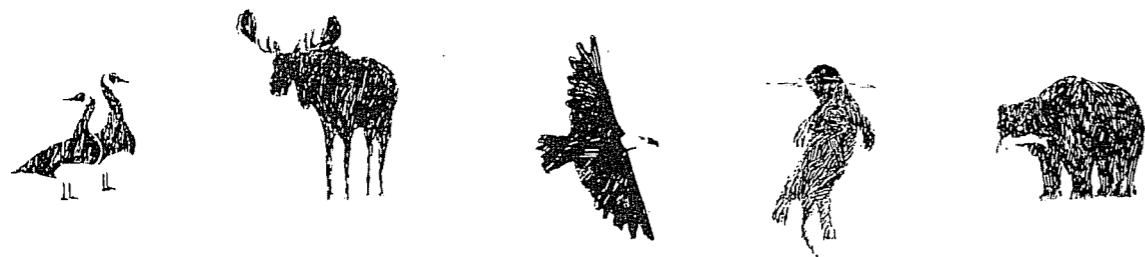


WORKING TOGETHER for ANWR.



We believe ANWR makes sense.

We believe the proposed land exchanges make sense, too.

The exchanges will provide us with the means to address both the traditional and economic needs of our shareholders.

The oil and gas rights to be acquired provide a sound financial foundation for our corporations which represent one-third of all Alaska Native shareholders.

While presenting us with economic opportunity, the exchanges will add to Alaska refuges more than 1.3 million acres that have been identified by the U.S. Fish and Wildlife Service as critical wildlife habitat. Included in the acreage to be returned to public ownership and use are areas valued by sportsmen for their recreational attributes, such as the Karluk River, the Sturgeon River, over half of Afognak Island, as well as the confluence of the Russian and Kenai Rivers.

Finally, the Alaska Native Corporations that stand to benefit from the exchanges, by and large, invest in the Alaskan economy, pay state taxes and employ Alaskans.

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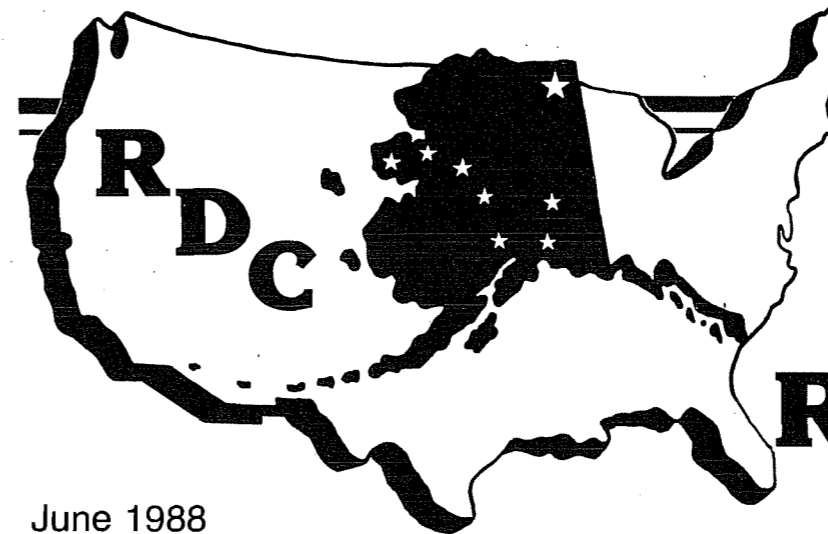
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Resource Review

June 1988

House Interior Committee considers ANWR

Development bill faces
stiff new challenges

After crossing a major hurdle earlier this spring, legislation to open the Coastal Plain of Alaska's Arctic National Wildlife Refuge to oil exploration and development faces another great challenge as it comes under review of the House Interior Committee where non-development forces have their best shot at derailing it.

