

RESOURCE REVIEW

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Alaskans rally in support of ANWR lease sales



During the federal government's public hearing in Anchorage in February on proposed oil and gas lease sales in the non-Wilderness portion of the ANWR coastal plain, North Slope whaling captains and residents from North Slope communities said the Inupiaq people have the right to develop the natural resources under their lands. Arctic drilling is a human rights issue that will not only benefit Alaskans with jobs and a better economy, but provide for a decent standard of living for Arctic communities.



Marleanna Hall, Executive Director of RDC, and Kara Moriarty, President and CEO of the Alaska Oil and Gas Association, testified in both Anchorage and Washington, D.C. They said oil and gas development can occur in a responsible manner with minimal impact to the 19.3 million acre ANWR. Under the proposed leasing program, the footprint of development would be limited to only 2,000 acres or 0.01 percent of the refuge. See testimony and formal comments at akrdc.org.

PEBBLE DEIS SHOWS NO MAJOR IMPACTS

The U.S. Army Corps of Engineers is accepting public comments on the February release of the Draft Environmental Impact Statement (DEIS) for the Pebble Project through May and is holding public meetings across Alaska.

Upon initial review, the Pebble Partnership (PLP) believes the DEIS demonstrates that the proposed 20-year mine development plan for the Pebble deposit can be done in an environmentally-responsible manner and that it points to a clear path forward for success in permitting the project.

"Our preliminary review of the DEIS shows no major data gaps or substantive impacts that cannot be appropriately mitigated," said PLP CEO Tom Collier. "We see no significant environmental challenges that would preclude the project from getting a permit and this shows Alaska stakeholders that there is a clear path forward for this project that could potentially generate significant economic activity, tax revenue and thousands of jobs."

Collier stressed that the DEIS is a draft look at the Pebble project and that the next phase now underway is for extensive public review and comment to inform and guide the development of the final EIS and record of decision for the project.

In December 2017, PLP submitted its application with the Corps to initiate permitting for a scaled-down and more environmentally-sensitive mine development plan for the Pebble deposit. The project has a smaller

Continued on page 2

Pebble public hearings set for this month

Continued from page 1

footprint, has no major mine facilities in the Upper Talarik drainage, and will not use cyanide for gold recovery.

“We have stated that the project must coexist with the important salmon fishery in the region and we believe we will not harm the fish and water resources in Bristol Bay. Now we have a science-based, objective assessment of the project that affirms our work,” said Collier.

Collier said the DEIS finds that Pebble will fully coexist with the Bristol Bay salmon fishery, without any decrease in resource abundance or harvest levels. Even in the extremely unlikely event of a catastrophic failure, no population-level effects on salmon are expected to occur.

The DEIS also finds the smaller mine plan will not affect the water resources of Bristol Bay. Water quality in nearby streams will be maintained and downstream water flows will continue to support healthy aquatic habitat. And it is highly unlikely there will be water quality impairment post-closure.

At 1,616 pages, the DEIS is a comprehensive document that provides significantly greater detail on these and other subjects. Collier urged Alaskans to review at least the 80-page executive summary. “What they will find described is a safe, modern mine that will not damage the environment and fisheries of Bristol Bay, but will make a positive economic contribution to the region and the state.”

DEIS documents can be found at pebbleprojecteis.com.

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Kati Capozzi to lead Alaska Chamber

RDC Communications and Projects Manager, Kati Capozzi has been appointed President and CEO for the Alaska Chamber.

The Alaska Chamber is a statewide business group similar to RDC, but with a primary focus on business in Alaska. RDC works closely with the Chamber to grow Alaska's economy.

Capozzi first came to RDC in July 2012 as the Membership Director. During her tenure at RDC, Capozzi was the lead on fishing and tourism issues, where she worked closely with members on important issues and legislation facing those industries.

Capozzi took a leave of absence in 2018 to successfully run the Stand for Alaska campaign, winning the no vote with over 62% of Alaskans agreeing. Her role as Campaign Manager was soundly applauded by all industries across the state.

RDC Executive Director, Marleanna Hall said, "Kati's friendship, professionalism, and dedication to RDC has not gone unnoticed, and her new position will only be an asset to our organization. I truly look forward to working with Kati in her new capacity. While we offer congratulations to Kati, we are thrilled to know she won't be but a phone call away."



Court's ruling rescinds order reversing OCS drilling ban

U.S. District Court Judge Sharon Gleason in late March struck down President Donald Trump's executive order that overturned former President Obama's vast 2015 and 2016 bans on offshore oil and gas drilling in most of the Chukchi and Beaufort seas. The ruling immediately restores the Obama-era restrictions, much to the disappointment of Alaskans.

In 2015, Obama halted exploration in coastal areas of the Beaufort and Chukchi seas and the Hanna Shoal, an important area for walrus. In late 2016, just weeks before leaving office, he withdrew most other potential Arctic Ocean lease areas — about 98 percent of the Arctic outer continental shelf.

