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Alaska's "Aquatic ANILCA"

By Tadd Owens, RDC Executive Director

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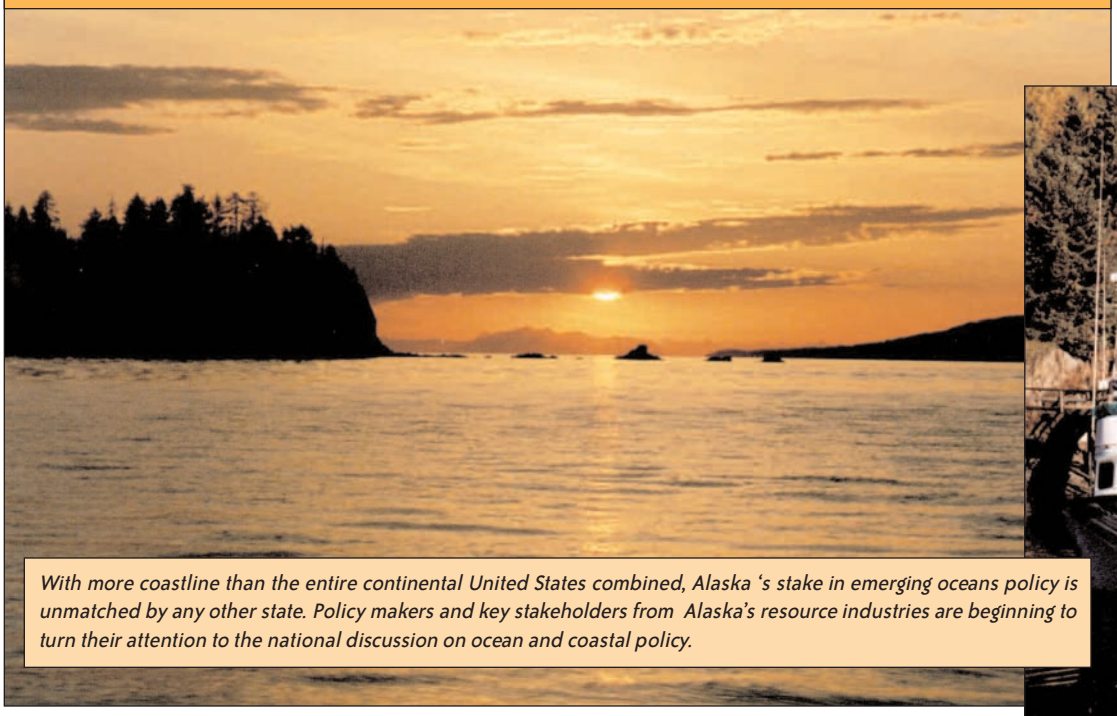

With more coastline than the entire continental United States combined, Alaska 's stake in emerging oceans policy is unmatched by any other state. Policy makers and key stakeholders from Alaska's resource industries are beginning to turn their attention to the national discussion on ocean and coastal policy.

The nation's renewed focus on ocean policy has the potential to become Alaska's "aquatic ANILCA" according to Kurt Fredriksson, commissioner of the state's Department of Environmental Conservation. "With twice the coastline of the rest of the country combined, Alaska's stake in this issue is unmatched by any other state in the Union."

In addition to the state's expansive coastline, Alaska's commercial fisheries produce roughly half the seafood landed in the United States, and nearly 20 percent of the nation's domestic oil resources are produced from Alaska's coastal areas. The overwhelming majority of the state's wealth generating activity — including world-class tourism, mining, oil and gas and fishing operations — takes place either on the state's ocean waters or along its coastline.

Alaska's policy makers and key stakeholders are beginning to turn their attention to the national discussion of ocean and coastal policy, and while there is little question regarding the significance of such a policy to Alaska, it is unclear to what extent Alaskans will be able to influence the debate's outcomes.

Federal interest in reassessing management of the country's oceans began with passage of the Oceans Act of 2000, through which Congress created the U.S. Commission on Ocean Policy. Consisting of 16 members from throughout the country, the Commission held 16 public meetings, and conducted 18 regional site visits — collecting nearly 2,000 pages of public testimony — before issuing its final report on September 20, 2004.

The report, entitled "An Ocean Blueprint for the 21st Century," contains 212 recommendations addressing all aspects of ocean and coastal policy. The report won praise from Bush Administration

(Continued to page 4)

Inside

For nearly a century Alaskan companies have come to rely on the Alaska Railroad to shuttle construction materials, heavy equipment, petroleum products, gravel, steel, timber, coal, and containers across tundra, through mountains, and over sea. Whatever the industry, if you need to transport it, build it, or barge it, the Alaska Railroad has tons of expertise and strength to go around.

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JOHN SHIVELY

KENSINGTON: A STUDY IN PERSEVERANCE

If good things really do come to those who wait, then the folks at Coeur Alaska should be in for some very good times. For well over a decade they have been working to find an acceptable development plan for the Kensington Mine north of Juneau. They have faced numerous challenges along the way to getting a favorable decision on the Final Supplemental Environmental Impact Statement (FSEIS) recently approved by the U. S. Forest Service.

