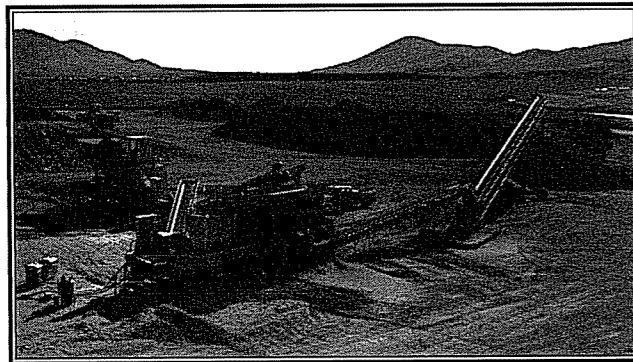
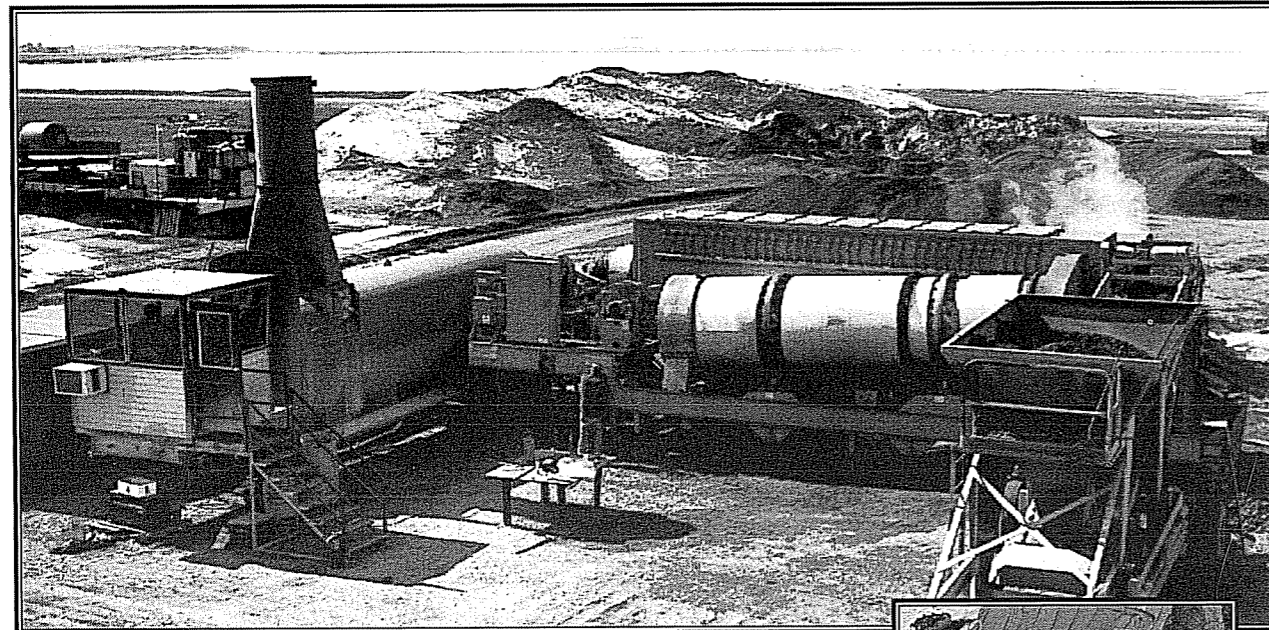


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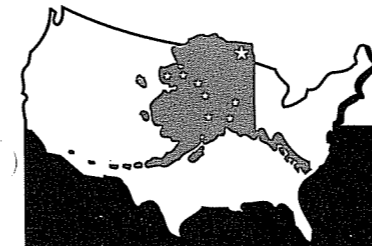
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## Resource Review

August 1993 A monthly publication of the Resource Development Council, Inc.