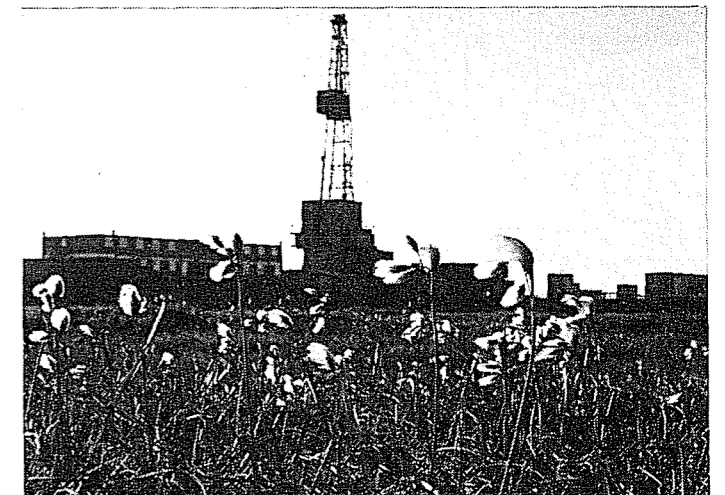
The Subcommittee on Water and Power Resources of the House Interior Committee was to open two days of hearings June 9-10 on the Jones II bill (HR 3601), which passed the House Merchant Marine and Fisheries Committee by a 28-13 vote.

Introduced by Merchant Marine Committee Chairman Walter Jones, the bill would allow oil exploration and drilling on ANWR's Coastal Plain, which accounts for approximately eight percent of the wildlife refuge. HR 3601 would split the royalty revenue evenly between the state and federal government and designate the National Petroleum Reserve west of Prudhoe Bay a wildlife refuge. Most of the federal revenues would be allocated to various environmental and wildlife programs that may otherwise go unfunded.

The bill would allow leasing of up to 300,000 acres of the Coastal Plain 21 months after Congressional approval with additional leasing every two years. The legislation would provide for strict environmental standards protecting the wildlife, air and water quality. It also establishes protective management zones and buffer areas severely restricting development activities.

The Interior Committee will not only review HR 3601, but will also consider legislation introduced by Committee Chairman Morris Udall to designate all 1.5 million acres of the Coastal Plain Wilderness. Eight million acres of the refuge are already designated

Arctic harmony



Given the relatively small amount of remote land that would be affected by development and industry's ever-evolving ability to operate in the arctic with minimal environmental impact, America must not foreclose on the opportunity to inventory and develop what may be its greatest energy province, ANWR.

Wilderness, including some 500,000 acres of coastal lands adjacent to the area proposed for oil and gas leasing.

Alaska Congressman Don Young said development legislation could be sent to President Reagan by late September if the House holds to its schedule and the Senate acts in a timely manner. Young explained that House Speaker Jim Wright would like to see a development bill go to the House floor before the July recess. Wright has said in no uncertain terms that he wants to see a development bill passed.

(continued on page 4)

ANWR, Tongass fates may be tied . . . Page 6

Big or small, all members are vital to RDC's future

If you are not a member, read this ...

by
Anne M. Bradley
Member Services Director

Once RDC takes on an issue we see it to completion. This hasn't always been easy. RDC started out as the Organization for the Management of Alaska's Resources (OMAR), and worked diligently for a trans-Alaska natural gas pipeline. That battle goes on and RDC is still in there fighting. DNR recently held a hearing on the right-of-way lease for TAGS in Fairbanks and if RDC had not been there, no solidly favorable testimony would have been heard. We may have changed our name and expanded our mission, but we are still the lone voice in the wilderness for responsible resource development.

We will slowly dwindle away without your support. RDC has a strong background and reputation. This can greatly benefit an organization if that organization is careful not to be taken for granted. After all, since RDC has been a strong advocate for the last 13 years without your support, why wouldn't it be there providing a voice for you for the next 13 years too? Because like you, other companies and individuals who should be, aren't supporting RDC.

Our members are very loyal. They recognize RDC as one of the best investments they can make for a prosperous business. Our members are active and informed citi-



Member Services Director Anne Bradley on the deck of the Vince Peede during a recent voyage to Valdez for RDC's Annual Meeting.

zens who care about the health and future of Alaska. No one member funds more than one percent of RDC's budget so we do practice what we preach about a diversified revenue base. Even so, there are quite a few people who believe in the goals of RDC, but assume that money from other members will carry the organization. And then some companies make it a rule that they do not join membership organizations. It's a fine rule as long as you remember — RDC is its exception.

