RESOURCE review

akrdc.org

A periodic publication of the Resource Development Council for Alaska, Inc.

June-July 2008

Ballot Measure 4

Unknown consequences could lead to a mining shutdown in Alaska

By Lorna Shaw,
Executive Director, Council of Alaska Producers
RDC Board member

Photo by Judy Patrick

On August 26th Alaskans will vote in the 2008 primary election. Set to appear on the ballot is an initiative dubbed a "clean water" measure by proponents, which unfairly and deceptively targets Alaska's mining industry.

As a state with a history of responsible resource development, Alaskans must vote no on Ballot Measure 4.

The measure's drafters fail to acknowledge the full consequences of their deceptive, poorly written initiative. Unintended consequences could result in a shutdown of all large-scale metallic mining in Alaska. Measure 4 is a tremendous threat to current and future mining, jobs and the economic base of both rural and urban economies across the state.

The proponents of Measure 4 are shopping their message around the state, telling Alaskans that the initiative is designed to stop one particular mine from going forward and that the measure will not affect existing mines. This is simply not true.

According to the proponents, Measure 4 would prohibit the discharge of "toxic pollutants or pollutants" in a "measurable amount that will effect [sic] human health or welfare in any stage of the life cycle of salmon into surface or subsurface water or tributary thereto." It would also prohibit the "storing or disposing of rock" in a way that "will effect [sic], directly or indirectly, surface or subsurface water or tributaries thereto used for human consumption or salmon spawning, rearing, migration or propagation."

The first problem with these two prohibitions is the term, "will effect [sic]," which is not defined by the writers of the initiative and therefore may include any effects,

(Continued on page 4)

In This Issue

Ballot Measure 4	1, 4
From the Executive Director	3
Red Dog & the environment	5
Energy: New civil rights battle	6
Road map to energy relief	7
Polar bear ESA listing	8-9
Point Thomson rejection stands	9
New RDC officers & board	10
RDC News Digest	11

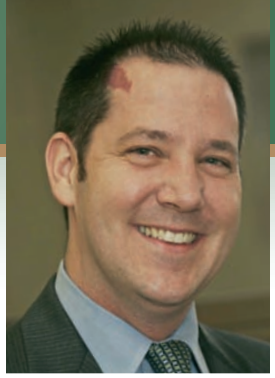
Resource Development Council

121 W. Fireweed, Suite 250
Anchorage, AK 99503

(907) 276-0700
e-mail: resources@akrdc.org
www.akrdc.org

The Resource Review is the official periodic publication of the Resource Development Council (RDC), Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in a responsible manner and to create a broad-based, diversified economy.

Past issues of the Resource Review (1978-2008) are available at akrdc.org.



From the Executive Director - Jason Brune

This July, let us remember our soldiers abroad

I am confident there are American soldiers, patrolling in the sweltering 100 degree Iraqi heat, who long for a place that is untouched by man, a place where they can escape, a place where they know oil development will never occur. To them, ANWR may be this place.

I am also confident there are American soldiers, patrolling in the same sweltering Iraqi heat, who wonder why we, as citizens of this great country, just don't responsibly develop the oil here in the USA, possibly beneath the Coastal Plain of ANWR, lessening our dependence on foreign sources of oil, which oftentimes supports terrorism. They may wonder why we would fight so hard to allow other countries the opportunities to be free – to develop their natural resources and grow their economies, oftentimes without respect for the environment. Meanwhile, despite the freedoms we have in the USA, development is far too often blocked by lawsuit after lawsuit in our own country.

Either way, I am confident there are soldiers on both sides of the ANWR issue. And, either way, I am happy they are there, protecting our right to debate issues such as ANWR. Kind of helps put things into perspective when you think about it.

I was recently named as an honorary commander of the 3rd Civil Engineer Squadron at Elmendorf Airforce Base. I was humbled by this honor and take this position very seriously. Indeed, from my point of view, this squadron is now RDC's adopted squadron.

"The soldiers in this squadron, and in fact all soldiers, are our brothers and sisters, moms and dads, cousins, and friends. And sadly, far too often, they are like North Slope workers—we know they're there, but we don't see them, so we don't appreciate what it is they do. But, we wouldn't enjoy the quality of life we have without them."

The soldiers in this squadron, and in fact all soldiers, are our brothers and sisters, moms and dads, cousins, and friends. And sadly, far too often, they are like North Slope workers—we know they're there, but we don't see them, so we don't appreciate what it is they do. But, we wouldn't enjoy the quality of life we have without them.

As we celebrate Independence Day this year, regardless of your position on the war, remember to say thank you to our colleagues abroad who protect our opportunities to be free and to have the debates we are so fortunate to have.

