

WHEN IT COMES TO RESOURCE DEVELOPMENT WE PURSUE EVERY LEAD



The Inupiat Eskimos of Alaska's North Slope have a long tradition of using their land's natural resources. That's why we're now pursuing careful resource development throughout ASRC's lands-- a region rich with oil and gas, coal and mineral opportunities. And inviting the right partners to join in the pursuit. Because with our land's truly unique resource base and the right partners, we'll be able to continue to use our land's natural resources for a long time to come.



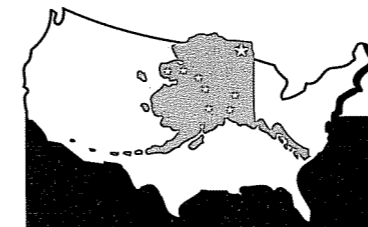
P.O. Box 129 Barrow, Alaska, U.S.A. 99723

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Resource Development Council
121 W. Fireweed, Suite 250
Anchorage, AK 99503

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Lawsuit targets tourism

Whittier lawsuit sparks anger within tourism industry

A lawsuit filed in federal Court earlier this spring to stop the State from building a 2.5-mile road from Portage to Whittier has sent a clear signal to Alaskans that tourism and transportation infrastructure development has become the latest target of environmental groups.

The suit, filed April 25 by Trustees for Alaska on behalf of the Alaska Center for the Environment, the Alaska Wilderness Recreation and Tourism Association and the Alaska Wildlife Alliance, seeks to stop the Federal Highway Administration from providing funds for the Whittier project. The suit claims the proposed road would cause severe impacts to the wild character of Prince William Sound by allowing Alaskans direct access to the scenic tidewater fjords 45 miles southeast of Anchorage.

Environmental groups have historically opposed logging, mining and oil and gas development in Alaska, claiming these industries threaten a healthy and growing tourism sector. They want the state to reduce its economic dependency on resource development and turn to tourism to drive the state's economic engines.

Yet while environmentalists champion tourism in their battles against

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Southeast Alaska eco-tourism group expelled from Anchorage visitors bureau

The Anchorage Convention and Visitors Bureau (ACVB) has expelled the Alaska Wilderness Recreation and Tourism Association (AWRTA) from its membership, charging that the Southeast Alaska group's mission opposes tourism and transportation development in Alaska.

The ACVB action came shortly after AWRTA joined a lawsuit filed by the environmental law firm Trustees for Alaska to block a proposed road to Whittier.

"Your entry into the process hoping to deny this project exposes your organization as a detriment to sensible tourism development and growth," wrote Bill Elander, President of ACVB, in a letter to Steve Behnke, Executive Director of AWRTA. "Your direction is contrary to that of business development and economic diversification regarding enhancing and increasing the level of tourism in the State of Alaska."

Elander said that while ACVB supports the right of AWRTA to choose any path that its members direct, the decision to join the lawsuit and align with other

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The proposed \$50 million Whittier road project would provide direct access for the general public to Prince William Sound, enhance tourism, recreational opportunities and strengthen the local economy. Pictured above is the Whittier small boat harbor.

Lawsuit seeks to block Whittier road, limit public access to Prince William Sound

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resource development, visitor industry officials say their industry has also become a target of non-development interests. In recent years, a number of projects that would expand visitor industry infrastructure and provide tourists with new venues, opportunities and access to remote areas, have met strong resistance from environmental organizations.

The recent Trustees for Alaska lawsuit has frustrated tourism officials and the industry's top associations which have long considered road access to Whittier and Prince William Sound vital to the needs of a growing tourism industry. Both the Alaska Visitors Association (AVA), the statewide trade association representing the visitor industry in Alaska, and the Anchorage Convention and Visitors Bureau (ACVB)



A computer simulation depicts an upgraded one-lane Alaska Railroad tunnel to Whittier. Both private vehicles and Alaska Railroad trains would share the 2.5-mile tunnel.

consider the proposed road link to Whittier a top priority.

