

JUNEAU RDC's 2002 COMMUNITY OUTREACH TOUR

PHOTO ESSAY ON PAGES 4-5



Above, the Mt. Roberts Tram descends to downtown Juneau. At left, RDC Board members tour the Petro Marine bulk storage facility and marina in Juneau. Below at left, Juneau Mayor Sally Smith and Elizabeth Rensch check out the Greens Creek Mine. At right, Wes Tyler of White Stone logging shows board members a value-added product that his sawmill provides to local markets.



This Edition
Sponsored By

Petro Marine Services
Wells Fargo

STUDY OUTLINES ANWR ECONOMIC BENEFITS

Just as discovery of Prudhoe Bay transformed Alaska's economy, oil and gas production from the Coastal Plain of the Arctic National Wildlife Refuge could recharge state coffers and underpin Alaska's economy in a post-Prudhoe Bay era.

A new study has revealed that at \$24 per barrel oil, oil production from ANWR would generate approximately \$1.3 billion in new state revenues each year at its

(Continued to page 7)

INSIDE

Timber Initiatives	3
RDC Photo Essay	4-5
Red Dog Mine	6
USFS Stewardship Role	7
Point Thomson	8-9
Marine Protected Areas	10
RDC News Digest	11





Natural Resource.

Since 1959, Alaskan miners, contractors, and fishermen have come to rely on Petro Marine Services. We're a statewide resource for the finest quality fuels, lubes, filters, industrial cleaners, and spill response items money can buy. If you need petroleum products that work as hard as you, Petro Marine has got them. Naturally.



Call 1-800-478-7586, or go to www.petromarineservices.com

PETRO MARINE SERVICES. ALASKAN OWNED AND OPERATED SINCE 1959.

Resource Development Council

121 W. Fireweed, Suite 250
Anchorage, AK 99503
Phone: (907) 276-0700
Fax: (907) 276-3887
E-mail: resources@akrdc.org
Website: www.akrdc.org

Material in this publication may be reprinted without permission provided appropriate credit is given.
Writer & Editor Carl Portman

Executive Committee Officers

President	Charles W. Johnson
Sr. Vice President	Mark Hanley
Vice President	John Shively
Secretary	Uwe Gross
Treasurer	Stephanie Madsen
Past President	Robert B. Stiles

Staff

Executive Director	Tadd Owens
Deputy Director	Carl R. Portman
Projects/AMEREF Coordinator	Jason Brune
Finance/Membership	Billie Rae Gillas

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 while protecting and enhancing the environment.



RDC SUBMITS TONGASS RECOMMENDATIONS TO FOREST SERVICE

“We believe these steps are not only realistic and achievable, but also critical to the development of a sustainable timber industry in Southeast Alaska.”

In September members of the RDC staff and board, together with representatives from the Alaska Forest Association, met with Denny Bschor, Alaska's Regional Forester with the U.S. Forest Service in Juneau. The purpose of the meeting was to outline specific recommendations RDC and AFA believe can make a positive difference for the forest products industry in Southeast Alaska. With a new administration in Washington, D.C. and a friend of Alaska in Department of Agriculture Under-Secretary for Natural Resources and the Environment, Mark Rey, there is a chance to stabilize the region's timber industry.

RDC has long advocated for multiple use management of the Tongass National Forest, including an allowable sale quantity (ASQ) level appropriate to sustain the timber industry in Southeast Alaska. While much has changed on the Tongass over the last several years, we believe options remain available to the Forest Service which can help breathe life back into the region's economy.

At the most basic level the Forest Service must begin to issue timber sales that meet minimum economic criteria. In other words, sales must meet profit and risk standards for all market conditions — allowing the industry to weather downturns and providing the government with increased stumpage receipts when markets are strong. Nearly two-thirds of the current timber sales on the Tongass are uneconomic in any but the highest markets creating a vicious cycle for the industry. When sales with poor economics are offered, industry is unable to bid or harvest and the Forest Service concludes inaccurately that the market for Tongass timber is poor.

We believe there are four short to medium-term steps the Forest Service should take to improve the economics of future timber sales.

1. The Forest Service should provide an annual ASQ of 300 million board feet (MMbf) on the Tongass. This level is widely considered to be the minimum required for the economies of scale needed to keep the industry competitive over the long-term. It is a level achievable under the current Tongass Land Management Plan and recommended by the timber group in Governor Tony Knowles' 1997 task force.

