, roads, weed and pesticide control, and mining could now fall under a more rigorous federal permitting process. To make matters worse, little consultation was done with those entities in Alaska that will be most affected by this rule.

This is one of many issues involving federal overreach I’m fighting against in the Senate, and it’s why I was proud to join a bipartisan group of senators on April 30 to introduce legislation that mandates the EPA to withdraw its rule and reissue a new proposal that takes into account feedback from stakeholders and states before the end of the Obama administration.

I also held field hearings in early April in Anchorage and Fairbanks on the rule.

Nationwide, 22 states have called for it to be withdrawn, while 11 have asked for it to be revised. More than 300 trade groups and associations from across the country — including the American Farm Bureau Federation, the National Association of Home Builders, and the National Mining Association — are also fighting it.

Here at home, the Kodiak Island Borough, Sealaska Corporation, the Council of Alaska Producers, Aleutians East Borough, the North

**“The rule the EPA is proposing, informed by dubious studies, says virtually all water — including potholes, ditches, seasonal streams, puddles, and ponds — could be connected to major waterways and is therefore under EPA jurisdiction.”**

**– Senator Dan Sullivan**

Slope Borough, Arctic Slope Regional Corporation (ASRC) and the Inupiat Community of the Arctic Slope, to name a few, are all against the rule as proposed.

Most of these groups and states are saying the same thing: localities and states, not the federal government, are best equipped to deal with water in their own areas.

Commenting on the rule, Sara Taylor, the Executive Director of Alaska’s Citizens’ Advisory Commission on Federal Areas, wrote, “the people who care and know the most about the water should be in charge of its care. Those people are the ones who drink it, swim in it and fish in it.”

ASRC and the Inupiat Community wrote the rule would “straitjacket the development of natural resources on Alaska’s North Slope.” The Alaska Miners Association said the rule would have a negative effect on the mining industry and “virtually any other economic development project” in Alaska.

Rick Rogers, the Executive Director of the Resource Development Council for Alaska, said this: “Alaskans must continue to have access to our valuable and traditional resources. The responsible development of these resources creates jobs in communities throughout Alaska, many of which have few other jobs available. Many of these communities will disappear if overly burdensome and unnecessary regulations are added to existing and new projects.”

That’s what I fear the rule would do and that’s why I’m fighting every day to ensure that the federal government doesn’t take away our way of life, our jobs, and our resources.

Senator Dan Sullivan is Alaska’s junior U.S. Senator. He took office in January 2015 and is a member of the Senate Environment and Public Works Committee.

*Save the date!*

### **RDC’S 40th Annual Meeting Luncheon**

Tuesday, June 30, 2015, Dena’ina Convention Center, Anchorage

**Keynote Speaker: U.S. Senator Lisa Murkowski**  
Chair, U.S. Senate Energy & Natural Resources Committee  
*Watch for further details on the program at akrdc.org*



# Who is Alaska’s competition?

Who do we compete with?

Businesses large and small have a definite idea of their competition. Private sector companies compete for bids on projects and selling goods and services on a daily basis. Price, history of similar work, long-standing relationships and ability to deliver are but some of the various factors that determine how good of a competitor an individual company might be.

When it comes to competition on a global scale for investment dollars, as Alaskans we must learn who our competition is. We must know the pros and cons of each competitor as well as our own.

For instance, natural gas is produced by many private companies as well as government owned oil/gas companies. There are opportunities of various sizes and degrees of difficulty to produce. Alaskans as a people, and the State of Alaska as their voice, must learn who the competition is for the massive investment dollars, and determine a path to win the investment.

In the tourism industry, most of our visitors use cruise ships as their transportation of choice. About 60% of tourists arrive by ship. Individual cruise lines compete with one another for market share. Like any industry, the companies have distinctive marketing campaigns, and offer different services aimed at various demographics.

However, from the perspective of Alaska, the competition for ships is the world. Over the past ten years, the number of cruise ships operating globally has boomed, while the number of ships coming to Alaska has remained flat. Alaska used to comprise more than 7.5% of the global cruise market. We are now at only 4.5%. The industry has grown dramatically worldwide, but not in Alaska. What will happen if this trend continues?

