

RESOURCE REVIEW

SEPTEMBER 2018 \ AKRDC.ORG

Experts agree: Alaska's fish habitat management works well



Public hearings were held across Alaska in September on Ballot Measure 1, the fish habitat initiative. A standing-room only crowd in Anchorage voiced strong opposition to the measure. Above, Aaron Schutt, President and CEO of Doyon Limited, said the initiative “not only threatens our jobs

and our economy, it threatens our rights as property owners.” Others noted there have been numerous state and federal policies, laws and regulations updated over the years and work in concert to protect fish habitat across the state.

By Randy Bates, Ed Fogels, Kerry Howard, Thomas Irwin, Bill Jeffress, Doug Vincent-Lang, Bob Loeffler, Ginny Litchfield, Bill Morris, Slim Morstad, and Marty Rutherford

We, the signatories, are Alaska fisheries managers, scientists, regulators, and former state officials. We have spent our careers working on fisheries management, science, and resource management.

For more than sixty years, Alaska has responsibly balanced resource development and the protection of our state's natural resources – including our fisheries. As topic experts, our interest in supporting that balance makes us question the viability of Ballot Measure 1.

Ballot Measure 1 replaces Alaska's scientific process for identifying, studying and permitting fish habitat with new and untested regulations. Today, when a project is on the horizon, we go out to the area in question and conduct numerous studies, including water turbidity, fish counts, escapement rates, temperature, water levels, and so on. Multiple state and federal agencies collaborate to make this all happen. And when it comes time to evaluate a permit, the data collected is scrutinized and carefully considered before any decisions on how to move forward, or even if to move forward, are made.

Alaska's approach to fisheries management have been codified in law, act as a blueprint for fisheries management, and are widely praised as best practices around the country and the world. It is a model that has worked in permitting both industry and community projects, like pipelines, major dams and roadways that enable

Alaskans to live their everyday lives. Finding balance has been the responsibility of those who have worked in fisheries management for much of their careers. Reasonable improvements could be made to our current laws, but Ballot Measure 1 was written with no public input on how to improve habitat protections already in place and it unreasonably overhauls current law.

Ballot Measure 1 proposes a system that is unworkable, unmanageable and unaffordable. Moreover, Ballot Measure 1 was drafted in private without public review or scrutiny. That approach flies directly in the face of our greatest responsibility: to review and scrutinize the data before arriving at a decision. We believe that lack of transparency results in a ballot measure rife with vague and imprecise language that will create confusion and uncertainty in how we permit and protect our anadromous fish in Alaskan waters.

The issue here is more than just a debate over process. Salmon runs are down across most of Alaska. Ballot Measure 1 supporters point to this measure as a needed fix. However, Ballot Measure 1 fails to address the actual challenges facing wild salmon today in our waters.

Many experts have identified various changing ocean conditions as contributing factors to this problem. One of those is the mass of warm water located in the Gulf of Alaska – the so-called ‘blob.’ There are other factors contributing as well, such as increasing presence

FISH HABITAT continued on page 6

THIS EDITION SPONSORED BY AT&T AND DONLIN GOLD

Sponsorship is not necessarily an endorsement of issues covered in this publication

Initiative could put oil pipeline in jeopardy

By Tom Barrett

The Stand for Salmon movement promises “vital infrastructure will still move forward” in the event of its passage. In reality, the initiative becoming law would bring a standstill to actions that protect the Trans-Alaska Pipeline System (TAPS) today, while putting fish habitat around it in more jeopardy.

Alyeska Pipeline Service Co. operates TAPS, a vital piece of Alaska’s economic engine, and maintains its 800-mile route across more than 700 fish streams from the North Slope to Valdez. We are committed to operational excellence, long-term TAPS reliability, and the health of its surrounding environment. I know our personnel, almost all Alaskans, along with our Alaska-based industry partners, tribal organizations, and state and federal agencies that regulate our work, share Ballot Measure 1’s supporters’ appreciation for Alaska’s special waterways and vibrant marine life. But that’s where common ground ends.



Tom Barrett

Many states have lost salmon species or declared them endangered due to overfishing and blocked migration routes. Not so in Alaska, and certainly not along TAPS. We regularly clear, repair, and modify streams to maintain fish passage and prevent erosion. TAPS workers act to deliver system and environmental sustainability, not simply suppress infrastructure threats.