2. To compensate for supply shortages caused in part by "process gridlock" and litigation, the Forest Service should develop a 10-year timber sale program. Ten-year sales should

be offered to each of the five major manufacturing facilities in the region and should be sized to provide half of the fiber needs for each mill. Much like the State of Alaska's acclaimed Areawide Lease Sale program for the oil and gas industry, a 10-year timber sale program would provide the timber industry with the certainty and predictability it needs to make investment decisions and attract new capital.

3. The Forest Service must reform the bonding requirements for road construction in the Tongass. While a 10% bond is required for timber sales, a 100% bond is required for road construction on many of the timber sale roads. Only two bidders were able to meet the bonding requirements for the most recent road construction contracts. Construction companies play an essential support role in the timber industry. Setting the road construction bonds at 10% would reduce a significant financial barrier on future projects.

4. Finally, it is impossible to ignore the critical role of Native Corporations in the Southeast Alaska timber industry. Harvesting on Native corporation lands is a mainstay of the region's economy. Therefore, the Forest Service's continued cooperation to complete Native land selection and exchanges is imperative.

The Tongass National Forest should be a vibrant economic asset to the people of Alaska. A wide variety of economic activities should be encouraged and fostered, including tourism, mining and timber operations. We believe the steps outlined above are not only realistic and achievable, but also critical to the development of a sustainable timber industry in Southeast Alaska. These steps would usher in a friendlier and more predictable climate for manufacturing facilities and help create a forest for the next generation with greater volume and year-round economic benefit to local communities. Most importantly, these steps are compatible with the standards, guidelines and parameters of the forest's current management plan -- a plan which has set aside only 10 percent of the forested lands in the Tongass for timber harvesting and active management.

RDC BOARD 2002 COMMUNITY OUTREACH

**JUNEAU, GREENS CREEK, HOONAH
MINING, TIMBER, FISHERIES, TOURISM, PETROLEUM**



Rick Rogers gives a thumbs up as he and others ride on a tractor entering the Greens Creek Mine portal.



A miner prepares the work area for drilling and blasting inside the Greens Creek Mine. The underground mine has miles of tunnels extending more than 1,000 feet below the surface. After blasting the ore is hauled to the mill where it is processed.



RDC Board members and staff pose for a group photo underground inside the Greens Creek Mine on Admiralty Island west of Juneau. Greens Creek produces silver, zinc, gold and lead. It is owned by Kennecott Minerals.



The Greens Creek ball and SAG mill receives ore from the mine. Here it is crushed and processed.



Greens Creek employs a flotation system to extract the silver, lead and zinc.



Board members Rick Rogers, Jim Taro and Steve Connelly view a ship in Hawk Inlet being loaded with concentrate for shipment to market.



RDC Board members outside the Greens Creek mill.



Bob Stiles, Tadd Owens and Jason Brune board the tractor on the way to the portal.

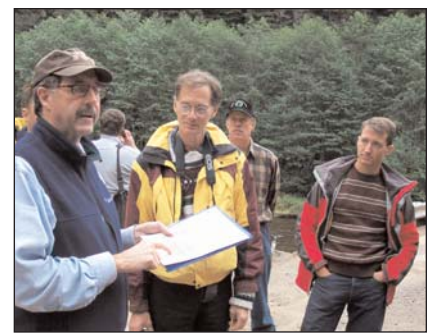


Board members gather at Greens Creek's concentrate storage building. At far right, an old cannery at Hawk Inlet is now used as the mine's crew camp.





In the above photos, Sealaska's Rick Harris and Ron Wolfe take RDC board members into a 15-year old clearcut near Hoonah to describe the corporation's reforestation practices. The area above is actively managed through pre-commercial thinning and other practices, which enhance tree growth, facilitate healthier forest conditions and preserve a diversity of understory for foraging wildlife. Sealaska, which led an industry effort to update the state's forest practices act with modern standards, closely monitors its operations on the environment. "This isn't a cut and run operation, we're making a big investment in our future," said Harris.



In the foreground, a new, healthy and young forest rises from a 1985 clearcut. In the background is a re-cut clearcut which will be reclaimed by the forest.