Your dollars will go farther at RDC because we're not just something you add to your resume. RDC is working on a real program for progress with specific and achievable goals. We call this our "New Strategies for Advancing Alaska's Economy: 1986-1990."

Your dollars will go farther at RDC because no other organization in Alaska is fighting on so many fronts. Where else can you go for advocacy on ANWR, the Tongass, Mariculture, Forest Management Agreements, ELF, a strong visitor industry, oil and gas incentives, the Denali South visitor facility, water quality, coastal zone management review, multiple use of state lands, stable taxes, and more. We're the one stop membership for clout on resource issues.

Big or small all members are vital to RDC's future. We need your vision and your dollars. Any time you let go of your money there is a certain risk involved. I assure you that a membership with us is one of the safest investments you can make for a secure and prosperous future for Alaska. And it's easy. Why not become a member today?

I will help you become a member if you call me at 276-0700.



RDC board members and spouses traveled to Valdez in May for the 1988 Annual Meeting.

Resource Development Council, Inc.

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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Carl Portman
Editor & Advertising Manager

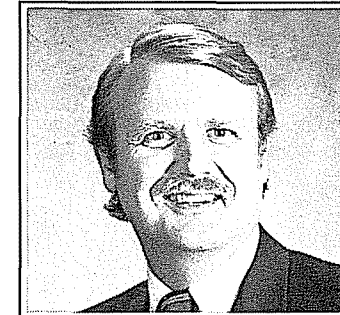
ANWR land exchanges afford unique opportunity

Presently pending before the Department of the Interior are proposals to enter into land exchanges with seven Alaska Native participants, representing 27 Native corporations and over one-third of all Alaska Native shareholders. These proposals involve the exchange of approximately 1.3 million acres of premier wildlife habitat within and adjacent to seven Alaska refuges for limited oil and gas exploration and production rights in the Coastal Plain of the Arctic National Wildlife Refuge (ANWR). The exchanges are predicated on Congressional opening of the Coastal Plain for oil and gas production and approval of the exchanges.

We, the Native participants, believe the exchanges afford a unique opportunity to meet the needs of the public to acquire inholdings with valuable resources and the needs of our corporations to develop opportunities for a strong financial foundation in the future.

The U.S. Fish and Wildlife Service views the exchanges as an unparalleled opportunity to round out seven refuges in Alaska. The acquisition of these inholdings will guarantee to the American public not only federal management of valuable habitat areas, but the right of public access to and use of these unique lands.

Now that the negotiation process with the Department of the Interior has been completed, it is possible to evaluate the exchanges in totality. It is our hope to present a basis for that evaluation by providing a historical perspective to the exchanges, an explanation of the process, and a description of the inholdings to be acquired by the refuge system.



Guest Opinion

By
Uwe Gross
President, Koniag, Inc.

Our brochure "Alaska Wildlife Refuge Exchanges, the Native Perspective" was designed with that in mind. While this brochure was printed before all of the Afognak Island Lands and certain Doyon lands currently proposed for exchange were identified, we nevertheless urge readers of the Resource Review to take time to study it.

an analysis of regional economic impacts arising from Wilderness designations within the Park. The RDC comments supported the inclusion of additional alternatives that allow for a better, more comprehensive range of public comments. In the Yukon-Charley Rivers National Preserve, RDC supported the development of a Wilderness recommendation that excludes all existing mining claims as well as those areas likely to contain significant mineral deposits with local, state and national value. The Council also supported adoption of a recommendation that more clearly explains the impacts of a Wilderness designation on airstrips and like facilities in the Preserve. These seemingly primitive developments are critical in Alaska, a state with little infrastructure to support its vast geography.

RDC criticizes new wilderness proposals

The Resource Development Council has sent a new round of comments to the National Park Service regarding proposed wilderness recommendations for three federal conservation units in Alaska.

Led by long-time Alaskan Chuck Herbert, the RDC Lands Division has been busy studying a number of draft plans for state and federal lands in Alaska over the past year. Because RDC recognizes that land use policies are among the most formidable roadblocks to Alaska's development, Herbert's division is charged with reviewing the extensive planning documents with an eye toward defusing or limiting policies which create an unfavorable business climate.