### Alaskans address wetlands policy before White House task force

Federal policy should recognize Alaska's special needs, conservation record

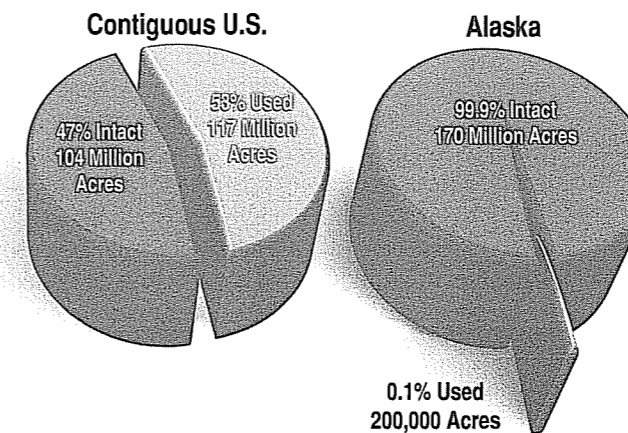
The Alaska Wetlands Coalition (AWC) elevated Alaska's concerns on wetlands policy before a key White House working group developing wetlands policy for the Clinton administration.

With the urging of Senator Ted Stevens, President Bill Clinton's Interagency Working Group on Federal Wetlands Policy heard from Becky Gay,

Coordinator of the Alaska Wetlands Coalition, along with two other panelists, Nelson Angapak, land manager for the Alaska Federation of Natives and John Sandor, Commissioner of the Alaska Department of Environmental Conservation.

The White House task force held three meetings in early July to discuss  
*(Continued to page 4)*

#### Wetland Comparison



According to U.S. Fish and Wildlife Service estimates, Alaska originally had approximately 170.2 million acres of wetlands. Only about 200,000 acres (0.1%) of these wetlands have been used for all types of development, including communities and infrastructure. In the contiguous 48 states, development has taken a toll on wetlands, about 53% of which have been affected. The current annual wetland reduction of 275,000 acres in the contiguous 48 states is more than the total estimated acreage of all wetlands used in Alaska.

#### Wetlands Coalition represents diverse Alaska interests

The Alaska Wetlands Coalition (AWC) was originally organized to represent a diverse state membership in response to the 1989 Memorandum of Agreement between the Corps of Engineers and the Environmental Protection Agency. Members were concerned that a national policy would be crafted without any consideration for Alaska's unique circumstances and excellent conservation record.

The AWC was formed, therefore, to work on changing federal regulations, bring some community perspective and balance to the debate and help guide the overall national policy decision. Because it represents diverse Alaska interests and areas, the AWC has been well received.

AWC members include native corporations, municipalities, labor unions, resource companies and small businesses.

The AWC pledges to work with the Clinton administration and Congress for the development of a wetlands policy which preserves and protects valuable wetlands throughout the nation, while taking into account the particular needs and circumstances of Alaska and its excellent wetlands conservation record.

# Native leader wants exemption from strict wetlands regulations

*Editor's Note: The following is excerpted from testimony given to the White House Interagency Working Group on Federal Wetlands Policy on July 1, 1993 in Washington, D.C. by Nelson Angapak, Board Member of Calista Corporation and land Manager for the Alaska Federation of Natives, Inc.*

Under the Alaska Native Claims Settlement Act (ANCSA) of 1971, Native Alaskans were given the right to select certain lands in return for relinquishing our native, aboriginal rights to all the land in Alaska. Because so much of Alaska's land mass qualifies as wetlands, the current Section 404 program can virtually nullify these rights.

In 1989, a Memorandum of Agreement addressing the concept of "no net loss" formula of wetlands was signed between the United States Army Corps of Engineers and the Environmental Protection Agency. With a stroke of a pen, these two agencies succeeded in taking the economic value of our ANCSA lands away from us.