"I strongly disagree with this ruling, which asserts that past presidents can bind their successors and only Congress can overturn those decisions," said U.S. Senator Lisa Murkowski. "That is not the correct interpretation of the Outer Continental Shelf Lands Act and could have catastrophic impacts for offshore development, which creates jobs, generates revenues, and strengthens our national security. I expect this decision to be appealed and ultimately overturned — if not by the Ninth Circuit, then by the Supreme Court."

Governor Mike Dunleavy said Gleason's ruling "is bad for Alaska, and it's bad for the country."

Alaska's Outer Continental Shelf could hold as much as 27 billion barrels of oil, making it one of the world's most significant untapped regions for oil and gas development.



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.

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Sturgeon prevails at Supreme Court – again

After 12 years battling the federal government and spending \$1.2 million defending the rights of Alaskans under special protections granted by the Alaska National Interest Lands Conservation Act (ANILCA), Alaska moose hunter and RDC board member John Sturgeon won a unanimous decision before the U.S. Supreme Court on the use of his hovercraft on the Nation River in Yukon-Charley National Preserve.

In a rare second trip to the high court, the ruling represents an important moment for Alaska sovereignty and the rule of law.

The Sturgeon case hinged on whether Congress gave the National Park Service the right to control access to the State's navigable waters within federal conservation units. The landmark decision overturns an earlier Ninth Circuit Court decision and ensures that the State can continue to manage State-owned navigable waterways inside federal lands in Alaska.

The Court made clear its decision would not disturb the existing subsistence management status quo as established by the *Katie John* decision and signaled that it was not interested in reviewing this issue.

"Once again, the Supreme Court shows why the Ninth Circuit is one of the most out of touch and out of line courts in the nation," said Governor Mike Dunleavy. "This David and Goliath story – a man



John Sturgeon at the U.S. Supreme Court.

and his hovercraft against the full weight of the federal government – is far too familiar for Alaskans. But a shining example of our Alaskan spirit and determination. This is an overwhelming victory for John Sturgeon, all those that stood behind him and the State of Alaska and it is long overdue," said Dunleavy.

"This is more than a state rights issue, it is about life in Alaska," said Doug Vincent-Lang, Commissioner of the Alaska Department of Fish & Game. "Here, our waterways are our lifeblood. Management authority impacts fishing, hunting, transportation and economic development—all the things Alaskans hold dear. With this decision the State can continue to do what it does best: manage Alaska's resources for the benefit of all Alaskans."

The Supreme Court in 2016 ruled in Sturgeon's favor but remanded the case back to the Ninth Circuit for further review of

the provisions in ANILCA outlining special protections and exemptions for Alaska.

The Supreme Court's unanimous opinion emphatically rejected the National Park Service's argument that it could regulate nonfederal lands and waters within Alaska parks, including Native corporation lands, surrounded by conservation units owned by the federal government.

In the end, the Court affirmed that Alaska is indeed different and that ANILCA must be read in the context of it being a grand compromise between conservation, resource development, and State sovereignty. The Court's opinion restores this balance and reminds the federal government where the limits of its powers are in Alaska.

Reflecting on the ruling, Sturgeon said "the rebuke is all the more remarkable given that it was authored by one of the most liberal members of the Court. Unanimous decisions are rare and the State of Alaska is fortunate to benefit from such definitive guidance from the Court. The Supreme Court has said it again and again, that Alaska is different, not only by culture, but by law."

The Court's decision was praised by Alaska's congressional delegation, as well as members of the Alaska Senate majority. The Alaska Federation of Natives also cheered the decision, noting the ruling was also a victory for subsistence users.

ALASKANS ADVOCATE FOR ROADLESS RULE EXEMPTION

RDC joined the State of Alaska, the Alaska Miners Association, the Alaska Forest Association, and other groups in urging Secretary of Agriculture Sonny Perdue to select a full exemption of the Tongass National Forest from the 2001 Roadless Rule as the Preferred Alternative in a Draft Environmental Impact Statement (DEIS).

"By selecting a total exemption as the Preferred Alternative in the DEIS, your office would be maintaining the policy determination made by the U.S. Department of Agriculture in 2003 and again in 2010," RDC said in comments recently submitted to Perdue. "The rationale used for exempting the Tongass from the Roadless Rule 15 years ago has not changed and remains valid today. The one-size-fits-all rule has caused extensive damage to the economic and social fabric of Southeast Alaska communities and has decimated the forest products industry."

RDC has consistently supported exempting the Tongass from the Roadless Rule. "The economic health and longevity of Southeast Alaska would be strengthened if the Tongass were to be removed from the rule and managed as originally envisioned," RDC said in its letter to Perdue. "We believe that tourism, fishing, mining, energy development, and a renewed timber industry can coexist to the benefit of all in the region."

