



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

2018 ANNUAL REPORT



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About RDC

RDC is a statewide association comprised of individuals and companies from Alaska's oil and gas, mining, forestry, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

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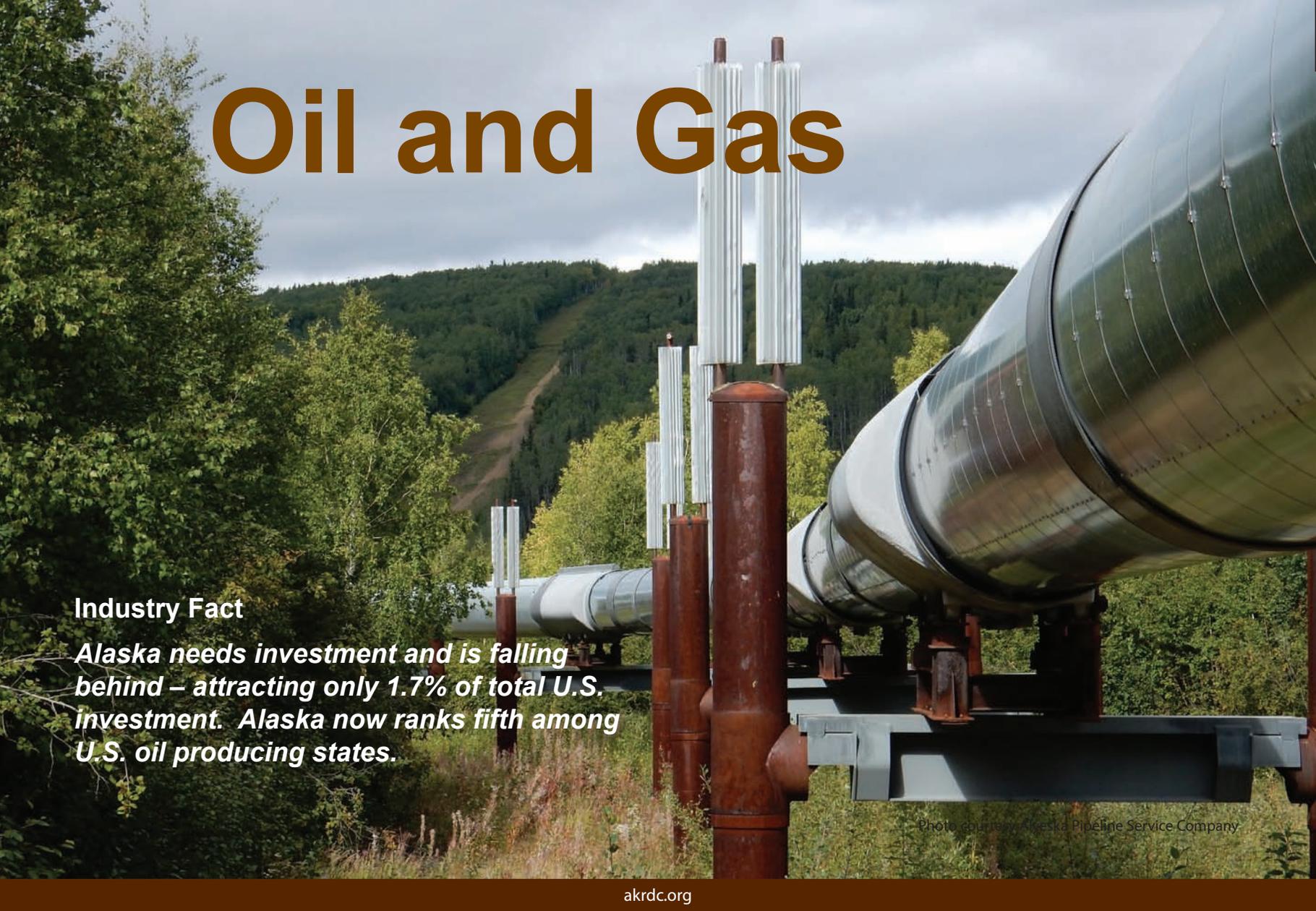
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Oil and Gas

A large, multi-lane oil pipeline runs through a lush, green forested landscape. The pipeline is supported by a series of tall, rusted metal towers. The sky is overcast with grey clouds. The pipeline curves into the distance, following the contours of the hills.