Of course, there are some that are opposed to the mine under any circumstances, and these organizations and individuals have taken advantage of the cumbersome state and federal permitting processes to attempt to derail the project. Thus far those efforts have not achieved the desired goal of having Coeur give up on the project, but the opportunity for mischief is not over.

The gold prices of the 90s were also a hurdle, and at one point operating costs were at or above the price of gold. By redesigning the project, Coeur has reduced these costs to about $220 an ounce, well below world average. This reduction is more than $140 per ounce from some of the earlier operation cost projections, quite a feat in itself. In addition, the price of gold has been increasing of late to about $430 an ounce. This situation, coupled with significant exploration potential, ensures ongoing profitable operations, even with long-term fluctuating gold prices.

The use of cyanide in the production process was also an issue that caused concern in the public arena. Although there is technology available to take care of the environmental risk of using cyanide, just the word is enough to upset anyone familiar with the works of Agatha Christie or a number of other murder mystery writers. Coeur has now made the decision to eliminate onsite cyanide processing.

The biggest challenge for Coeur, as it is with most modern mines, is how to handle the tailings from their underground mine. The company, and what I can only assume was an army of environmental and engineering consultants, looked at a variety of options. I am familiar with some, but not all of them. The preferred alternative in the FSEIS provides for the disposal of the tailings in a small unproductive lake. When the mine is closed there will be a larger lake with improved fish habitat and wetlands.

The Kensington project has been one of the most studied projects in the history of Alaska resource development. Given the extensive public review this project has received and given a favorable decision in the FSEIS, one would think that Coeur would be ready to initiate its groundbreaking ceremony. Unfortunately, that is not the case.

Coeur is still awaiting a number of final state and federal permits from agencies such as the Alaska Department of Natural Resources, the Environmental Protection Agency, and the Army Corps of Engineers. We know that those who oppose the project will attempt to get at least some of these agencies to ignore the years of work and the expenditure of tens of millions of dollars that went into the final approval of a preferred alternative in the FSEIS that is both environmentally responsible and operationally economic.

If the agencies respect the cumbersome but thorough EIS process, the permits should be issued over the next couple of months. We would hope that these permits would be issued as expeditiously as possible.

"If the agencies respect the cumbersome but thorough EIS process, the permits should be issued over the next couple of months. We would hope that these permits would be issued as expeditiously as possible."

Pictured above is the port site for the proposed Kensington Mine outside Juneau.

If the process proceeds as it should, Coeur could begin construction around July 1st. Such construction would write another chapter in Alaska's illustrious mining history. The mine will create over 300 construction jobs and around 225 long-term operational jobs. Coeur has made a commitment to train and hire Alaskans and has received the endorsement of local Native organizations and others because of this commitment.

Clearly, Coeur is to be commended for its perseverance. With luck, Coeur's commitment will be rewarded with a groundbreaking ceremony this coming summer.

Footnote: *While going through the Seattle airport recently, I picked up a copy of the Seattle Times. The front page had a large full-color picture showing a sea lion chowing down on a king salmon in front of one of the dams on the Columbia River. Apparently the sea lions have figured out that king salmon approaching a dam are easy pickings. Given the poor showing of returning king salmon to the Columbia this year, the sea lions relatively recent move to this aquatic restaurant was causing not unreasonable concern in the fish and game management community. However, what really caught my eye was a tidbit buried in the article stating that since 1970 the sea lion population along the west coast has tripled – going from around 100,000 animals to an estimated population of over 300,000. Could it be that some of our sea lions decided to move south?*

Alaska Has Big Stake In Ocean Policy

(Continued from page 1)

A 2002 report prepared by the state's marine protected area task force indicated no fewer than nine state and federal agencies administer programs designed to protect Alaska's water and marine resources. Over 200 individual marine protected areas in 18 different categories exist in state and federal waters.

officials, including Undersecretary of Commerce for Oceans and Atmosphere, Vice Admiral Conrad Lautenbacher, Jr.,

"This marks the beginning of an exciting new era in ocean policy," said Lautenbacher. "The Ocean Commission has made it clear that piecemeal approaches to managing the oceans are a thing of the past."

On December 17, 2004 President Bush created the Ocean Policy Committee by executive order. The committee, chaired by the head of the Council on Environmental Quality and populated by ten cabinet secretaries and a host of other high-ranking federal officials, is tasked with coordinating the activities of the executive departments and agencies regarding ocean-related matters. The Committee is also charged with facilitating collaboration and consultation on ocean policy among federal, state, tribal and local governments, the private sector, foreign governments and non-governmental organizations.

The Commission's report and the Ocean Policy Committee's mission present Alaska with both threats and opportunities. Stakeholders from both the public and private sector in Alaska have identified two major policy concerns — developing an enhanced regional approach to management and strengthening the federal agency structure.

