2018 Board of Directors
Stand for Alaska

“We have excellent protections for salmon right now. Throwing up additional roadblocks because you just don’t like a particular project can have wide-ranging ramifications across the state.”

John MacKinnon, Associated General Contractors of Alaska
RDC board member

“Our lifeblood is also in protecting fisheries habitat... My group understands the downsides of this initiative. We rely on docks, which need permits, and we understand the need for coastal communities to grow.”

Stephanie Madsen, At-Sea Processors Association
RDC board member

“This initiative undermines Alaska Natives’ rights to develop our lands as we see appropriate. Our communities cannot afford this far-reaching regulatory burden that has not been proven necessary, based on science or any other premise.”

Jaeleen Kookesh, Sealaska Corporation
RDC board member

“Alaska is already in a serious recession... The last thing we need is more expensive, time consuming, and unnecessary policies that cost Alaskans their livelihoods.”

Joey Merrick, Laborers’ Local 341
RDC board member

Above, RDC board members from across Alaska’s resource industries speak out against Ballot Measure One at their 43rd Annual Meeting in Anchorage last month. The measure would overhaul regulations affecting virtually any type of project in Alaska. It is opposed by a broad coalition of Alaskan businesses and Alaska Native corporations. Learn more at StandforAK.com.

Photo by Judy Patrick Photography
New RDC board announced

The Resource Development Council’s statewide Board of Directors met in Anchorage June 20th for its 43rd Annual Meeting to elect new members and officers. The board also met with Susan Dio, Chairman and President of BP America, Inc. and received updates on the state’s oil and gas, mining, fishing, tourism, and forest industries.

Eric Fjelstad, Perkins Coie LP, was re-elected to a third consecutive term as president. Jeanine St. John, Lynden, was elected Senior Vice President and Scott Jepsen, ConocoPhillips Alaska, Inc., was elected Vice President. Mike Satre, Hecla Greens Creek Mining Company, will serve as Secretary. Lori Nelson, Hilcorp Alaska LLC was elected Treasurer, and Ralph Samuels, Past President.

Newly-elected board members were Cindy Bailey, Oil Search Alaska LLC; Rosie Barr, Calista Corporation; Andy Cole, Donlin Gold LLC; James Hill, AllPro Alaska Toyota; Rada Khadjinova, Fugro; Wendie MacNaughton, Sumitomo Metal Mining Pogo LLC; Genevieve Schok, Flowline Alaska, and Tim Williams, Alaska Railroad Corporation.

Elected to the Executive Committee were Anna Atchison, Kinross – Fort Knox, Lorali Simon, Usibelli Coal Mine, Inc., and Casey Sullivan, Andeavor.

Dio: Transition not about renewables alone

Alaska is uniquely positioned to lead and benefit from a global transition to a lower-carbon economy, according to Susan Dio, Chairman and President of BP America, Inc.

Speaking before an audience of over 700 at RDC’s 43rd Annual Membership Luncheon in Anchorage last month, Dio said the global transition “is not about renewables alone, it’s about making every type of energy cleaner and better.”

The BP America top executive pointed out that the energy industry faces a dual challenge in the decades to come – the world has to meet rising global energy demand while simultaneously reducing greenhouse gas emissions. She explained that global GDP per capita will increase 74 percent out to 2040 with more than 2.5 billion people emerging out of poverty.

Over that same period, BP predicts that global energy demand will increase by 35 percent. The entire increase will come from developing countries, primarily China and India.

How do we meet that demand while also reducing emissions? Dio said it can’t be done by renewables alone.

“Even in BP’s most aggressive lower-carbon scenario – a scenario thought to be consistent with meeting the Paris climate goals – fossil fuels still account for more than 50 percent of total energy in 2040, and oil and gas alone account for more than 40 percent,” Dio said. “Bottom line: renewables alone will not be enough to meet the world’s energy needs or deliver a meaningful reduction in CO2 emissions.”

Dio said instead the world must focus on improving all kinds of energy, including fossil fuels. She pointed out BP is working to reduce emissions in its operations by improving products and creating new low-carbon businesses.

The company has become the largest supplier of renewable natural gas or biogas which comes entirely from organic waste and it can reduce vehicle emissions dramatically compared with gasoline and diesel. BP also remains the largest marketer of traditional natural gas in North America and its 14 U.S. wind farms can produce enough electricity to power all the homes in Alaska and Seattle combined. And BP recently announced plans to build the largest solar energy facility in Kansas.

