

RESOURCE *review*

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

December 2014



Native leaders discuss overcoming challenges and harnessing opportunities in the Arctic

While the Arctic has come into focus as it stands on the front lines of a changing global climate, Inupiat leader Rex A. Rock, Sr. told a packed crowd at RDC's 35th Annual Alaska Resources Conference that "this is not a world of plug-and-chug repetition, this is a world of dynamic changes and Alaskans need to adapt to those changes."

Rock, President and CEO of Arctic Slope Regional Corporation (ASRC), discussed changes that are occurring in the Arctic, including a longer open water season offshore, but emphasized the Inupiat are one of the most adaptable people on the planet. "The only constant we know is change," Rock said. "We adapt and thrive," Rock said, describing the Inupiat culture as one of perseverance and resilience.

Rock discussed three challenges Arctic residents face: environmental organizations and their "never-ending" lawsuits, federal overreach, and development of Arctic policy without the involvement of local residents.

"We face the impacts of environmental organizations and animal rights groups joining together on anything Arctic – it is a policy of using the threat of litigation to effect change, by freezing an agency into inaction, or actually using the courts to establish their own goals," Rock said. "They are having a costly impact on our lives and our communities. They want to stop development and those same groups will target our subsistence lifestyle next."

The Point Hope whaling captain who heads up the multi-billion dollar Native corporation for the North Slope, said the region is fighting back. "We learned that our tribal entities feel like they are being used and abused by environmental groups and want to be rid of them. The eNGOs come to our communities and they use our people



Rex Rock and Thomas Mack spoke to a capacity luncheon at RDC's 35th Annual Alaska Resources Conference in Anchorage November 19-20.

(Photos by Judy Patrick)

"We learned that our tribal entities feel like they are being used and abused by environmental groups and want to be rid of them. The eNGOs come to our communities and they use our people for PR purposes – using a Native face to raise money for their global campaigns. They don't live in the Arctic, nor do they provide money to our tribes."

– Rex A. Rock, Sr.

for PR purposes –using a Native face to raise money for their global campaigns. They don't live in the Arctic, nor do they provide money to our tribes."

Rock also expressed frustration with the federal government. "In my opinion, the federal government has been over thinking everything. Under the influence of lawsuit-happy eNGOs, they seem to hesitate for an unnaturally long time before acting, and then act in a manner which shows their hypersensitivity to potential litigation. My hope is that the recent mid-term elections will give the federal government reason to rethink their priorities. He pointed to an ever-changing regulatory climate and long delays in permitting for oil and gas development in the National Petroleum Reserve, including

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

Past issues of the Resource Review (1978-2014) are available at akrdc.org.



Structural change in oil market? Fasten your seat belts Alaska

An abundance of great speakers addressed RDC's 35th annual Alaska Resources Conference last month, and I don't have enough space to even get started on recapping. So rather than try, I'm going to focus on one telling moment for me that altered my perspective on the challenges ahead for our resource dependent economy in Alaska. Hearing one word changed my understanding of the recent 35 percent reduction in crude oil prices. I had previously thought these lower prices were short term, but now I realize they are likely a new normal. It is a very real possibility these lower prices will last for years, and they may go even lower.

Patricia Mohr, Vice President and Economics and Commodity Markets Specialist for Scotia Bank, was willing to travel clear from Toronto to present an in-depth keynote luncheon presentation on the outlook for mineral and energy commodity markets. Ms. Mohr helped connect the dots on the complex web of interrelated global forces that impact commodity prices in the mining and energy sector. This was a timely topic for conference participants in light of the recent drop in the price of crude oil and the multi-year slump in the minerals sector.

The trends in global GDP, China, Eurozone, and liquidity was all very interesting. What jumped out was when Ms. Mohr said a single word, "structural." She explained that we are seeing structural change in the global trading of crude oil. The last time I heard a commodities specialist talking about structural change was in 1997 when the floor fell out of the market for Alaska forest products in Japan. Those structural changes in the market resulted in lasting changes in the pricing structure (for the worst) and negatively impacted many forest landowners and operators in Alaska.

Commodity markets will always be cyclical, however, structural changes are game changing over longer periods where the basic way the market is functioning changes. Just a few years ago there was much discussion of "peak oil." Thanks to the shale revolution leading to dramatic increases in North American oil production, combined with global economic malaise and weak demand, we are now in a global oil supply glut with little end in sight.

U.S. oil production keeps exceeding expectations, and other oil dependent nations are ramping up production to offset lost revenues, and some in hopes of slowing U.S. production by driving prices even lower. No one can predict where this is heading, but when experts like Ms. Mohr start talking structural change, fasten your seat belts, this lower priced oil may be here for an extended period.