Sealaska and other timber operators leave large buffer zones along streams and rivers to protect fisheries. Sealaska has left at least \$30 million in trees in buffer zones on its lands. At right, Harris briefs the board on Alaska's modern forest practices act. The law is working as healthy fish and wildlife populations exist throughout the Southeast Alaska forest.



Harris notes that tree planting is not necessary in most area of the forest, given strong natural re-generation. Sealaska, however, has planted 4,000 acres of trees and pre-commercial thinned 14,500 acres on its land.



Frank and Alice Brown, Elizabeth Rensch, Carol Fraser, Bob Cox and Steve Connolly gather at the Hoonah airport.



RDC's community outreach trip also featured a tour of the Juneau non-profit McCauley Fish Hatchery.



The RDC group poses for another group shot before climbing to the top of a Petro Marine bulk fuel tank in Juneau. At center, the Icy Straits sawmill at Hoonah is one of several small mills remaining in the region. Federal policies have forced major mills and other operations to close.



Cruise ship traffic is the foundation of Juneau's tourism industry. Photo taken from Mt. Roberts tram.



Elizabeth Rensch stays close to the kegs at the award-winning Alaska Brewery in Juneau.

RED DOG COEXISTS WITH ENVIRONMENT, THE PEOPLE AND LOCAL CULTURE

BY BOB JACKO, TECH COMINCO

GUEST OPINION

Since start-up 12 years ago, Teck Cominco Alaska has been credited with operating the Red Dog Mine with care, responsiveness and cooperation. Native groups tour Red Dog to witness the world's best example of mining in successful coexistence with a subsistence lifestyle. Bruce Babbitt stated it was the cleanest mine he had ever seen. And yes, Governor Knowles stated that Red Dog is a fine example of doing things right. The Governor's statement shares Teck Cominco's pride in designing a mine that minimizes impacts, promotes safety, responds quickly when accidents occur, and engages in continuous environmental improvement.

The Alaska Department of Fish and Game monitors Red Dog Creek. Their study results prove Teck Cominco does things right; the levels of metals in the creek are now lower than the naturally occurring levels. The fish in these streams are thriving, with Dolly Varden and grayling expanding their habitat closer to the mine.

The improved fishery is a direct result of Teck Cominco designing the mine to capture all surface drainage in an impoundment. Mineralized waters that historically drained into Red Dog Creek are collected along with water impacted by mining. Before discharge, the water is treated in the world's most effective metal removal treatment plant. Determined to perfect the mine design, Teck Cominco took emergency measures when unexpected melting of the underlying permafrost in the early 1990s resulted in groundwater seepage. In the midst of harsh winter conditions, Teck Cominco showed its commitment to be responsive. An extensive new water collection system was constructed and operating before spring break up.

Red Dog is a mine, mill, and residential work camp. Realistically, unforeseen circumstances and human error result in accidental spillage. Teck Cominco responds to every incident with concern, immediacy, and thoroughness. Secondary, and sometimes tertiary, containment areas surround oil and chemical storage areas. Every spill, even when as small as a cup of oil, is reported. We review each spill with the environmental agencies to further improve spill prevention. Teck Cominco holds monthly public meetings in the neighboring villages. Environmental issues, including spills, are explained, helping the local people to understand what raw statistics do not readily reveal; most often the spill was contained and cleaned up with no impact to the surrounding environment.

Red Dog has 55 permits and over 2,000 environmental parameters to monitor and report. Variances from permit conditions do occur at a site as complex as Red Dog. Environmental permits take years to modify so changes are addressed through temporary compliance orders allowing time to install more effective technology or regulating new



A truck pulls out from one of the two huge ore storage buildings at the Red Dog port site on the Chukchi Sea. The port is located approximately 55 miles west of Red Dog, which is the largest zinc mine in the world. Sixty percent of the mine's employees are Alaskan Natives who live in the region.

discharges until the next permit revision. In some cases, such as the recent notification of intent to sue by a group representing some residents of Kivalina, it is clear that compliance orders are not understood by all. The EPA reviewed the allegations of this proposed lawsuit and has not found cause for enforcement action. Teck Cominco is returning to the village of Kivalina to listen and act upon community concerns and better explain our compliance orders.

NANA shareholders chose to develop the mine recognizing their need for jobs, yet aware of a need to protect the animals, water and air that provide their subsistence. The local Elders Council chooses a subsistence advisory board that advises Teck Cominco on environmental issues.