The State of Alaska noted Southeast Alaska is very different than other states under Roadless designations. As a result, it said a state-specific rule should reflect these differences and unique characteristics. An Alaska-specific rule would allow further road access for not only timber, mineral, tourism, and renewable energy, but access to resources important to residents for subsistence, recreation and other community, economic, cultural, and social activities.

RDC agrees with the State that roadless conservation interests can be protected under the Tongass Land Management Plan and that the 2001 rule prohibitions are unnecessary. Six Alaska governors, both Republican and Democrat, have requested a total exemption.



RESOURCE DEVELOPMENT GOOD FOR HEALTH

Guest Opinion: Senate President Cathy Giessel

It seems as though we are constantly beating back the regressive ideas that development of our abundant resources is bad, businesses are bad, people who work for businesses are bad, and on and on.

Generally, our response to these views has something to do with revenue to the State of Alaska, jobs and the state's gross domestic product. While true, these cold, dry facts draw little interest.

To my surprise, an article published last May in the *Journal of the American Medical Association* caught my eye and put new and brighter light on what resource development means for Alaskans.

It drew me in. I thumbed through the pages and came to Figure 2, Change in Life Expectancy at Birth by County, 1980 to 2014. It was a map of the US, Alaska and Hawaii showing that the average life expectancy of Alaskans had increased in every area of the state during those years. But the most dramatic increase could be seen in the North Slope and North West Arctic Borough; these two areas saw an 8 to 13-year increase in life expectancy, at birth, between 1980-2014. Nearly 80 percent of the state saw an increase of more than 6 years over that 35-year time period.

That stopped me. I had to ask, what caused this dramatic increase, larger than most of the rest of the US? The researchers' discussion was interesting. Socioeconomic and race/ethnicity, behavioral and metabolic risk factors, and healthcare factors combined to explain 82 percent of the contributing factors to change in life expectancy.

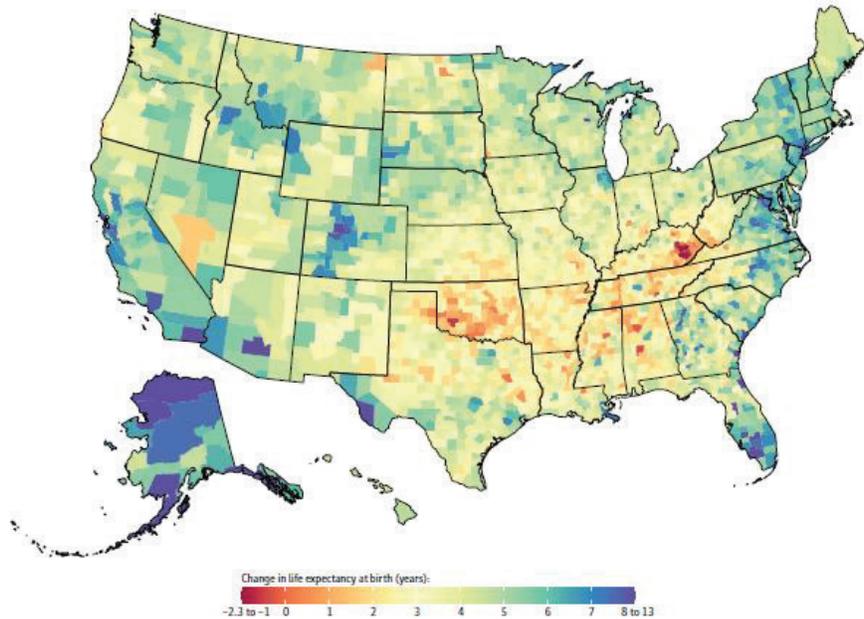
This begged the question: What was happening in Alaska, especially the North Slope and NW Arctic Boroughs, during the years 1980-2014?

Well, that's not hard to answer for those of us who were here in those years. The Trans-Alaska Pipeline began flowing oil in 1977. Red Dog Mine began production in 1990. Both resource developments, along with others around the state, changed Alaska from a struggling new state, to an economically thriving place.

These resources became jobs and opportunity for work close to traditional homes, something previously unavailable. And the North Slope Borough and NW Arctic Borough were formed, enabling the ability to levy taxes that funded community infrastructure.

Healthcare, education, clean water, wastewater treatment and good-paying local jobs transformed rural and urban Alaska. And Alaskans benefited.

After the 1957 discovery of oil on the Kenai, Congress finally decided, in 1958, that Alaska had a chance of supporting herself on her rich resources. Alaskan voters, all 46,000 of them, voted six-to-one to become a state.



Courtesy of the *Journal of the American Medical Association*

As a territorial kid growing up in Fairbanks, I remember those days. I had the delightful chance to frequently go to work with my dad, a Wien Airlines captain. That meant riding along on an F-27 as he made rounds to rural communities around our state. They were referred to as "villages" then and they were isolated, poor and small.

Then came resource development. As a nurse practitioner, I had the wonderful privilege of providing healthcare services in those same rural areas, now thriving communities with schools, clinics, roads and jobs.

