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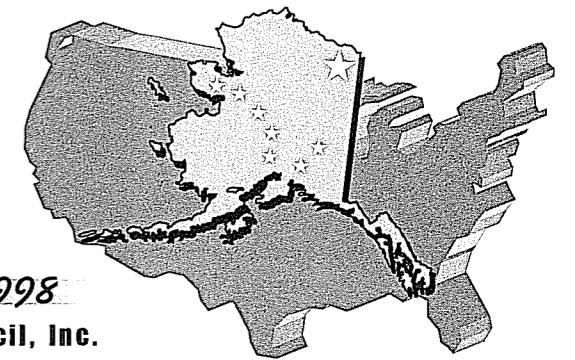
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Resource Review

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Monitoring of forest practices reveals surprising revelations

Proposed amendments to law reflects latest science

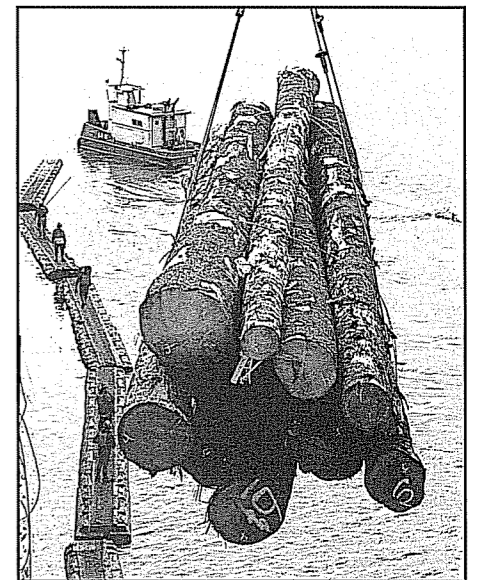
By Richard P. Harris

I had a recent opportunity to speak at an RDC meeting regarding Alaska's forest practice laws, and how important monitoring has become in protecting fish habitat and water quality. The audience recognized the importance of forestry as a major industry in Alaska. Yet they seemed amazed at just how comprehensive the state laws are regarding timber harvesting on private,

municipal, University and state lands.

Making such comprehensive policy required an impressive level of cooperation among a diverse group of people that would have in past years been dubbed "strange bedfellows."

In fact, it sounds like the kind of joke that circulates the halls at the State Capitol. What do you get if you put a logger, an environmentalist, a biologist, a miner, a recreationalist and some



All logging in Alaska, whether on public or private land, must be done in compliance to the standards and regulations specified under the Forest Practices Act.

government officials all in the same room?

Before 1990, the answer would have been comical. As part of the Forest Practices Act overhaul in 1990, a nine-member board was established to see if the groups listed in my Statehouse "joke" could work together to administer a responsible forestry management and regulatory program. Considering the diversity in the group, the expected outcome might be chaos, infighting and paralysis.

That impression could not be further from the truth.

Though the sometimes-heated debates reflect a variety of interests represented on the Board, it is a positive, committed group. As timber harvest is important to the economy, so are the recreational, fishing and environmental interests. Every stakeholder

(Continued to page 6)



Proposed improvements to the Alaska Forest Practices Act are the result of field observations and ongoing monitoring of timber harvesting operations in Alaska.



**Message from the Executive Director
by Ken Freeman**

RDC focusing on key legislation

The Legislature has been busy at work on a number of important bills affecting resource development. Included as an insert in this issue of the Resource Review is a list of legislation RDC is currently supporting.

One bill with extensive implications for the future of the state's economy is HB 393, introduced by the Knowles administration. This legislation encourages development of Alaska's North Slope natural gas reserves. It seeks to create a progressive tax structure which shifts the tax burden from the beginning of the project to later years.

HB 393 alone will not create a situation in which a North Slope natural gas project is economically feasible, but by providing a mechanism from

which a suitable tax and royalty scheme may be created, HB 393 grants the state the power and flexibility needed to maximize the economic benefit of a North Slope gas project. The bill is currently under evaluation in the House Oil and Gas Committee and we expect it to move out to House Resources soon.