I received a letter from the squadron commander that I've included on this page. I encourage all of you reading this column to send members of this squadron warm wishes, letters, or even care packages. Send mail to:

c/o Lt Col Andy Lambert
407 AEG/ECES/CC
APO AE 09331

When you write them, I encourage you to tell them what you do; tell them that you think and pray for them; tell them you long for the day when they are home so you can have the ANWR debate, or other discussions with them for that matter, in person. But most of all, as every day we take our freedoms for granted, tell them thank you.

Alaskan squadron commander writes RDC

I'm Lt Col James Hodges, the current commander of the 3rd Civil Engineer Squadron (3 CES). A group of us from Elmendorf AFB and Eielson AFB have been here in Iraq since January expanding and maintaining the base infrastructure, protecting the people with our firefighters and explosive ordnance disposal technicians, and working with Iraqis to train them on construction methods and emergency services. It's been a great experience and we've made a difference over here.

We have a very diverse mission at the 3 CES. We do everything from base master planning, engineering design, construction, maintenance of facilities, environmental remediation and management, housing services, explosive ordnance disposal, fire and emergency services, base emergency management, as well as manage a big budget, computer system, and our internal human resources.

I'm sure you will find our mission interesting and the people will be glad to show you what they do. We also have lots of dedicated Americans in the squadron, over 260 of whom have deployed overseas in support of the Global War on Terrorism over the past couple of years. They and their families have endured much to help solidify the gains we continue to see growing.

I was also interested when I read about your organization. It would be great if at some point a group from the 3 CES could see and hear what you do. I look forward to meeting you and welcoming you into the extended 3 CES family.

Colonel James Hodges is Commander, 407th Expeditionary Civil Engineer

"All Alaskans want clean water, and the state and federal governments have stringent regulations in place now to protect salmon and human health, but it is the unintended and unknown consequences of Ballot Measure 4 that should convince Alaskans to vote against it."

Ballot Measure 4 could lead to mining shutdown in Alaska

Ft. Knox Mine near Fairbanks
Photo by Judy Patrick

(Continued from page 1)

positive or negative, to the water. The Supreme Court is expected to rule in July on the meaning of "effect," but as currently written, these two elements of Measure 4 will bring about years of court challenges to determine how the initiative actually impacts the mining industry, now and in the future.

Further, Measure 4 would prohibit "the release or discharge of toxic pollutants and other chemicals into waters of the State" in any amount. This would effectively eliminate any mixing zones by ignoring that even treated water posing no threat can contain some chemicals. Even municipal tap water certified for public consumption contains measurable amounts of chemicals. Measure 4 would require standards more rigorous than what is in place for other industries, communities and even drinking water.

The technology to completely remove all trace elements from water does not exist. Passage of Ballot Measure 4 would halt development of future mines – or existing mine expansions – by prohibiting them from discharging water that has fewer trace metals than tap water, if the wording "in measurable amounts" is strictly interpreted. This clearly illustrates that regardless of what the proponents say, this initiative is not about water; it is about stopping mining.

Moreover, the ballot measure would raise the barrier so high in regard to storage of rock that it would be very difficult, if not impossible, to meet. Waste rock and tailings are the natural byproducts of mining and a mine cannot operate without creating them. State and federal regulators already control their storage and disposal, and require ongoing monitoring along with redundancy in the containment systems.

The proponents of this misleading initiative still claim that it will not shutdown existing mines. As the measure reads, it would not apply to "existing large scale metallic mineral mining operations that have received all the required federal, state and local permits…or to future operations of existing facilities at those sites."

Those familiar with the mining industry are aware that mines are constantly in a state of permitting. Water quality permits are issued for five-year terms and must be reapplied for when they expire. Therefore, in addition to new mines being prohibited, some existing mines could be unable to renew or apply for new permits, thus causing a mining shutdown throughout the state.

In addition, much like the wording of the rest of the measure, the definition of "existing facilities" is unclear. For example, Fort Knox is currently constructing a heap leach facility within the permitted mine site boundaries that will add years of life to the mine. This is a new facility at an existing operation, which under this initiative could be prohibited, thus preventing the extension of the life of the mine. Is this a chance we want to take with a substantial part of Alaska's economy?

The mining industry brings over 3,500 direct jobs to Alaskans throughout our state, many in rural and economically disadvantaged areas. Those jobs pay an average of $80,000 per year. Further, mines pay state and local taxes totaling almost $200 million annually, while adding to the transportation infrastructure and economic stability of these areas.

And there are more unintended consequences of Measure 4 – the jobs of roughly 2,000 Alaskans who work in the mining support industries. From trucking and shipping companies, to engineering firms and construction companies, even a pizza parlor in Nome where over 30% of their business comes from people directly employed by the mining industry, the effects of a mining shutdown would be felt across the state. It is essential that Measure 4 be defeated at the polls August 26th.