Industry Fact

Alaska needs investment and is falling behind – attracting only 1.7% of total U.S. investment. Alaska now ranks fifth among U.S. oil producing states.

Photo courtesy of Alaska Pipeline Service Company

Overview

North Slope oil production continues to drive Alaska's economy, comprising 77 percent of the state's general fund revenues at \$2.4 billion. Overall, the industry accounts for more than one-third of the Alaska economy.

The industry directly employed 5,033 workers in Alaska, including 4,275 residents earning \$749 million in wages. In 2017, the industry spent \$4.6 billion with 1,000 Alaska vendors and generated a multiplier effect resulting in 41,300 jobs and \$2.4 billion in wages. When all government impacts are considered, the industry accounted for \$6 billion in wages and over 109,000 jobs - 35 percent of all jobs in Alaska.

The North Slope has produced more than 17 billion barrels of oil with current production at approximately 540,000 barrels per day, which continues a multi-year trend in rising production.

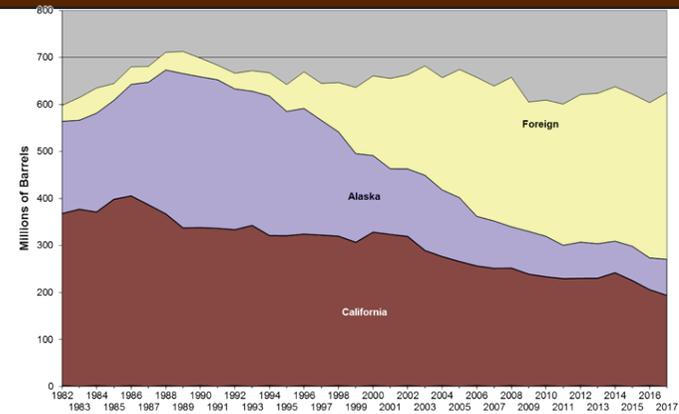
There is an estimated 40 to 50 billion barrels of oil remaining to be developed onshore and offshore northern Alaska. The majority of this remaining resource is in federal areas. However, on state lands there are encouraging recent discoveries with the potential of five billion barrels of oil. In federal areas, there is an estimated 45 billion barrels of oil, including 27 billion barrels offshore, 8.8

billion barrels in the National Petroleum Reserve-Alaska, and 10 billion barrels in the non-Wilderness portion of the coastal plain of the Arctic National Wildlife Refuge, where after decades of effort, it was recently opened by Congress. Two lease sales are to be held there within the next four years.



RDC's Efforts

- Launched efforts opposing changes to current state oil tax policy.
- Submitted comments in support of Arctic and Cook Inlet lease sales in the proposed 2019-2022 Outer Continental Shelf leasing program.
- Submitted comments and testified in support of the Nanushuk project.
- Submitted comments and testified in support of the Greater Mooses Tooth 2 Project in the National Petroleum Reserve-Alaska (NPR-A).
- Testified in support of opening the ANWR Coastal Plain to oil and gas development.
- Supported permitting for the AK LNG Project.
- Submitted comments supporting lease sales in the Beaufort Sea.



The chart depicts crude oil supply sources to refineries in California. As domestic production has declined, the state has been forced to import more crude from foreign sources. The chart stresses the need for Alaska projects.

- Generated comments supporting the Preferred Alternative in the Liberty project Environmental Impact Statement.
- Supported a road from Nuiqsut to Utqiagvik.
- Published Action Alerts and submitted comments on a wide range of other oil and gas issues.
- Featured updates in the *Resource Review* newsletter and hosted public forums with presentations from oil industry executives.
- Published background paper on the oil and gas industry at akrdc.org.

Mining



Industry Fact

In 2017, the industry accounted for \$250 million in payments to Alaska Native corporations and \$109 million in state government-related revenues.

Overview

Mining is growing in Alaska's economy, providing more than 9,000 direct and indirect Alaska jobs and \$700 million in personal income throughout the state.

In 2017, the industry accounted for \$250 million in payments to Alaska Native corporations, \$109 million in state government-related revenues, and mostly year-round jobs for residents of many Alaska communities – half of which are in rural Alaska where few other jobs are available.