After more than 40 years of TAPS operations, our Environment, Right of Way and Baseline teams are experts in monitoring and inspecting hundreds of waterways and dozens more that connect to them along TAPS. Many hold master’s degrees in fisheries, marine biology, wildlife biology, environmental science and engineering. All take great pride in their role protecting the environment; if they don’t, they don’t work here. They know these waters, and the more than 30 fish species inhabiting them, from daily and annual surveillance and from constantly anticipating and responding to the forces of nature and Alaska’s often harsh and unpredictable weather.

TAPS is already heavily regulated; we comply with the requirements of more than 20 state and federal agencies. Since 2000, Alyeska has received more than 700 individual permits for routine maintenance activities, new installations, and projects along waterways to safeguard pipeline integrity and protect the environment. We hold 80 to 90 active annual permits for work in fish habitat areas.

The fish habitat initiative puts at risk timely permitting and conduct of our actions. With rigid new agency review requirements and permitting criteria, and a wide-open appeals process, the initiative would complicate and delay inspection and certain maintenance activities, and create uncertainty about what is considered minor routine maintenance and grandfathered projects. Simple but important projects would face convoluted if not impassable hurdles. And when we confront natural disasters, such as floods, fires and

earthquakes, there’s no time to waste.

Every spring, the Sagavanirktok River – better known as the Sag River — floods along the Dalton Highway and TAPS right of way for long stretches. Sometimes the flooding is annoying. Sometimes it’s troublesome. In spring 2015, it was disastrous. By spring’s arrival, ice

TAPS is already heavily regulated; we comply with the requirements of more than 20 state and federal agencies. Since 2000, Alyeska has received more than 700 individual permits for routine maintenance activities, new installations, and projects along waterways to safeguard pipeline integrity and protect the environment. We hold 80 to 90 active annual permits for work in fish habitat areas.

buildup was 12 feet high in some places. Record-high temperatures led to swift snow melt and record river flow. Suddenly, the Sag flooded miles of the North Slope and endangered two of Alaska’s critical economic lifelines: TAPS and the Dalton Highway.

TAPS personnel saw it coming. The Dalton was eventually closed, but because of very rapid preventative actions along waterways near TAPS, the pipeline and the fragile environment around it was spared catastrophic damage, and the pipeline stayed in operation. Over the weeks and months that followed, we conducted a massive cleanup, dozens of inspections, many repairs, and wide-ranging restoration of waterways and fish passages affected by the flooding.

Under this initiative even as amended, permits necessary to rapidly accomplish such critical work to protect TAPS would be more difficult to obtain, as would permits for spur dikes that redirected the Sag River’s main channel away from the Dalton Highway and the oil pipeline. TAPS, the Dalton Highway, fish streams and waterways could suffer devastating consequences.

Many individuals, organizations, and local and state agencies representing diverse interests from all corners of Alaska have stepped forward to object to the risks surrounding the initiative. TAPS’ personnel have embodied Alaska true grit, pride and environmental stewardship from construction to today’s vision for the next 40 years of TAPS operations and the innovation it will take to achieve it. We plan to keep Alaska’s pipeline operating safely, while protecting Alaska’s environment, fish and wildlife. The initiative makes achieving that goal more difficult.

If the fish habitat initiative becomes law, it will hinder and prevent Alyeska from obtaining permits needed to perform work crucial to TAPS’ safe and reliable operations in a timely way. We care deeply about Alaska’s salmon and environment; we are passionate about sustaining safe, reliable TAPS operations, and its daily contribution to the Alaska economy, long into the future. In November, I will vote No on Ballot Measure 1.

Tom Barrett, a retired U.S. Coast Guard vice admiral and former deputy secretary of the Transportation Department, is President of Alyeska Pipeline Service Company. He also serves on the RDC Board of Directors.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

EXECUTIVE OFFICERS

President
Eric Fjelstad

Sr. Vice President
Jeanine St. John

Vice President
Scott Jepsen

Secretary
Mike Satre

Treasurer
Lori Nelson

Past President
Ralph Samuels

RDC STAFF

Executive Director
Marleanna Hall

Deputy Director
Carl Portman

Projects Contractor
Kim Griffith

A complete list of the Board of Directors is available at akrdc.org.