I have had the privilege of accompanying a number of Congressional staff members to Western Alaska over the years. These staffers came to the Calista Region under the sponsorship of the Alaska Wetlands Coalition (AWC). AWC, however, never did anything to influence the villagers at Kwethluk or Bethel of their wetlands views. In other words, villagers stated their views and concerns about wetlands. The villagers were concerned that Section 404 (of the Clean Water Act) policies would be detrimental to the villages.

What these Congressional staffers saw shocked them to the realities of lands in Southwest Alaska. They saw that the whole Calista Region could be considered wetlands if the Corps and EPA have their way. Collectively, the ANCSA village corporations located within Calista Region have selected nearly 7 million acres of land. In the Calista Region, there are approximately 30,000 Yupik Alaska Natives. The demands and constraints of the Section 404 program impose a heavy burden on the ability of the Yupik people to use their lands.

If the program is not reformed to recognize the special conditions in Alaska, then what little economic opportunities that exist in the Calista Region today will be lost.

People in the United States, and in particular, urban settings, become upset if unemployment figures go above

Louisiana	California	Alaska	48 States	Area in Acres
31,054,720	101,563,520	375,303,680	1,934,198,400	Total Surface Area
16,194,500	5,000,000	170,200,000	221,129,638	Total 1780's Wetlands
52.1%	4.9%	45.3%	11.4%	1780's Wetlands Surface Area
8,784,200	454,000	170,000,000	104,374,314	Total 1980's Wetlands
28.3%	0.4%	45.3%	5.4%	1980's Wetlands Surface Area
7,410,300	4,546,000	200,000	116,755,324	Wetland Acres Lost
46%	91%	0.1%	53%	Percent Wetlands Lost

8%. At the present time, in the Calista Region, by Western standards, we have something like 80% unemployment. And there will be no relief if economic development opportunities are stymied by the land use limitations of the Section 404 program.

We cannot survive and provide our people even a minimum standard of living on only half of our land entitlement. Many of our people lack running water and indoor plumbing, because construction of a water system crosses permafrost which qualifies for sanctuary under the Section 404 program. In return, we are given the privilege of preserving for the other 49 states thousands of acres of "wetlands" which do not significantly contribute to the ecosystem.

We have a solution on the issue of wetlands for the Clinton Administration to seriously consider. It is a very simple, but logical solution. The lands that were selected by the Native Corporations throughout Alaska should be effectively exempted from strict wetlands regulations. If this solution is followed, economic conditions in the Region and Alaska are likely to improve.

In conclusion, the current Section 404 program works undue hardship on Native Alaskans and is unrealistic in the context of Alaska. The current program does not recognize that over 170 million acres of Alaska qualify as wetlands, most of which can be characterized as low-value.

Staunch protection of such a vast amount of wetlands, which do not serve traditional functions of wetlands, is misplaced. This protection, without realistic balancing of the consequences and values, is denying Native Alaskans the basic standard of living taken for granted by other citizens of the United States. Native Alaskans should not be denied either their birthright or their rights as citizens simply because they live in a unique, yet harsh, area of the country.

# The price of doing nothing

Bark beetle clearcutting forests, \$1.6 billion in direct product loss

As the spruce bark beetle continues its march across Southcentral Alaska, devouring millions of acres of public and private forests, the price of doing nothing to combat the infestation or at least capture the economic value of dying trees is alarming.

With environmentalists, the forest products industry, federal, state and local governments and private landowners locked in disagreement on how to respond to the ravages of the beetle, little has been done to check the assault on Southcentral and Interior forests or to harvest infested trees. Few people recognize the extent of the beetle epidemic and the magnitude of the associated economic losses.

In the last three years alone, over 1.2 million acres of trees have been infested and 5.5 billion board feet of timber destroyed, according to Terry Brady, owner of Alaska Husky Wood. This equates to \$1.6 billion in direct product loss in three years and \$2.4 billion in lost opportunity cost to the

Alaska economy, assuming an economic multiplier of 1.5.