RDC recently supported a resolution by Representative Jeannette James opposing the designation of any rivers in Alaska as American Heritage Rivers under a policy initiative proposed by the Clinton administration.

Several aspects of the Initiative are problematic. First, no clear justification for such a program is provided and without a clearly defined purpose, this program threatens to add to the already cumbersome complex of federal land management policies. Second, no safeguards exist to protect the rights of private property owners. Finally, as many as thirteen federal agencies will be involved in developing an implementation plan for any designated river, resulting in added bureaucracy rather than improvements in local land-use planning.

Another piece of legislation that is moving rapidly through the legislative process and is the focus of the lead story in this issue of the Resource Review is HB 373, sponsored by House Speaker Gail Phillips. This legislation provides added safeguards for timber harvests along Alaska's streams by enhancing water quality and protecting upstream fish habitat.

HB 373 applies a standardized buffer in the field which brings predictability to the forest industry. The proposed 66-foot buffers will require industry to leave trees of value in the riparian zone, but adverse effects on harvest economics can be minimized.

Representatives of the timber and fishing industries together with state officials have carefully constructed a bill which has won the support of diverse interests, including mining and recreation groups. The bill has passed the House and is now in the Senate for consideration.

Another issue RDC has been closely tracking involves both the Legislature and the Administration. The Department of Environmental Conservation is looking to increase fees for water quality permits. RDC staff and board members have been meeting with DEC and others from the resource development community for several months on this topic.

This is a very important issue for RDC because these fees could affect mining, timber, seafood processing, oil and gas development and local community wastewater treatment.

The greatest concern among all affected industries is the need for predictability. In the minds of most, predictability comes from fixed fees. We are asking DEC to adopt fees that are fixed and result from direct costs associated with processing a permit.

Budget cuts have added new pressure for fees, but how much of the DEC budget should be raised through fees versus general fund spending?

Additionally, we see the need for a broad policy discussion that needs to occur between the Administration and the Legislature on which agencies should assess fees and for what services. Also, the cumulative impact on industry from multiple fees from multiple agencies needs to be addressed.

We will keep you apprised of the DEC fees, as well as the many other legislative issues RDC will be focusing on this session.

Seafood industry is core of Unalaska's economy

Number one port in nation for seafood volume and value

RDC Executive Director Ken Freeman and Deputy Director Carl Portman met with community leaders and seafood industry officials during an RDC community outreach visit to Unalaska/Dutch Harbor last month.

Freeman and Portman toured onshore seafood processing plants and got a first-hand look at offshore processing on the vessel the Northern Hawk, operated by American Seafoods Company. RDC also met with Unalaska

Mayor Frank Kelty, the Ounalashka Native Corporation and members of the City Council.

A stunningly scenic island of rugged mountains and ocean-blue fjords, Unalaska is a bustling, progressive community serving as the service, repair and maintenance center for the domestic and foreign fishing fleets, as well as the base for onshore and offshore seafood processors. More than 400 vessels from 14 countries call on

Unalaska.

Home of several large onshore seafood processing plants, Unalaska/Dutch Harbor is the number one port in the nation for seafood volume and value. The onshore plants, which employ 2,125 at peak season, including 460 full-time Unalaska residents, processed a total of 579.6 million pounds of seafood worth \$118 million in 1996.

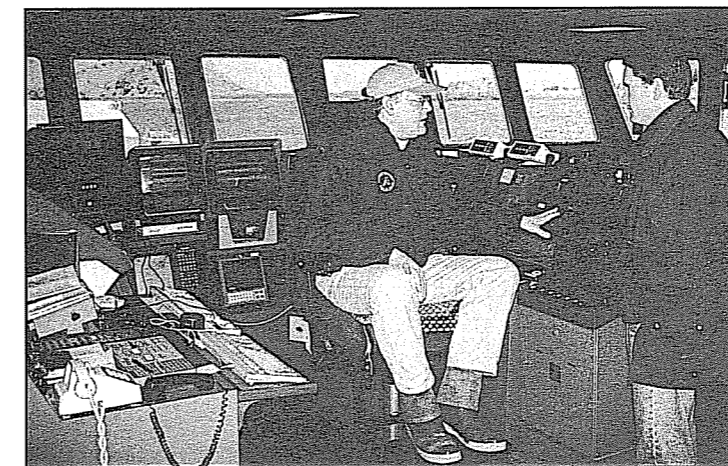
Approximately 90 percent of the island's work force is economically dependent on the fishing industry. The current population is more than 4,000.