The mining industry in Alaska includes exploration, mine development and production. Alaska's mines produce coal, gold, lead, silver, zinc, as well as construction materials such as sand, gravel, and rock. Alaska also contains many Rare Earth Elements, a much needed resource for the nation.

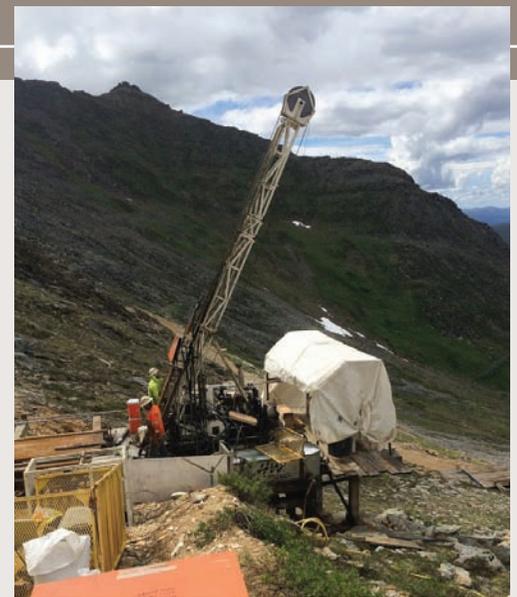
There are six major producing mines in Alaska and seven projects in the exploration or permitting stage. In addition, more than 600 placer mines operate across the state.

New mining projects offer opportunities in communities where few or no other jobs or opportunities exist. However, these projects require extensive capital investment, which is greatly influenced by state and federal policy changes impacting the industry.



RDC's Efforts

- Testified and commented in support of the Donlin Gold project.
- Submitted comments on Miscellaneous Land Use Permit for the Pebble project.
- Submitted comments on Draft Anti-degradation Implementation regulations.
- Advocated for a fair permitting process for future projects, including the Pebble Project.
- Urged the Environmental Protection Agency to withdraw the July 2014 Proposed Determination on the Pebble Project.
- Submitted comments on the Environmental Protection Agency's and U.S. Army Corps of Engineers proposed rule to redefine the "Waters of the United States."
- Submitted comments and defended due-process for the proposed Ambler Mining District Industrial Road Access Project.
- Submitted comments on Financial Responsibility Requirements under CERCLA 108(b) for Classes of Facilities in the Hardrock Mining Industry.
- Expressed concerns with the Ch'u'itnu Traditional Landscape nomination.
- Featured mining issues and projects in the *Resource Review* newsletter and hosted public forums with presentations from mining industry executives across the state.
- Published background paper on the mining industry at akrdc.org.



Forestry



Industry Fact

In 2017, more than 100 million board feet of timber was harvested – the majority from Native corporation lands.

Photo courtesy Koncor Forest Products

Overview

Today, Alaska's forest products industry provides hundreds of jobs and contributes millions of dollars to Alaska's economy. Furthermore, each direct timber job creates at least three indirect jobs.

In Alaska, there are two distinct forest types. The coastal rainforest begins in southern Southeast Alaska, and extends through Prince William Sound, and down the Kenai Peninsula to Afognak and Kodiak Islands. The two largest national forests in the United States – the Tongass and the Chugach – are in this region. The boreal forest covers much of interior and southcentral Alaska.

The timber regions are managed by four landholders - the federal government, 51 percent; state, university and local governments, 25 percent; Native corporations, 24 percent; and other private landowners, 0.4 percent. Most of the commercial timber harvest is in the coastal zone, primarily on federal and Native corporation land.

For each acre of the Tongass that is scheduled for timber harvest in the future, there are 10 acres of land designated by Congress as Wilderness that will never be logged and another 14 acres that are

managed for recreation, wildlife habitat and uses other than logging.

In recent years, the Tongass harvest has averaged 35 million board feet (mmbf), a fraction of the sustainable harvest of 520 million board feet reached in the 1980s and early 1990s. A 2008 land management plan amendment reduced the annual harvest cap to 267 mmbf. A 2016 amendment capped the annual harvest at 46 mmbf with a 15-year schedule to reduce the old-growth portion to five mmbf.