The good news is increased North Slope and Cook Inlet oil and gas activity is stemming the production decline in both basins. And, thanks to SB21, the impact of low oil prices on state revenues is considerably less than had we stuck with ACES. Former Governor Parnell, the Alaska Legislature and Alaska voters deserve kudos for the foresight in mitigating the downside risk to the treasury that ACES imposed.

I also have to commend Governor Walker for starting a public discussion on the budget challenges resulting from low oil prices.

"The last time I heard a commodities specialist talking about structural change was in 1997 when the floor fell out of the market for Alaska forest products in Japan."

Before he was even sworn into office, then Governor-elect Walker convened a very diverse group of Alaskans for his transition summit. The first order of business was to address our dire fiscal situation. If current trends continue, the state could burn through its reserve accounts in three short years. Addressing these tough issues requires we all understand them and Governor Walker's transition forum was a great start.

RDC has been advocating for a long-term fiscal plan for over a decade without much to show for it. Perhaps it takes a crisis to take action. Now it is imperative we set a course for a sustainable fiscal system that isn't so vulnerable to the whims of global commodity forces over which we have no control. We need to reassess the core functions of state government and how we are going to pay for them without undue burdens on future generations. And through all this, we must insure that Alaska is a competitive place to invest and grow our resource economy.

The temptation of policy makers to look to fisheries, tourism, forestry, and mining as potential sources of new tax revenues needs to be tempered by consideration of the consequences of additional burdens on these industries. Our focus should be on growing these industries so we have more success stories like Red Dog and Greens Creek mines, both major tax payers to local and state governments that have transformed regional economies for a quarter century and are still going strong. While North Slope gas holds promise, it too must compete on the international stage and needs predictable and competitive fiscal terms to be monetized.

Our state fiscal plan should include initiatives to grow revenues from resource projects by growing the pie. If we want more mining revenue, develop more mines! Consider the economic contribution of the Red Dog Mine in Northwest Alaska. Red Dog just celebrated its 25th anniversary this year. This one project has resulted in more than \$119 million in revenues to the Northwest Arctic Borough, \$608 million in ANCSA 7(i) revenue sharing across Alaska, 600 direct jobs and 490 indirect jobs with a combined annual payroll of \$85 million. In addition, this one project pays 35 percent of the state mining license tax, \$208 million to date.

Hoping oil quickly returns to over \$100 per barrel is not a prudent strategy. Patricia Mohr traveled from Toronto to tell many of us what we didn't want to hear. It's time to get past the denial stage. We are in for some tough times and difficult policy choices. It behooves all Alaskans to recognize our challenges, listen to each other and forge a path forward based on opportunity, growth and sustainability – a path that makes Alaska an attractive place to invest.

Alaska Native leaders speak on the Arctic

Mack: “The Last Frontier is now the First Frontier of the Arctic”

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ConocoPhillips’ Greater Mooses Tooth project on ASRC lands. He also discussed alignment between Shell, ASRC, and six village corporations for investment in offshore Arctic oil and gas leases.

“Our recently inked deal with Shell and the village corporations demonstrates a true alignment and partnership that incorporates shared risk and shared benefit,” Rock said.

“I strongly believe this was the right thing to do,” Rock said. “We have a seat at the table with Shell during the decision-making process, we will know the project and have the opportunity to influence it. If Shell is successful, we will have addressed our shareholder (North Slope residents) dividend needs well into the future – just like our past leaders have done for our generation,” Rock noted.

Duo keynote speaker Thomas Mack, President of Aleut Corporation, also shared his views of the Arctic.

“Many outside Alaska feel we need to be saved and protected,” Mack noted. “As Alaskans, and me personally being an indigenous Alaska Native, we will not put up with that.”

He spoke about the massive potential of resource development and the three major Arctic transportation lanes that are slowly opening up in the Arctic.

“Twenty years ago some Alaskans joked – we should be sending prisoners to Adak for incarceration – it’s in the middle of nowhere,” Mack quipped. “Today, Adak is positioned to become Alaska’s front door to Arctic exploration and home to a new world order of shipping routes and a major



The federal government defines the Arctic as the North Slope, down the coastline of the Bering Straits and the entire Alaska Peninsula on the Bering Sea side of the Aleutians.

“This vision relies on a collective effort to ensure Alaskans define the terms of engagement, rather than be relegated to a reactionary role.”

– Thomas Mack



shipping hub.”

Mack said Adak has positioned the Aleutians as a transshipment hub and an industrial support center. He said it is an ideal location for offshore oil field supply services. Adak is also centrally located to emerge as a hub for domestic and international commercial shipping as Arctic ice retreats and northern shipping routes are opened.