/ResourceDevelopmentCouncil

@alaskardc



YOUR VOICE SHOULD NOT GO UNHEARD

A Message from the Executive Director

In today's busy world we receive a lot of information from Twitter, Facebook, and other social media, with some sources that may or may not be true. Often times we read about leaders such as our President or our local elected officials. In a sparsely populated state like Alaska, these elected officials could be your friend, neighbor or family. And as we all read today's news headlines with hesitation of certainty, you may feel or learn that what is written locally may or may not be accurate.

For the reason mentioned above, and for the benefit of our memberships, a special report comes to you every other year from the Alaska Business Report Card (ABRC). The ABRC is the effort of the Alaska Chamber, AlaskaWins.org, and the Resource Development Council for Alaska, Inc.



Members of the RDC Board of Directors

RESOURCE DEVELOPMENT COUNCIL

is an Alaskan, non-profit, membership-funded organization comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries. RDC's purpose is to link these diverse industries together to encourage a strong, diversified private sector and grow Alaska through responsible resource development.

Material in this publication may be reprinted without permission provided appropriate credit is given. For more information, email resources@akrdc.org. Past issues are available online.



In March of 2017, the ABRC group sat down at the beginning of the 30th Legislature and penned a letter to inform legislators and the Walker Administration describing what we would be focusing on as the session began. Our primary points were a long-term fiscal plan for our state, as well as improving regulatory processes and policies for business across the state.

Much of our focus has been on these two issues for all of the last eight years we've had the business report card. This year it's no different. We urge you to review the grades and know how your legislator is doing from a business perspective.

Our group is non-partisan and doesn't take a position on the elected official themselves but on how they voted and how they worked to improve the business climate in Alaska. All grades reflect actual votes, and reflect actual actions in the session.

The grades are out and informed voters can make a difference. Every vote counts, especially in a place like our great state, and your voice can not go unheard.

For more information about the ABRC, visit alaskabusinessreportcard.com.

An Alaskan legacy: Usibelli celebrates 75 years



Usibelli Coal Mine (UCM) celebrated its 75th anniversary with a large community picnic in Healy this summer attended by several thousand Alaskans. The operation started by Emil Usibelli in 1943 is now run by his grandson, Joe Usibelli, Jr. Usibelli is Alaska's only operating coal mine, providing energy to Fairbanks, nearby military bases, and a new state-of-the-art coal-fired plant at the University of Alaska Fairbanks. Above, second, third, and fourth generation family and friends celebrate the anniversary at the mine. At top center, guests gather for the anniversary picnic in Healy. Top right is original UCM equipment. Lower center is Joe Usibelli, Jr. and lower right is RDC Executive Director Marleanna Hall enjoying the festivities.

Photos by Greg Martin's Photography, Usibelli Coal Mine, Inc. and Marleanna Hall

Feds approve Donlin mine plan in joint decision

In a landmark decision late this summer, the U.S. Army Corps of Engineers (Corps) and the U.S. Bureau of Land Management (BLM) issued their Record of Decision (ROD) on the proposed Donlin Gold mine.

Immediately following signing of the ROD, the Corps and BLM issued other federal approvals to mark the final step in the environmental review process that began in December 2012 with publication of a notice of intent to prepare an environmental impact statement (EIS). This is a major step in the project's effort to secure key permits needed to operate a mine.

Calista Corporation owns the minerals and The Kuskokwim Corporation (TKC) owns the surface lands at Donlin Gold as a result of selections made under the Alaska Native Claims Settlement Act (ANCSA). Donlin Gold operates the project under a mining lease with Calista and a surface-use agreement with TKC. Each of these agreements provides direct economic benefits to Calista and TKC, as well as indirect benefits, such as contracting and hiring

preferences and stringent environmental-stewardship obligations.

"The ROD and permits are just the beginning," said Maver Carey, President and CEO of TKC. "They are the trail markers for the project and provide the map of how to develop our resource responsibly."

The ROD is a detailed document that explains the basis for the Corps' determination that Donlin Gold's proposed development for the project represents the environmentally preferred, practicable alternative compared to other alternatives evaluated in the EIS. It also identifies the mitigation plans for the project.

