

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
Executive Director
Rick Rogers
2014-2015 Executive Committee
Ralph Samuels, President
Eric Fjelstad, Sr. Vice President
Lorna Shaw, Vice President
L.F. "Len" Horst, Treasurer
Ethan Schutt, Secretary
Phil Cochran, Past President
Bob Berto
Patty Bielawski
Pat Carler
Ella Ede
Stan Foo
Tim Gallagher
Paul Glavinovich
Bill Jeffress
Scott Jepsen
Wendy Lindsaog
Tom Maloney
Lance Miller
Kara Moriarty
Hans Neidig
Glenn Reed
John Shively
Jeanine St. John
Cam Toohey
Directors
Jaeleen Araujo
Anna Atchison
Greg Baker
Tom Barrett
Greg Beischer
Jason Bergerson
Rick Boyles
Jason Brune
Bruce Bustamante
Dave Chaput
Steve Connelly
Dave Cruz
Steve Denton
Mike Ferris
Carol Fraser
Gideon Garcia
Ricky Gease
Stephen Grabacki
Dan Graham
Scott Habberslad
Karl Hanneman
Rock Hengen
Steve Hites
Teresa Imm
Michael Jespersen
Mike Jungreis
Christine Klein
Thomas Krzewinski
John Lau
Tom Lovas
Thomas Mack
John MacKinnon
Stephanie Madsen
Karen Matthias
Sam Mazzeo
Ron McPheters
James Mery
Lori Nelson
Tom Panamaroff
Lisa Parker
Judy Patrick
Shannon Price
Mike Satre
Joseph Schierhorn
Keith Silver
Lorali Simon
Doug Smith
Phil Steyer
John Sturgeon
Casey Sullivan
Jan Trigg
Doug Ward
Sinclair Wilt
Ex-Officio Members
Senator Lisa Murkowski
Senator Dan Sullivan
Congressman Don Young
Governor Bill Walker

BREAKFAST MEETING

Thursday, May 7, 2015

1. Call to order – Ralph Samuels, President
2. Self Introductions
3. Head Table Introductions
4. Staff Report – Rick Rogers, Executive Director
5. Program and Keynote Speaker:

A New Transportation System in the U.S. Arctic: What Should be Built Where?

Dr. Andrew Metzger, Associate Professor
College of Engineering, University of Alaska Anchorage

Upcoming Meetings:

Thursday, May 21: Alice Rogoff, Publisher, Alaska Dispatch News

Tuesday, June 30: RDC 40th Annual Meeting Luncheon featuring U.S. Senator
Lisa Murkowski, Noon, Dena'ina Convention Center

Please add my name to RDC's contact list:

Name/Title: _____

Company: _____

Address: _____

City: _____ State: _____ Zip: _____

E-mail: _____ Phone: _____

ACTION ALERT

Draft Arctic Specific Regulations: Comment Deadline May 27, 2015

Overview

The Bureau of Ocean Energy Management (BOEM) and Bureau of Safety and Environmental Enforcement (BSEE) have released draft Arctic-specific regulations pertaining to oil and gas exploration and development in the Alaska Outer Continental Shelf (OCS). The Alaska OCS has the potential to be an essential and integral part of the nation's "all of the above" domestic energy strategy. The proposed Arctic-specific regulations focus solely on the OCS within the Beaufort and Chukchi seas.

In a report http://www.npcarcticpotentialreport.org/pdf/AR_Exec_Summary.pdf requested by the Secretary of Energy of its long-standing advisory council, the National Petroleum Council recently concluded that offshore exploration in Alaska must begin now to help offset a projected sharp decline in domestic oil production in the next decade and beyond. It further found that an efficient regulatory framework is a key factor in economically viable Arctic development. Left unchanged, the proposed regulations may inhibit the ability to develop critical Arctic resources and even increase risks to safety and the environment.

Action Requested

This comment period, and upcoming BOEM decisions on Shell's plans to explore its Chukchi leases this year, will play a crucial role in the feasibility and fate of Arctic exploration, and your voice is needed in support of reasonable regulations and decisions. RDC members are encouraged to submit comments on the proposed regulations by May 27, 2015. Comments may be submitted online: Go to <http://www.regulations.gov>. In the search tab on the main page, enter BSEE-2013-0011. After clicking search, locate the document, then click "Submit a Comment."

