At NBA, we're helping keep Alaska’s businesses in business. We provide a number of financial services, from business checking accounts, leasing services and loans to ATM cards, Visa cards and 24-hour banking by phone. Plus, we have 52 convenient branches across the state. Because nobody's business is more important than yours. To you. And to us.

National Bank of Alaska

The spruce bark beetle infestation in Southcentral Alaska has reached unprecedented proportions and is now the largest spruce beetle event ever recorded in North America. Statewide aerial surveys mapped more than 1.1 million acres of dead and dying beetle-infested spruce in 1996, a 61 percent increase over the past two years. The beetle infestation continues to have the most significant ecological impact of any natural agent of change in Alaska forests, according to the recently-released Forest Health Management Report, prepared by foresters from the Alaska Department of Natural Resources and the U.S. Forest Service.

State and federal foresters estimate that 20 million to 30 million trees are being killed annually by the beetle attacks – more than 90 million in recent years. Foresters stress it's the intensity of the infestation that sets it apart from previous infestations. Because of its intensity, foresters are concerned about the lack of spruce regeneration and other far-reaching impacts.

Jerry Boughton, Program Manager of the State and Private Forestry Section of the U.S. Forest Service, warned that impacts associated with the beetle infestation range from direct economic loss in lumber, forest fiber and real estate values to a decline in scenic beauty and wildlife species dependent upon mature spruce stands. Boughton noted that impacts to fisheries is also a concern as salmon spawning streams need a continual supply of large woody (Continued to page 4)
RDC seeks sound water legislation

With the Legislature out early and a batch of bills headed to the Governor’s desk, RDC thanks the leadership for its achievements on bills of interest to RDC members. A legislative matrix is included in this issue, but early successes, one surprise and a failure bear comment.

RDC and the regulated community have been working with DEC on water quality issues for years under different administrations. It has taken years to get a legislature willing to talk about water quality and permitting from the regulated community’s point of view. Legislation, a limited water quality bill passed but was vetoed.

Many ensuing meetings, task forces, workshops, hearings and regulatory discussions have taken place. Even with different players in the process, RDC consistently urged DEC to help make the bill better and articulate its qualified opinion, with solutions-oriented proposals and valid arguments.

RDC believes statutory authority is necessary to compel on certain agency activities. Giving clear policy direction on water and funding the agency are both appropriate legislative actions in RDC’s view. Following are notable initiatives in the pending water legislation.

An efficient change mechanism: It is a reach state to adopt an automatic adjustment process to undergo when federal changes result in less permissive than state standards. As Governor Knowles recently finalized the push being on RDC’s agenda for years. The Legislature supported the Alaska Congressional delegation with resolutions on Tongass and reforming the Endan-

RDC Executive Director Becky Gay told the panel that it makes sense for Era to operate from Mary Carey’s private property since flights into the park would be shorter and avoid more heavy-populated areas to the south. In addition, Gay pointed out that the site is near the new Denali Princess Hotel and is centrally located to visitor facilities and services to be developed in the Central Development Zone of Denali State Park.

Era is working closely with the FAA to address safety issues and has given serious consideration to local concerns and potential impacts. Era’s operating plans address many of those concerns through voluntary mitigation measures, as well as mandatory restrictions. Era’s base operations would occupy land that already includes an airstrip, parking for private vehicles and other improvements. By locating its operations near the McKinley View Lodge, Era would avoid disturbances to raw, undeveloped land south of the park. The footprint for base operations will be confined to land that has already been disturbed along the busway corridor.

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Alaska exports rise in ’96

Exports of Alaska oil and minerals increased last year and the handling of foreign-bound cargo rose to record levels, but timber and seafood exports were down in 1996.

Alaska’s international trade reached a record $5.9 billion in 1996, a 4.4 percent increase over 1995, according to the Alaska Center for International Business. Some of that increase was a result of North Slope oil exports to South Korea after the lifting of the oil-export ban last year. A boom in cargo handling at Anchorage International Airport was also a factor.