Environmental concern and oversight extend beyond the community. Recently, in response to concerns that metals were accumulating alongside the road, Teck Cominco joined with the NANA, Maniilaq, Northwest Arctic Borough, Alaska Departments of Environmental Conservation and Health and Social Services, AIDEA, EPA, and National Park Service representatives in a cooperative review. Ongoing studies indicate minimal impacts and no indication of risk to human health. The true success of this collaborative effort is increased public confidence that there is adequate oversight and an ongoing program of continual minimization of dust escapement.

Mining is an enterprise full of challenge. At Teck Cominco we rise to its most important challenge — a positive coexistence with the environment, the people and the local culture.

Editor's Note: This Guest Opinion originally appeared in the Anchorage Daily News.



WHY THE FOREST SERVICE MISUNDERSTANDS ITS STEWARDSHIP ROLE

By Ernesta Ballard, Principal, Ballard & Associates and member RDC Board of Directors

Legislation since the Organic Act of 1897 directs the Forest Service to manage the land with specific regard for social and economic benefits. Therefore the Service views stewardship across three dimensions: ecological; social; economic. In the socio-economic realm, the Service seeks national vision through the process of compromise and consensus. Therein lies the source of ruinous litigation and the subsequent failure to develop any plan to address forest health or purpose.

The Forest Service is mired in delay and disillusion. No one is satisfied. I do not blame the Service for this predicament. The belief that butcher paper and round tables can resolve conflict has driven many government agencies into the same swamp. It is a sign of our country's strength, not its weakness that we have different points of view. Forest plans cannot change human nature. No administrative agency can develop a national vision.

Vision arises from values which are personal. At the values level everyone is for something. When policy favors one value over another, some people, of necessity, become "against." Proponents on each side envision a world in which their view prevails. Policy sets them against one another. Policy setting is the job of elected officials who are accountable for their actions. Their accountability provides hope for the disappointed who can continue to envision a world in which their view prevails, and work to unseat the elected officials.

The Forest Service has discovered that it cannot plan the people's way to a common view. In the words of its own Science Committee: "People's values differ. Neither Congress nor fairy godmothers will ever be able to do away with this fundamental truth."

When the Forest Service addresses ecological sustainability it defines success in measurable outcomes: species diversity, habitat preservation, watershed productivity. Fair enough. When it addresses socio-economic sustainability the Service defines success in terms of process: building understanding of the inter-connectedness of communities with natural resources and enhancing society's ability to make sustainable choices.

The Forest Service acknowledges that this process has been ineffective. Public participants are burned out and wary. The complete failure of the Forest Service to achieve collaboration, consensus or any kind of peace on the Tongass illustrates what is wrong with this approach to stewardship.

The debate on the Tongass goes well beyond the bounds of ecological stewardship. There can be no defensible argument that habitat preservation, species diversity or watershed protection are endangered by the timber harvest levels proposed in any of the planning alternatives. Public meetings have achieved virtually no movement on the part of those holding strong views and different visions about society and civilization.

Peoples' values differ. My differences with opponents of logging are profound. They are value based. They affect my vision of the world and my community. At the policy level one of us will be disappointed. Our differences must be worked out at the polls - not the public comment period for an Environmental Impact Statement.

The Forest Service cannot referee a values debate. It is not the proper role of any administrative agency to require consensus about issues which cannot be compromised. Democracy is inherently conflict laden. Ideas and speech are not repressed. The Forest Service's job is to manage the forests, not resolve conflict.

I urge the Service to get out of the values business and stick to outcome based stewardship. Uncouple science from social engineering. Leave coalition building to the politicians. They get the big bucks and media coverage. They are accountable to the people.

The Organic Act stated three forest purposes: preserve the land; protect the water; furnish continuous timber for the people. Those goals have been supplemented but not repealed. National policy about national forests continues to provide for social and economic benefits. Quantifiable. Real. Clearly, prosperous economies only remain healthy if their foundation is ecologically sustainable. But equally clearly, prosperous governments only function if their foundation is economically sustainable. We need both. The one in peril is not the forest.

ANWR STUDY REVEALS ECONOMIC BENEFITS ... (Continued from Page 1)

peak, create 38,000 new jobs in the economy and \$2.6 billion in new annual payroll. In addition, lease bonus revenue would add an estimated \$1.5 billion to state coffers.