In one very remote community, I was on the same flight with a young man, going to his job at Prudhoe Bay. His wife and little son bid him good-bye at the airport. The airline agent told me that the young man was the pride of the community, bringing his paycheck back home, helping his parents and grandparents out with fuel costs in the winter and supporting his family.

That is what resource development means for Alaska's families. It's all about our people.

Yes, we love the state government revenue and services that pays for. We have all prospered during these years since oil and mining production. But the most important benefit of resource development is to our people, our families and our local businesses.

As a healthcare professional, it still brings tears of pride to my eyes to contemplate the change in our state. We still have challenges. But we met challenges before and have demonstrated an ability to solve them. The caribou, polar bears and fish all coexist with our industries. The important thing is our lands are precious for the resources they contain, and our people can and will thrive by utilizing and stewarding them. Alaska's resource development continues to bring health and happiness to our people.

JUNEAU BOARD FLY-IN

RDC HIGHLIGHTS 2019 LEGISLATIVE PRIORITIES

RDC board members from across Alaska and representing virtually all sectors of the economy and the state's resource industries met with legislators and key Dunleavy administration commissioners in its annual Juneau fly-in January 28-29.

RDC President Eric Fjelstad and Past President Ralph Samuels highlighted the organization's top legislative priorities for 2019: Advocate for a long-term fiscal plan by limiting unrestricted general fund spending to a sustainable level and implementing a meaningful limit to spending; allocating a percentage of the Permanent Fund earnings to the UGF to support essential services; and diversifying and expanding the economy in Alaska, by reducing the budget deficit to encourage long-term investment in the private sector.

The fly-in was sponsored by Alaska Airlines, Aleut Corporation, ConocoPhillips, Donlin Gold, ExxonMobil, Hilcorp Alaska, Holland America Line, Parker Horn Company, Lynden, Sealaska Corporation, and Usibelli Coal Mine.



Governor Mike Dunleavy meets with RDC board members on the new administration's legislative priorities.



Commissioner Corri Feige of the Alaska Department of Natural Resources meets with the RDC Board. At left is RDC President Eric Fjelstad.



House Speaker Bryce Edgmon highlights the legislative priorities of the Alaska House of Representatives and his perspective on a long-term fiscal plan.



Above, Glenn Reed of the Pacific Seafood Processors Association participates in the discussion. Also pictured are Mike Satre, Mike Ferris, and Wendy Lindskoog.



Senate President Cathy Giessel discusses natural resource issues before the new session of the Alaska Legislature. Pictured to her left are RDC lobbyist David Parish, President Eric Fjelstad and Rena Miller.



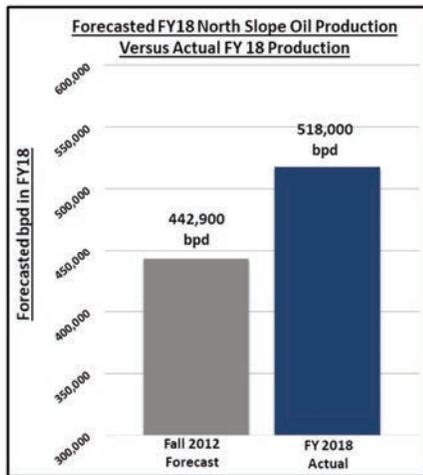
CHANGE TO OIL TAX POLICY WOULD NOT SOLVE ALASKA'S BUDGET PROBLEMS

Guest Opinion: Kara Moriarty

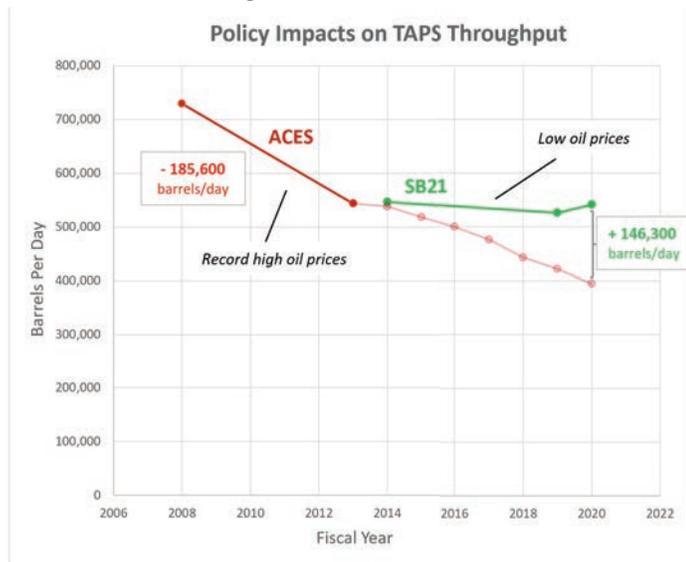
It's not surprising that some in Alaska are once again discussing oil tax policy. Talking oil taxes is almost a state sport, with the tax system changing seven times in just the past 14 years. Given the tough budget conversation underway in our state, it's not surprising that some people are once again trying to put oil taxes in the spotlight. Before we get too far down the road, however, let's take a look at how we got here.