The fact that there is so much uncertainty in the meaning of the various phrases used in Ballot Measure 4 make it, at best, an irresponsible way to change policy in our state, and, at worst, a wolf in sheep's clothing designed to surreptitiously destroy large scale metallic mining in Alaska. We cannot let this happen. All Alaskans want clean water and the state and federal governments have stringent regulations in place now to protect salmon and human health, but it is the unintended and unknown consequences of Ballot Measure 4 that should convince Alaskans to vote against it.

Alaskans Against the Mining Shutdown is a diverse group of 3,000 Alaskans, supported by the Council of Alaska Producers and they would appreciate your support. If you are not already a member, please join today at: www.againsttheshutdown.com

Together we can fight Ballot Measure 4 and preserve Alaska's rich tradition of safe, responsible mining.

Guest Opinion - Jim Kulas

Environmental stewardship at the Red Dog Mine

As the Environmental Superintendent at the Red Dog Mine, I want to share my view of the mine's commitment to environmental stewardship and continuous improvement.

During my 20 years working at the mine, I have seen Red Dog demonstrate that a mine can respond to challenges as they arise and coexist with the land, clean water and its neighbors.

When the anti-Pebble campaign attacks Red Dog and makes numerous false allegations, it is misleading Alaskans.

For example, on the issue of water quality, which is important to both Alaskans and Red Dog Mine, the facts show the mine is protecting the stream and has improved the downstream water quality.

Before the first exploration hole was drilled in 1980, and before production began in 1989, environmental baseline studies were completed that were more than adequate to characterize natural conditions. Contrary to the anti-mining lobby's assertions, these studies document that the water quality in Red Dog Creek was impaired due to the natural weathering of mineralized rock in its valley:

"As early as 1978, Ward and Olson (1980) conducted a baseline aquatic investigation of fishes and water quality in the Kivalina and Wulik River drainages." (Scannell, Alaska Department of Fish and Game, 2005)

Independent governmental studies further support the improvement of downstream water quality compared to the pre-mining conditions.

"Ten years of aquatic surveys have demonstrated that aquatic productivity in the main [creek] stem has increased from pre-mining conditions due to effective water management practices and treatment."

– March 2006, Alaska Department of Environmental Conservation

"Post-mining concentrations of cadmium, lead, and zinc in the water of the Mainstem of Red Dog Creek are lower than pre-mining conditions." (EPA Red Dog Environmental Assessment, January 2006.)

"Ten years of aquatic surveys have demonstrated that aquatic productivity in the main [creek] stem has increased from pre-mining conditions due to effective water management practices and treatment." (March 2006 Alaska Department of Environmental Conservation).

The fact is, Red Dog does coexist with a healthy stream.

To be sure, operating in a remote, frozen, environmentally-sensitive and pristine ecosystem poses challenges. In the first year of operation, water flow out of the mine area was more than anticipated. In response, we built a diversion structure, which isolates the creek from mining activity. The project was completed the next year under a Compliance Order by Consent with the State.

This solution was effective and has worked to protect the downstream water quality for the last 15 years. In addition, on our own initiative, we extended the structure further upstream to mitigate natural impacts from an area untouched by mining.

Red Dog Mine operates under some of the world's most stringent regulations and actively and regularly complies with 110 permits, regulations, agreements and environmental plans. We work with more than 23 different state and federal agencies.

Together, we ensure the mine operation is safe and environmentally, economically and socially sustainable. The 475 employees at the Red Dog Mine are proud of our accomplishments under some of the most difficult and challenging circumstances.

We've met the challenges and learned from experience. Most importantly, we are committed to continuous improvement of our environmental performance by using the latest in environmental best practices, technology and equipment.

We invite Alaskans to get to know the facts about Red Dog and the benefits it provides to the NANA Region and the State of Alaska by visiting www.reddogalaska.com.

Jim Kulas is a graduate of the University of Minnesota with 34 years of experience in the mining industry. He joined Red Dog as Chief Geologist in 1988. In 1996 he was given the responsibility for environmental matters for the Red Dog Mine.

Civil rights leader: America has 'moral obligation' to develop its energy resources

New climate change legislation and government policies restricting development of fossil fuels threaten to economically enslave Americans, warned civil rights pioneer Roy Innis, Chairman of the Congress of Racial Equality (CORE).

"Those who are pushing these extremists policies are trying to hamstring Alaska's and America's ability to produce American energy," Innis said in a keynote address before a crowd of 700 at the 33rd Annual Meeting of the Resource Development Council June 4 in Anchorage.