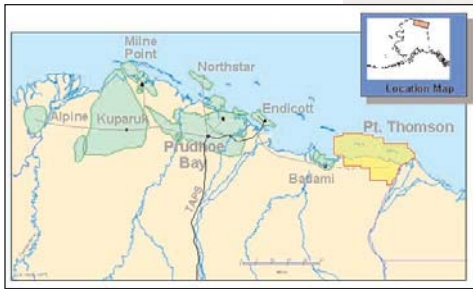
The price of Alaska North Slope crude currently stands near \$30 a barrel.

The study was prepared by the McDowell Group of Juneau and its findings were presented at a luncheon forum last month sponsored by RDC, the Alliance and Arctic Power.

At the lower price of \$22 a barrel, annual revenues to the state would peak at \$800 million. Under the lower oil price model, 25,000 jobs would be generated by development of ANWR's oil resources and \$1.7 billion in annual payroll.

All estimates are based on a mean resource estimate of 10 billion barrels of recoverable oil and a 50-50 royalty split in revenues between the state and federal government.

Additional jobs and income would be created in the Alaska economy through ANWR-related contributions to the Permanent Fund.



EXXONMOBIL MOVES FORWARD WITH POINT THOMSON PERMITTING

Aerial view of the Point Thomson unit looking east. If the project is given a green light, the development footprint would impact less than two-tenths of one percent of the area.

Governor Tony Knowles last month announced the signing of a Memorandum of Understanding (MOU) that provides for a streamlined state permitting process for the Point Thomson field on the North Slope.

"I am very pleased to help advance development of this exciting new field through this streamlined permitting process," Knowles said. "Development of Point Thomson will add significant production from the North Slope, and the gas reserves could ultimately figure prominently in the development of a gas pipeline. This billion-dollar investment could be the biggest development on the North Slope since Kuparuk and will mean jobs for Alaskans and a significant boost to the state economy."

The MOU between the State Department of Natural Resources (DNR) and

ExxonMobil establishes a new process for handling the state permitting of large-scale oil and gas developments such as that proposed at Point Thomson. It is modeled after an existing state process used to permit the Ft. Knox gold mine near Fairbanks, and currently being used to help develop the Pogo gold mine near Delta.

Under the process, a state permitting manager is designated to develop and coordinate an integrated plan of permitting and environmental analysis among all involved state agencies. The manager also serves as the state's lead in the required federal environmental review, ensuring state participation and timely input.

The state lead will work closely with the project sponsor to identify and resolve potential problems and issues early in the permitting

processes. Under the terms of the agreement, the project sponsor would reimburse reasonable costs of this work.

Knowles said the agreement to streamline permitting "will reduce the frustration factor in having to peddle the project around from agency to agency." He said standards for development will be the same, but the process will be more timely and less expensive.

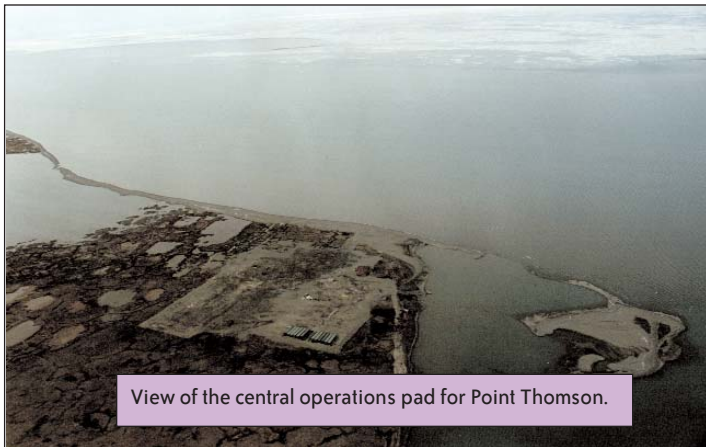
Unit Operator ExxonMobil is pursuing the development of a gas cycling project at the Point Thomson field, approximately 45 miles east of Prudhoe Bay. The field is believed to hold about 400 million barrels of recoverable condensate, a high-quality liquid hydrocarbon, and approximately 8 trillion cubic feet of gas.