The latest comments applied to wilderness recommendations in Kenai Fjords National Park, Yukon-Charley Rivers National Preserve and the Bering Land Bridge National Preserve.

In reviewing the plans, RDC found the lack of statutory, regulatory or administrative policy guidance, as well as the absence of any quantitative measures, striking and somewhat dismaying.

In a letter to NPS regional director Boyd Evison, Becky Gay, RDC's executive director, recommended that the Kenai Fjords DEIS be revised to exclude all mining claims from its wilderness recommendations. Areas of the Park which could support visitor facility development should also remain free of wilderness restrictions, Gay said.

Official Wilderness designation would seriously affect tourism since it precludes destination tourism site development, which the majority of Alaskans and Alaska visitors demand. Gay also recommended

an analysis of regional economic impacts arising from Wilderness designations within the Park.

The RDC comments supported the inclusion of additional alternatives that allow for a better, more comprehensive range of public comments.

In the Yukon-Charley Rivers National Preserve, RDC supported the development of a Wilderness recommendation that excludes all existing mining claims as well as those areas likely to contain significant mineral deposits with local, state and national value. The Council also supported adoption of a recommendation that more clearly explains the impacts of a Wilderness designation on airstrips and like facilities in the Preserve. These seemingly primitive developments are critical in Alaska, a state with little infrastructure to support its vast geography.

RDC encouraged the NPS to ensure reasonable opportunities to study the significant paleontological and paleomagnetic resources of the Preserve are not precluded by Wilderness recommendations. Gay asked that likely alignments of a Circle to Eagle road be excluded from any Wilderness recommendation.

Regarding the Bering Land Bridge National Preserve, RDC recommended adoption of a proposal that takes into account the important surface transportation values of the area and the burgeoning resource development economy of the entire region.

RDC member alert: your help is needed right now to formulate comments on 10 more plans and wilderness reviews this summer. Call or stop by RDC's office to assist.

TAGS permit...

(continued from page 5)

Now that the public hearing process is complete, DNR is conducting further analysis and developing final language for the conditional grant. The right-of-way is expected to be issued later this summer.

The Final Environmental Impact Statement (FEIS) for the project is expected to be released by the Bureau of Land Management within the next month. The FEIS is a decision-making document for the Department of the Interior in granting a right-of-way across federal lands. This decision to grant a federal right-of-way could be completed later this summer.

Once in operation, the gas line would add up to \$3 million each day to the state treasury. Over 10,000 construction jobs and 550 permanent jobs would be created by the project. The gas line would likely spur development in Alaska, especially the refining of petroleum products.

TAGS would produce \$3 billion annually in exports and dramatically impact the existing trade imbalance between Japan and the U.S.

Alaskans heard at Tongass hearings

Negotiations continue with AK delegation

Recent congressional hearings on legislation aimed at deleting federal funding for timber operations in the Tongass National Forest drew sharp comment from Alaska's congressional delegation and Southeast Alaska loggers.

The hearings, held by the U.S. House Subcommittee on Forests, were surprisingly balanced, according to Don Finney of the Alaska Loggers Association. Noting industry's strong and convincing testimony, Finney left the hearings with a good feeling that ongoing negotiations between Alaska's congressional delegation and other members of Congress may lead to a compromise which may adequately protect Alaska's timber industry.

According to Alaska loggers, the legislation — approved by the House Interior Committee in March — is nothing short of an effort to kill the Alaska timber industry. The legislation not only ends federal funding and an annual appropriation for the Tongass, but eliminates the Forest Service's requirement to meet the 450 million board-foot/year target. Moreover, two 50-year timber contracts held by major Sitka and Ketchikan pulp mills would be renegotiated with the government, and a moratorium would be placed on logging in 19 areas of "special fish and wildlife, subsistence, recreation and other values."

Alaska Congressman Don Young was highly critical of the legislation, which he said was fashioned by "city slickers" with no respect for an agreement or the livelihood of the 3,000 loggers in Southeast Alaska and others who rely on the forest.

The bill basically strips the timber industry of the pro-development elements it won in the negotiations leading to the 1980 Alaska Lands Act. The Act set aside 5.4 million acres of new wilderness in the Tongass, including 1.6 million acres of prime commercial forest lands. The annual appropriation to manage the remaining timber land was supposed to make up for the timber producing capabilities of the land that went into wilderness.