In an unprecedented move last month, AVA filed a motion to intervene in the lawsuit and ACVB took action to expel the Alaska Wilderness Recreation and Tourism Association from its membership after the Southeast Alaska group aligned itself with other organizations opposing the project. In addition, the City of Whittier publicly criticized the Trustees' action.

The state plans to begin the \$50 million road project later this year. The existing Portage Valley Road would be extended across Portage Creek and around the edge of Portage Lake to a parking staging area in Bear Valley. Motorists would line up their vehicles at that point for the single-lane drive through the Alaska Railroad tunnel to Whittier.

Alaskans became interested in improving access to Whittier more than 50 years ago. The road to Whittier has been the subject of at least 19 separate studies over the past 20 years, as well as an exhaustive \$3 million environmental impact study. The three-year study included extensive public review which considered potential impacts and all points of view.

"For more than two years, these

environmental groups had ample opportunity to attend the frequent planning meetings and voice their concerns and offer their positions," pointed out Bill Elander, President of ACVB. "Then they filed a lawsuit after the fact."

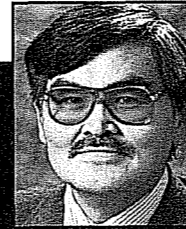
Tina Lindgren, Executive Director of AVA, noted that the Trustees' lawsuit has the potential to halt construction on a project that has seen substantial public and government review prior to approval. "It's extremely frustrating that these groups allow the public process to occur only as long as the outcome agrees with their position," Lindgren said.

Jerry George, a project manager for the State Department of Transportation, was also disappointed in the Trustees' action. "The fact that they would file a lawsuit without ever coming in and sitting down and working with us, I find that very disappointing."

A road to create better access to Whittier has been locally supported since World War II, has been supported by the AVA for more than 25 years, and has been a legislative priority for ACVB and the Resource Development Council for many years.

The public and environmental review of the road project determined

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by Jacob Adams

Guest Opinion

Alaska

A place that works

Compared to the rest of the nation, Alaskans enjoy a relatively untouched, pristine environment. This fact has led some people who have mismanaged their own environment and communities to view Alaska as a public museum; a place they want to control and preserve, untouched and suspended in time.

This, of course, does not work well for those of us who live in Alaska, have families to support, communities to nurture and shareholders' economic interests to protect and advance. Yet, many Alaskans often find that they are forced to be major actors in contentious national debates over the use of public lands and resources and, in some cases, even their own private lands and resources.

It is a shame that many political leaders and activists who live and work in the middle of the poverty, crime and hopelessness of Washington, D.C., -- a city that does not work -- are determined to second-guess so much of what we Alaskans do and aspire for.

Alaska, after all, is a place that works. We educate our children. We meet our people's needs. We protect our fish and wildlife. We believe in the work ethic. And we take care of our poor and disadvantaged.

Profit is not a dirty word in Alaska. Free enterprise works here. It is part of a proud American tradition that produces income, jobs and tax revenue. It improves the quality of people's lives. But, it can also be a hard task master.

Those of us who live on the North Slope have seen some successes and a fair share of failures. One success story that continues today is the Alaska Eskimo Whaling Commission (AEWC).

In the late 1970s, the International

Whaling Commission, elements of the federal government and animal rights activists pushed hard to terminate my people's traditional subsistence hunts for the Bowhead Whale. We fought those efforts. We proposed a system of Eskimo "self-regulation" through AEWC. Who better to protect the species and regulate the hunt than the people whose subsistence and culture is at stake?

We were successful. Today, the whales, our people and our culture are thriving. And we did it by ourselves. Self-regulation by the parties who stand to lose or gain is a concept which should be used more by the state and federal governments.

But, we have also seen some failures. ASRC and its shareholders -- working with the State, RDC, Arctic Power and our Congressional Delegation, have tried very hard since 1987 to open the small, oil rich Coastal Plain area of ANWR to oil and gas leasing. We own 92,160 acres of Coastal Plain land in the huge 19 million acre Arctic National Wildlife Refuge. But we are denied the benefits of our resources. We are prohibited by federal law from producing and using oil or natural gas on our privately-owned lands in ANWR at the village of Kaktovik. Instead, the federal government's action means that we must import fuel oil to heat village homes and generate electricity. Yet, Kaktovik sits on the nation's best prospect for major new oil and gas reserves.