In 2017, more than 100 million board feet of timber was harvested – the majority from Native corporation lands.

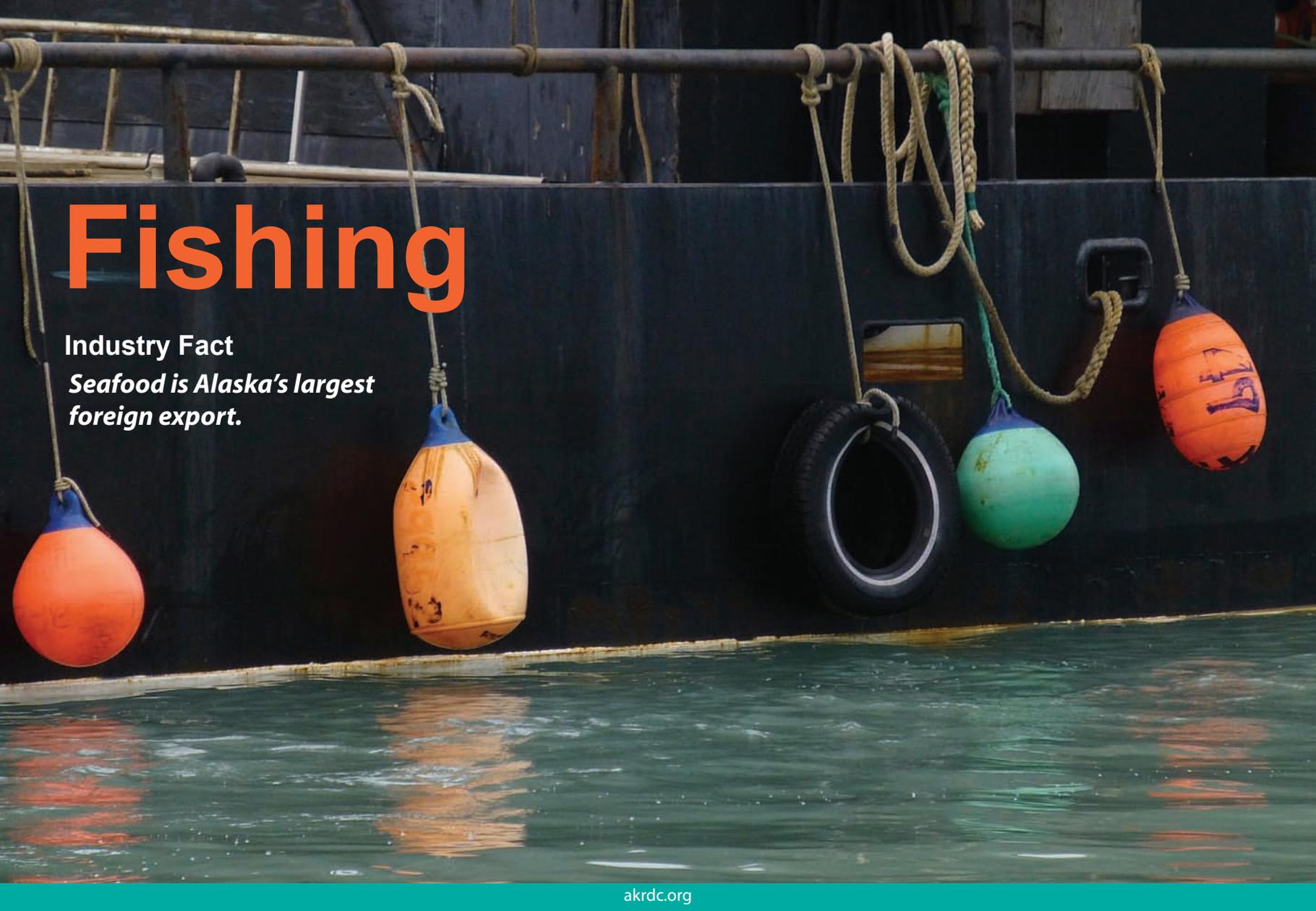


RDC's Efforts

- Supported efforts to rescind the Record of Decision on the Tongass Land Management Plan and exempt Alaska's national forests from the so-called Roadless Rule.
- Intervened in a lawsuit challenging the Big Thorne Timber Sale.