During the hearing, Senator Ted Stevens suggested an alternative proposal for improving management of the forest. Under his plan, the cost of operating the Tongass would be approved by Congress on an annual basis as other national



Southeast Alaska loggers have seen a dramatic upturn in business as international markets turn in their favor. However, drastic Tongass management reforms could threaten the livelihoods of the loggers and devastate the economies of Ketchikan, Sitka, Wrangell, Petersburg and Haines.

forests' expenses are. Expenses associated with enhancing the timber supply would continue to be funded automatically.

"The problems which have been identified in the record of the Tongass timber program simply do not justify abandoning the Tongass Timber Supply Fund and guaranteed harvest levels," Stevens said.

"If the guarantee of 4.5 billion board feet per decade is removed, Alaska's timber industry will collapse and it will bear the whole cost of wilderness withdrawals which were made for the benefit of the entire nation," he added.

In an effort to improve Forest Service accountability, Stevens said it may make

more sense to split the funding for the two parts of the Tongass program — placing intensive management expenses in a protected account, while placing regular Forest Service operations under annual appropriations.

Because of the direct economic impact of the Tongass on residents of Southeast Alaska, Murkowski urged committee members to wait until the completion of the Tongass Land Management Plan study before any changes are made in the management of the Tongass. Murkowski warned the drastic Tongass reforms could devastate the economies of Ketchikan, Wrangell, Sitka, Petersburg and Haines.

ANWR, Tongass fates moving closer together

The timing of events in Congress this summer is pushing the future of the Tongass National Forest and the Arctic National Wildlife Refuge closer together as Congress considers controversial legislation over the two valuable pieces of federal real estate at separate corners of the state.

In congressional circles, there is talk of combining ANWR and Tongass proposals into one measure or make passage of a bill opening ANWR's Coastal Plain to limited oil development contingent on passage of a bill changing management of the Tongass.

"The bills aren't tied yet, but there has been staff talk about a comprehensive resolution of Alaska issues," Senator Ted

Stevens confirmed. "And that may not be a bad thing if we can maintain a balance in both issues. But if we have to pay a price in either issue to win passage of the other, it would be most unfortunate."

Industry representatives, the Alaska delegation and environmentalists have said efforts to change management of the Tongass should be kept separate from efforts to open part of the Coastal Plain of ANWR to oil and gas exploration.

An aide to Congressman Don Young noted there always has been a political relationship between ANWR and the Tongass in that both are considered Alaska issues. The aide said tying the two together may be considered legislative extortion, but that doesn't mean it isn't going to happen.



*J. Shelby Stastny
President*



*Ethel H. "Pete" Nelson
Vice President*



*John Forceskie
Vice President*



*Stephen Ellis
Secretary*



*Larry Laughman
Treasurer*

Board meets in Valdez

RDC directors elect new officers

Anchorage Certified Public Accountant Shelby Stastny has been elected president of the Resource Development Council, succeeding Joe Henri who has served at the helm of the organization since April 1987.

A long-time board member of the Resource Development Council, Stastny recently served as the organization's vice president. He is a senior tax partner in the Anchorage accounting firm of Ernst and Whinney.

Stastny's election to the one-year term came at the Council's 14th annual meeting of its Board of Directors in Valdez, May 14. Another new officer is vice president Ethel H. "Pete" Nelson, Senior Land Representative for Texaco, Inc. John Forceskie, president of Teamsters Local 959, continues as first vice president.

Stephen Ellis, an attorney with Delaney, Wiles et al., continues serving as secretary and Larry Laughman, senior manager with Peat Marwick, Main, was re-elected treasurer.

The Council's new 21-person Executive Committee, which meets weekly in Anchorage to set policy and determine general direction and action, is comprised of Anchorage residents Rex Bishopp, Mano Frey, Easy Gilbreth, Uwe Gross, Joe Henri, Tom Pargeter, Lin Sloane, Dave Stock, Doug Webb and Chuck Webber.

Out of Anchorage members include Sharon Anderson (Seward), Bob Loescher (Juneau), Gail Phillips (Homer), Steve Seley (Ketchikan), Joe Usibelli, Jr. (Healy) and Lyle Von Barga (Valdez).