We have been fighting this issue for nine years. We may have to fight for nine or ten more. Lifting the Alaska oil export ban took 22 years.

We will continue to push to open

"We will continue to push to open the Coastal Plain because it is the right thing to do. Alaskans are the best stewards of our land, our environment and our fish and wildlife resources. We should be major participants in discussions about our future. We do not need the failed landlords of Washington to dictate their policies of failure to us and our children."

the Coastal Plain because it is the right thing to do. Alaskans are the best stewards of our land, our environment and our fish and wildlife resources. We should be major participants in discussions about our future. We do not need the failed landlords of Washington to dictate their policies of failure to us and our children.

My people have seen ups and we have seen downs. But we do not dwell on short-term reverses or disappointments. In the long run, rational thought and the laws of economics will prevail. The fundamental changes taking place in Russia, our neighbors to the west, were not conceivable ten years ago.

Alaskans need to have staying power. We are in this for the long run. **Jacob Adams** is the President of the Arctic Slope Regional Corporation, a member of the North Slope Borough Assembly and a whaling captain in Barrow. Jake also serves on the Board of Directors for RDC.

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



Whittier road is target

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that using the existing tunnel was the most cost effective, viable transportation option for the community, reducing state costs and railroad subsidies in the long term, meeting increased travel demand to and from Whittier, lowering the cost of living for residents and providing a means of responsible long-term economic development.

Prince William Sound lies within 45 miles of half the state's population and is positioned in the center of one of Alaska's most popular travel corridors, yet access is severely limited because of the lack of transportation infrastructure. Construction of the road will not only ease travel impacts around the state and within the Turnagain Arm area by opening new areas to visitors and residents, but will actually create economic growth and activity as private sector businesses move in to provide services, make investments and capital improvements in Whittier and the connecting travel corridors.

Studies estimate that direct vehicle access to Prince William Sound through the tunnel would result in an annual increase of \$29 million in new economic activity for Whittier, as well as increased activity in other Southcentral Alaska communities.

"For us, it's frankly a quality of life issue," said Whittier Mayor Ben Butler. "It will give us better access to medical care and other needed services, and it will lower our cost of living. Most importantly, it will give the residents of Whittier a sense of economic opportunity that we will never have if our access doesn't change. It will bring in some new investment and will improve the city's ability to provide services to our citizens and promote future growth."

Butler noted that the Alaska Railroad provides access to Whittier several days a week, but he said vandalism of cars parked on the Portage side of the rail link continues to be a problem. He said the train schedule is too restrictive and the fares are expensive for families, especially for those hauling boats to the Sound.

A family of four transporting their

Eco-tourism group expelled from ACVB

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non-development interests was not one made by AWRTA's membership. "ACVB and other tourism businesses that were members of AWRTA were not involved in your decision-making processes," Elander wrote. "This is unfortunate, but supports the contention that AWRTA's agenda does not include the wishes of your entire membership."

Elander noted AWRTA had ample opportunity to voice its concerns during an exhaustive, multi-year public review process, but instead chose to express its position after the fact through the court.

vehicle must pay nearly \$120 for round-trip transportation to Whittier. With a boat in tow, the cost is over \$200.

Non-development interests claim upgraded rail service would be a more viable option. Upgraded service, however, would demand annual subsidies of \$3 to \$5 million, and it would still be too expensive and logistically difficult for those hauling boats to Whittier.

RDC has asked Governor Knowles to take a strong and active role in support of the project and to fight the lawsuit filed by non-development interests.

"With steadily increasing visitor counts, Alaska must expand its transportation infrastructure to provide access to this predominantly inaccessible state," RDC wrote the Governor. "The alternative is to jam increasing numbers of visitors into the few good, but crowded travel corridors, giving Outsiders a false impression Alaska is overrun by tourists."