"That will raise the price of energy and the basic cost of living. And that amounts to a de facto war on the poor," Innis said.

Innis explained higher energy prices disproportionately impact the poor.

The average medium income family in America devotes about a nickel on the dollar to energy costs, he said. The average low-income family devotes 20 cents on the dollar to energy. Truly poor families must spend up to 50 cents on the dollar. And, here in Alaska where rural residents rely so much on diesel fuel for electricity, the burden is even higher.

Low-income families will be the "bigger losers" from both the recent polar bear listing and climate change legislation, he said. He warned such actions and other energy-restrictive policies will weaken America by limiting its ability to develop its own energy resources, making the nation more dependent on foreign sources.

Innis believes affordable energy is the new civil rights battle of the 21st century. He brings legitimacy to that claim. For forty years he led CORE in fighting for social, political and economic civil rights for all Americans.


Photo by Judy Patrick

"The culprit of this new civil rights battle are environmental policies and laws that increase the cost of energy and economically enslave those Americans who most struggle to climb the ladder of economic success," said Roy Innis, keynote speaker at RDC's Annual Meeting. "The civil rights challenge of our time is to stop environmental policies that drive up the cost of energy and disproportionately hurt low-income Americans and the working poor."

"The culprit of this new civil rights battle are environmental policies and laws that increase the cost of energy and economically enslave those Americans who most struggle to climb the ladder of economic success," Innis said. "The civil rights challenge of our time is to stop environmental policies that drive up the cost of energy and disproportionately hurt low-income Americans and the working poor."

In his recent book, "Energy Keepers Energy Killers," Innis referred to energy as "the master resource" of modern society. "It makes possible our ability to enjoy all civil rights," Innis said. "With abundant, reliable, affordable energy, much is possible. Without it, hope, opportunity and progress are hobbled."

Innis said America does not need to choose between a clean environment and affordable and reliable energy. "We can have both," he explained. "We can find a common sense balance between the sometimes competing demands of these two great societal goals."

Innis noted many of the originators of the environmentalist movement were trained in the civil rights movement. Most of their leaders studied civil rights tactics and strategies. "Above all, they understand the power of the most important weapon that was used in our liberation: the tenacious hold on the moral high ground that allowed us to appeal to the moral conscience of the American people," Innis noted.

But the civil rights leader explained there is a fundamental difference in the use of this hallowed instrument of liberation and its use by some environmentalists.

"The radical environmentalists do not have a true claim to the moral high ground, because they use this instrument to deny access to available energy. The environmentalists' claim to the moral high ground is illusory and cloaked in pseudo-science."

He charged that some organizations prey upon the good intentions of the general public and he warned that the laws and policies they sponsor have consequences. He said the time has come to stand up for energy and economic civil rights.

Innis is calling for an energy policy that increases domestic supplies of fossil fuels. He believes the cost of energy would fall substantially if Congress were to pass an energy policy that focuses on increasing domestic production of oil, gas, coal and nuclear.

Innis believes America has a "moral obligation" to develop these energy resources on its public lands and to open its offshore areas to exploration. He noted America has

(Continued to page 7)

{ "Energy is the master resource of modern society. It makes possible our ability to enjoy all civil rights. With abundant, reliable, affordable energy, much is possible. Without it, hope, opportunity and progress are hobbled."

– Roy Innis
National Chairman, Congress of Racial Equality

The Alaska oil pipeline is currently running at two-thirds empty. For three decades it supplied the U.S. with 20 percent of its domestic production. The pipeline could be full today, had Congress and President Clinton not blocked efforts to tap ANWR's coastal plain, America's most promising onshore oil prospect.

Report offers road map for energy relief

With soaring energy prices threatening the national economy and the standard of living for many Americans, the Bureau of Land Management last month released a study that shows vast untapped oil and natural gas resources beneath public lands.

"America has abundant energy resources," said Assistant Secretary of the Interior for Land and Minerals Management Stephen Allred. "However, for a variety of reasons, many of these resources are not available for development. At a time when energy prices have reached record levels and Americans are feeling the impact, we must find ways to develop those key energy resources that are available to us right here at home, on our public lands."

The report is the third in a series of congressionally mandated scientific studies of U.S. onshore federal oil and natural gas resources and limitations on their development. All onshore federal lands throughout the U.S. believed to have energy potential are included in this latest study. These public lands are estimated to contain 31 billion barrels of oil and 221 trillion cubic feet of natural gas. Alaska's North Slope accounts for well over half of the onshore oil potential, but most is inaccessible for development, either as a result of land withdrawals or land use planning decisions.