Mack explained that the current voyage from Europe to Asia takes 28 days through the Suez Canal. But today, Mack said “we stand on the verge of a shipping revolution as we watch the Arctic open up.”

Once the northern route opens, shipping time from Europe to Asia will be cut by 50 percent, Mack noted. In addition, shipping time from Europe to the West Coast will fall 40 percent.

Mack said opportunity is coming and Alaskans need to be prepared to lead. “While those in this room understand the challenges and opportunities in the Arctic, we are lagging behind in messaging to both public policy makers and our fellow Americans. The development of the Arctic is still a far off concept to most people, so a sense of urgency doesn’t exist, even among some of our key policy makers.”

Mack, who sits on the Arctic Economic Council, noted that the U.S. will be taking over the Arctic Council chairmanship in

2015. “We need to leverage the power of the council to broaden our voice.” The council will be focusing on the safe, responsible, economic development of the Arctic region with the indigenous people’s well-being in its forefront.

Mack noted that fellow Arctic neighbors like Russia and Canada are more engaged and far more advanced in their messaging. “These countries recognize the critical importance the Arctic will play in the future of their countries, and are responding with urgency.”

Taking the lead on Arctic strategy is an issue of both national energy security and coastal security, Mack said. “We must broaden our voice to promote both a greater understanding of the economic opportunities in the Arctic, and threats we will face if we refuse to lead,” he said.

Mack sees vast potential that will emerge as shipping lanes open. “As indigenous people and an indigenous company, we have a vision for sustainable Arctic development that will increase the long-term economic opportunities in our region,” Mack said. “This vision relies on a collective effort to ensure Alaskans define the terms of engagement, rather than be relegated to a reactionary role.”

In closing, Mack said, “The last frontier is now the first frontier of the Arctic.”

Walker: "You can't be anything but pro-oil development..."

Governor Bill Walker reached out to hundreds of Alaskans from all of the state's resource industries and economic sectors at RDC's Alaska Resources Conference in November to assure them he supports oil and gas development.

"You can't be anything but pro-oil development in this state to be a successful governor," Walker said in his first public address after former Governor Sean Parnell conceded a hard-fought race. Walker, who in 1975 was a charter board member of RDC's predecessor, the Organization for the Management of Alaska's Resources, supported this year's referendum to repeal Parnell's oil production tax reform law. In his speech and

in meetings with RDC and other associations, he pledged to accept the decision by voters to keep the new tax regime in place.

Referring to efforts of the Parnell administration to advance the large Alaska LNG project, Walker said "the thought that I would do anything but expedite and move along the gas pipeline is foolish. I'm not going in to try to fix something that's not broken. I'm not taking office to try to slow anything down."

Walker said he learned as a contractor not to dismantle projects and begin from scratch. "I'm not a start-over person, I've remodeled a lot of houses and I always finish the job that I've been handed."



Industry outlines plans for 2015 North Slope projects

Despite lower oil prices, major North Slope producers BP and ConocoPhillips are moving forward with new oil-producing projects worth billions of dollars, company executives told the Alaska Resources Conference in Anchorage last month.

Trond Erik Johansen, President of ConocoPhillips Alaska, said his company just signed a contract for a high-tech specialized coiled-tubing drill rig that will search for new oil beneath the North Slope. It's the second new rig and the fourth overall that the company will add to the North Slope since oil production tax reform was passed by the Legislature in 2013.

In addition to its new rigs, other projects have been approved with new production in late 2015. Johansen also reviewed projects in the National Petroleum Reserve which could yield tens of thousands of barrels in new production per day.

BP is on track to add an additional drilling rig to its operations in 2015 and

another in 2016. New projects continue to move forward throughout the Prudhoe Bay unit, including construction of 25 miles of new pipelines for delivering more oil to TAPS, starting in 2017. The first new pad at Prudhoe Bay in more than a decade and the expansion of two existing pads is underway. New development equates to more than 200 million barrels of additional oil and the drilling of more than 115 wells, according to BP's Alaska President, Janet Weiss.

Much of BP's work at Prudhoe Bay focuses on stemming the production decline by extracting more oil from reservoir rocks. Weiss noted that for many years North Slope production has been declining six to eight percent per year, but the decline rate has now been cut by more than half.

Economist Neal Fried called the oil industry an employment "rock star" that is steadily growing on the North Slope. The Slope's employment has been growing steadily over the past years, in part due to

large maintenance projects, but the jump in jobs in the past year is one of the highest in a decade, Fried noted.

"There were more people in Prudhoe Bay this year than there ever have been in the history of our state," Fried said.

Kara Moriarty, President and CEO of the Alaska Oil and Gas Association, said the increase in jobs is a direct result of oil tax reform and the Point Thomson project, which the Parnell administration advanced through a settlement agreement with ExxonMobil. First production there is expected in 2016.