"The value of the already dead timber surpasses that of salmon landings for the same period and is many times over the Alaska Permanent Fund dividends paid to state residents," said Brady. The Permanent Fund analogy is important, Brady pointed out, when one realizes that those dividends are paid from "interest" earned by liquidating state nonrenewable resources, while the timber lost is value lost from the "principal" of a renewable resource, a value that can be returned over and over again.

Preliminary estimates are that the beetle will damage more than 1.2 million acres this season, bringing the total to approximately 2.5 million acres of infested forest since 1990. The beetle is consuming timber on federal, state, municipal and private lands that, in the opinion of forest engineers, are accessible for timber harvesting and other forest management activities.



The bark beetle consumed over 1.9 million acres between 1920 and 1989, but in the last four years, it has ravaged some 2.5 million acres.

"Alaskans deserve healthy forests that contribute jobs, recreation opportunities, fish and wildlife habitat and clean water," Brady said. "Most of these forest benefits will be lost for several generations if the present trend continues."

The quarter-inch bark beetle is now killing trees at a rate so spectacular that in less than 10 years more wood is being lost to the beetle than is being harvested in 50 years in the Tongass National Forest to serve the two long-term timber sale contracts for the pulp mills in Sitka and Ketchikan.

"There is an unprecedented and growing emergency within the forests," warned Brady. "This emergency must be recognized, declared and acted on with haste, no less than if the forests were already burning."

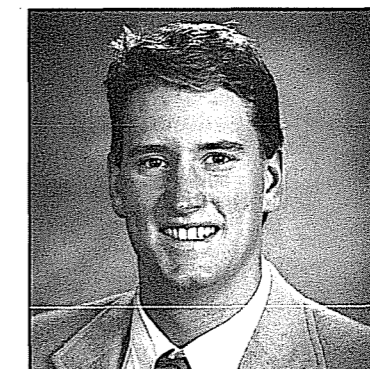
# Freeman joins RDC staff

Former Service High School graduate Ken Freeman has been appointed Projects Coordinator of the Resource Development Council.

Freeman attended Oregon State University where he graduated with a bachelor of science degree in speech communication. He recently earned a masters degree in public administration from Portland State.

As Projects Coordinator, Freeman will oversee the coordination of special projects and assist staff in special events planning and issues work.

A third generation Alaskan who was born and raised in Anchorage, Freeman said, "having spent the last five years attending school in the Lower 48, I have developed a profound appreciation for Alaska's unique potential. I feel fortunate to be able to return to my



RDC projects coordinator Ken Freeman

home and be part of an organization which will have a positive impact on Alaska's promising future."

Freeman worked the previous two summers and Christmas break as an intern at RDC and provided assistance on Alaska Wetlands Coalition events.

# Wetlands...

(Continued from page 5)

must be prepared to compensate the owner for the taking of private property interests."

Speaking before the same task force, Senator Ted Stevens warned that "a wetlands policy without flexibility would break the statehood compact and the spirit of the Alaska Native Claims Settlement Act. We must have the opportunity to develop portions of our land to secure our economic future."

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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### Writer & Editor

Carl Portman



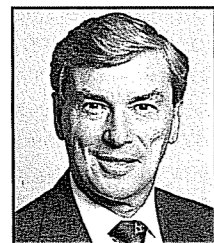
# Oil good for local economies

## ARCO officials address local benefits



*"Today the tax on a \$100,000 Kodiak home is \$750. Without state revenue from oil production, the tax would be more than \$2,500."*

— John Roots



*"Oil development could mean a significant increase in local government revenue. On the Kenai Peninsula our industry accounts for 40 percent of the borough tax base."*

— Jim Davis

New oil development in Cook Inlet and the Shelikof Strait is good news for the Southcentral Alaska economy, including fishing communities like Kodiak, representatives of ARCO Alaska told business groups in Kenai and Kodiak earlier this summer.

RDC board member Jim Davis, who is the Senior Vice President at ARCO, joined ARCO Vice President John Roots in addressing the benefits of oil development to the state and its local communities to Chamber of Commerce meetings in Kenai and Kodiak.