The inventory found that 60 percent of the onshore lands that have potential as domestic sources for natural gas and oil are presently closed to leasing, making 62 percent of the oil and 41 percent of the gas inaccessible for development. An additional 30 percent of onshore oil and 49 percent of onshore gas may only be developed subject to restrictions and above standard environmental lease terms. The study found that in the inventory areas, just 8 percent of onshore federal oil and 10 percent of the gas are accessible under standard lease terms.

In addition, oil shale deposits in the U.S. represent potential reserves that may be twice as large as those in Saudi Arabia. Yet Congress has prohibited BLM from taking the steps necessary to make this vast resource available for development.

The picture is even more striking offshore where 86 percent of the U.S. Outer Continental Shelf is off limits to development in the Lower 48 states. Yet most of the nation's oil and gas is located offshore – an estimated 86 billion barrels of oil and 420 trillion cubic feet of natural gas.

Allred pointed out that environmental protections required for U.S. energy production are among the most restrictive anywhere in the world. Despite this fact, he noted protests and legal challenges besiege energy development decisions, delaying or derailing production. "Meanwhile, we transfer billions of dollars to buy oil from countries that do not have the same political or environmental standards we enjoy," Allred said. "It just doesn't make good sense."

He noted America produces less than half of the oil it consumes and imports the rest. He warned demand in China and other markets point to increasing difficulties in obtaining energy at a reasonable cost.

"Meeting near-term energy demand will require increased access to lands and resources for oil, gas and renewable energy, together with increases in conservation and energy efficiencies," Allred said. "No single approach is enough. The health of our economy and our national security require a balance of these strategies.

"While balancing access to our energy resources with other land uses is important, how many limits can we afford? With each fill-up, Americans are paying the price for these limits. It's time we look within our own borders for solutions."

He cautioned that while renewable energy will make up a growing part of the U.S. energy portfolio, they will not solve the supply problem, given they are projected to account for only 12 percent of our energy by 2030. Moreover, he noted regardless of the energy source, people do not want production or transmission facilities in their back yards.

Grass roots movement needed to push for more energy

(Continued from page 6)

immense energy resources both onshore and offshore, but that environmental policies have closed vast areas to development, including the nation's most promising prospects.

As energy development and production becomes more restrictive in this country, Innis predicts energy prices will rise sharply, severely impacting lifestyles for even middle class Americans. He believes environmental organizations will lose touch with average Americans as they oppose traditional fossil fuel development, which he says leads to affordable energy and jobs.

"We must tenaciously hold on to the moral high ground as we appeal to the moral conscious of the American people," Innis urged. "They are good people; they want to do the right thing."

Innis believes a new grass roots movement, like the one in the 1960s, is necessary to convince Congress to increase domestic energy supplies. He is taking his message across the country, hoping to spark grass roots efforts aimed at advocating for environmentally responsible development of fossil fuels.

Innis does not believe humans are responsible for climate change. He likes the prospects for renewable energy, but does not believe the technologies have advanced enough to replace fossil fuels "any time soon." A copy of his speech is available at www.akrdc.org.

Polar bear listed, groups to challenge provisions to limit economic impacts

Photo by US Geological Survey

Environmental groups announced in June they intend to challenge government efforts to limit unintended economic damage likely to occur from the listing of polar bears as a threatened species under the Endangered Species Act (ESA).

The Center for Biological Diversity (CBD) and other groups have filed notices of intent to sue to block a special rule Interior Secretary Dirk Kempthorne attached to the listing to head off "unintended harm to the society and economy of the United States." They also intend to challenge modifications to existing ESA regulatory language to prevent the polar bear listing from setting backdoor climate policy outside the normal system of political accountability.

Congressman Don Young warned that court action attacking provisions to limit the collateral economic damage would threaten domestic energy development, ultimately restrict supply and sharply increase energy costs.

"This is the beginning of an endless series of court challenges and appeals that the national environmental organizations have been planning in their goal of using the polar bear issue for much larger purposes and goals," he said.

Senator Ted Stevens said the issue going forward would be whether the courts accept Kempthorne's special rule, modifications and interpretations. He warned that environmental groups will exploit the listing to harass petroleum and other fossil fuel development.

"These people know what they're doing," Stevens said. "They've got another tool to stay in court," he said. "I don't see them trying to hold up traffic in Los Angeles," he added. "They are putting up roadblocks to prevent future supplies of energy in the United States."

Senator Lisa Murkowski called the decision to list premature because climate change models vary so much. She said the decision "opens a Pandora's Box that the administration will now be unable to close."

In announcing his decision to list the polar bear, Kempthorne noted legal standards under the ESA compelled him to list the bear as threatened, but he emphasized the listing would not stop global climate change or prevent any sea ice from melting. Kempthorne said he had no choice to list the bear, given computer models indicated its summer sea ice habitat would likely vanish over the next 50 years.