RDC acknowledged visitor counts in the Sound would rise sharply as a result of the new road link, but a vast majority would be people on cruise ships who come to enjoy the area's splendor without camping, fishing or causing environmental impact. The small boat harbor expansion would represent a small fraction of the visitors.

"The Sound is not just a private playground for an elitist few who are in good shape and can paddle a kayak 100 miles," RDC noted.

President's Message:

Environmental industry ...

(Continued from page 3)

petitors to lower their standards.

The environmental industry provides the regulated community with an outside, unbiased source of creative scientific engineering ideas and solutions that will survive public scrutiny. Sound, scientifically-based standards, backed by consistent, economical enforcement will be required as the system shifts more to a performance-based, self-auditing approach. The environmental industry understands the role it plays for both industry and regulator and acts as a credible voice for maintaining independently verifiable checks and balances.

The environmental industry also acts as a translator and intermediary between the demands of the public and regulators, and the economic limitation faced by the regulated community in trying to satisfy those demands.

A future without an independent viable environmental industry is thus bad for the country and bad for regulated industry. Without the facilitating role environmental firms play between the regulated industry, regulator and the public, it would be only a matter of time before the public overreacts, reverting to mandates reminiscent of a more prescriptive, command and control approach.

Environmental firms need to get involved publicly and politically, educating leaders and regulators on the importance of a practical, economical and scientifically-based environmental protection system.

The regulated community should realize also the importance of maintaining an independent, viable environmental industry to provide credible environmental solutions that will not be viewed with skepticism.

It is my belief that the environmental industry is an indispensable voice for rational, scientifically-based environmental protection for all of us.



Thoughts from the President by Elizabeth Rensch

Environment and industry at the crossroads

As I move toward the end of my official duties as President of the Resource Development Council, I would like to reflect on my own industry's direction as it relates to industry and responsible resource development.

The U.S. environmental industry was a creation of a "command and control" regulatory paradigm that has been the basis of its existence for the past 25 years. The debate between industry and environmental public interest organizations over whether or not to roll back statutory protections is becoming more and more irrelevant as regulated industry shifts its views on environmental compliance from a regulatory mandated perspective to one driven by cost efficiency and corporate responsibility.

Industry is becoming intimately involved in pollution prevention and waste minimization not necessarily because the regulators require it, but because they can realize significant, measurable cost savings from doing so. Standardizing process changes in facility infrastructure (accelerated by the impending adoption of ISO 14000 standards) will provide a dramatic reduction in the amount of toxic pollutants emitted into the environment, well beyond anything the best run "command and control" regulatory system could have ever envisioned.

Indeed, "command and control" and the regulatory paradigm has led to marked success in reducing levels of pollution in this country. There was a time, not so long ago where corporate indifference and clear opposition to environmental protection existed in abundance. Over time, corporate America has internalized the need to protect and clean up our environment for several good reasons, primarily to

save money and to be pro-actively responsible for our environment. Although still enforcing the current "control and demand" system, federal and state governments are moving toward this new business paradigm as they study the practicality of "comparative risk," "master permitting" and "performance-based" regulation.

The shift from "control and demand" to "performance/risk-based" systems will give industry the flexibility it has been seeking for years. The benefit to the public will be reduced government oversight (and expense); the benefit to industry (and ultimately consumers) will be reduced cost in permitting and environmental compliance programs. The need to make environmental protection more "business friendly" combined with the budget deficit crisis and economic stagnation from global competition will make this fundamental shift inevitable.

Where does this paradigm shift leave the industry I depend on for my livelihood? Clearly, in my opinion, the industry that serves the environmental protection system also has to alter its way of doing business. Environmental service companies can no longer sit on the sidelines reacting to the regulatory meat grinder.

Part of the reason industry is "insourcing" environmental services comes from the perception that environmental firms are slow to adapt to regulated industry's move away from control and demand and more toward process-oriented solutions driven by cost efficiencies, rather than regulatory requirements.