In a press statement issued shortly after release of the Commission's report, David Benton, executive director of the Marine Conservation Alliance (MCA), noted, "The North Pacific Council in Alaska has a strong record of preventing overfishing and protecting fish habitat. Our experience shows that the system can work, and work well." Based in Juneau, the MCA is composed of harvesters, processors, and coastal communities throughout Alaska.

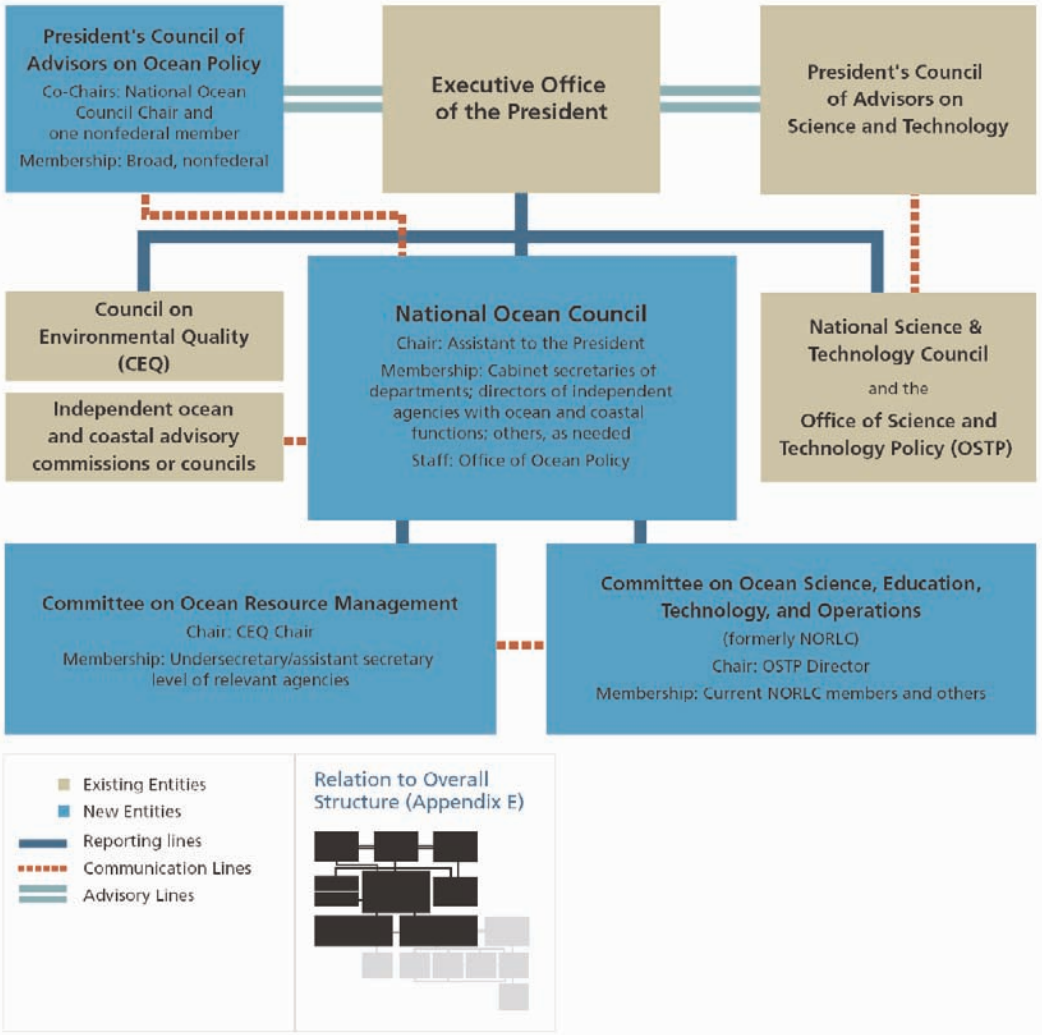
Stephanie Madsen, vice president of the Pacific Seafood Processors Association and chair of the North Pacific Fisheries Management Council, believes Alaska's management successes can be a model for the rest of the country.

"Many of the Ocean Commission's recommendations reflect the best practices currently in use by the North Pacific Council," Madsen said. "We have institutionalized the practice of not exceeding the allowable biological catch levels set by our science and statistical committee. This practice exemplifies the proactive approach to fisheries management used successfully in the North Pacific."

For many, however, support for an enhanced regional management approach turns to skepticism when considering the prospect of a

Unlike much of the rest of the country, Alaska's fisheries have been effectively managed for sustainability, and the state's ocean and coastal waters are essentially pollution free.

Proposed Structure For Coordination Of Federal Ocean Activities



Shown here are the institutional components that may be established in the Executive Office of the President (EOP) to establish federal leadership and coordination of the nation's oceans and coasts. This diagram also illustrates the organizational relationship between these new components and the existing units in the EOP.

strengthened and expanded federal agency structure. Both the Commission's report and the Bush administration's ocean action plan envision new federal programs, offices and staff. State officials worry this new bureaucracy will not take into account Alaska's unique set of circumstances.