"Any real solution requires action by all major economies for it to be effective," Kempthorne said. "That is why I am taking administrative and regulatory action to make certain the ESA isn't abused to make global warming policies."

4(d) Rule and the Marine Mammal Protection Act

In making his decision to list, Kempthorne announced he was using the authority provided in Section 4(d) of the ESA to develop a rule that states that if an activity (such as oil and gas development and subsistence) is permissible under the stricter standards imposed by the Marine Mammal Protection Act (MMPA), it is also permissible under the ESA with respect to polar bears. Polar bears are protected under the MMPA.

The rule, effective immediately, will ensure the protection of the bear while allowing the U.S. to develop its natural resources in the arctic region in an environmentally sound way, the Secretary said.

ESA not intended to regulate global climate change

In announcing his decision to list, Kempthorne reiterated President Bush's statement earlier this spring that the ESA was never intended to regulate global climate change. "Listing the polar bear as threatened can reduce avoidable losses of polar bears, but it should not open the door to use of the ESA to regulate greenhouse gas emissions from automobiles, power plants and other sources," he said. "That would be a wholly inappropriate use of the ESA law. The ESA is not the right tool to set U.S. climate policy."

There is a right way and wrong way to approach reducing greenhouse gas emissions, Kempthorne said. "The American people deserve an honest assessment of the costs, benefits and feasibility of any proposed solution. Discussions with such far-reaching impacts should not be left to unelected regulators and judges but should be debated openly and made by the elected representative

(Continued to page 9)

DNR decision to terminate Point Thomson unit stands

The rejection of ExxonMobil's latest plan for the development of Point Thomson has raised a high level of concern among RDC members over the negative impacts the decision could have on a successful gas pipeline project to the Lower 48. Pictured above is Point Thomson.

The State's decision to terminate the Point Thomson unit stands, despite pleas from the Resource Development Council and others to reach a resolution with lease holders that would allow development to move forward.

The unit was terminated in late 2006 and that action was upheld in Alaska Superior Court in early 2008.

However, Judge Sharon Gleason remanded the decision to the Alaska Department of Natural Resources (DNR) so that the former unit owners could suggest an appropriate remedy leading to a development plan acceptable to the State.

In February the owners proposed a new plan of development, but in April DNR Commissioner Tom Irwin rejected it as a remedy. On May 12 the companies requested reconsideration; partial reconsideration was granted May 22, but ultimately rejected.

Irwin listed a number of "deficiencies" in the request for reconsideration, but said the request "on several issues merits a response so that a reviewing court has the benefit of DNR's perspective."

ExxonMobil has said it wants to reach an agreement with the State so that development can proceed. The company is moving forward with plans to begin drilling this winter. It is spending $20 million on a drilling rig capable of handling Point Thomson's extreme high pressure. Soon the company plans to award multi-million contracts to barge in equipment and to build an ice road and airstrip to access the field.

In a letter to Irwin requesting reconsideration of his decision, RDC cautioned that rejection of the development plan, termination of the unit and the take back of leases would result in extensive litigation, delaying the project for years. RDC also pointed out if the State ultimately prevailed in breaking up the unit and taking back the leases, it would take additional time to release acreage and seek new lease owners. It would take even more time for the new leaseholder(s) to do the extensive engineering and reservoir studies already conducted by the current lease owners to become familiar with the complexities of the technically-challenged field.

RDC also noted the decision could jeopardize both the Denali and TransCanada gas pipeline projects to the Lower 48.

RDC believes the lease holders are fully committed to developing Point Thomson.

See RDC's comments at www.akrdc.org.

Feds: Oil industry not the reason for polar bear listing

(Continued from page 8)

of the people they affect."

In addition to the special rule and modifications to existing ESA regulatory language to prevent abuse of the listing to erect backdoor climate policy, Kempthorne instructed the Fish and Wildlife Service to issue guidance to staff that the best scientific data available today cannot make a casual connection between harm to a listed species or their habitats and greenhouse gas emissions from a specific facility, resource development project or government action. Kempthorne said all of these measures are intended to head off misuse of the ESA to regulate climate change.

In making the decision to list, Kempthorne emphasized that neither oil and gas development nor subsistence activity are the reasons the bear was listed. In fact, since 1993, when the U.S. Fish and Wildlife Service began issuing disturbance permits for petroleum exploration in the arctic, there has not been a single polar bear or walrus death attributed to oil and gas development.