"Oil development could mean a significant increase in local government revenue," said Davis. "On the Kenai Peninsula our industry accounts for 40 percent of the borough tax base."

Addressing the compatibility of fishing and oil development, Roots noted that the oil industry has operated for decades in the North Sea in similar water and weather conditions, in harmony with a major fishing industry.

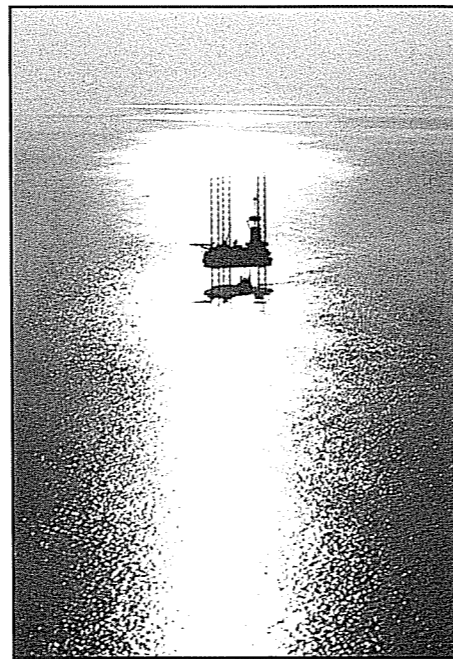
In general, Roots said the oil industry has been good for Alaska. Oil royalties and taxes account for 88 percent of all unrestricted state revenues, he noted. "The Permanent Fund (\$13.7 billion) was built with oil revenues."

"Today the tax on a \$100,000 Kodiak home is \$750," Roots said. "Without state revenue from oil production, the tax would be more than \$2,500."

Production from the North Slope is declining, however, and by the year 2000, it will be about half of what it is today. Offshore development would improve the outlook for total production, Roots said. Knowing that such development is a sensitive issue before fishermen, Roots defended it, emphasizing that the industry has operated in the North Sea, the Gulf of Mexico, Cook Inlet and elsewhere around the world for decades.

Davis made it clear that Alaska is a top ARCO priority for oil exploration, pointing out that the company expects to spend over \$235 million this year on exploration within the state while participating in 14 exploratory wells. ARCO will spend close to a billion dollars in Alaska exploration over the next five years, he said.

"We hope to build on our recent successes on the North Slope and in



*With oil production from the North Slope declining, offshore oil development would improve the outlook for total production. Recognizing that offshore development is a sensitive issue in fishing communities, ARCO officials emphasized that the industry has operated in the North Sea, Cook Inlet and other areas for decades.*

Cook Inlet," Davis said. "And we hope to make additional new discoveries."

ARCO's Sunfish discovery in upper Cook Inlet west of Anchorage could produce 100,000 barrels a day. The potential 750 million barrel field is the largest discovered in Cook Inlet. The field could mean five additional platforms for Cook Inlet and 150 new wells. The project will provide employment for about 800 people for a number of years. Operations and maintenance will require about 120 people.

ARCO and its partner, Phillips Petroleum, are prepared to spend about \$2.5 billion developing the field, which has been defined by using new and old seismic data.

Another recent ARCO discovery, Kuvlum, located off the Arctic coastline northeast of Prudhoe Bay, may hold anywhere between 1 to 6 billion barrels of recoverable oil. The high estimate would make it second only to Prudhoe Bay in size. The remoteness of the field, however, presents a number of hurdles for the company to overcome.



## Thoughts from the President

by James L. Cloud

## Secretary Babbitt is coming to town

The National Park Service is coordinating a three-week visit to Alaska by the Secretary of the Interior this August. As landlord and natural resource czar for over 220 million acres of federal lands in Alaska, which comprises 60 percent of Alaska's land mass, it is appropriate the Secretary takes an inventory and sees for himself that Alaskans are not poised to plow, pollute, cut and bulldoze federal property under his charge. In fact, he should return to Washington relieved that Alaskan miners, trappers, loggers and fishermen have treated his charge so well over the better part of this century.