"Calista Corporation continues over 40 years of taking an active and hands-on approach to the Donlin Gold project," said Andrew Guy, President and CEO of Calista. "Calista feels that the project represents a significant and positive opportunity for our region and shareholders. One of our duties as a Native corporation is to responsibly develop the land. The original Calista board, and other early regional leaders, selected

"The ROD and permits are just the beginning. They are the trail markers for the project and provide the map of how to develop our resource responsibly."

- Maver Carey

this land as part of ANCSA to provide economic opportunities for our region while safeguarding our resources for future generations."

"We believe Donlin Gold can be a model of responsible mine development with the potential to generate meaningful benefits for our Native corporation partners and communities throughout Alaska for many decades to come," said Donlin Gold's General Manager Andy Cole.

Donlin Gold will need additional permits to operate the proposed mine and investment approval from its owners before construction can begin. Most of the required state permits are expected by early 2019.

Kinross Fort Knox breaks ground on expansion project

The Kinross Fort Knox Mine near Fairbanks has broken ground on its expansion into the adjacent Gilmore deposit, extending the life of the mine until at least 2030.

Joe Balash, Department of Interior Assistant Secretary, Lands and Minerals, spoke at a ground-breaking ceremony in mid-August, noting his first visit to the mine long ago. Balash was instrumental in the completion of a 709-acre land transfer from the federal government to State of Alaska ownership during his previous state service.

The expansion is expected to produce 1.5 million gold equivalent ounces, a term that includes byproducts mined along with the gold.

The expansion will not require much in new construction as mining will be conducted using Fort Knox's existing equipment. The

initial capital investment cost is estimated to be about \$100 million, according to the company.

Fort Knox employs more than 600 miners who live in the Fairbanks North Star Borough. The mine is also the borough's largest property taxpayer.

The Alaska Mental Health Trust, which has already received more than \$24 million from Fort Knox, will see increased revenue to help improve the lives of Alaskans with mental illness, disability, and injury.

David Zatezalo, Assistant Secretary of the Mine Safety and Health Administration, noted "Alaska is one of the safest states for mining, and Fort Knox is instrumental in that fact, with an exemplary safety program that achieves national recognition."



Because you run a business security is not an option.

In Alaska, your office can be just about anywhere, making communication and security paramount. At AT&T, it's our business to help protect your business. By offering multiple layers of security across applications, devices, networks and platforms, we help reduce your risk of exposure from malicious attacks, so that companies like yours can stay Connected & Secure. Discover the Power of & with AT&T.

Speak with an AT&T representative about Network Security solutions today.

907-264-7387
1-800-955-9556

MOBILIZING
YOUR
WORLD™ 

Source: Symantec Internet Security Threat Report, Volume 20
© 2017 AT&T Intellectual Property. All rights reserved. AT&T, the Globe logo and other marks are trademarks and service marks of AT&T Intellectual Property and/or AT&T affiliated companies. All other marks contained herein are the property of their respective owners. This document is not an offer, commitment, representation or warranty by AT&T and is subject to change.



ALASKA DOES NOT NEED TO BE SAVED FROM ITSELF

A Message from the RDC President Eric Fjelstad

On November 6th, voters will determine the fate of Ballot Measure 1, the so-called “Salmon Initiative.” Here are some reasons why I am voting “no” and I encourage you, your friends, co-workers and family members to do the same.

Ballot Measure 1 is particularly impactful on rural Alaska.

- Rural Alaska has the most salmon habitat and will be disproportionately impacted by a measure designed to delay or stop development.
- Ballot Measure 1 will impose permitting time frames on rural Alaska that are incompatible with the short construction season.
- Many local government and tribal projects in rural Alaska will simply not be funded due to the extra expense of hiring biologists and lawyers to work through the complex requirements of Ballot Measure 1.

Ballot Measure will directly impact Alaska families.

Ballot Measure 1 expands the permitting process beyond lakes and streams to adjacent land that contributes “directly and indirectly” to supporting anadromous fish. The expansion of a gravel pad for a cabin, the expansion or repair of a driveway, and the replacement of a culvert are the types of activities that will likely require a permit under Ballot Measure 1. Homeowners may be surprised to find out that they need to hire fish biologists and lawyers to successfully navigate the permit process for modest improvements on residential and recreational properties.