If in ten years, Alaska is less than three percent of the global market, do our global competitors keep making it harder to deploy ships to Alaska? While tourism does not supply a large percentage of revenue to the state general fund, it does provide sales taxes, property taxes, alcohol taxes, bed taxes as well as countless other fees and taxes at a local level. For instance, bed taxes from visitors to Denali pay

**“Before implementing more taxes and regulations on the private sector, Alaska must look around the world and see what type and level of taxation and regulation are being implemented by government entities competing with Alaska, and continually adjust and adapt in order to remain competitive.”**

for about 65% of the revenues to the Denali Borough. In Juneau, summer visitors pay 20% of the sales taxes alone, not including the bed and property taxes. If Alaska continues to have a decreasing market share of the global market and becomes less of a global player, how will the various communities be impacted?

In the mining industry, investment dollars are needed for the exploration, permitting and development of that industry. Competition for those dollars is intense, with projects needing capital infusions around the world.

Investment dollars in Alaska for oil/gas development, investments in the form of ships deployed to Alaska, or investments in the highly competitive mining industry all must compete against global competitors that actively pursue the much needed capital. Alaskans must know who their competitors are, and what are their (and our) advantages and disadvantages. Similar to individual companies bidding against each other for a job, Alaska must learn what it needs to do in order to wrestle the job from the competition.

As a government, Alaska has certain things it can do in order to “get the bid.” First and foremost, policies that keep the cost of business down in Alaska must be implemented. Before implementing more taxes and regulations on the private sector, Alaska must look around the world and see what type and level of taxation and regulation are being implemented by government entities competing with Alaska, and continually adjust and adapt in order to remain competitive. Think globally, act locally.

## Ties that bind Alaska and Washington (Continued from page 4)

Between 2003 and 2013, Alaska-related jobs in Puget Sound increased from 103,500 to 113,300, an increase of nine percent. Labor earnings have also increased, from \$4.3 billion to \$6.2 billion. While this represents an increase of 44 percent in nominal terms, actual growth was 12 percent after adjusting for inflation.

In 2013, over 3.4 million tons of cargo moved between Puget Sound and Alaska, nearly all (97 percent) via water. Of all this cargo movement, 80 percent is transported north, while 20 percent is transported south.

Between 2009 and 2013, trade with Alaska accounted for over 80 percent of domestic containerized shipments through the Ports of Seattle and Tacoma, and 20 percent of total containerized shipments.

Puget Sound residents own nearly 1,000 commercial fishing vessels participating in Alaska commercial fisheries. Puget Sound’s 36 seafood processing companies accounted for 82 percent of total first wholesale value of Alaska seafood production in 2013. Alaska-related commercial fishing created 10,150 jobs and \$600 million in labor earnings in Puget Sound in 2013.

The study revealed that Alaska supplies nearly half (46 percent) of all crude oil refined in Puget Sound. Puget Sound’s five refineries receive 265,000 barrels of Alaska crude oil per day. An estimated 12,000 Puget Sound jobs and \$780 million in labor earnings are connected with refining Alaska oil.

Puget Sound hosts over 430,000 Alaska cruise passengers annually.



# Industry *digest*

## Good news for Ambler Mining District

A recent announcement by NovaCopper Inc. indicated increased investment is planned for the Arctic and Bornite deposits located in the Ambler Mining District (AMD) in Northwest Alaska. NovaCopper is a base metals exploration company focused on exploring and developing the AMD.

The Northwest Arctic Borough and the North Slope Borough assemblies signed a joint resolution supporting an evaluation of an industrial road to the AMD by the Alaska Industrial Development and Export Authority.

## Legislature passes Arctic policy bill

The Alaska Legislature has passed a bill establishing an official state Arctic policy that in part encourages resource development to help expand local economic growth and the state's economy.

The bill followed recommendations made by the 26-member Alaska Arctic Policy Commission, which is made up of 10 legislators and 16 community and business representatives. The commission spent two years conducting meetings and drafting its own policy recommendations. The bill advises the state to carry out the commission's 32-point implementation plan, which calls for development of the Arctic's vast fossil fuel deposits, construction of infrastructure, including ports, buildup of emergency response systems, and advancement of scientific research.