Alaska’s position between Europe, Pacific Rim countries and other nations makes it a strategic hub for the booming international cargo industry. United Parcel Service is tripling the size of its cargo facilities at the Anchorage airport and United Airlines has launched a new air-freight service using Anchorage as a hub. Some 2,700 jobs in Anchorage are now tied directly to the air-cargo business.

The export of petroleum products rose sharply to $762.2 million in 1996, up from $416.3 million in 1995. The value of mineral exports increased from $172.9 million in 1995 to $194.6 million in 1996, partly due to the reopening of various lands for a number of legitimate purposes and we will not relinquish that right,” Knowles said. “The State of Alaska will assert its rights to these roads and trails to protect legitimate economic development, subsistence use, recreation and other purposes, and we will do so in a way that is consistent with the natural values and a rational transportation plan.”

The announcement of the acts to assert its rights to the Tongass National Forest was a “declaration” and “for the forest.” The act was finalized in 1990. According to an October 27, 1989 report in the Anchorage Daily News, Californian Congressman George Miller, a long-time champion of environmental interests, said the compromise was intended to bring “finally” to the lands preservation controversy.

Before TTRA, an earlier compromise in 1980 -- the Alaska National Interest Lands Conservation Act (ANILCA) -- reserved one-third of the forested lands in the Tongass for logging on a 100-year rotation cycle. The remaining two-thirds of the forested lands were preserved for wilderness preservation and other uses. ANILCA provided the timber industry a 4.5 billion board foot harvest for harvesting. The forest management plan, adopted in 1979, limited timber harvests to no more than 450 million board feet in a single year.

Those environmentalists just won’t quit. After all the damage they have done to the timber industry in Alaska, after all the concessions they have won, they are working to further reduce the timber harvest in Alaska’s forests. Many Alaskans are now asking themselves how much is enough.

The Sierra Club, which recently proclaimed that one of its top priorities is to eliminate timber harvests from all public lands, has taken action to stop timber sales in Alaska and other locations in the Lower 48. The Southeast Alaska Conservation Council is also working hard to hold up timber sales. While claiming to support a sustainable Alaska timber industry focused on value-added timber processing facilities will rise from the mill as new, environmentally-friendly pulp mills.

Another Tongass land grab

Thoughts from the President by Scott Thorson

They’re back and asking for more

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Forest health in sharp decline as beetle infestation spreads

(Continued from page 1)

debris, which will decline as large diameter spruce are killed by beetles. Boughton said the intense beetle outbreaks may also kill large amounts of interception vegetation, impacting the dynamics of stream flow, which in turn could pose a threat to the overall watershed.

Boughton warned that "fuel-loading" has increased throughout Southcentral Alaska forests because of the beetle-killed trees. Fuel loading on the Anchorage Hillsides alone has risen from about two tons per acre to more than 35 tons per acre, increasing the risks of a catastrophic wildfire.

The areas of most intense beetle activity are in Southcentral Alaska where 427,499 acres were infested last year, an increase of almost 20 percent over the previous year. Spruce mortality in many areas of Southcentral Alaska exceeds 80 percent. In the Copper River Basin, 234,581 acres were hit by the bug, an increase of 65,000 acres over 1995.

The beetle continues to make inroads into the central part of the Kenai Peninsula around Skilak Lake, the southwestern part of Kachemak Bay near Selbirds, the valleys of Turnagain Arm and the west side of Cook Inlet. In the Anchorage bowl, infestations are moving down the Hillside area and spreading across the city. Beetle pressure also seems to be building in the Mat-Su Valley.

In Anchorage, the beetle activity nearly doubled for the second consecutive year to 15,310 acres. Forty percent of the total, over 6,000 acres, occur on the Hillside.