For a most informative visit to the home base of one of the world's richest fisheries, special thanks to Mayor Frank Kelty; Stephanie Madsen, Aleutian Seafood Processors Association; Richard Davis, Ounalashka Corporation; Brett Vielbig, American Seafoods Company; Grant Yutzenka, Unisea and Sinclair Wilt of Alyeska Seafoods.



• At top left, Mayor Frank Kelty displays a fresh catch of Snow Crab to RDC Executive Director Ken Freeman.

• At top right, pollock hit the sorting belt at the Unisea plant. Unisea employs 1,060 workers during the peak season to process a wide variety of fish products from salmon to fish meal. The \$100 million-plus facility can produce 500 tons of finished product per day. It also boasts the largest free-standing dock in Alaska built by Alaskan contractors.



• Left, Brett Vielbig of American Seafoods speaks from the bridge of the Northern Hawk, a state-of-the-art, 340-foot At-sea processor. The Northern Hawk primarily operates in the Aleutians and the Bering Sea. Offshore processors estimate they process \$500 million worth of seafood in the region.

Resource Review is the official periodic publication of the Resource Development Council (RDC), Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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Comprehensive review calls for changes in Forest Practices Act

(Continued from page 1)

representative has accepted their shared responsibility for protecting habitat, and ensure a healthy, sustainable forest industry. The result has been a model of consensus that effectively guides the state's forestry program.

Then why do some of us hope to tinker with it this legislative session? For the same reason that the 1990 Forest Practices Act (FPA) was formed to begin with. It must continue to reflect the latest science and modern technology. Existing practices must continuously be tested and those found to be outdated must be culled to reflect the knowledge of today. Eight years is a long time in the world of science and timber management. Today, after a two-year comprehensive review, we now need only to make surgical improvements to the Act and regulations. The standards that we seek to set are the direct result of field observations and continued monitoring.

Long-term, joint monitoring began in 1992 by Sealaska Corporation, Koncor Forest Products, Klukwan In-



Richard P. Harris

"A whopping 98 percent of land slides that put sediment into streams were from natural sources. When using modern forest practices, logging is an insignificant source of the land slides compared to 'natural' land slides."

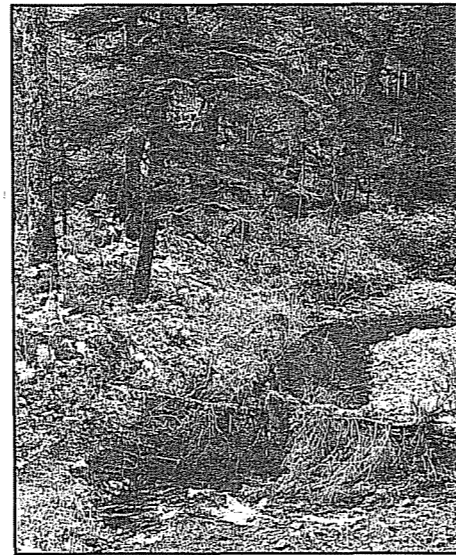
corporated, the Alaska Forest Association and the State of Alaska. We looked closely at buffer zones, land slides and stream ecology. The monitoring involved 38 different buffer (riparian) zones and more than 11,000 trees. We also evaluated 152 landslides that took place over the past 50 years in twelve different watersheds.

Out of the long-term monitoring has come some surprising revelations. Among them, that the best size for a "buffer zone," (the area of unlogged, undisturbed area on each side of a stream), is 66 feet. Buffers wider than 66 feet made no difference in the effect on the stream.