New appointments to RDC's 78-member statewide Board of Directors include Anchorage residents Larry Anderson, Dick Barnes, Joe Cincotta, Curtis Foster, Ralph Hargrave and Buz Hoffman. Other new board members include Diane Carpenter (Bethel), John Devens (Valdez), John Hall (Girdwood), Dan Keck (Sitka), Harold Thompson (Sitka), Clem Tillion (Halibut Cove), and Bill Wood (Fairbanks).

President Stastny has over 24 years of experience in advising a variety of clients on tax matters. This experience includes tax planning and compliance in numerous areas, including corporation, individual, partnership, non-profit corporation and real estate taxation financial matters.

He received his degree in accounting from the University of Utah. He is a Certified Public Accountant in the states of California and Alaska and is a member of the CPA societies of both states.

In addition to his long-standing dedication and commitment to RDC, Stastny has served as president of Common Sense for Alaska and the Alaska Society of CPAs.

RDC addresses ANWR bill

NPRA refuge designation unnecessary

(continued from cover)

In a nine-page report to Congressman George Miller, Chairman of Interior's Subcommittee on Water and Power Resources, the Resource Development Council strongly supported oil and gas leasing on the ANWR Coastal Plain, noting major advances in arctic oil field technology and the critical need for the development of large new domestic oil reserves.

"Given the relatively small amount of remote land that would be affected by development and industry's ever-evolving ability to operate in the arctic with minimal environmental impact, America must not foreclose on the opportunity to inventory and develop what may be its greatest energy province," the RDC report stated.

RDC's submittal, which will be included in the official record, addressed various provisions of the pro-development legislation, including the proposed designation of the National Petroleum Reserve near Barrow as a wildlife refuge. Among other points covered in the RDC comments were protective management and buffer zones and advances in oil field technology and design which will greatly reduce the footprint of future energy development in the arctic.

The Jones II bill would take all 23.5 million acres of the NPRA and reclassify it as America's largest wildlife refuge. The new refuge would protect the nesting and molting area of the Pacific black brant geese around Teshekpuk Lake and the habitat for the Western Arctic caribou herd which ranges part of the year in the Utukok Uplands area on the northern flank of the Brooks Range.

RDC stressed it is not necessary for Congress to create a super-giant wildlife refuge to protect the habitat of the black brant and the Western Arctic caribou. Despite oil exploration and other activities in the NPRA, wildlife populations have thrived. There are adequate environmental safeguards in the form of hundreds of laws and regulations now protecting Alaska's wildlife and environmental values.

Since 1974 the federal government has spent nearly \$1 billion studying resources in the petroleum reserve. The stack of studies on wildlife and other resources is over three feet high. More than a quarter of a million dollars has been spent on studying the black brant alone.

Congress does not need to take NPRA lands out of multiple-use classification to ensure the continued presence of the Western Arctic caribou and the black brant. RDC noted these lands may contain a bonanza of oil and gas resources and that studies have already confirmed rich deposits of critically-important mineral resources.



Since the early 1970s, the caribou population in the Prudhoe Bay area has increased five fold. Studies show the effects on other wildlife have been minimal.

Up to 40 percent of America's coal resources are located within NPRA. The reserve also has metallic and non-metallic mineral resources in large quantities. These include zinc, lead, silver, chromium, barium, fluorine, nickel, copper and metals from the platinum group.

In its comments, RDC reminded the subcommittee that during the Alaska lands debate of the last decade an attempt was made to classify the NPRA as a wildlife refuge. Congress rejected that effort and passed a "No-More" clause within the ANILCA which read:

"This act provides sufficient protection for the national interest in the scenic, natural, cultural, and environmental values on the public lands in Alaska ... and thus Congress believes that the need for future legislation designating new conservation system units, new national conservation areas, or new national recreation areas, have been obviated thereby."

In addition to outlining its position on the NPRA, RDC also commented on critical reports addressing major environmental issues associated with the ANWR debate. Specifically, RDC labeled the Trustees for Alaska report as misleading and said it leads one to believe Prudhoe Bay is a biological wasteland. RDC invited Congressmen to take a first-hand look at Prudhoe Bay operations to see that this is definitely not the case.