She said a third of Alaskan jobs are tied to the oil and gas industry and for every one industry job, 20 more are generated through industry spending. She also reported the industry paid \$6.9 billion in taxes and royalties last year. She noted the new tax policy generates more revenue to the state at low prices than the old regime.

Caelus Energy Alaska, which took over the Ooguruk Unit, is expanding the gravel island at the offshore field. Pat Foley, the company's Senior Vice President, said preliminary work is beginning on the Nuna satellite to Ooguruk and exploration on properties far from its existing acreage is planned.

Spanish oil producer Repsol plans to spend \$240 million on its exploration work this winter, according to Bill Hardham, Alaska

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Trond-Erik Johansen



Kara Moriarty



Janet Weiss

Mining: key to Alaska's economic diversity

By Marleanna Hall

The Council of Alaska Producers has been around for the last 22 years, representing large metal mines and advanced projects in Alaska, said Karen Matthias, RDC board member, and Managing Consultant, Council of Alaska Producers.

"We work very closely with the Alaska Miners Association, and I want to recognize that they, this year, are celebrating their 75th anniversary – 75 years of promoting responsible, sustainable mineral development in Alaska," noted Matthias.

Another milestone is the Red Dog Mine in Northwest Alaska, and Greens Creek, near Juneau, both of which started operations 25 years ago.

Large scale metal mining in Alaska is a young industry. All five of the large metal mines in Alaska were permitted since the passage of the National Environmental Policy Act and the Clean Water Act (CWA).

"You don't hear a lot about them, and that's because they have excellent track records," said Matthias. "We want to do a better job talking about these success stories."

"Another success story is the Usibelli Coal Mine near Healy," said Matthias. "It has been in continuous operation since 1943."

The coal mine provides fuel for 30 percent of Interior Alaska's electricity needs. Long before reclamation was law, the Usibelli's began reclaiming areas mined for coal.

Mining provides more than 5,000 mostly year round jobs in Alaska, paying an average salary of \$100,000 per year, more than twice the state average.

In 2013, mining contributed \$157 million to local and state government, while Native corporations received \$144 million.

"In the 25 years that Red Dog has been operating, NANA has received almost \$1 billion in royalties," noted Matthias. "And through ANCSA revenue sharing, 70 percent of that almost \$1 billion has gone to all of the regional and village corporations."

"Mines are the largest property tax

payers in the Northwest Arctic Borough, Fairbanks-Northstar Borough, and the City and Borough of Juneau," added Matthias.

Potential projects include Donlin Gold, currently in permitting, as well as Livengood, Chitna, and Pebble. These projects could provide up to 3,200 jobs during operations, not including jobs during construction.

One challenge facing the mining industry is lack of investment. In 2011, \$365 million was spent on exploration in Alaska. 2013 was down to \$176 million and it is expected to be only \$80 million in 2014.

"Alaska has great potential," said Matthias.

The annual Fraser Institute Survey has Alaska at the top for mineral potential. However, when the Institute weighs it 60 percent mineral potential and 40 percent policy perception, Alaska becomes number five. And when only policy perception is looked

at, Alaska slides to number 21.

"A lot of that policy perception has to do with permitting delays," explained Matthias.

Permitting delays are being seen by projects like Greens Creek's 18-acre expansion of an existing dry-stack tailings facility that has taken over four years and permitting is still not complete. Another example is the Wishbone Hill project near Palmer, the mine permit has been renewed but was challenged by environmental groups.

Pebble continues to face pre-emptive veto, the first of its kind in the 42 year history of the CWA.

"Any project in any industry should have the opportunity to have transparent rules that are consistently applied," said Matthias.

Challenges facing the industry also include expanded definition of Waters of the U.S., escalating wetlands mitigation costs, and power plant emissions regulations.

"Please, talk to your kids, your neighbors, random strangers – tell them how much they depend on minerals in their lives," urged Matthias. "We need mining, and it must be done right, and it can be done right," Matthias added.



Karen Matthias

Bucket List: Alaska

By Marleanna Hall

The number of visitors to Alaska was a record 1.96 million people last year, reported Gideon Garcia, RDC board member, and Chief Operating Officer, CIRI Alaska Tourism. Garcia spoke at the Alaska Resources Conference in November.

Alaska's visitor industry accounts for 46,000 Alaska jobs, and \$3.9 billion dollars in spending. Tourism is on the rise in the overall U.S., and in the last year supplied 7.9 million jobs, an increase over the previous year of about 2.5 percent.

"A very important part of the Alaska industry are the cruise lines, they bring about 60 percent of those guests coming during the summer time to Alaska," said

Garcia. "A projected modest increase in traffic in 2015 is about 2.8 percent."