Unlike much of the rest of the country, Alaska's fisheries have been effectively managed for sustainability, and the state's ocean and coastal waters are essentially pollution free. Issues such as beach closures, coastal wetlands loss and non-point source pollution are of paramount concern to many states, but have little relevance in Alaska.

A 2002 report prepared by the state's marine protected area task force indicates no fewer than nine state and federal agencies administer programs designed to protect Alaska's water and fish resources. Over 200 individual marine protected areas in 18 different categories exist in state and federal waters. This inventory does not include the essential fish habitat program recently drafted by the North Pacific Council.

Recognizing Alaska's stake in this issue, Governor Frank Murkowski has worked to prepare the state for participation in the national policy discussion. The Governor formed an Ocean Policy subcabinet consisting of the Commissioners of Environmental Conservation, Fish and Game, Natural Resources, Community and Economic Development and representatives from the Governor's office. The subcabinet is staffed by a newly created Ocean Policy Coordinator position created by the Governor through administrative order.

The state submitted extensive comments to the U.S. Commission on Ocean Policy in June 2004 in which Governor Murkowski pointed out, "Our experience with other redundant organizations does not convince us that new government structures for centralized federal management produce better environmental or management results than proper utilization and funding of existing programs and agencies."

Instead of a federally driven process, the Governor encouraged the Commission to give states the primary responsibility for the country's ocean resources.

"We look forward to the coastal states playing a lead role implementing the improvements for ocean management outlined in the report," Murkowski said. "An emphasis on state enforcement mechanisms…will strengthen our ability to… manage for success in both environmental protection and resource development."

Ocean Policy On The Web

U.S. Ocean Policy Commission
www.oceancommission.gov/

State of Alaska's Comments
www.state.ak.us/local/oceansreport.htm

Committee on Ocean Policy
ocean.ceq.gov/

North Pacific Fisheries Management Council
www.fakr.noaa.gov/npfmc/

Marine Conservation Alliance
www.marineconservationalliance.org

Alaska At Forefront Of Fisheries Initiatives Before Congress

By Gale K. Vick, Executive Director, Gulf Of Alaska Coastal Communities Coalition

Major federal fisheries initiatives for the North Pacific's Exclusive Economic Zone (EEZ) are moving before lawmakers in Washington, D.C., potentially giving this Congress the most say on federal fisheries policy since the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act (MSA).

With Alaska's Congressional delegation in key committee positions, Alaska will have considerable influence on the direction of federal fisheries and ocean legislation.

"We should be alert and work together toward mutually beneficial goals," said Chuck Totemoff, President of Chenega Corporation. "Our Delegation does not need widely conflicting requests from their constituents," he said. "This is a time for us to show some solidarity in protecting the needs of Alaska within the North Pacific."

Here is a summary of the most significant federal fisheries initiatives and their implications for Alaska.

Reauthorization of the MSA: While reauthorization is not likely to pass until 2006, House and Senate Resource Committee drafts are expected to emerge soon and will set the stage for hearings – both in the field and in Congress. This legislation governs management of federal fisheries in the U.S. Since the North Pacific contains over 60% of the federal fisheries biomass, language in the MSA will have a direct impact on Alaska's fisheries-dependent communities and the state's economy.

Industry expects specific language on community protections, Essential Fish Habitat (EFH), rationalization program tools, ecosystem management, and many other issues.

"The primary issue is not letting the failures of other management regions dictate what happens in the North Pacific," warned Alan Austerman, Fish Advisor to Governor Murkowski.

Open Oceans Aquaculture (OOA) legislation: The National Oceanic and Atmospheric Administration is expected to call for permitting capabilities for offshore fish farming in the EEZ. The Alaskan fishing industry and coastal communities oppose such a move, supporting the Governor's position to exempt the North Pacific from a fish farm permitting program. Senator Lisa Murkowski is expected to introduce legislation that will mitigate the impacts of OOA legislation on the North Pacific. Alaska currently prohibits the farming of finfish in state waters, but supports shellfish aquaculture.

National Ocean Exploration: Senator Stevens introduced the National Ocean Exploration Program Act, S.39. "This bill brings a focus on remote ocean research and exploration, in particular, deep marine regions, specifically, hydrothermal vents communities and seamounts. More research on these areas, where organisms exist in highly toxic environments, may bring significant scientific and medical breakthroughs," said Stevens.

Marine Debris: S.362, sponsored by Senator Inouye, would authorize $15 million each year to NOAA and the Coast Guard to map the sources and impacts of marine debris, enforce penalties for fishers and other ships that dump garbage into the ocean, and provide grants for cooperative clean-up programs.

Ballast water standards: Senator Inouye also introduced S.363 to amend the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 to establish vessel ballast water management requirements.

Early warning systems: Several bills addressing integrated oceans and coastal observations systems, particularly for tsunamis, are surfacing, including Senator Olympia Snowe's S.361 and Senator Inouye's S.50.

Endangered Species Act (ESA): H.R. 1299 amends the ESA of 1973 to update the process for designating critical habitat under that act. Other bills amending the ESA are also expected to be introduced.