Members of the commission said it is important for Alaska to have in place a strong Arctic policy to help clarify the state's position relative to federal efforts aimed more toward curbing development.

## Roadless Rule makes no sense for Alaska

U.S. Senator Lisa Murkowski recently introduced legislation to exempt Alaska's two national forests from the roadless rule to ensure that affected communities can economically develop renewable energy and other natural resources on the national forests in Alaska.

"The Forest Service's application of the roadless rule in the Tongass and Chugach National Forests continues to deny local communities the opportunity to develop their economies and access more affordable energy," said Murkowski, chairman of the Senate Energy and Natural Resources Committee.

Reinstatement in 2013 of the roadless rule – which prohibits construction of new roads in inventoried unroaded areas – has made efforts to build renewable energy projects, electric transmission lines, mining operations, wood products, and other projects within Alaska's two national forests nearly impossible. Murkowski has repeatedly pressed the Forest Service to allow Alaska flexibility in how the roadless rule is applied in the state. The agency has made little effort to be more flexible in its application of the rule.

Murkowski's legislation (S. 631) restores the 2003 roadless exemption that recognized this "one size fits all" rule should not apply to Alaska's national forests. "The roadless rule may make sense in the Lower 48, where there are existing roads and utility lines on national forest lands, but in Alaska – where there is very little, if any, existing infrastructure – it simply makes no sense and is actually counterproductive. Our inability to access our resources has meant a bleak economic future for many communities," Murkowski said.

## ARE receives honorable mention at IMCC

The Alaska Resource Education (ARE) program recently was nominated for the Interstate Mineral Company Commission's (IMCC) 2015 Mineral Education Award in the Public Outreach category for ARE's Natural Resource Patch program with the Girl Scouts of Alaska.

ARE was nominated for this prestigious award by Brent Goodrum, Division Director at the Alaska Department of Natural Resources. For more information about ARE's Natural Resource Patch program, or ways to support ARE, visit [akresource.org](http://akresource.org).

## ESA briefs

### Feds considering ESA protection for cedar tree

The U.S. Fish and Wildlife Service will consider granting Endangered Species Act (ESA) protections for the yellow cedar tree, which is common in the Tongass National Forest. Some believe climate change has caused a long-term die-off of the trees. If ESA protection is granted, it will be the first tree in Alaska listed under the act. Such an action would likely be used by environmental groups to further challenge logging and other multiple use activities in the forest.

The Service determined last month that the poor condition of the trees warrant a formal study of a listing. The determination is in response to a petition filed last year by several environmental groups.

Sixty to 70 percent of yellow cedars in a 600,000-acre area of Alaska and British Columbia have been affected.

### Beluga whale population sees increase

The National Oceanic and Atmospheric Administration (NOAA) has reported an increase in the Cook Inlet beluga whale population, up from 312 animals in 2012 to 340 in 2014. The change was not scientifically significant, according to NOAA. The agency's Alaska Fisheries Science Center said relatively small changes from survey to survey do not reveal a trend over a period of 10 to 20 years.

The Cook Inlet beluga population declined sharply in the 1990s when the subsistence harvest took nearly half the remaining population in only four years. NOAA curtailed subsistence hunting in the late 1990s and listed the Cook Inlet beluga as endangered in 2008. Population estimates have ranged from 278 to 375 animals since 2000. NOAA's population estimates were based on aerial surveys taken in early June 2014.

### RDC comments on critical habitat designation

RDC recently submitted comments regarding the proposed critical habitat designation for the Arctic ringed seal. The area under consideration would be the largest critical habitat designation in the U.S. at 350,000 square miles, larger than the state of Texas.

RDC opposed the original 'threatened' listing of the ringed seals under the ESA due to their known abundant population and the highly speculative nature in which their status was being considered: projected sea ice loss.

The 100-year climate modeling practice based on what could happen to a species if certain sea ice loss thresholds were met has proven to be flawed and recently resulted in the vacated listing of the bearded seal. The same flawed approach was applied to the ringed seal and the 'threatened' status is currently being challenged in Alaska federal district court. View RDC's full comments at [akrdc.org](http://akrdc.org).



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