Air traffic is increasing in several communities, particularly in Juneau, which saw a 16.3 percent rise. Fairbanks had tough news when Frontier Airlines decided to pull out, partly because of the Flint Hills refinery, explained Garcia.

Looking forward to 2015, "we are looking at a 2-3 percent increase in visitor traffic. Alaska continues to be a strong travel destination. We are on many people's bucket lists," said Garcia.

The Alaska cruise market only represents about 5.5 percent of the world cruise market, and there is room to grow. "We need to keep in mind that we need to keep a competitive market place," warned Garcia.

"Cruise ships are floating hotels and they can float somewhere else just as easily as they can float here," cautioned Garcia. "There has definitely been a pivot to Asia, as China becomes a middle class society."

"Alaska is still a unique draw, but we need to market our state as a unique, authentic experience," highlighted Garcia. "But we are Alaska, we are unique."



Gideon Garcia

Alaska fisheries strong, yet face challenges

By Kati Capozzi

At this year's Alaska Resources Conference, RDC board member and At-Sea Processors Association Executive Director Stephanie Madsen provided updates on the status of Alaska's fisheries and seafood industry. Madsen explained that fisheries management falls under a number of different umbrellas and due to the literal 'moving target' nature of this resource extraction industry, the rules, regulations, and allocations are ever-changing.

Madsen highlighted that for the first time an Alaska maritime workforce development plan is in place. The plan, released in May, lays out three main goals: develop a responsive workforce that enables the maritime sector to remain a substantial contributor to the state, guiding Alaska's workforce to discover and prepare for the wide range of employment opportunities in the maritime sector, and increase the number of Alaskans working in skilled maritime occupations. Madsen added that Alaska is experiencing an "aging fleet" in the average age of workers in the industry and is hopeful the new workforce development plan will usher in a new generation of a skilled workforce.

"In the fishing industry, we consider species as a portfolio, some go up, some go down, so you really hope that overall things remain

stable...the indications are that the stocks both in the Bering Sea and the Gulf of Alaska are strong," Madsen explained. The healthy stocks in Alaska waters keep the state's ports busy as well. Dutch Harbor, Akutan, and Kodiak ranked first, second, and third respectively nationwide for seafood landings in 2013.

Although the fisheries remain strong overall, there are a number of challenges facing the industry. Madsen said the Endangered Species Act continues to be a tool used by eNGOs to shut down entire geographical areas to fishing and is most often time consuming and extremely costly to combat. Additionally, the call for marine protected areas continues to be a hot button issue. "Generally, the seafood industry is not supportive of a blanket marine protected area network. We continue to have to battle those NGOs that view Alaska and Alaska fisheries as one of the last areas they can raise funds."

Sustainability and what that word means to different groups of people worldwide continues to be a topic that remains front and center. Madsen noted sustainability is something that is written into Alaska's constitution and the conservative management approach is something the industry is proud of. "Science is on our side and we have a strong future," Madsen concluded.



Stephanie Madsen

Alaska should fight back against bad federal forest policy

Alaska's forest industry in Southeast Alaska is in serious jeopardy and is barely holding on, but reform of bad federal policy in the Tongass National Forest is not impossible to fix, said Keith Coulter, Lands Manager for Koncor Forest Products. Coulter presented the forest industry update at RDC's Alaska Resources Conference.

"Commercial fishing and timber harvests are both sustainable, and renewable, and they are not mutually exclusive," Coulter said. "If you are not cutting trees, you are not managing the forest. The costs of not managing federal forests are staggering."

Coulter said the Tongass land management plan is being

amended to force a transition to second growth timber. He warned the transition is premature as local mills are not equipped to handle the younger timber, which has not yet matured.

Statewide, timber harvests have fallen to 150 million board feet and Coulter expects harvests will fall under 100 million board feet. He warned that revisions to Alaska's forest practices law should be informed by a full body of contemporary science as opposed to knee-jerk public opinion.

Coulter said it is imperative that the Sealaska lands bill pass Congress soon and that the Big Thorne timber sale move forward. Otherwise, what remains of the industry and its jobs in Southeast Alaska will vanish. See video of his update at akrdc.org.



Keith Coulter

Upcoming North Slope projects in 2015 outlined

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Operations Manager. The company plans to drill three exploration wells and conduct two well tests on its leases in the Colville River Delta, as well as a 3-D seismic survey on state and federal acreage.

In his presentation before the RDC conference, Greg Lalicker, President of Hilcorp, said his company will adopt the same strategy as it has been applying in the Cook Inlet basin, where it has launched a multitude of small development and upgrade projects that have doubled oil production from aging fields that the company acquired.

"It's going to be literally hundreds of little fields over many, many years," Lalicker said.