Based on the recent increase in misinformation in the press, the Secretary must be planning another push for his plans to levy gross royalties and a reclamation tax on mining interests and other resource users on federal lands. The so-called Mineral Policy Center recently held several press conferences which were followed by statements strategically made from the Secretary promoting increased royalties and reclamation taxes. Bruce Babbitt's plans seem oblivious to the likelihood that increasing gross royalties will reduce income tax revenues to the federal government in a magnitude that is several times greater than the anticipated take from royalties on the few projects that could withstand new economic penalties. Wealth must be first created before it can be taxed. This attack on the Mining Law is but another example of a significant contradiction to President Clinton's stated goals for the economy.

Along the lines of misinformation on the mining law,

unconfirmed sources say that some of the Secretary's staff have ordered local federal land authorities in eleven states, including Alaska, to forward "examples of notorious, visually dramatic, unreclaimed (abandoned) mines on the public lands for future press availabilities." Apparently, the Secretary or his staff plan to visit and film these properties to use in press releases and lobbying of Congress.

With literally hundreds of examples of good stewardship by Alaskans of federal lands and resources, certainly the Secretary would not stoop to "witch hunt" tactics in an effort to mislead Congress and the American public about resource development on federal lands in Alaska. Nevertheless, if the deception is attempted, the Secretary will surely be disappointed with the results of Alaska film footage. It is very hard to tell the difference between an abandoned placer mine, a braided streambed, a gravel pit and a glacier moraine.

With the President and Vice President of the United States both agreeing that American industry should focus on developing new technology to reduce pollution from energy plants and other sources, surely the Secretary will visit the Healy Clean Coal Project. This project has gained the support of the Department of Energy and the State of Alaska through its newly-developed technology that will reduce emissions from coal burning electricity-generating power plants.

With over half of the nation's power needs supplied by coal-burning plants, cleaner technology will have great benefits to Americans. This sort of technology is exactly what Vice President Gore and President Clinton campaigned on last year. With the Healy project, we can have it both ways — new technology to reduce pollution, developed in America and located outside of one of the nation's largest national parks.

When successfully operating, the new Healy plant will serve as a model for clean burning power plants all over the world. The U.S. companies responsible for its development will be able to export and license this cleaner technology all over the globe. Notwithstanding all of the benefits, the National Park Service has protested against this project with a NIMBY attitude. But given the stated position of the Clinton administration on developing new cleaner technology to meet our industrial needs, how could the Secretary be against this project?

Welcome to Alaska, Mr. Secretary. We hope you leave with a better understanding of the people that live here and the importance of the natural resources under your charge to Alaskans and all Americans.

## Congressional tour directed at wetlands

To promote a better understanding of Alaska's unique circumstances regarding wetlands development and regulation, the Alaska Wetlands Coalition (AWC) will host a Congressional and administrative staff tour of Alaska in mid-August.

Directed at key congressional staff involved in the Clean Water Act and wetlands legislation, the tour will include wetlands in Juneau, Sitka, Anchorage, Bethel, Kwethluk, Prudhoe Bay, Nome and other Bush communi-

ties. Congressional staff and administrative officials will meet with local community officials, as well as state environmental and private sector representatives during the local tours.

AWC has hosted a number of trips over the past several years to facilitate discussion and understanding of the wetlands issue as it relates to Alaska, its industries and local communities.