Ocean Legislation: The U.S. Commission on Ocean Policy called for dramatic changes in fisheries management, finding it too "fractionalized." Rep. Vernon Ehlers has introduced H.R. 50, the "NOAA Organic Act," as an overarching law describing the mission and functions of NOAA. The bill, supported by President George Bush, seeks to codify NOAA administration.

Expect to see competing legislation and ocean policy initiatives as a major focus. Members of the House Oceans Caucus are planning to reintroduce "Oceans-21" which called for ecosystem based ocean management in the 108th Congress. Rep. Rahall authored H.R. 4706 that would seek to reform the regional fishery management councils which set fishing quotas.

Marine Mammal Protection Act: The MMPA is due for reauthorization and a bill is expected soon. Congressman Richard Pombo is likely to be a leader on this issue.

Marine Protected Areas: MPAs may strike alarm in the heart of many Alaskans, but a newly strengthened federal MPA advisory committee is looking for language in ocean legislation that will provide additional MPA management tools for regional councils.

Watch these bills closely and work with your organization and others to respond. Become familiar with new approaches, like ecosystem management, that could facilitate significant change in business.

Along with action within the regional fishery management system and the Alaska Board of Fisheries, the next two years are going to be very lively in the fishing industry.

Red Dog Joins Elite Group Of Certified Mines

By Jim Kulas, Environmental Superintendent, Teck Cominco Alaska, Inc.

The Red Dog operation has joined an elite group of mines that have an internationally certified Environmental Management System (EMS). Simply put, it's a big deal.

EMS compliments a large and complex Red Dog operation. It addresses all activities that can have an impact on the environment. Whether it's the discharge of water or the migration of caribou, all significant environmental aspects of the operation must be addressed and processes have to be put in place to minimize their impacts. Ingrained within the EMS is the obligation for continuous improvement and compliance with all environmental requirements.

Red Dog is located on NANA Regional Corporation land and Teck Cominco Alaska Incorporated is the operator. It is the world's largest zinc mine and it operates in a sensitive arctic environment where the protection of subsistence resources is crucial. Red Dog is also multifaceted; it is not only a mine, but also a processing plant, port, a 52-mile road, a fuel storage facility, two large power plants and two sizeable accommodation facilities.

Red Dog complies with over 150 permits, regulations and agreements that contain over 3,000 individual requirements (and growing). The mine's water discharge permit is one of the most complex in the nation. Over 1,200 water and biological tests are conducted each summer just for this permit, and hardly a drop of water goes unmonitored. In addition, there is monitoring of air quality, vegetation, waste products, fuel use and more.

Red Dog is an industry leader when it comes to investigating environmental issues. Over 300 studies have been conducted and several dozen are currently underway. Red Dog routinely studies invertebrates, fish, land and marine mammals, vegetation, birds, dust, mine waste and more.

Countless reports are generated that are sent to an extensive list of stakeholders. There is regular communication with the workforce, the Subsistence Committee (a local elders oversight group), the regional villages, the local borough, Maniilaq (the tribal health organization), the Department of Environmental Conservation, the Department of Natural Resources, the Environmental Protection Agency, the Coast Guard and many others.

In a more practical sense, EMS is a tool to help the entire work force do it right when it comes to the environment. It engages all employees and contractors and gives them the knowledge and resources they need to look after their areas. Nobody gets left out; a clear line of sight is established between the environmental requirement and the person who is responsible for managing this requirement. This has established a culture that makes environmental management everyone's responsibility.

Establishing an EMS and reaching certification took a great deal of dedication and hard work. It was a multimillion dollar, two-year effort that required over 25,000 man-hours to complete and a real demonstration of Red Dog's environmental commitment.

Red Dog was certified ISO 14001:1996 compliant on May 10, 2004. This achievement is very good news for the operation and all of its stakeholders.

Senator Lisa Murkowski

ANWR Takes Big First Step, But Long Journey Still Looms

The Chinese have a saying, "A journey of a 1,000 miles starts with a single step." On March 16 we took a giant first step toward opening the Arctic coastal plain to oil exploration. But we still have a complex journey ahead.

By utilizing the budget process we have succeeded for the first time in a decade in avoiding filibusters against opening ANWR. But this process opens us to challenge at a half dozen points, requiring us to hold on to our two-vote margin in the Senate and to win a majority in the House in the face of a fierce counterattack by environmental groups.

While our side, led by Arctic Power, has had no money for advertising, we saw environmental groups spend hundreds of thousands of dollars on a radio, print and TV campaign in Florida alone. We hear that environmental groups have amassed up to $20 million to spend in coming months – the state likely able to afford only a fraction of that in response. Clearly for us to win, Alaskans must dig in, not only into our wallets, but also we must give of our time and letter-writing abilities to counter the propaganda we face.

While use of the budget process eliminates the filibuster and weeks of Senate floor time and sets up a fair vote on ANWR – just as Congress anticipated in 1980 – it does tie ANWR's approval to congressional acceptance of an overall budget plan – something Congress has not completed in two of the past three years.