Environmental firms must adapt to this new industrial business paradigm by reorganizing along industry lines rather than their traditional engineering functions ... in other words, getting directly

involved as industrial process experts. By anticipating this market shift, environmental firms can position themselves to be more process/service oriented. By pro-actively offering new approaches (i.e. investigative chemistry) to clients, and educating policymaker/politicians on the need for a new environmental protection model, the environmental industry can play a significant role in the changes that truly are inevitable.

As an added note, the survival of the environmental industry is critical to our country's environmental legacy and to industry in particular. Scientifically-credible solutions to environmental programs play a vital role in industry by building goodwill with the public and regulators. The environmental industry represents a needed third voice between those who would argue for completely trusting the regulated community to do the "right thing" (i.e. gut enforcement) and those who would argue for overly prescriptive meddling in industry's operations (command and control). The critical issue that must be preserved lies in the check and balance, namely, strict, scientifically-based standards backed by consistent practical enforcement.

The large majority of industrial companies want to do the right thing. But a system driven by economic needs means a system where companies on the margin feel increased pressure to cut costs which may compromise the environment and public health. In respect to those industries investing in conscientious environmental protection programs, a business model based solely on economic efficiency may backfire in the end as the few "bad apples" take advantage and force their com-

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RDC Legislative Update

Editor's Note: At the deadline for publication of this newsletter, the Legislature remained deadlocked in a Special Session with Governor Knowles over budget issues, funding of state employee contracts, and an increase in tobacco taxes. The House and Senate will reconvene on June 3, or sooner if negotiations resolve the impasse before then.

However, the regular session of the 19th Alaska Legislature, which adjourned May 7, marked two years of unprecedented

cooperation and hard work to pass legislation important to Alaska's economy. House Speaker Gail Phillips labeled this year's session as one of major reform in a wide variety of areas including the regulatory arena, tort laws, teacher tenure, welfare and criminal prosecution. Senate President Drue Pearce noted various incentive programs were passed by the Legislature to encourage new development in the oil and gas, mining and timber industries.

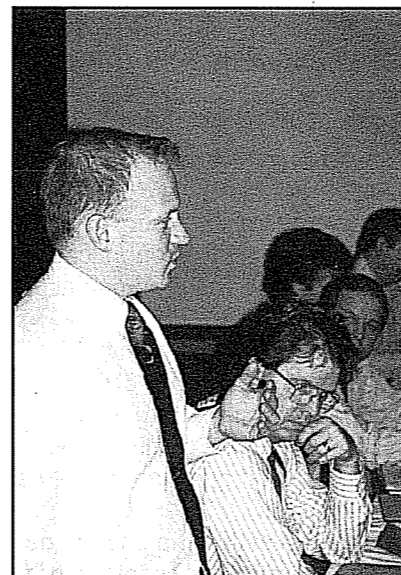
(*These bills are currently awaiting action by the governor so the time is now to contact him to voice your opinion. Please write, phone or send a fax to the Governor's office today requesting action on these important measures. Phone 465-3500/fax 465-3532/address P.O. Box 110001, Juneau AK 99811-0001) Compiled by Craig Lyon, RDC Special Assistant