The effect of "blow down," trees and forest matter that slides or falls into streams generally by wind, can actually have a positive effect on fish habitat. It was discovered that trees blown into streams provide good rearing pools and spawning beds for fish.

The monitoring results on land slides put into perspective many of the notions held about clearcuts and land slides. Without them, all streams would eventually erode to bedrock, and fish habitat would be lost. In the 12 study basins monitored for their land slides, only 11 percent were related to road construction or logging. A whopping 98 percent of land slides that put sediment into streams were from natural sources. To say it again, when using modern forest practices, logging is an insignificant source of the land slides compared to "natural" land slides.

We in the timber industry are proud knowing that as we have become better and more responsible harvesters. Our mission of stewardship must be a continuing one. Our commitment to continued, rigorous, extensive monitoring will augment knowledge about the effectiveness of the Alaska Forest Practices Standards as applied to Alaska streams. The close scrutiny



Buffers serve as a source of woody debris for fish habitat.

of this data by all interest groups will ensure the preeminence of healthy forests and productive habitats.

In this legislative session, based on the intelligence gained thus far from the long-term monitoring, the Board of Forestry is recommending the following amendments to the FPA. First, the 66 foot no-harvest buffer zones should be extended to additional streams.

Second, the width of "slope stability standards" must be extended on some streams. Finally, additional sources of large, woody debris should be provided for improved fish habitat.

In the spirit of the design of the 1990 Forest Practices Act, these amendments reflect a broad-based consensus among forest stakeholders. If you have opportunities to speak or write to your legislators, please support the Board of Forestry's recommendations as embodied in HB 373.

Sealaska and many other timber companies in Alaska have traveled a long way in our knowledge of sustainable forest practices. Timber is a resource with many values. As good stewards we must ensure that the quality of our forests is protected well into the 21st Century. We help that goal by these revisions to the Act this year.

Richard P. Harris has worked on behalf of Sealaska's substantial resource base since 1980. Mr. Harris has an extensive background in fisheries, environmental management and forestry. He is a leader in the timber industry, and respected for his commitment to sustainable forestry.



Thoughts from the President by Allen Bingham

Alaska released from federal arsenic standard

Good news!

The U.S. Environmental Protection Agency (EPA) has agreed to remove Alaska from the National Toxic Rule (NTR) for arsenic. The NTR imposes stringent EPA numeric, surface water quality criteria for toxic pollutants to bring states into full compliance with requirements of Section 303(c)(2) of the Clean Water Act.

The application of NTR is how arsenic levels in discharge water came to be regulated 277 times more stringent than the standard for drinking water, which is ridiculous in the minds of the regulated and even the regulators.

Last summer RDC and the Alaska Miners Association prevailed upon the EPA and the Alaska Department of Environmental Conservation to resolve the NTR issue for Alaska. NTR de-listing, not just for one pollutant or waterbody, is desired by RDC and its regulated members.

Since last summer, a number of priority metals have been de-listed from the NTR. The recent action by EPA to remove Alaska from the federal rule for arsenic is more good news.

Alaska will now be allowed to use the state's original arsenic water quality standard, which was overridden when

the EPA imposed the NTR on the state, reducing the arsenic standard well below naturally-existing conditions. The state standard is fully adequate in protecting human health and the environment.

Under the NTR, it would have been just fine to drink a glass of water from an Alaska stream, but you couldn't pour it back because your discharge would have been in noncompliance with the federal rule due to naturally occurring arsenic levels in the water.

Naturally occurring levels of arsenic in Alaska waters have not been found to be harmful to human health or fisheries, according to Michele Brown, Commissioner of the Alaska Department of Environmental Conservation. Brown says the recent action to withdraw Alaska from the federal standard is a good one because the federal regulation does not help protect the environment -- it only makes the permitting process more cumbersome than it needs to be.

RDC couldn't agree more with Commissioner Brown and Governor Tony Knowles on this issue. RDC and its regulated members look forward to more positive action in respect to NTR listings.