Ballot Measure 1 presents a false choice – that we can’t have both salmon habitat and economic development.

Alaskans know that the protection of habitat and economic

development are not mutually exclusive. Proponents of Ballot Measure 1 take a dim view on Alaskans and our ability to “get it right.” They point to the Pacific Northwest and argue that Alaska will lose its salmon absent the passage of a measure like Ballot Measure 1.

Alaska does not need to be saved from itself. The claims of proponents are wrong and cannot be reconciled with the 50-plus years of modern-era resource development in Alaska. There are many examples of major developments that have been successfully constructed and operated in salmon habitat including:

- The construction of the Trans-Alaska Pipeline from the North Slope to Valdez;
- The construction of highways from Anchorage north to Fairbanks, and south to Seward and Homer. In particular, the Sterling Highway is immediately adjacent to the Kenai River for many miles;
- Oil & gas development in the Cook Inlet region. For example, the Swanson River field has successfully operated in salmon habitat inside the Kenai National Wildlife Refuge for more than 50 years; and
- Six major mines operating throughout Alaska without impact on salmon habitat.

Proponents of Ballot Measure 1 are energized and advancing the simple message that voters should “vote for the salmon.” It bears emphasis that they present a false choice and Alaskans should take comfort that the existing laws are rigorous, work well, and will ensure that future Alaskans enjoy the benefits of our robust fisheries resources far into the future. I’m voting “no” on Ballot Measure 1!

Fish habitat: Alaska needs a balanced policy

continued from page 1

of invasive predatory fish, ocean acidification, and food-source competition.

In a recent article published on the Alaska Public Radio website, Fish & Game biologist Nicole Zeise stated that “most of the data suggests that the problem’s in the marine environment. Freshwater systems are healthy, producing plenty of smolt and fry going out. It’s just that something’s going on in the ocean that we can’t control.”

The recent Chinook Symposium in Sitka in May helped highlight the current science about the decline in salmon runs. Salmon researcher Ed Jones was quoted in another Alaska Public Radio broadcast discussing the down cycle in salmon. “They’re dying at sea. So yes, fisheries, seals, killer whales, are all added factors, but the biggest driver is Mother Nature right now,” said Jones, further highlighting changing ocean conditions as a cause for declining salmon runs.

If we want to protect our salmon for future generations, then we need more analysis and data in order to generate an effective plan. In the meantime, we urge Alaskans to learn more about Ballot Measure 1 and what it could do to our current, effective management. Alaska needs a balanced, effective policy for protecting our resources—and Ballot Measure 1 fails that test.

VOTE NO ON 1
STAND FOR ALASKA

Text **STAND** to **64600**
to join our coalition

@StandForAlaska
 /StandForAlaska

StandForAK.com

Paid for by Stand for Alaska Vote No on 1, Anchorage, AK 99503. Marleanna Hall, chair, Aaron Schutt, Jaeleen Kookesh, Joey Merrick, and Sarah Lefebvre, co-chairs, approved this message. Top contributors are Donlin Gold Alaska, Anchorage, Alaska, ConocoPhillips Alaska, Anchorage, Alaska, and Kinross Fort Knox, Fairbanks, Alaska.



INDUSTRY DIGEST



Forest Service initiating process for Alaska-specific roadless rule

The U.S. Forest Service is initiating an environmental impact statement (EIS) and public rulemaking process to address the management of inventoried roadless areas in the Tongass National Forest. The intent is to evaluate a regulatory exemption for the Tongass to the current nationwide Roadless Rule as well as evaluate other management solutions that address infrastructure, timber, renewable energy, mining, access, and transportation needs to further economic development.

The nationwide Roadless Rule was established in January 2001 as President Bill Clinton was leaving office. It set in place prohibitions on timber harvests and road construction within inventoried roadless areas of the national forest system. The federal government and the State of Alaska reached a settlement in 2003 exempting the Tongass from the Roadless Rule. In 2011, a federal court set aside the exemption and reinstated the rule. The court's ruling was initially reversed, but the rule was once again reinstated by a 6-5 decision of the Ninth Circuit in 2015.