For ANWR to advance we first need passage of a compromise budget resolution including ANWR – a process that is complicated by a host of other spending disputes. Once a budget blueprint is approved, then the Senate Energy and House Resources Committees will set about crafting language to open the area to exploration. That will also be complex, since only provisions that directly help raise revenues can be included in the follow-up budget "reconciliation" bill in the Senate.

After we craft a provision, gain committee approval and get it past the Senate's Parliamentarian, we will still need to withstand several likely efforts to strip ANWR from the bill in both the Senate and House. It will only be after final conference approval and floor passage of the reconciliation bill that Alaskans will be able to relax. It is hard to believe how tough this fight will be when you think of the benefits of opening ANWR.

If someone told you we could stop paying $53 million a day to foreign countries for oil and produce up to 1 million good paying jobs without harming our environment, most Americans would say what are we waiting for?

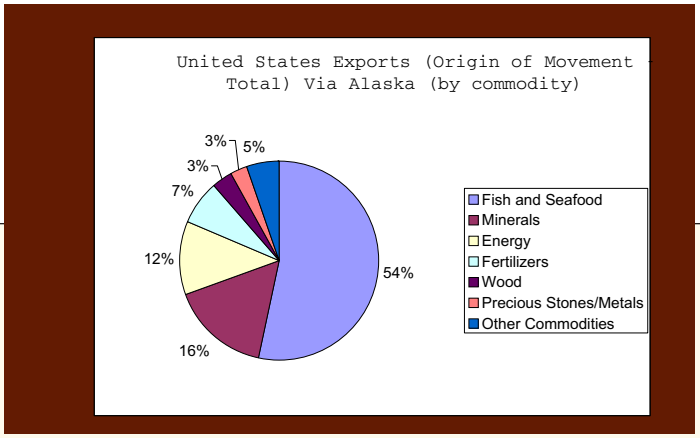
Given that over the past three decades Americans have helped transfer an astounding $7 trillion dollars to OPEC producers, one would think we would welcome more domestic energy development — especially when gasoline prices are at record levels with still higher prices in the forecast. Since we're producing about half as much oil as we did three decades ago, you would think opening ANWR would be easier.

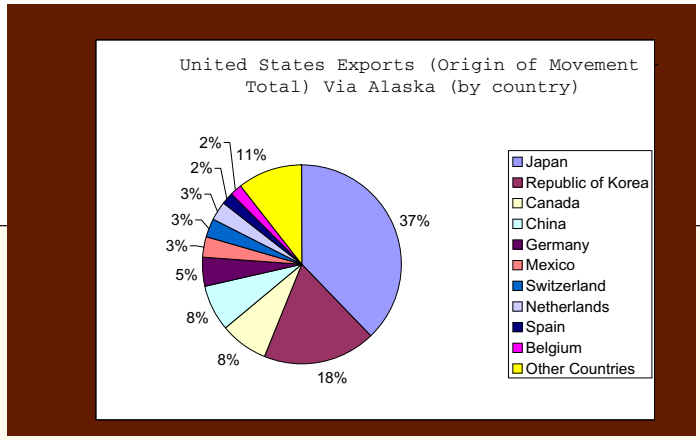
But the environmental community has spent decades selling a simple, inaccurate message. They claim either there is not enough oil to make opening ANWR worthwhile, or that any oil produced would be shipped overseas. They claim that opening the "1002" area will have a devastating effect on the caribou or destroy Alaska's last wilderness.

They use old data, ignoring that most of the oil in ANWR is forecast to be economic to produce at current prices. They ignore that a median find – 10.4 billion barrels will equal twice the proven oil reserves of all of Texas and total our current imports from Saudi Arabia for 25 years.

They ignore the new technology from computerized 3-D seismic to underground directional drilling that guarantee minimal surface disruption. They ignore that almost no Alaska oil has been exported this century and gloss over the fact that at nearby Prudhoe Bay caribou have thrived — the herd there having grown 10-fold. And they ignore what we also know, that opening ANWR will result in oil development affecting little more land than a moderately sized American farm, while an area larger than the State of South Carolina remains protected.

We face the most epic battle for our future since the debate over the Alaska lands act. It's time we all suit up, because everyone is going to have to play for Alaska to emerge victoriously later this year.





International Trade boosts Alaska Economy

By Greg Wolf, Executive Director, World Trade Center Alaska

The role of international trade in helping to build a stronger, more diversified Alaskan economy continues to grow. Commodity exports to markets around the world grew significantly in 2004, exceeding $3 billion for the first time in more than a decade. Overall, exports totaled $3.1 billion, an increase of 15% over the previous year.

Japan, long the state's largest trading partner, maintained its leading position in 2004. With exports of $1.1 billion, Japan accounted for some 37 percent of the state's total worldwide exports. Korea, traditionally the state's second largest market, was so again with exports reaching $579 million, amounting to 18 percent of Alaska's total exports. Canada managed to maintain the number three spot, just edging out a rapidly rising China. In 2004, exports to our next-door neighbor were $246 million, a 7 percent increase from the prior year.