## Recommendations for national wetlands reform

Reform measures would address Alaska's concerns

To adequately address Alaska's concerns, the Alaska Wetlands Coalition supports a national wetlands reform program that would include all or some of the following:

- Amend the definition of jurisdictional wetlands so as to remove and reduce regulation of isolated, low habitat value wetlands.
- Devise a regulatory scheme for classifying and discriminating wetlands on the basis of function, value and abundance.
- Eliminate the concept of rigid sequencing embodied in the Corps of Engineers/EPA Memorandum of Agreement (MOA) so as to ensure flexibility in the consideration of mitigation proposals.
- Require a broader focus on and consideration of public interests in the permitting process.
- Adopt a more moderate water dependency test which allows consideration of other factors such as the general character of the state's wetlands.
- Prohibit mandatory interstate compensatory mitigation so permittees cannot be forced to become land acquisition agents for the federal government.
- Reform the Advanced Identification process so as to prevent its abuse at the expense of landowners and local governments.
- Streamline the procedures and requirements for state/local assumption of program jurisdiction.
- Require that program modifications or reforms be accomplished through legislation or full administrative procedures, including public notice and comment.

# Virtually every facet of resource development affected by wetlands

(Continued from page 1)

regulatory and non-regulatory issues as they develop the Clinton administration's position on wetlands policy. The task force heard first from environmental advocates and later from the AWC and Commissioner Sandor.

The task force consists of a host of federal agencies that deal with wetlands protection. The Alaskans focused on their state's unique circumstances and excellent conservation record.

Gay told the group that over 70 percent of the useable land in Alaska is considered wetlands and that any new policy should be flexible enough to recognize Alaska's special needs. She discussed some of the tremendous hurdles local communities face in trying to build basic infrastructure.

"With the broad definition given for wetlands, it is clear in Alaska that any development, including schools, roads, hospitals, homes and resources, no matter how conscientious, naturally requires the use of wetlands," Gay said. "The question remains, how can we avoid wetlands when dry uplands are scarce in Alaska?"

Because of the high abundance of wetlands in Alaska, virtually all land use activity, including that of cities, villages and boroughs, are affected by wetlands regulations and policies, Gay noted. Current regulations and policies already have a stifling effect on many local economies and communities. She warned that application of a "no net loss" formula would bring nearly all development to a screeching halt.

With so much of Alaska's non-mountainous areas considered wetlands, municipalities often have no alternative to wetlands for development. And because so much of the state is undeveloped, restoration of degraded or damaged wetlands is not much of an option, nor is the creation of new wetlands.

Approximately 170 million acres in Alaska are classified as wetlands. Mil-

lions of these acres are preserved in national parks and wildlife refuges which were created or expanded by the Alaska National Interest Lands Conservation Act of 1980. Unlike the Lower 48 states, many of which face significant losses of wetlands, over 99 percent of Alaska's



*"With the broad definition given for wetlands, it is clear in Alaska that any development, including schools, roads, hospitals, homes and resources, no matter how conscientious, naturally requires the use of wetlands. The question remains: How can we avoid wetlands when dry uplands are scarce in Alaska?"*

**-Becky Gay**

wetlands remain untouched and intact. The overwhelming proportion of Alaska lands provide little in the way of high value wetland functions.