More than 418,357 acres of state and private land have been hit by the beetle while 338,772 acres of other federal lands have been hit by the bug. Boughton and other foresters point out that there are a variety of techniques that can be used to prevent, mitigate and reduce impacts associated with beetle infestations. However, before pest management options can be developed, the resource objectives for a particular stand, watershed and landscape must be determined.

Foresters note that properly applied silvicultural practices, including timber harvesting and fire management, can maintain the forest diversity needed to provide the range of products and amenities available in the forest.

In Southcentral Alaska, the logging of beetle-killed timber is the first stage in a reforestation process that will lead to healthier forests faster than if nothing is done. On some federal, state and private lands, trees are being replanted and modern silvicultural practices are being implemented to encourage natural regeneration.

The U.S. Forest Service has designed a series of timber sales in the Chugach National Forest to address specific recreation, wildlife and visual resource interests while still accomplishing the objective of logging dead or dying spruce while lowering the fire danger through "fuel removal."

Those sales, however, continue to draw opposition from environmentalists who contend nothing should be done.

Logging opponents have dominated the public process in determining appropriate approaches to addressing the decline in forest health. Their influence within government agencies has blocked any significant actions toward mitigating the impacts of the infestation and restoring forest health.

RDC urges its members to write letters to the Forest Service and the State Division of Forestry supporting timber sales targeting dead or dying spruce. Members are encouraged to write their local newspaper, especially in response to anti-logging letters from environmentalists.

Editor's Note: For residents in outbreak areas, the window of opportunity to protect large, live spruce trees may be as short as this spring. Contact the Alaska Cooperative Extension at 279-6875 for information.

At the 1996 Annual Board of Directors meeting, RDC Board member Paula Easley referred to a newspaper account of the 1996 Big Lake fire. Many large landowners risk the immediate, potentially catastrophic loss of an economic resource as the beetle infestation increases the risk of wildfires. Fire management costs may dramatically increase in coming years.

BP, ARCO target smaller oil deposits

North Slope producers aim to stem decline in overall production

BP Exploration (Alaska) Inc. and ARCO Alaska, Inc. have announced plans to develop two more oil fields on the North Slope, continuing a trend toward developing smaller hydrocarbon accumulations around the giant, but declining Prudhoe Bay and Kuparuk oil fields.

ARCO and BP will move forward with development of the 50 million barrel Tarn oil field, a project that could add $100 million to state revenues and help offset the decline in North Slope production. Oil from the Tarn field is expected to be flowing down the trans-Alaska pipeline by late next year or early in 1999. Production could hit 15,000 barrels a day at its peak.

Construction work on Tarn, located southwest of the Kuparuk field, will begin in 1998 and a 9-mile pipeline will move Tarn oil to Kuparuk facilities. As many as 50 wells may be drilled. Approximately $150 million has been budgeted for the project.

The companies have known for years that smaller accumulations of oil existed at different levels around the Kuparuk field, but development of those accumulations have now become more cost effective because of surplus capacity at Kuparuk processing facilities. The surplus capacity has developed in part because of a decline in overall production from the Kuparuk field. This has enhanced the economics of new discoveries and small accumulations near Kuparuk because those new fields will not have to be large enough to pay for new processing plants to be commercially viable.

Meanwhile, appraisal drilling earlier this year confirmed an estimated 120 million barrels of recoverable oil at BP's offshore Liberty prospect south-east of the Endicott oil field. BP believes the discovery has commercial potential and is proceeding with permitting work needed to facilitate development of the field.

The Liberty well was drilled in February and March from Tem Island, an existing man-made gravel island about 11 miles southeast of Endicott and five miles offshore. Liberty will require the construction of a subsea pipeline. Production will be "piggybacked" on existing infrastructure at Endicott.

Development of smaller prospects like Liberty and Tarn is part of a strategy North Slope producers are pursuing to stem the overall decline at Prudhoe Bay and Kuparuk, the two largest oil fields in North America.

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