Among the state's major export destinations, China recorded the strongest growth in 2004. At $246 million, shipments to China were up some 56% over 2003. Strong growth also came from two European markets, Germany and Spain, rising 56% and 86% respectively over the previous year. While smaller than the state's primary Pacific Rim markets, these two countries, along with the Netherlands and Switzerland, are ranked among Alaska's top ten largest export customers.

Seafood has been and remains Alaska's top export commodity. In 2004, these exports grew by 20 percent over the previous year, reaching $1.6 billion. This amounts to 53% of the state's total exports. Minerals are the second largest export. Last year, mineral exports totaled $505 million, a 22 percent increase from 2003. Zinc and lead account for the bulk of mineral shipments from Alaska. Energy is the third largest export category. Made up mainly of liquid natural gas, coal and petrochemicals, energy shipments totaled $376 million, a 23 percent rise over 2003. Rounding out the top five export commodities are fertilizers ($231 million) and wood products ($105 million).

Greg Wolf

It is important to note that the state's $3.1 billion export figure only counts the exports of commodities and products, but does not include service sector exports. Service exports include engineering, construction, oil and gas field support, logistics and architecture, among others. A growing number of Alaskan firms have developed world-class capabilities in these fields and are finding profitable markets overseas. Unfortunately, it is not possible to obtain an accurate total of service sector exports. Unlike commodities, where required documentation enables a wide variety of statistics to be recorded and reported, such documentation is not mandatory when companies enter into contracts or other agreements to provide services to customers abroad.

Thus, we often rely on anecdotal evidence, such as a press release, mention in an annual report, or conversation with a company executive, to measure service sector exports. At World Trade Center Alaska, through our work with local companies actively engaged in selling their services overseas, we know that these exports are sizable and growing steadily. We estimate that current service sector exports range between $500 and $750 million on an annual basis, but this is only an estimate and, in all likelihood, understates the actual amount.

Looking forward, to grow from current export levels, it will be important for Alaska not only to bolster sales to long-time traditional markets, such as Japan, Korea and Canada, but also to take steps now to identify and pursue opportunities in large emerging new markets for Alaska such as China and India. Alaska is fortunate to possess natural resources that are essential building blocks for economies that are growing and modernizing. Geographically, the state is well-positioned and with the political stability we offer as part of the United States, Alaska's role as a reliable exporter to the Pacific Rim and elsewhere in the world is destined only to grow.

Draft Conservation Plan Aims For Recovery Of Beluga Whale Population

The National Marine Fisheries Service (NMFS) has released its Draft Conservation Plan for the Cook Inlet Beluga Whale. The 160-page document outlines actions the agency believes should be taken over the next decade to promote conservation and recovery of the beluga whale population in Cook Inlet.

The whale's stock in Cook Inlet declined by more than 50 percent, prompting federal regulators to list it as threatened under the Marine Mammal Protection Act.

Overviews of every possible element that may be affecting the whales' recovery, including both natural and human-induced factors, are written into the draft plan. The plan also outlines a conservation strategy and identifies research priorities.

The draft plan states that oil and gas development should be restricted from the most important beluga habitat near river mouths. It calls for monitoring underwater noise caused by construction projects, boating and shipping activity in the upper Inlet, as well as more research to help federal regulators understand the ecology of the whales, fill knowledge gaps and to provide a scientific framework for future management.

The plan "builds on a decade of applied research by NOAA Fisheries describing the biology, genetics, and habitat of these whales, as well as factors which have led to their decline," said Alaska region administrator James Balsiger. "We offer several recommendations intended to reduce ongoing impacts, improve existing knowledge and recover the stock."

In 2006 NMFS will revisit the issue of whether to give the Cook Inlet beluga whales additional protection under the federal Endangered Species Act (ESA), according to the plan.

Federal officials believe overharvesting by subsistence hunters caused the beluga whale population in Cook Inlet to crash. However, environmentalists claim human activity, including shipping, industrial and community discharges and noise from airports, trains and highways, may inhibit the whale's recovery.

Federal officials believe overharvesting by subsistence hunters was the primary cause behind the stock's population crash. Environmentalists unsuccessfully sued the federal government to force an ESA listing, claiming that human activity, including oil and gas development, shipping, community discharges and noise from airports, trains and highways, contributed to the crash and pose a threat to the whale's recovery.

Since hunting was sharply curtailed, the population has stabilized at an estimated abundance of 366 whales. NMFS would like to see the population recover to about 780 animals, but warns it could take decades to reach that level.

RDC is convening a diverse stakeholders group of Cook Inlet region businesses, industries, utilities and local governments to review and submit substantive comments on the conservation plan. Public comments on the plan are due May 16. RDC will post an Action Alert on the issue at www.akrdc.org.

Alaska Miners Disagree With State's Ranking In Global Industry Survey

Alaska fell from 29th to 55th place this year in the Fraser Institute's annual global investment survey, but Alaska miners insist the results are inaccurate.