Hilcorp purchased a large slice of BP's interests in four North Slope oil fields and the company is going to file a new proposed plan

for the development of the Liberty offshore oil field in the Beaufort Sea. Hilcorp acquired a 50 percent interest in Liberty and is now the field operator. It also acquired all of BP's interests in the Endicott and Northstar fields, and a 50 percent interest in the Milne Point field.

Outgoing Governor Sean Parnell also spoke at the conference and reflected on his accomplishments. "The policies and work we've done together have knit together new opportunities for Alaskans," Parnell said. He acknowledged criticism he took in setting a goal in 2011 of boosting North Slope production to one million barrels per day. Parnell said he believes that goal is still possible. "If you shoot for one million, you'll more likely get there than if you did nothing and not set a goal," he said. "I think we're on our way."

Wood bison head home again – for first time in 100 years

By Lana Johnson, Vice Chair, AWCC Board

Next March, C-130s will depart for Shageluk, returning the first herd of wood bison to the grasslands they roamed for tens of thousands of years before the massive animals disappeared around the turn of the century. The freedom flight will be the crowning effort of a 20-year project one biologist describes as the “most significant Alaskan conservation initiative of this century.”

The largest land mammal in the Western Hemisphere, wood bison lived in Alaska for most of the last 5,000 to 10,000 years. Athabaskans relied on them for food, clothing and shelter until they disappeared in the early 1900s, probably due to unregulated hunting and changes in habitat distribution. A few bison survived in Canada and thanks to Canadian protection laws, today there are approximately 5,000 healthy wood bison in several herds in Northwest Territories, Yukon, British Columbia, Alberta and Manitoba.

The Alaska Department of Fish and Game (ADF&G) kicked off the effort to bring these magnificent animals back to Alaska more than 20 years ago. In 2008 ADF&G received 53 young wood bison from Elk Island National Park in Alberta. Those animals were added to 13 other wood bison obtained by Alaska



Wood bison are larger than plains bison and a mature bull will weigh as much as 2,250 pounds, versus 1,900 pounds for a plains bison. (Photos courtesy AWCC, Portage)

Wildlife Conservation Center (AWCC) in 2003. Thus began the joint commitment between ADF&G and AWCC to raise, care for, and prepare wood bison for release.

Mike Miller, AWCC’s Executive Director, explained that the center’s role is “to take care of these animals and grow their numbers until they can be released into the wild. It’s a mission we take seriously because we want to tell our grandchildren how we helped Alaska restore an asset from the past.”

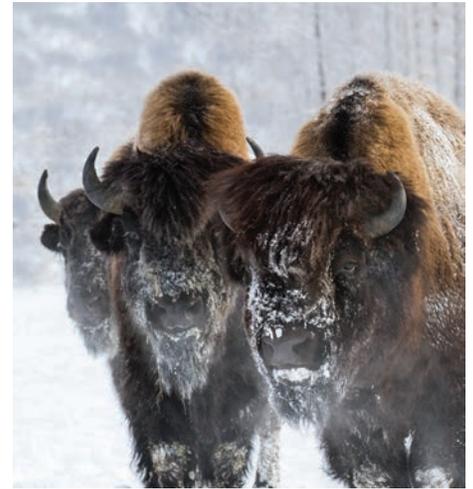
The 2015 release will occur in the Lower Innoko/Yukon River area, approximately 300 air miles west of Anchorage. The release area offers excellent habitat and ongoing support from the local communities.

The first release was delayed for months as the state and federal government worked out the details of a special rule making the wood bison a nonessential experimental population under the Endangered Species Act (ESA). The rule, called the 10(j) Rule, was finally published in the Federal Register last May. The rule means that no critical habitat will be set aside even through the animals are listed as “threatened” under the ESA. This is important because the reintroduction will not impede oil and gas development, mining, recreation, hunting, trapping and other land uses.

Wood bison are larger than plains bison and a mature bull will weigh as much as 2,250 pounds, versus 1,900 pounds for a plains bison. A mature cow will weigh about 1,000 pounds. Most calves are born in May and are a reddish color for a few weeks. They begin to grow horns and develop a bison’s “hump” at about two months.

Some Athabascan terms for the animal mean cow in the forest, and the hefty one on the land. Athabascan oral history describes how they were hunted in Interior Alaska with spears, snowshoes, and bow and arrow for hides and meat.

The wood bison restoration project, which state wildlife planner Rita St. Louis describes as “the most significant Alaskan conservation initiative of this century,” is supported by groups such as the Wildlife Conservation Society and Safari Club International, as well as some key businesses, including Lynden, Totem Ocean Trailer Express, Wells Fargo, Granite Construction, ConocoPhillips and



The largest land mammal in the Western Hemisphere, wood bison lived in Alaska for most of the last 5,000 to 10,000 years.