About a decade ago, alarms were sounding about continued decline in the trans-Alaska oil pipeline's throughput, the amount of oil it moves to market. Alaskans were right to be concerned, as oil was, and still is, the state's largest tax and royalty payer. Policymakers and citizens alike rallied around changing the tax structure to encourage more oil production and even upheld the new tax law in a statewide vote.

This decision turned out to be the right move: the new tax policy stopped the dramatic decline rates. During the period of the old "ACES" tax regime (calendar years 2008 – 2013), oil production declined by 169,000 barrels per day, or 6 percent to 8 percent per year. This accelerated decline scared everyone. Fortunately, since the new law took effect in 2014, oil production has stabilized, holding



Source: Fall 2012 & Fall 2018 Revenue Sources Books, Department of Revenue



*FY14 actuals based on DOR Fall 2018 Revenue Sources Book; FY19-FY20 SB21 forecast based on DOR Spring 2019 RSB
*FY14-FY20 ACES production history and forecast assumptions based on DOR Fall 2012 Revenue Sources Book

steady in years of low oil prices. This was no easy feat, and represents billions of dollars invested in our state to make it happen.

Even more telling: In the fall of 2012, the state forecasted that North Slope production in fiscal year 2018 would average 443,000 barrels per day. Thanks to that significant investment focused on more production, North Slope production actually produced 518,000 barrels per day for fiscal 2018, an increase of 75,000 barrels per day over what had been predicted. More production means more revenue for the Permanent Fund and key essential services -- a win for all of us.

“The key takeaway is that our current tax structure is performing. It helped stop the accelerated oil production decline, encouraged new investments in Alaska and re-established the state as a competitive oil basin.”

We understand oil tax policy is complex and hard for even seasoned experts to understand. But the key takeaway is that our current tax structure is performing. It helped stop the accelerated oil production decline, encouraged new investments in Alaska and re-established the state as a competitive oil basin.

Forty-plus years ago, Prudhoe Bay was the largest oil field in North America, and the Goliath of the industry. During this period, Alaska pumped enough oil to give even mega-producer Texas a run for its money, and we even beat them a few times. Flash-forward to today, and Alaska has more competition than we ever imagined. No one could have predicted the flood of new oil coming from the Permian, Bakken and other basins in the Lower 48. Alaska still offers a lot to investors, but we're certainly not the only option – instead of being second in oil production like in our heyday, we now rank sixth among the U.S. states. We must remain competitive, or we will slip even further behind.

That said, Alaska is back on the map. Not only because our current tax structure drives investment, but because recent, new discoveries have caused the North Slope to be reclassified as a “Super Basin.” That designation is given only to oil fields that show enormous potential. No longer an area in inevitable decline, the Slope is once again strutting its stuff, showing off just how huge a resource it really is.

While the state has huge issues to resolve this year, the standard oil tax fallback isn't the answer. Changing oil tax policy yet again, without factoring in the need to remain competitive, would send the wrong signal to investors and stall the positive momentum we're seeing in the oil fields. So, before we let a few get us wrapped around the axle on oil taxes again, let's think about how we got here, and what kind of policy achieves what most Alaskans want: more oil production, more economic growth and more Alaska jobs.

Kara Moriarty is the President and CEO of the Alaska Oil and Gas Association and an RDC Board member.

RDC supports State authorizations for Donlin

In recent comments, RDC urged the State of Alaska to grant land use authorizations to Donlin Gold, LLC that would allow for a submerged lands lease for a port, a private road easement, an airstrip, a fiber optic cable from Cook Inlet to its mine site along a natural gas pipeline route, and materials sites on State lands for road construction.

The authorization would benefit the State by generating revenues from use of state lands, lands that have very little revenue potential otherwise.

The gas pipeline, which would cross various state lands, would provide a stable source of energy for the Donlin project and has the potential to offer the same to local communities if they choose to tie into the pipeline at a later date. A fiber optic cable would run alongside the pipeline and communities can choose to tie into it to increase telecommunication capacity and provide other opportunities.

The pipeline would bring natural gas closer to rural Alaska, and potentially offer lower cost energy options to the region and job opportunities leading to reduced out-migration. The gas pipeline is also a superior energy source than other options and offers a better delivery method.

Approval of the authorizations would give Donlin access to the project site while avoiding direct impacts to the village of Crooked Creek. A 27-mile road and port are planned to eliminate project traffic from the community by building a new port on lands



An aerial view of the Donlin Gold mine site.

owned by The Kuskokwim Corporation and Calista Corporation near Jungjuk Creek.