"It is clear that the Fraser Institute study is not an accurate evaluation of Alaska," said Steve Borell, Executive Director of the Alaska Miners Association. "At least eight junior and major minerals companies that have either operating mines or significant exploration projects in Alaska were not asked to participate in the study."

Although it rated high for potential investment, Alaska dropped sharply this year in investment attractiveness.

The Fraser Institute describes its "policy potential index" as a report card to governments on the attractiveness of their mining policies. Some 259 companies from around the world responded to the survey, giving their opinions on the investment attractiveness of 64 regions.

Nevada was rated as having the best mineral policies for the fifth straight year. Zimbabwe came in last and British Columbia and Alaska scored in the bottom third.

"The difficulty is that potential investors in Europe or Asia do not know the facts, and to the extent that they believe the Fraser study, it can discourage investing in Alaska," said Borell.

"For example, aboriginal land issues are a huge unknown in Australia and parts of Canada," Borell explained. "In Alaska, this issue was settled in 1971 and the Native corporation lands are recognized as very prospective for mineral development, and the corporations are seen as very good business partners."

RDC News Digest

Women In Resources Reception A Big Hit, RDC Board Meets With Legislative Leaders and Administration

Gold, Silver and Jade…Women Love Resources! That was the theme for the Resource Development Council's first annual "Women in Resources" reception held at Alaska's Capital Inn in Juneau on March 30th.

Women RDC board members hosted the reception for Alaska's women policy leaders. Yes, it was an all women's reception. But that didn't stop one member of the opposite gender from joining in on the networking opportunity. Lieutenant Governor Loren Leman made a guest appearance since his wife Carolyn was unable to attend.

Special thanks goes to House Speaker John Harris who guaranteed the event's success by ending a caucus meeting in time for our female House members to drop by.

"The event was a true success and we look forward to hosting future 'Women in Resources' gatherings," noted RDC Executive Committee member Wendy Lindskoog, who serves as Director of External Affairs at the Alaska Railroad Corporation.

The reception was held in conjunction with the RDC Board of Directors annual legislative fly-in. More than 20 RDC board members and staff participated. The group met with legislative leaders from both houses and both parties, as well as several Murkowski administration officials.

RDC Announces Staff Changes

Billie Rae Gillas is leaving RDC after five years of superb service to the organization. She is returning to shipboard, seafood processing management with her husband Joe and son James on the East Coast.

Gillas formerly spent seven years in human resource management for factory trawlers operating in the Bering Sea and along the Pacific Coast and is excited about her family's new opportunities. Gillas is well-rooted in Alaska, having graduated from Homer High School and worked with former Speaker of the House, Gail Phillips, prior to joining RDC.

Life-long Alaskan Deantha Crockett, a Bartlett High School graduate who is working on a degree in political science from the University of Alaska Anchorage, will assume Gillas' membership/finance responsibilities at RDC.

Crockett has assisted RDC in planning and execution of the organization's special events. Email Crockett at dcrockett@akrdc.org.

Producers Appeal Tax Hike, Falling Production Poses Future Threat

Prudhoe Bay oil producers last month filed an administrative appeal to February's change in how Alaska assesses oil production taxes for six Prudhoe Bay satellite fields. That change, which sent shock waves through the oil industry, will essentially raise taxes on the industry between $150 million and $190 million per year when oil is at $42 per barrel.

Meanwhile, North Slope oil production will average less over the next decade than state officials had forecasted, according to the latest official revenue forecast. While the forecast shows higher oil prices will keep Alaska out of a budget deficit for one more year, the real threat over the long term is falling production.

The forecast shows production dropping an additional five percent from the state's December 2004 forecast. The Department of Revenue now expects North Slope production to average 880,000 barrels a day through 2015, down from 924,000 a day in the December forecast and 942,000 barrels in a spring 2004 forecast.

While much of the production drop in the latest forecast is due to revisions in satellite field developments and postponement of start-up dates for the Liberty and Point Thompson fields, state officials pointed out that increased exploration and development by industry will be critical in stabilizing production.

However, industry may be hesitant to commit new capital dollars to Alaska, given the recent production tax hike and proposals on the horizon for much larger increases, including one that could end up as a voter initiative in the 2006 general election.

Clean Water Act Expansion

A bill that would expand the federal Clean Water Act from navigable waters to "all U.S. waters" has been introduced in Congress. H.R. 1356, which has 126 cosponsors, could inhibit development in Alaska and elsewhere.

The legislation has been referred to the House Committee on Transportation and Infrastructure. RDC members are encouraged to review the bill and express their opinion to the committee's chairman, Congressman Don Young.

On The Web

www.akrdc.org

- RDC 30th Annual Meeting: Prosperity & The Environment
  www.akrdc.org/membership/events/annualmeeting/2005/

- 13th Annual Coal Classic Golf Tournament Supporting AMEREF
  www.ameref.org/coalclassic/

- Recent RDC Action Alerts
  www.akrdc.org/alerts/

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