Dio emphasized that the energy transition is also about improving efficiency and reducing carbon intensity across the board, while expanding the use of natural gas. With its massive reserves of natural gas and the deployment of enhanced oil recovery technology, she noted Alaska has an opportunity to play a major role in the transition.

“Even under highly aggressive carbon-reduction scenarios, oil and gas remain a significant part of the global energy mix for decades to come,” Dio said. “In that sense, ANWR can help Alaska continue supplying the energy that supports global prosperity, even as the world transitions to a lower-carbon economy.”

“We’ve been urging policy makers to remember that energy production and environmental protection are not mutually exclusive,” Dio said. “The world can have the energy that powers economic growth and lifts people out of poverty while also reducing greenhouse gas emissions and conserving natural resources. We can meet the dual challenge.”
Generations of Alaska Native people have revered salmon for its life-sustaining properties and role in the growth and survival of our communities. To say that Alaska Native people respect fish, especially salmon, is an understatement. Salmon constitutes a big part of who we are as Native people.

As a proud Alaska Native woman and the Executive Director of the ANCSA Regional Association, I have the privilege of working with the CEOs of the 12 Alaska Native Regional corporations. Together, our corporations, formed under the Alaska Native Claims Settlement Act of 1971, are owned by over 127,000 Alaska Native people. The association exists to promote and foster the continued growth and economic strength of the Alaska Native Regional Corporations on behalf of their shareholders. Our mission is to create a sustainable socioeconomic future for Alaska Native people.

Recently, our organization took a public stand opposing Ballot Measure 1, also called “Stand for Salmon,” which its organizers claim is designed to protect fish, including salmon. Some Alaskans question why we became involved, and why we chose not to support the measure. It’s critical for our shareholders and others to understand that the position we took was in no way “anti-salmon,” as some false accusations have claimed. On the contrary, our position is very much pro-Alaska, and especially pro-rural Alaska.

Salmon have provided the bedrock of our communities for hundreds of years and must be protected for the next generations; no one disputes that core precept. But this ballot measure is so deeply flawed, and does so little to actually protect salmon that we were compelled to speak against it. Indeed, we feel so strongly about this issue that we have committed our official support to the ballot measure group, Stand for Alaska, which opposes the Stand for Salmon measure.

It’s important to note that we do not take issue with the purported purpose of Ballot Measure 1, which claims a desire to protect fish, especially salmon. However, when more is learned about the ballot measure, including who wrote it, the lack of public input, the legal questions it raises, and the economic harm that it would cause to our communities, we could not in good faith stay silent. Not only would its passage jeopardize important resource development projects in Alaska, but also smaller infrastructure projects in rural Alaska. I listened with great interest when Doyon Ltd. President Aaron Schutt told a group that if the ballot measure passes, water and sewer projects would become all but impossible to construct in rural Alaska.

As an organization whose membership is dedicated to improving the quality of life for thousands of Alaska Native shareholders and descendants, we can’t allow this to happen. We must stand together and reject this ballot measure that purports to be designed to protect salmon, but that will likely set our communities and Alaska Native people back by decades.

Salmon has sustained our people for many generations; it’s become a part of who we are and what has allowed our communities to exist today. It represents our past, present, and future. and it’s ingrained in our heritage. But on this issue, we must join and stand together for Alaska and our future by voting no on One.

Kim Reitmeier is executive director of the ANCSA Regional Association.
ConocoPhillips provides Alaska outlook

ConocoPhillips provided an update on its Alaska operations in mid-July, noting over the past few years the company’s business in the 49th state has undergone a significant transformation, driven by a more competitive fiscal framework, cost reductions, technological advancements and an exploration renaissance.

Since 2016, ConocoPhillips has undertaken a significant and successful exploration program in Alaska. Based on the exploration results to date, the company believes it has captured up to 1.1 billion barrels of oil equivalent of gross discovered resource, with 75 percent of its prospective exploration acreage still to be drilled. The cost of supply of the new resource is estimated to be less than $40 a barrel. The company has a 100 percent working interest in this resource.

In the Greater Willow Area, the company now estimates its 2016-2018 exploration and appraisal campaign has discovered 400 million to 750 million barrels of oil, with more resource upside. The company believes this resource estimate is sufficient to justify developing the area with a stand-alone hub. It estimates first oil can be achieved by 2024 or 2025 for approximately $2-3 billion spent over the course of four to five years after a final investment decision.

Once first oil is achieved, the company anticipates ramping quickly to full production. Thereafter, it estimates that up to an additional $3 billion of cumulative drilling capital will be executed over multiple years to maintain production at this facility.