For some 30 years, the oil industry has been exploring and operating on Alaska's

North Slope. Since much of this work was considered a pioneering effort, some problems have occurred, RDC admitted. But, the book on how to develop arctic oil deposits was still being written, and for the most part, state and federal regulators credit the industry for conducting responsible, environmentally sound operations.

Numerous studies have enhanced industry's understanding of the arctic, and show no conclusive evidence of significant impacts. The industry is heavily regulated and has shown a serious commitment to continue research and monitoring activities of its operations. Technology has evolved, and so have the regulations — assuring more efficient operations and effective enforcement.

When considering ANWR development, RDC said it is most important to note that because of major advances in oil field technology and design, the "footprint" of future energy development in the arctic will become much smaller, ensuring that alteration of land will be minimal and significant adverse impact to wildlife can be avoided in almost all cases.

Representing five percent of the state of Alaska, ANWR covers some 19 million acres. Only eight percent of the refuge, the Coastal Plain, is being considered for oil and gas leasing. Of that small part, less than one percent of the surface area would be affected by development.

As a result of new technology, the visual impact of oil development on the broad and treeless Coastal Plain will be extremely small. By drilling many more wells from



The construction of North Slope production facilities, including these giant modules, funneled millions of dollars into the national economy. These modules were transported by barge to the North Slope.

much smaller pads, consolidating support services and using the latest production equipment, the area required for well pads, production facilities and service centers will be reduced by at least 50 percent over those in operation at Prudhoe Bay.

To minimize wildlife and habitat disturbance from oil development, industry is required to incorporate environmental considerations into facility planning, design, construction and operations. Before facilities are built, many environmental studies are conducted. Maps are prepared showing drainage, soil types and vegetation, and bird and caribou studies are performed. This information is used to ensure that areas of high value to wildlife are avoided.

Studies show that the effects on wildlife from new North Slope developments have been minimal. Since the early 1970s, the caribou population in the Prudhoe Bay region has increased five-fold. Birds continue to feed and nest within developed areas.

The evolution of comprehensive federal environmental regulations will guard against detrimental effects. The regulatory framework is very complex, comprehensive and multi-tiered.

As part of the permitting process, site-specific environmental studies are conducted for small and large projects. Various alternatives and modifications are always considered, and many stipulations, including monitoring programs, are required as part of a permit issuance.

Enforcement of regulations and permit conditions are now monitored on a continual basis by local, state and federal agencies. A wide range of measures can be employed during full leasing activities to effectively mitigate adverse impacts.

Concerns that the Coastal Plain would lose all its wilderness qualities if full leasing occurred are unrealistic, RDC said in its written testimony. RDC pointed out that

even under full leasing activities, the majority of the Coastal Plain would actually remain untouched.

Regarding the issue of protective management zones, the Council said it disagrees with the withholding of land for the sole purpose of caribou calving since such a measure is not necessary to ensure the continued health and vigor of the Porcupine caribou.

TAGS permit forthcoming

The Resource Development Council expressed its strong support for the environmentally-sound development and construction of a gas pipeline from Prudhoe Bay to Valdez at a public hearing last month in Fairbanks.

Carl Portman, RDC's Public Relations Director, testified that the proposed \$8.6 billion Yukon Pacific Corporation pipeline would provide market access for the vast deposits of natural gas found on the North Slope. Portman said the project offers a significant opportunity for the state to attain the goal of broadening its economic base through resource development and diversification.

The Fairbanks hearing focused on an Alaska Department of Natural Resources preliminary decision to grant a conditional right-of-way lease across state lands for the 800-mile pipeline. DNR officials heard a variety of comment addressing pipeline routing, construction of a compressor facility in the Salcha River Valley, environmental impacts and Alaska hire.

RDC testified it is in the state's best interest for the Commissioner of Natural Resources to grant the conditional right-of-way lease to Yukon Pacific Corporation. RDC noted the conditional lease would not mature into a final lease until the state determines Yukon Pacific Corporation is financially and technically capable of constructing and operating the pipeline. RDC also recognized that alteration of existing land management policy is minimal.

(continued on page 7)