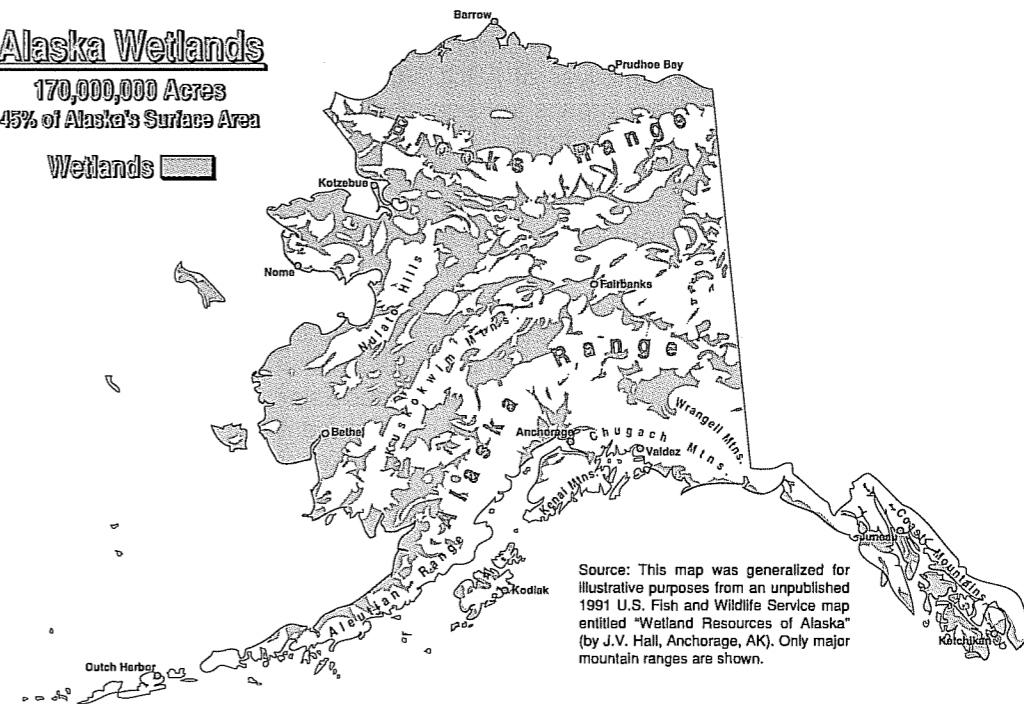
Many of Alaska's wetlands are permafrost and muskeg areas. Even so, available waterfowl habitat far exceeds "demand" in Alaska where no species is habitat-limited.

"Most of Alaska's wetlands are isolated and remote from river, streams, major lakes and estuaries," Gay said. "Many of the millions of acres of wet tundra which cover Alaska's North Slope are wet precisely because they are too far removed from waterways and have no way to drain and because the underlying permafrost prevents water from filtering down."

## Alaska Wetlands

170,000,000 Acres  
45% of Alaska's Surface Area

Wetlands



Source: This map was generalized for illustrative purposes from an unpublished 1991 U.S. Fish and Wildlife Service map entitled "Wetland Resources of Alaska" (by J.V. Hall, Anchorage, AK). Only major mountain ranges are shown.

Gay warned that an inflexible wetlands policy would not only threaten expansion of basic services and infrastructure in Alaska communities, but stand as a tremendous obstacle to development of the state's energy resources, which are a large and vital element of its economy.

"So much of what Alaska contributes to the nation comes from our ability to make use of our natural resources, most notably oil," Gay said. "Unfortunately, so much of our oil, natural gas and coal deposits are on the North Slope where literally everything you see qualifies as wetlands."

Gay told the White House panel that virtually every facet of resource development is affected by wetlands regulation, from exploration and development activities to pipeline construction.

"In any number of ways the Section 404 (Clean Water Act) program can effectively lock up our energy resources with potentially-devastating impacts," Gay said.

Gay said the Section 404 wetlands regulatory program needs to be reformed with provisions for Alaska's

unique circumstances. She noted that the EPA took a significant step in that direction last year with the proposed "one percent rule."



*"A wetlands policy without flexibility would break the statehood compact and the spirit of the Alaska Native Claims Settlement Act. We must have the opportunity to develop portions of our land to secure our economic future."*

**-Senator Ted Stevens**

The one percent rule would have released any state from a strict mitiga-

tion sequencing policy if less than one percent of its wetlands had been developed. The Bush administration okayed the proposed rule, but it has not been finalized by the Clinton administration.

The AWC urged the White House task force and the EPA to reconsider promulgation of the one percent rule. Gay said the rule would go a long way toward relieving the disparate impact felt by Alaskans under the Section 404 program. More generally, Gay said the AWC supports legislation to reform the program along the lines of H.R. 1330, sponsored by Congressman Don Young. Young's legislation recognizes that all wetlands are not of equal value and should not be treated the same.

"This legislation recognizes that any wetlands program must respect the rights of private property owners," Young told the task force. "Since a large majority of the wetlands in the United States are privately owned, or have significant private property rights associated with them, it is important to recognize that if we protect a valuable wetland because the national interest is furthered, the nation

(Continued on page 7)