Once developed, the field is expected to produce up to 75,000 barrels of condensate per day for shipment down

the Trans-Alaska Pipeline System (TAPS). Most of Point Thomson's production will be "dry gas" which will be reinjected into the reservoir, awaiting a means to get it to market later.

This project could result in as many as 450 new construction jobs on the North Slope, along with about 50 full-time operations and maintenance jobs at the field after start-up. It is projected to pump \$2.5 billion into state and local governments coffers over its lifetime.

ExxonMobil's Alaska production manager, Jack Williams, stressed at a RDC breakfast forum earlier this year that his company will not make a final development decision on Point Thomson until early 2004. Williams said that decision will be based on project economics and the ability to secure dozens of local, state and federal permits. The decision



View of the central operations pad for Point Thomson.

Point Thomson Overview

- Located 45 miles east of Prudhoe Bay
- Comprised of 43 individual leases on 116,724 acres
- Footprint of project: 225 acres, two-tenths of 1% of area
- Principal owners are ExxonMobil (operator), BP, ChevronTexaco and Conoco-Phillips
- Reserve estimates: 8 trillion cubic feet of gas, 400 million barrels of condensate
- Peak production: 75,000 barrels of condensate per day
- Field development decision: Early 2004
- Economic benefit:
 - Project cost to exceed \$1 billion
 - 450 construction jobs, 50 operations jobs
 - Contractor opportunities for Alaska and Native corporations
 - \$2.5 billion in revenues to state and local government through royalties and taxes

will also be influenced by the impact permit stipulations have on the project's overall economics.

However, the streamlined permitting process with the state should improve the efficiency of the permitting and environmental review which in turn could improve the chances of developing the field.

If the project is given a green light, development drilling, pipeline construction and facility construction are projected to take place during the winter of 2005-2006, with start-up anticipated for early 2007.

Since the field was discovered 25 years ago, there have been significant strides made in technology, which has

facilitated ExxonMobil's decision to pursue permits. Technological advancements will also help minimize the footprint of development on habitat. Current design plans call for a total project footprint of 225 acres, or two-tenths of one percent of the unit area's 120,000 acres.

Plans call for a ten acre main operations and central production facility pad with 13 wells operating on two separate production pads to the east and west. A 12-inch elevated pipeline would carry the condensate to existing infrastructure at Badami, 22 miles west. From there it would flow through existing pipelines to Prudhoe Bay for transport down TAPS. The new field would not be con-

ExxonMobil will make a final decision on Point Thomson in early 2004. The decision will be based on project economics and the ability to secure dozens of local, state and federal permits. It will also be influenced by the impact permit stipulations have on the project's overall economics.

nected by road to Prudhoe, but would include an infield road system, airstrip and dock.

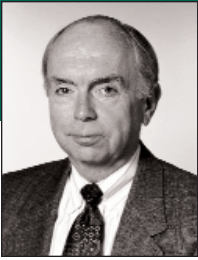
Facilities and related infrastructure at Point Thomson will be sized specifically for the field with no extra production capacity for other developments at some point in the future.

"Our efforts will be fo-

cused on ensuring Point Thomson can be economically developed in an environmentally-suitable manner," said Williams. "We will be working hard to optimize our facilities design and drilling program to ensure we have the most cost effective solution that meets our safety and environmental standards, as well as those of the State."



Point Thomson's central production facility pad would be located on the coast with two additional pads to the east and west. A 12-inch elevated pipeline would carry the gas condensate to existing infrastructure at Badami, 22 miles west.



PROPOSAL FOR MARINE PROTECTED AREAS RAISES QUESTIONS, CONCERNS

In my first column as President of the Resource Development Council I established “Access to Alaska” as a major theme for my period at the helm of this organization. Access is the central issue in recent discussions between the Alaska Department of Fish and Game and the Board of Fisheries regarding the creation of Marine Protected Areas (MPA) in Alaska. Earlier this fall RDC outlined its questions and concerns regarding the proposal to Fish and Game’s MPA Task Force.

As a matter of philosophy, RDC’s members are uncomfortable with the prospects of increasing the state’s already substantial regulatory regime without first identifying a clearly defined need for an additional program.

Our review of the MPA Task Force report to the Board of Fisheries raised several questions with respect to the need, as well as the potential cost, scope, and impact of any proposed MPA program. We urged the MPA Task Force and the Board of Fisheries to carefully consider what specific resource management demand this program will fulfill in light of the myriad of other regulatory programs currently affecting Alaska’s waters and fisheries.