Efforts are underway to analyze and evaluate results from the 2018 exploration season in order to advance development planning and future appraisal needs.

In addition to exploration in the Greater Willow Area, the 2018 exploration campaign included the drilling, coring and flow testing of the Putu and Stony Hill wells south of Alpine. Additional appraisal is required for both discoveries, but current discovered resource is estimated to be between 100 and 350 million barrels. The company also has a 100 percent working interest in this resource.

“We believe that the company’s Alaska plan aligns with our disciplined, returns-focused strategy, supports Alaska’s economy, and creates significant value for shareholders,” said Ryan Lance, Chairman and Chief Executive Officer. “Alaska provides competitive investment opportunities and will generate profitable growth from diversified investments with significant exploration upside. We are proud of the value we create for the State of Alaska through the revenues we generate, the jobs we create and the community investments we make. We plan to continue to strive to safely unlock the energy potential of this world-class oil province for years to come and play an active role in Alaska’s economic future.”

In 2018, the company acquired additional interest in the Alpine field and its western North Slope assets and announced it has entered into an agreement to acquire additional interest in the Kuparuk Field.

The company estimates 2018 production from its legacy assets at approximately 225,000 barrels of oil equivalent per day.

Lance expects another active exploration and appraisal season in 2019.

He met with board members of RDC and the Alaska Support Industry Alliance in Anchorage on July 16.

Poor salmon runs linked to warm sea water

Alaska wild salmon returns into mid-summer ranged from record highs at Bristol Bay to poor returns elsewhere. The Copper River sockeye harvest was the lowest in 50 years and Cook Inlet harvests were running well below normal.

Fishery scientists believe the downturns are due to warm seawater temperatures which have likely depleted food sources before the sockeyes returned from the ocean this year. Large populations of pinks are also seen as a competing food source and may have an impact on sockeyes.

Given fish habitat in Alaska is in good shape and protected by rigorous regulations, the poor returns are unlikely connected to habitat in Alaska streams and rivers. Overall, the pace of Alaska’s salmon harvests through July 5th was down about 25 percent from the same time last year.

Meanwhile, anxiety continues to grow in Alaska’s seafood industry as an apparent trade war with China heats up. A 25 percent tariff will be imposed on Chinese imports of Alaska salmon, pollock, cod, herring, flatfish, Dungeness crab, sablefish, geoduck clams, mackerel, and more. That is in addition to existing tariffs ranging from 5 to 15 percent.

China, the largest trading partner for Alaska seafood, bought more than half of Alaska’s fish exports last year valued at $1.3 billion. The nation is a major reprocessing sector for the U.S.

Pollock, salmon, and Pacific cod make up the bulk of Alaska fish sent to China for reprocessing, according to the Alaska Seafood Marketing Institute.

The latest proposed tariffs will go into effect in September.
Citation commemorates 50th anniversary of Prudhoe discovery

In celebration of the 50th anniversary of the discovery of oil at Prudhoe Bay, Senator Cathy Giessel and Representative John Lincoln presented a legislative citation at RDC’s Annual Membership Luncheon to North Slope producers commemorating the important event. An Inupiat who grew up and lives in the Arctic, Lincoln credited Inupiat whaling captains, the North Slope Borough, industry, and statewide leaders who all worked together and “persevered through challenges and disagreements to develop the greatest economic blessing in the history of our state.” Pictured are Jamie Long, ExxonMobil; Scott Jepsen, ConocoPhillips Alaska, Inc.; Susan Dio, BP America, Inc.; Janet Weiss, BP Alaska, Inc., Senator Giessel, and Representative Lincoln.

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RDC appreciates the generous sponsors of our 43rd Annual Meeting Luncheon on June 20 featuring Susan Dio, Chairman and President, BP America, Inc. Visit akrdc.org for the presentation.

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RESOURCES DEVELOPMENT COUNCIL
Growing Alaska Through Responsible Resource Development
DOE expects ANWR draft EIS by fourth quarter

The U.S. Department of the Interior (DOE) expects to release a draft environmental impact statement (DEIS) pertaining to oil and gas leasing on the coastal plain of the Arctic National Wildlife Refuge (ANWR) during the fourth quarter of this year.

Oil and gas leasing on the non-Wilderness portion of the coastal plain was authorized as a provision in the federal tax reform bill passed by Congress and signed by President Trump in December 2017.