Despite Kempthorne's finding that energy development was not a reason for listing the polar bear, Marilyn Crockett, Executive Director of the Alaska Oil and Gas Association, is concerned the decision will result in extended court battles over future oil and gas exploration in Alaska's arctic. "We now have a species listed as threatened which is both healthy in size and population; the real risk is litigation that will follow," Crockett said.

The Alaska Wilderness League and other environmental groups have already called for the suspension of all oil and gas activities in the Chukchi and Beaufort seas. The Chukchi is believed to be America's most prolific unexplored offshore oil and gas basin.

"If polar bears and Pacific walrus are to survive in the face of global warming, we simply cannot allow oil development in the Chukchi Sea," said Brendan Cummings, oceans program director at the CBD.

"Lawsuits have been and will continue to be filed opposing individual operations, lease sales and permits, and that will have a significant impact on business up here," said Crockett. "In the end, significant energy policies and projects will be decided by the courts."

Rick Rogers elected RDC President

After serving five consecutive terms as President of the Resource Development Council, John Shively passed the reins of leadership to Rick Rogers, who currently serves as Vice President, Land and Resources, at Chugach Alaska Corporation.

Rogers' ascension to RDC's top board position came at the organization's 33rd Annual Meeting June 4 at the Sheraton Anchorage Hotel. He has served as RDC's Senior Vice President for the past several years. Wendy Lindskoog, Vice President, Corporate Affairs, Alaska Railroad Corporation, will now serve as Senior Vice President. Phil Cochrane, Vice President, External Affairs, BP Exploration (Alaska), Inc., was elected Vice President and Stephanie Madsen, Executive Director of the At-Sea Processors Association, was elected Secretary. Serving as Treasurer will be Tom Maloney, Vice President, Business Development, CH2M Hill.

Rick Rogers

Prior to joining Chugach Alaska Corporation 11 years ago, Rogers filled various roles in the Alaska timber industry, including senior forester for the University of Alaska's land trust office; as a consultant to private landowners and timber purchasers; as Tribal Forester for Metlakatla Indian Community; and as a forester for the State at Icy Bay and Ketchikan.

"Having witnessed firsthand the erosion of what was once a very robust timber industry in Alaska, Alaskans must be vigilant in promoting sound public policies affecting resource industries," Rogers said. To contribute toward that effort, in addition to serving as RDC's new President, he is a director of the Alaska Forest Association and has served on the Alaska Board of Forestry since 2003.

New members of RDC's Executive Committee are Eric Fjelstad, Perkins Coie; Len Horst, Northrim Bank; Tom Lovas, Energy and Resource Economics; Ethan Schutt, Cook Inlet Region, Inc., and Cam Toohey, Shell Exploration & Production.

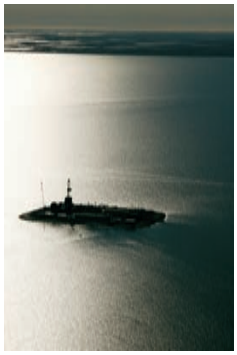
Newly elected to the 78-member statewide board were Bob Berto, Temsco Helicopters, Ketchikan; Mark Eliason, US Travel, Anchorage; Tom Henderson, Coeur Alaska, Juneau; Becky Hultberg, Providence Health and Services, Anchorage; Bill Jeffress, SRK Consulting, Anchorage; John MacKinnon, Associated General Contractors, Anchorage; Mary McDowell, Pacific Seafood Processors Association, Juneau; Tiel Smith, Bristol Bay Native Corporation, Anchorage and John Zager, Chevron, Anchorage.

Members of the new 2008-09 Board of Directors gather at the Sheraton Anchorage Hotel June 4th for the RDC Annual Meeting.

John Shively receives special recognition at RDC's Annual Meeting luncheon from Executive Committee member Marilyn Crockett for his outstanding leadership and dedication to RDC. Shively served five consecutive terms as president. He received a standing ovation from the 700 Alaskans and visitors attending the lunch.

Newsdigest

Independent begins North Slope production



Pioneer Natural Resources Company has joined the ranks of the major oil companies in producing oil from the North Slope.

In June, Pioneer commenced production as scheduled from its Oooguruk Unit northwest of Prudhoe Bay. Pioneer is the first independent to initiate new field operations on the North Slope and has set a new precedent for offshore development by bringing Oooguruk on line in less than five years.

Pioneer has a 70 percent working interest in the field where it is owner and operator. Eni has a 30 percent interest in the field. The companies sanctioned development in early 2006 after drilling three exploration wells during the winter of 2003.

Pioneer anticipates peak gross production in 2010 of 15,000 to 20,000 barrels per day from approximately 40 development wells. These wells are expected to be drilled over the next three years. The gross oil resource potential from these base development wells is as much as 90 million barrels, before expansion opportunities. Field life is expected to be 25 to 30 years.