By Mail: Attention: Regulations and Standards Branch, 381 Elden Street, HE3314, Herndon, VA, 20170-4817. Reference "Oil and Gas and Sulphur Operations on the Outer Continental Shelf-Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf (1082-AA00)."

Points to consider for your comments:

- The draft regulations should be revised, taking into account the National Petroleum Council's Arctic report. While some provisions in the draft regulations are aligned with the NPC study, others would benefit from the research and recommendations in the study.
- It is important that the new Arctic-specific regulations are clear, well-reasoned and based on science and study. Unfortunately, the draft regulations fall short and many of the requirements are disconnected from knowledge and research.
- The Draft Arctic Regulations are not justifiable from a cost-benefit perspective. BOEM and BSEE have applied assumptions that understate the cost of certain requirements and have overstated the benefits of the proposed regulatory package. The benefits of the proposed regulation are calculated based on the assumption that a catastrophic oil spill will occur in the U.S. Arctic OCS in the next ten years. However, this assumption is at odds with the

broadly acknowledged fact—a fact even acknowledged in the draft regulations—that the probability of such an event is extremely low.

- The Draft Arctic Regulations do not define a workable process pursuant to which an operator can apply to use equivalent technology to a Same Season Relief Rig (SSRR). The lack of a defined process for the approval of equivalent technology will prevent operators from being able to adapt their programs as new technologies become available. This stifles innovation in a field that is uniquely equipped to engineer improved solutions to the technical challenges associated with Arctic exploration.
- The Draft Arctic regulations will significantly complicate the permitting environment for the U.S. Arctic OCS by imposing redundant and potentially conflicting regulatory requirements on operators. For example, the Draft Arctic Regulations include the potential for discharge restrictions, which intrude on the jurisdiction of EPA and increase regulatory uncertainty for operators without providing additional benefits to the environment.
- The Integrated Operations Plan (IOP) requirement set forth in the Draft Arctic Regulations is redundant with existing requirements for Exploration Plans (EP). Additionally, the requirement that an IOP be submitted 90 days in advance of EP submission appears to be a regulatory end-run around the OCSLA requirements relating to the time-frame for EP approval.
- The Draft Arctic Regulations include a requirement for a Blow-Out Preventer (BOP) pressure test every seven days, which is not justifiable from a risk-based perspective as it unnecessarily increases the wear-and-tear on assets. Current BSEE regulations require a BOP test every 14 days.
- The Draft Arctic Regulations establish an early end of season date for drilling activities well in advance of the average onset of ice pack – cutting an already short operating season in the Arctic even shorter. Despite this move to limit season length in the Arctic OCS, the Draft Arctic Regulations do not provide any corresponding relief on the issue of lease terms.
- In its recent report, the National Petroleum Council said the U.S. should immediately begin oil and gas exploration and development in the U.S. Arctic or risk a renewed heavy reliance on imported oil in the future. In order for the U.S. to keep domestic production high and imports low, oil companies should start probing the Arctic now because it takes 10 to 30 years of preparation and drilling to bring oil to market. The Department of Energy has warned that oil production from shale deposits in the Lower 48 will sharply decline in the next decade.
- The development of the U.S. Arctic OCS has the potential to be a significant contributor to our nation's energy security, as well as a significant source of long-term jobs for Americans. It is estimated that economic activity from the development of Arctic energy resources would create an annual average of 54,700 jobs nationwide with a cumulative payroll of \$154 billion over the next 50 years.
- The federal government estimates there are 23.6 billion barrels of recoverable oil and 104.4 trillion cubic feet of natural gas in the Chukchi and Beaufort seas planning areas. America's offshore Arctic oil and gas deposits could be among the largest in the world.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

April 24, 2015

Director Salerno and Director Hopper
Regulations & Standards Branch
381 Elden Street, HE3314
Herndon, Virginia, 20170-4817

Re: Shell Chukchi Sea Exploration Plan, Alaska Burger Prospect

Dear Director Salerno and Director Hopper:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I am writing in support of the revised Chukchi Sea Exploration Plan (EP) submitted by Shell. The revised EP fully addresses all of the major activities associated with offshore exploration in the Chukchi Sea. RDC urges the Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement to approve the EP in an expeditious manner so drilling can begin this summer.