In addition, a Kuskokwim River port lease is needed to allow construction of a dock face to provide safe, reliable handling of materials and fuel. Donlin proposed the gas pipeline as an alternative after residents along the Kuskokwim River expressed concerns about excess barge traffic delivering diesel to the project. The pipeline would reduce expected fuel barge traffic on the river by nearly 67%.

The airstrip location was selected to provide safe and reliable access for transporting crews to and from the mine site, and the proposed road easement is a private access road for public safety reasons to avoid accidents between industrial mine traffic and light vehicle use.

The Donlin Gold project is located in

a region of Alaska that experiences some of the highest unemployment and poverty rates and has very few other opportunities. Donlin has shown a strong commitment to local hire and supporting communities.

“A project like this truly is a rare opportunity to improve the local economy where few other opportunities exist,” said RDC Executive Director Marleanna Hall. “New mining operations in the area, should they come to fruition, can be of great economic benefit to Alaska and local communities, as well as Alaska Native corporations and shareholders.”

The Donlin project when developed, would benefit Alaska Native corporations statewide. Royalties paid to the Calista Corporation would in part be redistributed to other regional and village corporations.

Toxic Release Inventory not a reflection of risk

The March release of the annual Toxic Release Inventory (TRI) National Analysis by the U.S. Environmental Protection Agency provides an inaccurate picture of the chemical releases into Alaska’s environment.

The Alaska Department of Environmental Conservation (DEC) reported in a recent press release that substances are placed on the TRI list based on their potential to cause adverse effects to human health or the environment. However, DEC said it is important to note that the TRI data alone do not reflect actual exposures or risk posed by releases, since almost all of the releases are regulated under

permit conditions designed to limit human and environmental exposure.

“Nearly all of the reported releases in Alaska consist of rock and low-grade mineral ore that are disposed of in state-permitted and monitored disposal sites, engineered to prevent harm to the environment and human health,” said DEC Commissioner Jason Brune. “Big mines like Red Dog move a significant amount of material as part of their daily operations, but such actions do not adversely impact human health and the environment. Characterizing such releases as toxic is disingenuous at best.”

Since 1998, when metal mining was added to the TRI, over 99 percent of

Alaska’s reported releases have consisted of naturally occurring trace minerals found in rock and low-grade mineral ore excavated from mine sites.

Much of the reportable mineral content is stable and non-reactive or safely bound in the host rock. For releases from all industries other than those characterized from the movement of rock and low-grade mineral ore in metal mining, Alaska ranks amongst the lowest in the nation.

The 2017 TRI analysis and TRI Web-based tools can be found at:

epa.gov/toxics-release-inventory-tri-program

15TH ANNUAL WOMEN IN RESOURCES RECEPTION

RDC's 15th Annual Women in Resources Reception was held in Juneau March 28th bringing together dozens of women executives from across Alaska's resource industries to meet with women legislators and members of the Dunleavy administration.

Although the reception is generally informal, RDC board members highlighted the organization's top legislative priorities.

Sponsors of this year's event were Alaska Airlines, Alyeska Pipeline Service Company, Arctic Slope Regional Corporation, ASRC Energy Services, BP Alaska, ConocoPhillips Alaska, Inc., ExxonMobil, Hilcorp Alaska LLC, Kinross Fort Knox, Lynden, Northern Star Pogo LLC, and Usibelli Coal Mine, Inc.



RDC urges BLM to develop new land management plan for petroleum reserve

As the Bureau of Land Management (BLM) begins the process of revising the management plan for the National Petroleum Reserve-Alaska (NPR-A), RDC encouraged the agency to ultimately produce a plan that demonstrates federal lands in Alaska are open for business.

In comments to BLM, RDC said the development of new energy deposits in NPR-A will benefit Alaska, local communities, and the nation. Revenues derived from new production will help sustain important state services. Industry activity will also provide new job opportunities for local residents and others while boosting the economy.

RDC said increased access to NPR-A should be accommodated with provisions to protect the traditional ways of life, especially the subsistence needs of northern Alaska residents. RDC said re-opening highly-prospective areas of NPR-A to future lease sales would advance the President's goal of American energy dominance.

The 2013 Integrated Activity Plan for NPR-A unnecessarily prohibits leasing and development on nearly half of the energy reserve, including potentially oil-rich lands in much of Northeast NPR-A south of Teshekpuk Lake that had been opened to development. "The 3.1 million acres in Northeast NPR-A closed to leasing under the 2013 IAP was an overreach by the federal government," said RDC. "Oil and gas leasing and exploration has occurred on these lands in the past and should be allowed going forward."

In 1923, Congress designated NPR-A, an area larger than the state of Maine, for energy production. In planning for future development, BLM can deploy reasonable mitigation measures to protect surface resources important to local residents for subsistence needs and the environment.

Given NPR-A was specifically designated by Congress for the production of energy resources, RDC emphasized it is important BLM provide access to prospects with the highest potential.