In response to a State of Alaska petition, the Forest Service agrees that the long-standing controversy surrounding management of roadless areas in the Tongass may be resolved through rulemaking creating a state-specific Roadless Rule. Both the State and the Forest Service believe a long-term durable approach to roadless area management is needed that balances preservation with social and economic needs in the Tongass and the region.

While exempting the Tongass from provisions of the Roadless Rule, the proposed rulemaking would leave the nationwide rule in place in the Chugach National Forest.

RDC believes the 2001 Roadless Rule prohibitions are unnecessary in both the Tongass and the Chugach, which can be adequately protected under amended land management plans. For additional details, see action alert at akrdc.org.

Visit RDC online for the latest updates

Please visit akrdc.org to read recent comment letters and other materials on important state and federal public policy issues.

- Thursday breakfast forum presentations and videos
- 39th Annual Alaska Resources Conference – November 14-15
- Roadless Rule Alert
- Support for Willow prospect in NPR-A
- Comments on CEQ request for revisions to NEPA process
- Comments on Waters of the U.S. definition
- Bulletin 38 Revision and Ch'u'itnu Traditional District
- Scoping comments on Pebble DEIS
- Scoping comments on ANWR Coastal Plain DEIS
- Comments on Draft Alaska Climate Change Policy
- Comments on proposed 2019 Beaufort Sea lease sale
- Testimony supporting Haines Timber Sale

Feds advance big North Slope oil projects

The Bureau of Land Management has released a final supplemental environmental impact statement (SEIS) for ConocoPhillips' Greater Mooses Tooth 2 development in the National Petroleum Reserve-Alaska (NPR-A).

The SEIS chose ConocoPhillips' proposed plan as its preferred option where up to 48 wells could operate from a 14-acre drill pad. The company anticipates production rates in the range of 25,000 to 30,000 barrels per day from the \$1.5 billion project. A Record of Decision from BLM is expected by early October.

Prior to the GMT 2 SEIS release, the U.S. Bureau of Ocean Energy Management issued a final EIS for Hilcorp Alaska's \$1.5 billion Liberty project. The agency accepted Hilcorp's proposal as its preferred alternative to develop a small gravel island in 19 feet of water about five miles offshore, and the laying of a buried subsea pipeline to carry oil to shore.

Hilcorp hopes to start building the 9.3-acre gravel island in late 2019 with first oil flowing in 2022. Production would likely peak at 60,000 to 70,000 barrels per day by 2024. The field holds about 120 million barrels of recoverable oil and is anticipated to be in production for 15 to 20 years.

Point Thomson agreement reached

The State of Alaska reached an agreement with the Point Thomson working interest owners to advance progress of the Alaska LNG Project by aligning work commitments and timelines established in a 2012 settlement agreement.

Through a Letter of Understanding, the Alaska Department of Natural Resources (DNR), ExxonMobil, and BP agreed to terms to better align the settlement with the Alaska LNG Project. The agreement effectively stays the year-end 2019 deadline as long as the project continues to progress. The extension will end when the Alaska LNG Project reaches a final investment decision, or when DNR notifies the parties that the project is no longer progressing. If the extension ends, the companies will have 30 months to reach a final investment decision on either of two development options at Point Thomson, or else lose acreage.

"The precedent agreement is good for Alaska and ExxonMobil and represents a significant milestone to help advance the state-led gas line project," said Darlene Gates, ExxonMobil Alaska Production Manager. "As the largest holder of discovered gas resources on the North Slope, ExxonMobil has been working for decades to tackle the challenges of bringing Alaska's gas to market."

The agreement with ExxonMobil is similar to one the state reached with BP in May, which set terms for price and gas volume and was a first step to a final agreement expected to be reached by the end of this year.

The state is anticipating an agreement with ConocoPhillips soon.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

121 West Fireweed, Suite 250, Anchorage, AK 99503
907-276-0700 | resources@akrdc.org

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

A BIG STEP FORWARD

With the receipt of our federal permits, Donlin Gold recently took a big step forward. But there's still more work to do before the project becomes a mine.

Our goal is to be a leading example of responsible, safe resource development that benefits our Native corporation partners and their Shareholders.