RDC is an Alaskan, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The development of Alaska's Arctic Outer Continental Shelf (OCS) has the potential to significantly enhance our nation's energy security far into the future. In a recent released report, the National Petroleum Council (NPC) urged the United States to move forward with oil and gas exploration and development in the Alaska Arctic or risk returning to a heavy reliance on imported oil. The NPC explained it will take 10 to 30 years of preparation and drilling to bring Arctic oil to market. Meanwhile, in the next decade and beyond, oil production in the Lower 48 will decline sharply. The NPC said that in order for the U.S. to keep domestic production high and imports low, oil companies should start exploring the Arctic now.

As you know, the federal government estimates there are 23.6 billion barrels of technically recoverable oil and about 104.4 trillion cubic feet of technically recoverable natural gas in the Chukchi and Beaufort Sea planning areas. In addition, it is estimated that economic activity from the development of the Chukchi and Beaufort seas would create an annual average of 54,700 jobs nationwide with a cumulative payroll of \$154 billion over the next 50 years.

Founded 1975
Executive Director
Rick Rogers
2014-2015 Executive Committee
Ralph Samuels, President
Eric Fjellstad, Sr. Vice President
Lorna Shaw, Vice President
L.E. "Len" Horst, Treasurer
Bryan Schutt, Secretary
Phil Cochrane, Past President
Bob Berto
Patty Bielawski
Pat Carter
Billa Ede
Stan Foo
Tim Gallagher
Paul Glavinovich
Bill Jeffress
Scott Jepsen
Wendy Lindskoog
Tom Maloney
Lance Miller
Kara Moriarty
Hans Neidig
Glenn Reed
John Shively
Jeanine St. John
Cam Toohey
Directors
Jaeleen Araujo
Anna Atchison
Greg Baker
Tom Barrett
Greg Beischer
Jason Bergerson
Rick Boyles
Jason Brune
Bruce Bustamante
Dave Chaput
Steve Connelly
Dave Cruz
Steve Denton
Mike Ferris
Carol Fraser
Gideon Garcia
Ricky Gease
Stephen Grabacki
Dan Graham
Scott Habbersad
Karl Hanneman
Rock Hengen
Steve Hiles
Teresa Imm
Michael Jespersen
Mike Jungreis
Christine Klein
Thomas Krzewinski
John Lau
Tom Lovas
Thomas Mack
John MacKinnon
Stephanie Madsen
Karen Matthias
Sam Mazzeo
Ron McPheters
James Mery
Lori Nelson
Tom Panamaroff
Lisa Parker
Judy Patrick
Shannon Price
Mike Satre
Joseph Schierhorn
Keith Silver
Lorali Simon
Doug Smith
Phil Steyer
John Sturgeon
Casey Sullivan
Jan Trigg
Doug Ward
Sinclair Wilt
Ex-Officio Members
Senator Lisa Murkowski
Senator Dan Sullivan
Congressman Don Young
Governor Bill Walker


With a sustained level of leasing and exploration activity between now and 2030, the Alaska Arctic OCS could contribute significant new domestic production by the 2030s and sustain such production for decades. Offshore production in the Arctic OCS could generate \$200 billion in government revenue and extend the life of the Trans-Alaska Pipeline System (TAPS), a piece of critical and strategic U.S. energy infrastructure. Over its 38-year span, TAPS has transported more than 17 billion barrels of oil to the West Coast. At its peak in 1988, TAPS carried 2.2 million barrels per day, accounting for 25 percent of domestic production, but today it transports just over 500,000 barrels per day. Declining throughput compromises the integrity of the pipeline and means less tax revenue for government. Production from OCS leases could boost TAPS throughput by at least 500,000 barrels per day and keep it in operation for decades.

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 activities in the Chukchi Sea will occur in shallow water, similar to Cook Inlet and near-shore Gulf of Mexico, where safe drilling practices have led to a long history of safe operations.

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. Shell should be allowed to proceed this summer.

RDC appreciates the opportunity to comment on the Exploration Plan and looks forward to seeing Shell move forward with its plans to explore and develop its Arctic prospects offshore Alaska.