Carlisle Transportation Systems.

“This historic project is a collaborative effort that brings together hunters, government agencies, environmental groups and the business community,” AWCC’s Miller said.

There’s much more on this project at www.alaskawildlife.org.

Analysis shows Southeast Alaska wolves are not subspecies

University of Alaska Fairbanks Professor Matthew Cronin has published a paper in the *Journal of Heredity* concluding the Southeast Alaska’s wolves are not a separate subspecies.

“My study provides extensive genetic data. That, along with literature published by other scientists, does not support the assertion that these wolves are a subspecies,” Cronin said. “This is noteworthy because the Alexander Archipelago wolf and the wolves on Prince of Wales Island are currently being considered for listing as endangered by the U.S. Fish and Wildlife Service.” Cronin said DNA tests and other markers do not support a distinct subspecies listing.



Southeast Alaska timber industry perseveres

Very few organizations in the United States can persevere against a continuous onslaught of a nationally organized campaign by well-funded outside environmental organizations. Yet that is exactly what the remains of the Southeast Alaska timber industry have done.

Our industry has been pummeled and beaten up and is hanging on by a thread, but in the spirit of a true Southeast Alaskan, it has endured. Lawsuit after lawsuit. Letter writing campaign after campaign – in which unsuspecting nature lovers have been told that their pens and pocketbooks are responsible for saving the last remnants of wilderness in this world.

The truth is of course quite different. If you take the environmentalists number regarding the number of acres logged in Southeast Alaska over the past 60 years – only 2.6% of the Tongass has ever been cut since the industry began in earnest in the 1950s.

At one point the outside groups with their lawsuits and their teams of well-funded lawyers wanted to make the point that the Southeast Alaska timber industry was too large. They wanted it to have a smaller footprint, they said, and then they would be satisfied. Through the concerted efforts of these organizations and their continuous onslaught, the industry became 90% smaller. Of course there were elements of shifting economic trends that also caused some of this decrease, but much of it was due to the fact that environmental groups waged a full-scale war on our timber industry.

An analysis of the last 51 lawsuits on timber sales in the Tongass for which we have data show that these lawsuits cost the federal government nearly \$100 million (adjusted for inflation) simply to carry out the NEPA process – at an average cost of nearly \$2 million each. These figures don't include the cost of lost business, bankruptcies, or the lost earning potential of our region's workforce. The true cost each of these lawsuits is devastatingly high.

And yet, even though the industry has that smaller footprint, the war on this industry has not subsided, as many of these groups exist only to be against timber. Their organizational purpose is this war. After all the heartbreak that has occurred in our region, and because of their war on timber, their new argument is this: *Look at how small the Southeast Alaska timber industry is. The federal government should not be focusing on such a small industry.*

We disagree. What is left of the timber industry represents family owned businesses that have been passed down through generations, and Native owned and operated organizations.

The timber industry represents our heart, and we resent these arguments from outside groups.

Last year the timber industry in Southeast Alaska directly supported 325 direct jobs, and \$17 million dollars in wages. With an average wage nearly \$10,000 higher than the average private sector wage, these are important jobs that support families and communities. The timber industry also supported 105 federal jobs last year, with an associated payroll of \$8 million.

Using a jobs and wages multiplier of 1.5, the total economic impact of the timber industry in Southeast Alaska last year was therefore 645 jobs and \$37.5 million in wages. Because of Sealaska involvement in the timber industry, along with the remote nature of logging locations, these are jobs and wages that disproportionately

“We are simply asking for the opportunity to live and work in our region. With 17 million acres, there needs to be room in the Tongass for the residents of Southeast Alaska to earn a living.”



go to our Alaska Natives and our smaller, less wealthy communities. These are jobs that are critical to our economy.

Yet, we also agree that the industry is too small. The Tongass makes up 80% of our region's lands. Other federal ownership brings total federal land ownership to 95%. Our truly private lands make up just 0.05% of our total acreage.

We can't charge taxes on our federal landholders here, and as we have alluded to above, it is extremely difficult to run businesses that depend on our federal lands. Our high level of federal ownership and lack of lands open for economic development is unique to Southeast Alaska, and because of this most of our commerce as a region has been pushed out to the sea.

While we support and cherish our maritime economy – it seems ridiculous that we cannot generate more jobs, income or economic prosperity from the 17 million acres of our region that is the Tongass. The wood products industry is one of the most effective ways to use the Tongass to create jobs, and yet, even taking into account Forest Service employment, it takes 40,000 acres of the Tongass to support a single timber related job in the region.