The MPA Task Force report shows no fewer than nine state and federal agencies currently administer programs designed to protect Alaska’s water and fish resources. Moreover, the report states that “To date, the inventory recognizes over 200 individual marine protected areas in 18 categories in Alaska state and federal waters.” This inventory does not include the essential fish habitat (EFH) and habitat areas of particular concern (HAPC) programs currently being drafted by the North Pacific Fisheries Management Council.

Under these circumstances, what specific management need will a future MPA program address? Will an MPA replace existing state protected areas such

as critical habitat areas, or will it serve as an overlapping and redundant regulatory process? How closely will any proposed MPA mirror adjacent EFH or HAPC areas? A compelling argument will need to be made that the program is needed in the first place.

Once a need has been defined, potential costs associated with any proposed MPA program must also be carefully scrutinized. The MPA Task Force report outlines several potentially significant financial and opportunity costs associated with a possible MPA program in Alaska.

These costs include reduced fishing income, fewer opportunities to fish in traditional areas, heightened competition for fewer fish, decreased harvest yields, reduced subsistence and recreational opportunities, lost wages and jobs, government compensation to those adversely affected, and new research and management costs.

Can Alaska’s already pressed fishing industry handle such costs and remain anywhere close to competitive? Beyond Alaska’s fishing industry, what affects will MPAs have on non-fishing industries? How will the overall health of Alaska’s economy be affected? With the State facing a nearly \$1 billion fiscal gap, can we afford to fund a new regulatory program?

RDC recognizes the social, economic and cultural benefits Alaskans receive from healthy, abundant stocks of fish and other marine resources. The task of managing Alaska’s fish resources to provide for a sustained yield is not an easy one.

A well-designed MPA program may become an important management tool for the State, but not until a need is clearly defined and a detailed analysis of the proposed program’s costs and benefits are completed.

In the meantime, the Marine Protected Areas Task Force and the Board of Fisheries should proceed with caution before adding yet another regulatory program to Alaska’s challenging business environment.

“As a matter of philosophy, RDC’s members are uncomfortable with the prospects of increasing the state’s already substantial regulatory regime without first identifying a clearly defined need for an additional program.”

Strong Support For Kenai Gas Project

Dozens of Alaskans attending a Soldotna public hearing last month urged the U.S. Fish and Wildlife Service to issue a right-of-way permit for the Swanson River Satellites Natural Gas Project inside the Kenai National Wildlife Refuge. The project is expected to disturb 184 acres, a mere fraction of the 1.9 million acre refuge.

RDC testified at the hearing, expressing strong support for Marathon Oil Company and UNOCAL to explore and develop the area. UNOCAL and Marathon will use directional drilling techniques to minimize the footprint of development in the refuge.

The State estimates that Cook Inlet gas reserves will be depleted in 10 years. The Swanson River project could provide additional reserves for Southcentral Alaska residents and businesses. Over 60 percent of Alaskans depend on Cook Inlet natural gas for home heating and electricity.

Cook Inlet Region, Inc., owns private subsurface property rights in the project area. CIRI will receive a royalty on gas produced by the project and will share 70 percent of those revenues with the other 12 Alaska Native regional corporations.

Kensington Amends Plan For Gold Mine

RDC is urging the U.S. Forest Service to approve the Kensington gold project's amended plan of operation, which includes a host of environmental improvements.

The Lower Slate Lake alternative would include a tailings storage facility that will impact nearly 100 fewer acres of wetlands than an earlier proposed dry tailings facility. Substantial reductions in air emissions are expected under the amended plan as

RDC NEWS DIGEST

the new tailings facility would require less energy. Moreover, the new proposal will not result in permanent habitat alteration, will not affect anadromous fish and eliminates barge traffic conflicts and fuel handling issues in Lynn Canal.

The Kensington project has the potential to enhance and diversify the Southeast Alaska economy. Coeur Alaska has committed itself to local hire and training programs, and the project is expected to create 325 high-paying jobs during peak construction and 225 during operation. The project is expected to generate \$7.5 million in direct local purchases during construction and in excess of \$1.5 million annually during operations.