Sincerely,



Carl Portman
Deputy Director



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
Executive Director
Rick Rogers
2014-2015 Executive Committee
Ralph Samuels, President
Eric Fjelslad, Sr. Vice President
Lorna Shaw, Vice President
L.F. "Len" Horst, Treasurer
Bryan Schmitt, Secretary
Phil Cochran, Past President
Bob Berto
Patty Bielawski
Pat Carter
Ella Ede
Stan Foo
Tim Gallagher
Paul Glavinovich
Bill Jeffress
Scott Jepsen
Wendy Lindskoog
Tom Maloney
Lance Miller
Kara Moriarty
Hans Neidig
Glenn Reed
John Shively
Jeanine St. John
Cam Toohy
Directors
Jaeleen Araujo
Anna Atchison
Greg Baker
Tom Barrett
Greg Beischer
Jason Bergerson
Rick Boyles
Jason Brune
Bruce Bustamante
Dave Chaput
Steve Connelly
Dave Cruz
Steve Denton
Corri Feige
Mike Ferris
Carol Fraser
Gideon Garcia
Ricky Gease
Stephen Grabacki
Dan Graham
Scott Hasberstad
Karl Hannerman
Rock Hengen
Steve Hites
Teresa Inum
Michael Jespersen
Mike Jungreis
Christine Klein
Thomas Kzewinski
John Lau
Tom Lovas
Thomas Mack
John MacKinnon
Stephanie Madsen
Karen Matthias
Sam Mazzeo
Ron McPheters
James Mery
Lori Nelson
Tom Panamaroff
Lisa Parker
Judy Patrick
Shannon Price
Mike Satre
Joseph Schierhorn
Keith Silver
Lorali Simon
Doug Smith
Phil Steyer
John Sturgeon
Casey Sullivan
Jan Trigg
Doug Ward
Sinclair Wilt
Ex-Officio Members
Senator Lisa Murkowski
Senator Dan Sullivan
Congressman Don Young
Governor Bill Walker

April 24, 2015

Mr. Jim Schwarber
State of Alaska Division of Forestry
3700 Airport Road
Fairbanks, AK 99709

Re: Southeast State Forest Management Plan

Dear Mr. Schwarber:

The Resource Development Council (RDC) appreciates the opportunity to provide comments on the Southeast Alaska State Forest draft management plan.

RDC is a statewide non-profit business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, fisheries and tourism industries. RDC's membership also includes Alaska Native corporations, local communities, organized labor and industry-support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC was a strong supporter of the legislation creating the Southeast State Forest (SESF) in 2010 and subsequent legislation, which added additional units to the forest in 2011. Although we recognize that 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. The state has done a good job with its timber sale program and we are pleased to see the Division of Forestry (DOF) continue with its "working forest" approach through the new management plan for the SESF.

RDC supports the state's efforts to increase the size of the new state forest. As noted in the draft plan, critical to the success of present and future timber production from state forest lands is the efficient transfer of harvested timber from the uplands to shoreline or ocean-based modes of transportation, such as log rafts, barges or ships. We agree with the draft plan's recommendation that key uplands, tidelands and submerged lands – many adjacent to SESF uplands – be considered for legislative designation as additions to this state forest. Key tideland areas include log storage, both long-term and short-term (on land and in water), log transfer facilities, rafting grounds, ship mooring buoys, and other areas where harvested timber must cross state tidelands to reach processing facilities. These same tideland areas may also support the transportation of timber harvested from other state lands, as well as from federal and private lands.

RDC agrees with DOF's assessment in the draft plan that there are additional state-owned upland parcels located in southern Southeast Alaska that should be considered for inclusion into the existing 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 task force recommendations would help ensure a vibrant forest industry in Southeast Alaska, resulting in a much stronger regional economy. If this Task Force recommendation comes to fruition, then additional state tidelands and submerged lands would need to be added to the state forest to ensure the efficient management of all the forest's resources.

RDC would also like to commend the DOF's efforts of coordinating its activities with other land owners in the region, including the Mental Health Trust Authority, the University of Alaska, Sealaska Corporation, and the U.S. Forest Service. These landowners will play a major role in diversifying the timber supply and meeting the needs of both the forest industry and the local economy. Opportunities to coordinate timber sales and transportation infrastructure with other land owners and timber managers should continue.

A major long-standing goal of RDC is to build a more diverse and vibrant economy in Southeast Alaska through the restoration of a sustainable forest products industry. The economic benefits of a healthy forest industry to residents, local communities, and the State of Alaska are significant. 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.