- Supported a proposed land exchange between the Alaska Mental Health Trust Authority and the U.S. Forest Service.
- Submitted comments and testified in support of a proposed ten-year timber sale near Haines.
- Submitted comments supporting the streamlining of the regulatory process for forestry.
- Featured forestry issues and projects in *Resource Review* newsletter.
- Published background paper on the forestry industry at akrdc.org.

A close-up photograph of a fishing boat's side. A dark metal railing runs horizontally across the top. From this railing, several items are suspended: a bright orange buoy, a yellow buoy with a blue top, a black tire, a green buoy, and another orange buoy with some purple markings. The boat's hull is dark, and the water below is a deep greenish-blue with some ripples. The overall scene is a typical view of a fishing vessel at sea.

Fishing

Industry Fact

Seafood is Alaska's largest foreign export.

Overview

With more coastline than the entire continental U.S. combined, Alaska is one of the most bountiful fishing regions in the world. The state produces a wide variety of seafood. All five species of Pacific salmon, four species of crab, many kinds of groundfish, shrimp, herring, sablefish, pollock, and Pacific halibut are all harvested in Alaska. The fisheries of Alaska are recognized as some of the best managed in the world.

The top U.S. seafood producer, Alaska harvests more than five billion pounds annually and accounts for over 60 percent of total U.S. commercial fishery harvest volume. The state generally ranks sixth in seafood export value compared to all other seafood producing nations. Salmon generate more processing jobs than any other fishery, but in terms of volume of the catch, the state's largest fishery is groundfish where a relatively small number of boats catch an enormous amount of fish, predominantly pollock.

Seafood is Alaska's largest foreign export. The seafood industry is the second largest basic sector job creator in Alaska after the oil and gas industry. In recent years, the fishing industry has generated more than 60,000 combined seasonal and full-time jobs statewide. Including the multiplier effects, the seafood industry accounted for \$2.1 billion in total labor income



and \$5.9 billion in total economic activity annually in Alaska in recent years. The industry on an annual basis also brought in more than \$138 million in revenue for state and local governments.

The Alaska seafood industry has faced significant challenges recently, and among the biggest concerns are flooded global markets, a strong U.S. dollar, increased labor costs, and an unstable tax regime.

Sportfishing in Alaska is a \$1.4 billion industry, directly and indirectly providing approximately 16,000 jobs statewide, \$545 million in income, and \$125 million in state and local taxes. Sport fishing remains an important recreational activity and economic driver to Alaska.



RDC's Efforts

- Submitted comments on the Recovery Plan of the Cook Inlet Beluga Whale.
- Partnered with business organizations to encourage congressional oversight on National Ocean Policy.
- Published background paper on the fishing industry at akrdc.org.
- Presented annual industry update at RDC's Alaska Resources Conference.

Tourism



Industry Fact

Alaska's visitor volume is soaring with yet another record expected this year.

Overview



A new record was set in Alaska last year and it didn't have anything to do with temperature or snowfall. According to the McDowell Group, more than 1.8 million people visited the state between May and September, the highest number of visitors ever. Some 55 percent of those visitors arrived by cruise ship, followed by air travelers at 40 percent. Highway and/or the Alaska Marine Highway travelers accounted for five percent of total visitation.

There are thousands of businesses that depend on the passengers coming to Alaska to take their tours, dine in their restaurants, and stay in their guest rooms. Visitors benefit a multitude of Alaskans in different ways.

2018 is projected to be another record year for tourism. Today's visitor volume is an impressive 22 percent higher than the recent

low in 2010, largely attributed to an increased tax burden on cruise ship passengers in Alaska by way of a ballot measure. The head tax forced cruise operators to more investment-friendly destinations, taking nearly 150,000 passengers with them. When the tax was reduced in 2010, industry responded by bringing ships back to the state.

Tourism continues to be a large private sector employer in Alaska, accounting for over 40,000 direct and indirect jobs.



RDC's Efforts

- Administer Alaska Alliance for Cruise Travel efforts and promote its mission to advocate for a positive business environment for Alaska tourism.