State To Appeal Red Dog Decision

The State of Alaska will appeal to the U.S. Supreme Court a recent lower court decision that threatens the autonomy of the State's approved air permitting program.

The case concerns a new diesel generator installed to provide additional power at the Red Dog mine near Kotzebue. The mine, which provides hundreds of jobs in Northwest Alaska and boasts a 60 percent Native shareholder hire rate, is the world's largest producer of zinc.

"At stake in this suit is Alaska's ability to use common sense permitting to protect the quality of our air," said Governor Knowles. "We want to issue permits based on cost-effective and actual environmental results, not on the latest pet technology that's unproven in Arctic conditions and unnecessarily expensive."

In 1998, mine operator Teck Cominco requested a

new air quality permit to install a seventh diesel generator at the mine for additional power. The state developed an air quality permit which allows for more power generation at the mine without causing significant increases in emissions.

The state required that emission controls be installed on the mine's new diesel generator, as well as on the existing six generators. Under the state's permit, nitrogen oxide emissions would not exceed local or national standards.

But, the EPA objected, filing an order to block the permit and threatening fines if Teck Cominco powered up the new generator. EPA mandated that a new technology be used on the new generator. The new technology is unproven in Arctic conditions. And under the EPA's plan, the six older generators would be allowed to emit more than under the state permit.

"Amazingly, the result of the EPA's action is more emissions, not less, and at a great cost," said Knowles.

The EPA's technology will cost up to \$1.5 million more a year in operating costs and up to \$10 million more in construction costs than the state's solution.

This summer the 9th Circuit Court of Appeal ruled that EPA had acted correctly in requiring the operator to install the new technology.

Environmentalists Well-funded

The Alaska Conservation Foundation (ACF) received \$19.3 million for environmental projects from 1998 to 2001, according to the organization's annual report.

Most of the money came from eight Outside foundations, including \$2 million

from the Pew Trusts, \$1.75 million from the Packard Foundation, \$1.5 million from Goldman Foundation and \$600,000 from the Hewlett Foundation. The Surdna Foundation contributed \$300,000, the Beldon II Fund gave \$200,000 and the Turner Foundation granted \$172,000. Rockefeller Brothers and 17 other foundations contributed \$100,000 each.

The ACF also lists 55 other Outside foundations that donated between \$10,000 and \$100,000, for an additional \$2 million. Another 300 gave between \$500 and \$10,000. The majority of 6,500 contributors gave less than \$250, allowing ACF to claim that the majority of its supporters are Alaskans. However, most of the funding itself was from Outside interests.

Environmental groups spent \$10 million in Alaska from 1998 to 2001 fighting logging, mining, oil and gas development, fisheries and tourism projects.

The ACF is the umbrella organization that grants millions of dollars to environmental groups and programs in Alaska. It made more than 250 grants in 1998-2001. It also allocated \$228,500 to the Alaska Conservation Voters, an organization that has been active in local and statewide political campaigns.

ACF granted \$621,000 to the Alaska Center for the Environment, \$1.2 million to the Alaska Defense Initiative that opposes oil and gas, timber and mining projects, \$537,000 to the Alaska Conservation Alliance, \$760,000 to the Alaska Oceans Network, \$963,000 to the Alaska Rainforest Campaign, \$287,000 to the Earthjustice Legal Defense Fund, \$228,000 to the Natural Resources Defense Council, \$316,000 to the Southeast Alaska Conservation Council and \$124,000 to the Trustees for Alaska.

Everything you ever wanted in a CD account – without the commitment



The Wells Fargo Business Almost CD Account offers yields comparable to a CD account - but you can withdraw money from your account anytime you want without penalty. It's an easy way to ensure that your money is making money for you, so you can concentrate on the business at hand. For more information on the role a Wells Fargo Business CD Account can play in your business, visit your local Wells Fargo Business Banker today, or call 1-800-CALL-WELLS (1-800-225-5935).

Business Almost CD



Minimum opening deposit is \$15,000. Annual Percentage Yield (APY) is variable and may change from time to time. These APY's are available to business customers only. Fees may reduce earnings. Deposits and withdrawals can only be made in person. No check writing. Maximum permissible deposit of \$2,500,000 per account.

© 2002 Wells Fargo Banks. All rights reserved. Members FDIC.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development
121 W. Fireweed, Suite 250, Anchorage, AK 99503

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