North Slope commercial oil and gas deposits have occurred almost exclusively within a 25-mile strip of the Beaufort Sea coastline – a geologic structure known as the Barrow Arch. Several large discoveries have been announced in recent years within the arch in two little-explored reservoirs that extend into the energy reserve – the Nanushuk and Torok formations.

Exploration efforts targeting the Nanushuk formation in 2015 resulted in a major discovery in the Pikka Unit, an area comprised of State of Alaska leases north of the village of Nuiqsuit. Two wells drilled in 2017 at a prospect known as Horseshoe showed new evidence of a large find that extended the already huge Nanushuk play by an additional 20 miles. The Horseshoe wells confirmed the Nanushuk reservoir as a significant emerging opportunity on the North Slope and a potential game changer with billions of barrels of conventional oil.

In addition, a major discovery of at least 300 million barrels of oil has occurred at the Willow prospect in Northeast NPR-A.

The highly-promising Nanushuk reservoir indicates energy reserves in NPR-A may be much higher than estimated under the previous administration. Federal geologists estimated the energy reserve contained approximately 10 billion barrels of recoverable oil, but those projections were sharply reduced to less than 850 million barrels in 2010. However, in light of the recent finds, the U.S. Geological Survey has since revised its mean estimate of oil reserves in NPR-A to approximately 8.7 billion barrels.



PERMITTING SHOULD FOCUS ON QUALITY, NOT PAGE COUNT

By Eric Fjelstad and Bill Jeffress



Last fall's ballot initiative campaign made clear that there are many misperceptions about what it takes to permit a project in Alaska and, specifically, about the federal permitting process being undertaken to evaluate resource development projects. Alaska has an abundance of federally protected wetlands and federal lands, which results in federal agencies playing a key role in the permitting of resource development projects in the state.

The current federal administration has made permitting reform a top priority. This is important for Alaskans because resource development is a fundamental cornerstone of our economy. However, there are interests openly advocating that Alaska's resources should stay in the ground, and that we should not build roads or other infrastructure. These interests actively work to stop projects and are strongly resisting efforts to reform the federal permitting processes. Their latest claim, arising on multiple fronts, is that federal project evaluations are being undertaken too quickly.

The National Environmental Policy Act of 1970 requires agencies to prepare an environmental impact statement (EIS) for most large projects. For many years, the preparation of an EIS was a relatively straightforward process - agencies took two years or so to prepare a document that was generally a few hundred pages long. In recent years, expectations for an EIS have changed exponentially, yielding a process today that is hardly recognizable from the approach that was successfully used for decades.

The EIS documents for complex or controversial projects sometimes span thousands of pages and take five years or longer to complete. However, the quality of a document is usually improved by efforts to make it shorter and more concise. The current administration is moving towards an EIS process that is better managed and focused on producing high quality analyses under reasonable time frames. This change generates resistance from those who are opposed to development and have little or no interest in seeing a rational permitting process.

We are seeing this play out in Alaska with pushback on projects across the spectrum such as the leasing programs for NPR-A and the ANWR 1002 area, the Pebble Project, and other oil, gas and mining projects. In Alaska, the agencies overseeing an EIS for a major project will almost always face intense criticism that the process was flawed.

This type of opposition is a virtual certainty irrespective of the quality of the work. Almost every EIS in Alaska covering oil and gas, mining, infrastructure and timber management is challenged in court. The legal challenges generally raise the same arguments — namely, that the EIS analysis was inadequate because it did not fully address the impacts of the project, that the agency should have considered different alternatives and that the public did not have enough time to meaningfully participate in the various steps of the EIS process. Not surprisingly, these arguments are being made now in the context of the Pebble Project and other high-profile resource projects in Alaska.

In the case of the Pebble Project, its EIS is overseen by the U.S. Army Corps of Engineers. Given the level of interest in Pebble, the Corps has appropriately recognized that the EIS process must be well-managed, provide meaningful opportunities for stakeholders, focus on the key issues and be completed under a reasonable time frame. This is unwelcome news to opponents of Pebble, who are working hard to create a perception that the Corps' EIS process is moving too quickly and is shortchanging the public.

The EIS process officially began in December 2017. The Corps is developing the Draft EIS (DEIS) in close coordination with numerous federal, state, local, and tribal governments. It established a comprehensive project website that is regularly updated. The website includes a wide variety of documents and all 130-plus Requests for Information made by the Corps to the Pebble Partnership requiring in-depth data and analysis of a wide range of issues. This degree of "real time" transparency by an EIS lead agency is unprecedented in Alaska.

The Pebble EIS process is steadily moving along, with the DEIS released to the public in February. The 90-day public comment period will continue up to May 30th and hearings are underway. The Corps has set a goal of issuing a final permit decision during 2020.

Pebble has spent over a decade and hundreds of millions of dollars preparing for the permitting process by carrying out extensive environmental and engineering baseline studies and working closely with relevant agencies to address the needs of the EIS. The effort to move Pebble into and through the process has been a marathon, not a sprint.