*HB 158	<u>Civil Liability (Tort Reform)</u> , by Finance. House concurred in Senate amendments on 5/4/96, now awaiting transmittal to Governor. RDC members should contact Governor to urge passage.
*HB 212	<u>Timber Management on State Land</u> , by James, streamlines the process for making small timber sales available to the public. RDC testified on 1/17/96. House concurred in Senate amendments on 4/26/96, now awaiting transmittal to Governor. RDC members should contact Governor to urge passage.
*HB 311	<u>Hours at the Face</u> , by Vezey, repeals the limit on hours employed in mines. 4/23/96, transmitted to Governor for signature.
*HB 342	<u>Water Quality Standards</u> , by Rokeberg, changes water quality discharge standards. RDC testified on CSHB 342 (Oil & Gas) on 3/27/96. House concurred in Senate amendments on 5/7/96, now awaiting transmittal to Governor. RDC members should contact Governor to urge passage.
*HB 388	<u>Areawide Oil & Gas Leasing</u> , by Rokeberg, allows DNR to lease state land in larger regional areas on a recurring biennial basis. House concurred in Senate amendments on 4/29/96, now awaiting transmittal to Governor. RDC members should contact Governor to urge passage.
*HB 394	<u>Gas & Coal Methane Licenses & Leases</u> , by Ogan, authorizes natural gas & coal bed methane licensing/leasing with a depth limitation of 3,000 ft and exempts onshore natural gas & coal bed methane wells from spill contingency planning & financial responsibility requirements. House concurred in Senate amendments on 5/6/96, now awaiting transmittal to Governor. RDC members should contact the Governor to urge passage.
*HB 548	<u>Northstar Oil & Gas Lease</u> , by request of Governor, ratifies amendment of the Northstar Unit leases between the state and BP to reduce "net profits" and increase the royalty rate. House concurred in Senate amendments on 5/7/96, now awaiting transmittal to Governor.
*SB 199	<u>Environmental & Health/ Safety Audits</u> , by Leman & Pearce, authorizes environmental and health and safety self-audits. Promotes business compliance with environmental laws by House Finance.
*SB 230	<u>DNR Access</u> , by Pearce, prohibits state land and water from being classified so as to preclude or restrict traditional means of access for traditional recreational use. RDC testified on 2/12/96, House Resources. Conference Committee report adopted by House and Senate, awaiting transmittal to Governor. RDC members should contact Governor to urge passage.

HJR 54	<u>Favor Trans-Alaska Gas System</u> , by Kubina, encourages the lessees of North Slope gas reserves to reach agreement to market gas, expresses support for a gas pipeline and requests the Governor and President take action to help expedite construction of a gas pipeline. Approved by Legislature.
HJR 59	<u>NPDES Permit for Cook Inlet Oil & Gas</u> , by Green, requests the EPA to issue a final NPDES permit for Cook Inlet oil and gas operations. Approved by Legislature. Transmitted to Governor 5/6/96.
SB 250	<u>UA Lands Bill</u> , by Frank, would allow the University of Alaska to select 350,000 acres. Senate concurred in House amendments on 5/3/96, now awaiting transmittal to Governor.
SJR 39	<u>EPA's NPDES Permit for Placer Mining</u> , by the Senate Resources Committee, opposes the draft General Permit and asks EPA to withdraw from the settlement in the lawsuit. Approved by Legislature.
SJR 40/ HJR 64	<u>Extension of KPC long-term contract</u> , by Senate Resources Committee. Approved by Legislature.
*AMEREF	<u>\$50,000 General Fund Request</u> , for the Department of Education for the AMEREF Program for FY 97. This will fund the DOE Program Director @ 60% and other related costs for the program and will reestablish the public/private partnership. Included in the Conference Committee budget. RDC members should contact the Governor to urge funding for AMEREF.

Legislation which failed to pass, but was of interest to RDC

HB 154	<u>Regulatory Taking of Private Property</u> , by Kohring, requires compensation by a government entity when that government's action constitutes a taking, assists state agencies, municipalities, and the public to identify and evaluate government action that may result in a taking of private, real or personal property. Died in House Finance.
HB 325	<u>Royalty Suspension: North Slope Heavy Oil</u> , by Green, suspends royalty for first 500 bpd per well for 5 years for North Slope heavy oil. Passed House 4/2/96. Died in Senate Finance.
HB 344	<u>Value Added Timber Sales</u> , 5/10/95 by request of Governor, authorizes DNR to negotiate timber sale contracts that provide for local manufacture of value-added wood projects. Died in House Finance.
HJR 1	<u>Legislative Repeal of Regulations</u> , by Phillips, constitutional amendment that allows for legislative repeal of regulations by majority vote. 14 votes needed for constitutional amendment. Died in Senate Rules.



Troy Reinhart briefs the RDC board on Ketchikan Pulp Company's timber supply contract.



RDC board members pose in Juneau with Senate President Drue Pearce and House Speaker Gail Phillips during an RDC legislative board meeting mid-way through the regular session.