Further, RDC supports a sustainable and productive working forest concept for the SESF. Such an active management approach is necessary if the forest is to furnish a continuous and sustainable supply of timber to the industry. A working forest is one that recognizes the human component of our forest, incentivizes workforce development and local jobs, while providing opportunities to enhance wildlife habitat, recreation, and subsistence activities. A working forest provides many benefits to local communities and can be a cornerstone of their economies.

For decades, the Tongass was managed as a working forest. The Southeast Alaska economy thrived and the forest industry was one of the largest economic sectors in Alaska with 4,600 jobs, mostly spread throughout the Southeast Panhandle. Other industries, including tourism and fishing, coexisted with the industry. Fish and wildlife populations remained healthy and actually increased in two of the most heavily logged watersheds. In addition, logging roads greatly improved access for recreation and other uses.

However, the industry has undergone a major transformation in the past 25 years with new land withdrawals and adverse federal public policy decisions sharply curtailing the timber supply to local mills. Today, only four percent of the entire Tongass is available for harvest, while about 85 percent of the forest's largest old-growth remains untouched.

Given so much of Southeast Alaska is preserved in land management classifications that preclude logging, it is most appropriate that timber production and utilization is the primary use of the SESF (AS 41.17.200). As a result, we agree the primary focus of the new management plan should be the establishment of a reliable, long-term supply of economic timber to the industry to ensure the long-term viability of the region's timber-based economy. Since much of the new state forest was inherited from the Forest Service with young second-growth, these stands should be actively managed to provide for more timber volume per acre on shorter rotations. The shift to second-growth harvesting can be accelerated and timber volume increased on state land by active forest management. Thinning is a long-term investment, but it is justified, given the pressing need for a stable, long-

term supply of timber.

RDC also supports other multiple uses of the state forest, including access to other economy-building opportunities, such as mineral exploration and development, should future prospects arise or access across the state forest be required to reach projects elsewhere. The mining, timber, fishing and tourism industries coexist across Alaska and can do so in the Southeast Alaska State Forest, too.

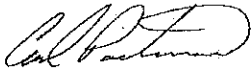
As acknowledged in the draft plan, the Alaska Forest Practices Act will serve as the standard to protect water quality and fish habitat in the state forest. The Best Management Practices under this program are overseen by the diverse Board of Forestry, which has concluded that these are effective standards based on scientific compliance and monitoring.

In conclusion, with an adequate long-term supply of timber, the forest industry can make new investments in manufacturing and other operations. These investments can be made by private industry without government funding. All that is needed is an adequate supply of suitable, economic timber.

RDC is pleased to see the draft management plan for the forest acknowledge that the primary purpose for the SESF is timber production as a working forest. The draft plan correctly acknowledges these lands serve as an important source of timber for meeting the needs of the region and that timber production should be emphasized within the plan.

RDC appreciates the opportunity to comment on the Southeast Alaska State Forest draft land management plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl Portman', written in a cursive style.

Carl Portman
Deputy Director

cc: Chris Maisch, State Forester and Director

Alaska Resource Education

Presents the 23rd Annual

Coal Classic

Golf Tournament

sponsored by the Alaska Coal Association

Wednesday, June 10, 2015 at Anchorage Golf Course

Breakfast, Registration & Hosted Driving Range 6:00 am, Shotgun Start 7:00 am

Alaska Resource Education's mission is to educate students about Alaska's natural resources.

Alaska Resource Education is a 501(c)(3) non-profit, tax ID #92-0117527

REGISTRATION FORM

Great prizes and lunch included!

_____ \$1,100 Team (four golfers)

_____ \$300 Individual Golfer

Team Name _____

Golfers _____

Contact person _____

Address _____ City/State _____ Zip _____

Phone _____ Email _____

I would like to pay by: Check ☐ Visa ☐ Invoice ☐
VISA/MC _____ Expiration _____ 3 Digit Code _____

Return this form with your check payable to Alaska Resource Education
601 E. 57th Place, Suite 104 Anchorage, AK 99518 • Fax 907-276-5488 • golf@akresource.org

SPONSORSHIP OPPORTUNITIES

_____ \$400 Breakfast Sponsor

_____ \$200 Driving Range Sponsor

_____ \$500 Beverage Cart Sponsor

_____ \$300 Hole Sponsor

_____ \$600 Lunch Sponsor

_____ \$1,200 Par 3 Poker Sponsor

_____ Door Prize Donation

_____ Goodie bag items donation

Item description: _____

(160 of each)