- Supported equitable environmental laws for the tourism industry.
- Supported increased access and infrastructure for tourism across the state.
- Engaged in tourism promotion to increase awareness of environmentally-sound practices, such as wastewater treatment systems and recycling management.
- Featured tourism articles on issues and news in the *Resource Review* newsletter, and hosted public forums featuring tourism presentations by executives around the state.
- Published background paper on the tourism industry at akrdc.org.

- **View action alerts and comment letters**
- **Access industry overviews**
- **Be in the know on RDC events**
- **Watch presentations**
- **View corporate and individual members**
- **View RDC board and staff**
- **Read RDC newsletters back to 1978**
- **Look over RDC policy positions**
- **See RDC's involvement in legislative issues**

All this, and more at akrdc.org.

The RDC board and staff continues its active engagement in Juneau each session, testifying and providing written comments on a number of bills. In addition, staff submitted policy positions, and multiple letters regarding the fiscal situation and other specific legislation.

- Action Alerts – Multiple Action Alerts and testimony on HB 288, an oil and gas tax bill
- Support HB 331 – a bill to address tax credit obligations of the State
- Oppose HB 199 – oppose proposed revisions to Title 16 Fish and Wildlife habitat permits
- Coalition letter – Coalition oppose HB 199
- Oppose HB 411 – an oil and gas tax bill
- Oppose HB 399 – a bill related to corporate tax, exemptions and credits
- Oppose HB 272 – a bill creating a new state game refuge near Tangle Lakes
- RDC Policy Positions letter to Legislators

RDC urged Governor Bill Walker and legislators to achieve a long-term fiscal plan, to grow the private sector, and to oppose major changes to fish habitat regulations that are already working.

Other issues

Supported the efforts of Stand for Alaska • Waters of the U.S. Rule (jurisdictional wetlands)
Wetlands compensatory mitigation • AK LNG Project
ESA listings and critical habitat designations • National Ocean Policy
Coastal and Marine Spatial Planning • Health Impact Assessments
Multi-sector General Permits • Anti-degradation implementation regulations
Cook Inlet Beluga Whale Recovery Plan • Arctic Infrastructure
National Forest System land management • Resource Conservation Rule

Visit akrdc.org for updates on these and other important issues



Events



Annual Membership Luncheon June 2017

The 42nd Annual Membership Luncheon featured keynote speaker Hal Quinn, President & CEO, National Mining Association. Mr. Quinn spoke to a “New Direction for American Mining and Energy Policy” six months after President Donald J. Trump took office.

Community Outreach Trip August 2017

RDC board members, staff, and guests traveled to Prudhoe Bay in a Holland America motor coach, ultimately arriving by air to view mile zero of the Trans-Alaska Pipeline System. Tours included the Livengood Gold Project site north of Fairbanks, the BP Operations Center at Prudhoe Bay, the Barrow Utilities and Electric Cooperative and its utilidor, the Iliasagvik College, the Inupiat Heritage Center and other community venues.



Alaska Resources Conference November 2017

The 38th Annual Conference, attended by nearly 1,000 people, featured 30 speakers from across Alaska’s resource sectors. The Governor, legislators, state and federal agency officials, industry representatives and students attended two days of panel sessions, a multi-industry trade show, and a VIP reception open to all attendees.

Legislative Fly-in to Juneau January 2018

RDC board members and staff traveled to Juneau and met with the Governor and Lt. Governor, legislators, and administration officials to discuss issues affecting RDC members. The meetings and a legislative reception were well attended by policy makers and focused on the need for a long-term fiscal plan and major concerns with the flawed fish habitat bill.



Women in Resources – March 2018

RDC’s 14th Annual Women in Resources Reception, hosted by the women board members of RDC, was held in Juneau March 22nd. The event brought dozens of women executives from across Alaska’s resource industries to meet with women legislators, women leaders in the Walker administration, as well as First Lady Donna Walker and Mrs. Toni Mallott. While the reception is generally informal in nature, the RDC board members highlighted RDC’s priorities this year, given the state’s fiscal issues and industry concern with unnecessary changes to fish habitat regulations.

Breakfast Meetings – September to May

Breakfast forums feature current events and topics, including project updates, legislative presentations, industry updates, and more. Visit akrdc.org for the fall schedule. Visit akrdc.org for the fall schedule.