We think it is also important to stress that the timber and wood products industry of today is one that is operating at a high level of environmental stewardship. This is not a slash and burn industry. This is our home, and we intend to live here with our children and grandchildren. The logging and restoration contracts are being carried out with a high level of integrity by experienced Southeast Alaska men and women that care about our region. To imply otherwise is preposterous. Our timber workers of today have shown that timber harvesting can go hand in hand with wildlife protection, and that forest practices can be implemented to protect cultural resources, enable wildlife, and also improve the social wellbeing of the region and communities.

We are simply asking for the opportunity to live and work in our region. With 17 million acres there needs to be room in the Tongass for the residents of Southeast Alaska to earn a living.

Shelly Wright is Executive Director of the Southeast Conference



Dear Santa...

Dear Santa:

Just wanted to drop you a short note and let you know how good the RDC has been this year. While we know it is your busy time of year, please take a moment and think of us when you are making your rounds.

Our wish list is modest. As a matter of fact, we would actually LIKE coal in our stocking! We would also like to develop more of it. We think we have proved that we know how to mine correctly, and that everyone will benefit if they actually learn how mining operates.

Our brief wish list is:

We wish for more wisdom for our elected leaders. Newly minted Governor Walker and Lt. Governor Mallott have big challenges in front of them. Please grant them and all other leaders the wisdom to move through the challenges.

We wish for a better sense of economics from many of our neighbors in the Lower 48. The way to solve the high rates of suicide, domestic violence and substance abuse is to provide hope and economic opportunities for all Alaskans, in all parts of Alaska.

We wish for less rhetoric, and more understanding of how businesses operate.

We wish for less litigation from those who simply want to stop projects, but don't have to worry about the costs of a shrinking economy on the day to day lives of Alaskans.

If you cannot give us less litigation, at least think about giving those that sue simply to stop jobs a chance to pay for those lost opportunities if they lose the lawsuits.

We wish for more visitors to explore Alaska, and to take home memories that last a lifetime, and then to tell their neighbors about the great trip they had.

We wish for enough fish to not have fights over allocation....well, how about we just wish for more fish...it would be a start!

(We have stolen the next wish from a prayer given in the Legislature, but it doesn't make it any less true)....We wish for oil to be expensive by the barrel, but cheap by the gallon.

We wish for a gas pipeline, so that Alaskans and businesses can benefit from both the gas as well as the revenue generated from the

“We wish for more wisdom for our elected leaders. Newly minted Governor Walker and Lt. Governor Mallott have big challenges in front of them. Please grant them and all other leaders the wisdom to move through the challenges.”

sale of gas. We are not too concerned about who we sell it to, as long as we get to use a little bit of it.

The year at RDC has been very fruitful. I know you attended our Alaska Resources Conference, where we learned that the price of oil may have shifted downward systemically. We also learned that tourism had a very good year in Alaska, and that demand is looking strong for next year. We learned that the timber industry needs some help, but if the good folks at the federal government get out of the way, timber could be strong again. Could you help us with that? We learned that mining can be strong in Alaska, but we need to be careful about how we regulate them so that they can continue operating.

We legalized pot this year. I don't know if that will have impact on you at the North Pole. RDC didn't really have an opinion about pot, although there are some concerns about how we move forward on regulating it.

More than anything else, we wish for you to spread the word that a strong economy in a natural resource state such as Alaska will help all Alaskans, and the way to a strong economy is to responsibly develop the resources we have available. We have spent more than fifty years proving that we can do it right, and when we do, everyone wins.

I know you will be tired in January, and we Alaskans are well aware of the short days and cold weather that you must face at the North Pole. I would like to remind you that Holland America Line sells great cruises to warm destinations throughout the winter season. After Christmas, you deserve a break. Take one.

Proposed critical habitat is the nation's largest

The National Marine Fisheries Service (NMFS) this month proposed designating 350,000 square miles of marine territory along the coast of Alaska as critical habitat for the Arctic Ringed Seal. The proposed designation, larger than the size of Texas, encompasses the Beaufort, Chukchi, and northern Bering Sea. If approved, it will be the largest critical habitat designation in the United States.

The ringed seal was listed as a threatened species in 2012 under the Endangered Species Act (ESA). Once a species has been listed, the ESA requires critical habitat for that species be identified and protected in an effort to

preserve or rehabilitate the population.



“I remain skeptical that the listing of ringed seals based on a 100-year weather projection was justified,” U.S. Senator Lisa Murkowski said of the original ring seal listing. She continued, “...I am concerned that this designation would severely impact any economic development from Northwest all the way to our border with Canada.”

The Resource Development Council is reviewing the 16-page critical habitat proposal and will be submitting comments prior to the deadline.

Alaska Resources Conference



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- b. The Middle East
- c. The U.S.

c. The U.S.

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