BLM defers prospective acreage inside NPR-A from oil and gas leasing

In comments to the Bureau of Land Management (BLM), RDC expressed disappointment in a recent decision to defer for ten years 430,000 acres north and east of Teshekpuk Lake from oil and gas leasing. The acreage, inside the National Petroleum Reserve-Alaska (NPR-A), is among the most prospective of the reserve for significant deposits of oil and gas.

The deferral is contrary to a previous decision made by BLM for a proposed 2006 lease sale in the area. RDC believes proposed regulations adequately addressed environmental, subsistence and cumulative impact issues and that it was unnecessary for BLM to defer additional highly prospective acreage from future lease sales.

RDC has consistently supported full leasing in NPR-A, noting three decades of oil and gas activity in the arctic demonstrate that industry has the capability to operate throughout Alaska's North Slope while maintaining high standards of safety and environmental sensitivity.

RDC finds it disturbing BLM would essentially close attractive areas for energy exploration and production inside a petroleum reserve at a time of sharply rising energy prices, and when there is an ever-increasing need for new domestic energy production.

Last fall, RDC supported a "compromise" alternative that would have provided access to much of NPR-A's most prospective acreage while providing measures to mitigate impacts.

The North Slope Borough supported the deferral, calling the acreage near Teshekpuk Lake one of the region's most sensitive wildlife habitats. Mayor Edward Itta praised BLM for listening to local communities. Itta noted the deferral will allow a lease sale in the area to move forward.

Beluga ESA listing decision delayed

The National Marine Fisheries Service (NMFS) will extend the final decision on listing the Cook Inlet beluga whale up to six months, which will give researchers time to prepare a 2008 population abundance estimate before the agency decides whether or not to list the population under the Endangered Species Act.

Last year, biologists estimated the Cook Inlet beluga whale population at 375, the largest since 2001.

"We believe substantial disagreement exists regarding the population trend, and that allowing an additional six months to obtain the 2008 abundance estimate would better inform our final determination as to whether the Cook Inlet beluga whale should be listed as endangered," said Doug Mecum, acting Alaska regional administrator for NMFS.

The new 2008 abundance survey is expected by September.

There has been variability in the population estimates over the last 13 years. The estimates in 2006 and 2007 were 302 and 375 belugas respectively. The State of Alaska has interpreted the 2006 and 2007 data as an increasing trend.

Tileston Award goes to Board of Forestry

RDC and the Alaska Conservation Alliance (ACA) named the Alaska Board of Forestry as the first winner of the Tileston Award.

The award was jointly established to honor organizations, individuals and businesses that create solutions and innovations advancing the goals of economic development and environmental protection. The Tileston Award recognizes two long-time Alaskans, Peg and Jules Tileston, who worked on seemingly different sides of conservation and development issues but who always agreed "that if it is in Alaska, it must be done right."

At the award ceremony in May are from left to right: Peg Tileston, Martha Welbourn Freeman, Division of Forestry, Chris Maisch, State Forester and Jules Tileston.

The Alaska Board of Forestry helps ensure that timber harvesting is done in a manner that protects the water quality and fish habitat of Alaska's rivers and streams while providing for responsible timber harvesting on state and private lands in Alaska. It consists of nine representatives nominated by the governor and chaired by the State Forester. State law requires that the Board include members representing commercial fishing, Alaska Native Corporations, environmental organizations, the forestry industry, mining, and recreational users. The Board plays a major role in garnering bi-partisan support for changes to Alaska's forestry laws by achieving consensus amongst its diverse membership. As its nominator stated, "The Alaska Board of Forestry is an example of the resource development and conservation communities working together to constructively address a controversial issue."

Alaska's Red Dog Mine

A model for self-reliance


Downtown Kotzebue

Teck Cominco Alaska

A *commitment* to mining excellence benefiting all of Alaska.

The community of Kotzebue has been home to the people of the NANA region for thousands of years. Eric Fox was raised in Kotzebue and he's seen the difference Red Dog Mine has made for the community: New infrastructure and better educational opportunities.

Each year Red Dog Mine spends over a hundred million dollars in the local and state economy, purchasing goods and services from local suppliers. The mine has contributed more than half a billion dollars in the NANA region since 1990

For the last 19 years, Red Dog has helped communities in the Northwest Arctic Borough benefit from the natural riches of their land.

Get the facts at RedDogAlaska.com.

The Red Dog Mine – A partnership between Teck Cominco Alaska and NANA Regional Corporation.

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

121 W. Fireweed, Suite 250, Anchorage, AK 99503

ADDRESS SERVICE REQUESTED

PRSRT STD
U.S. Postage
PAID
Anchorage, AK
Permit No. 377