The criticisms surfacing about Pebble are familiar, and the public should expect to see similar claims made on other fronts as high-profile Alaska projects are vetted. For opponents of resource development, there is never enough time in the process and never enough pages in the EIS. They know delays and uncertainty can stop projects, and they will continue to resist efforts to improve the process.

The Corps recognizes the process must be actively managed. In the case of Pebble, the proposed two to three-year process for review is consistent with the time frames for other major projects. An efficient permitting process that reaches timely decisions while not compromising our high environmental standards will ensure that the state's resources are responsibly developed for the benefit of all Alaskans and protect the future of Alaska's economy.

To learn more about the DEIS and an overview of the scaled-down Pebble Project analyzed in the document, please visit pebblepartnership.com.

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INDUSTRY DIGEST



Inupiaq leaders testify against bill repealing ANWR leasing program

A hearing on H.R. 1146, a bill to repeal the proposed Arctic National Wildlife Refuge (ANWR) oil and gas lease sale program, was held March 26 in Washington, D.C. by the House Natural Resources Subcommittee on Energy and Mineral Resources. Matthew Rexford of the Native Village of Kaktovik and a board member of Voice of the Arctic Inupiat, Fenton Rexford with the North Slope Borough, and Richard Glenn with Arctic Slope Regional Corporation testified in opposition to the bill.



Inupiaq leaders testify in Washington, D.C. on H.R. 1146. (Photo courtesy Voice of the Arctic Inupiat.)

“We follow in the footsteps of our ancestors who have traversed these lands for thousands of years,” said Matthew Rexford. “The entire coastal plain has been continuously inhabited and used by the Inupiaq. The Western definition of wilderness, to us, implies desolation, a land without people.”

Fenton Rexford testified, “This school of thought amounts to nothing more than green colonialism – a political occupation of our lands in the name of the environment while others exploit the idea of wilderness for economic gain.”

Kaktovik is the only community within ANWR and archaeological dating shows the region has been occupied by the Inupiat for more than 11,000 years.

ANWR resolution passes Alaska Legislature

The Alaska Legislature has approved a resolution calling upon the federal government to open the non-Wilderness portion of the coastal plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas leasing. The Alaska House voted 36-3 and the Senate voted 18-1 in favor of the resolution. A resolution is a non-binding statement of intent, not law. A similar resolution has been approved by every two-year session of the Alaska Legislature since 1997.

Ice seals are adapting to shrinking sea ice: De-listing proposed

The State of Alaska, along with the North Slope Borough, Arctic Slope Regional Corporation and Inupiat Community of the Arctic Slope submitted a petition last month to the National Marine Fisheries Service (NMFS) requesting delisting of the Arctic subspecies of ringed seal, currently listed as threatened under the Endangered Species Act (ESA).

The petition presents evidence that the 2012 listing was made in error. New information and reanalysis of prior data demonstrate that The Arctic subspecies of ringed seal continues to occupy the entire circumpolar Arctic, with a population numbering in the millions.

The petition argues that the “foreseeable future” extending out to 2100, as defined by NMFS for the listing rule, is not as scientifically defensible as a period extending to 2055, based on three ringed-seal generation times. It also points out that at the time of listing, NMFS lacked scientific information adequate to show how the population would respond to projected habitat declines, or that the population will decline to the point of extinction even out to 2100.



Maintaining the threatened listing, particularly following the designation of critical habitat, will have significant consequences for Alaska’s economy and the traditional lifestyles of Alaska Natives.

“New information shows no evidence of declines in ringed seal populations,” said Alaska Division of Wildlife Conservation Director Eddie Grasser. “The seals are handling current environmental changes well. ESA listings should be reserved for imperiled species not for species with healthy, robust populations that number in the millions.”

BP Energy Outlook anticipates growing needs

“The biggest theme that comes out of this year’s BP Energy Outlook is the dual challenge, the need for more energy and less carbon,” said Spencer Dale, BP Group’s Chief Economist.

Released in February, the Energy Outlook noted development in the poorest parts of the world is inherently linked to increased energy consumption. At the same time, the current trajectory for energy supply and usage will not meet goals for reducing carbon emissions. And whatever realistic trajectory future energy demand and supply takes, oil demand is set to increase, the Energy Outlook pointed out, with supplies of almost all fuels needing to grow between now and 2040, the timeframe for BP’s analysis.

The Energy Outlook sees a rapid increase in the use of renewable energy. It also sees India, rather than China, having the fastest growth in energy needs.

Under one future scenario, underpinned by evolving government policies and technologies, renewable energy grows the fastest of any energy sector, but anticipates natural gas demand growing strongly. Oil demand would continue to grow before plateauing in the 2030s. Oil demand growth would require trillions of dollars in investment in finding and developing the resource.

Oil would remain dominant as a fuel in the transportation sector but its use in the sector would fall to 85 percent by 2040 compared with 94 percent today. Much of the demand would come from marine transportation and aviation.



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