A public scoping comment period wrapped up in June to identify impacts be covered in the DEIS. An interagency team from federal and state agencies has been formed to develop alternatives and environmental impact evaluations through this summer.

The evaluations during this initial phase will consider broad leasing issues and subsequent examinations will consider pre-lease and post-lease geophysical exploration, drilling permit applications for exploration and development, operations and production, inspections and enforcement, and reclamation. A separate EIS will come later to address the later stages of activity that require their own EISs under the National Environmental Policy Act.

EPA, Corps publish MOU on new policies for Alaska wetlands

In a step in the right direction, the Environmental Protection Agency and the U.S. Army Corps of Engineers has issued a memorandum of understanding (MOU) setting specific policies for wetlands mitigation requirements in Alaska.

Under permitting rules, impacts on wetlands must be avoided to the extent that is practicable. However, if significant impacts are unavoidable, a developer may be able to obtain a permit for a project by undertaking or paying for compensatory mitigation – restoring equivalent wetlands to compensate for any wetland loss caused by a project.

The new guidelines recognize some unique circumstances of Alaska that can make it challenging if not impossible to use the same mitigation approaches applied in the Lower 48. For example, Alaska has vast areas of wilderness with limited opportunities for mitigation sites, especially within entire watersheds where most flat lands are wetland. Areas with permafrost, including virtually the entire North Slope, pose particular challenges when it comes to the feasibility of mitigation techniques.

The new guidelines offer several approaches to dealing with Alaska’s unique circumstances, including a recognition that wetland impacts may be unavoidable in regions with a high proportion of wetland and a recognition that compensatory mitigation may not be practicable in some regions because of the limited availability of suitable mitigation sites.

“Practicable” is defined in the MOU as “available and capable of being done after taking into consideration cost, existing technology, and logistics in light of overall project purpose.” When avoiding or compensating for impacts to wetlands is not practicable, minimizing impacts will be the main means of complying with the Clean Water Act requirements, according to the memo. “In Alaska, minimization of impacts has been in many circumstances the only mitigation required,” the memo stated.

The guidelines also suggest that “out-of-kind” mitigation may sometimes be appropriate where, for example, an enhancement of steams impacted by development could be used as an alternative to restoring wetlands. In addition, in Alaska a less rigorous permit review would be appropriate for small projects with minor impacts.

Members of the Alaska congressional delegation have for years stressed that more than half of Alaska is classified as wetlands, accounting for more than 60 percent of the remaining wetlands in America, and therefore the stringent requirements in the Lower 48 should not apply to Alaska.

Fed official to consider modifying Roadless Rule in the Tongass

Secretary of Agriculture Sonny Perdue said it is unlikely that the so-called Roadless Rule will be repealed for the Tongass National Forest, but he pledged to work with U.S. Senator Lisa Murkowski and state officials to modify it for Alaska. He said legal issues make a full exemption challenging.

“The best way we can get to what the people on Prince of Wales and the Tongass really need and would like to see is really a state-specific rule where we participate – the U.S. Forest Service – with the State in helping to design something that would benefit this whole community and Southeastern Alaska,” Perdue said while visiting the region last month.

The 2001 Roadless Rule has closed off vast areas of America’s largest national forest to logging and other multiple-use activities. Following litigation, Alaska was exempt from the rule until 2011 when the exemption was removed.

RDC participates in public scoping process for Pebble EIS

RDC submitted comments last month on the public scoping process for the Pebble Project draft environmental impact statement (DEIS).

RDC urged the U.S. Army Corps of Engineers to include in the DEIS the social and economic benefits of the project to the region, state, and nation, as well as the demand for the resources at the deposit, including their use in renewable technology and energy.

RDC also requested the DEIS fully acknowledge Alaska’s extensive permitting process and the smaller footprint of the newly-proposed mine plan put forward by project proponents.

The Pebble deposit is located in Southwest Alaska, approximately 200 air miles west of Anchorage and more than 200 river miles north of Bristol Bay.

RDC urged the Corps to work rationally and scientifically to determine the merits of the project, balancing the full social, economic, and environmental impacts of the project.

RDC’s comments are available at akrdc.org.
At a time when Alaska needs it most, ConocoPhillips continues to invest on the North Slope.

Later this year, we’ll finish a new drill site in the National Petroleum Reserve, adding tens of thousands more barrels of oil to the pipeline. And, after our busiest exploration season in 15 years, we’ve announced new oil finds further west in the NPRA and near our other fields.

Our investment equals jobs, more oil production and increased revenue for the state.

**Investment — it’s the smart bet for Alaska’s economy.**