BP, Chevron sign North Slope agreement

BP Exploration Alaska and Chevron have entered into an agreement aligning their leasehold interests in the Point Thomson area east of Prudhoe Bay.

The alignment area, covering more than 450,000 acres, encompasses the Point Thomson Unit and the Sourdough, Flaxman and Point Thomson discoveries. The alignment also covers a number of exploration prospects both within and outside the unit.

Under terms of the alignment, BP holds a 56 percent interest in the joint lease holdings in the area, and Chevron holds the remaining 44 percent.

Teams of Chevron and BP staff are conducting joint planning and management activities to improve exploration, development and production of existing and new joint oil

and gas opportunities in the area.

Work teams are developing interpretations and business plans for geophysical, geological, reservoir, drilling and facility-related activities.

This arrangement leverages the strengths of the two companies while reducing associated costs.

Dave Birsa, Chevron's exploration manager for Alaska, said the agreement reflects the two companies' compatible objectives in the Point Thomson area.

"It enables us to move more quickly on proposed exploration and development plans for the area, and it continues our focus in the eastern North Slope of Alaska, which is one of Chevron's targeted growth areas for North America," said Birsa.

Neil Ritson, head of exploration for

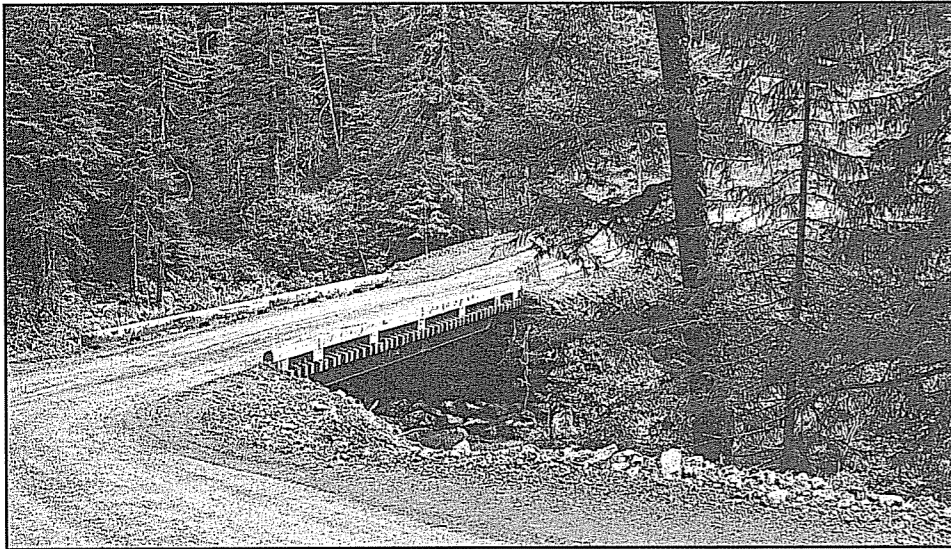
BP Exploration Alaska, said the agreement continues a long-term business association based on a shared vision for exploring and developing in the eastern North Slope area.

"The sharing of technical resources will increase future opportunities in the Point Thomson area and allow Chevron and BP to maximize those opportunities," Ritson said.

Chevron and BP have worked together in the eastern North Slope since 1984.

In 1994, the two companies drilled the Sourdough discovery. More recently, the two jointly obtained 16 tracts in the Point Thomson area in Alaska State Lease Sale 86.

The Point Thomson area is 40 miles east of Prudhoe Bay.



The road moratorium will not only hurt the forest products industry, but also harm miners and others who depend on current and former timber roads for access to claims, recreational areas and private lands. Many fear the moratorium will lead to a permanent ban on road construction, essentially leading to defacto Wilderness in many areas.

Forest Service refuses to exempt Chugach from moratorium

Moratorium bad for economy, forest health

Forest Service Chief Mike Dombeck refused a request by Senator Frank Murkowski to grant the Chugach National Forest an exemption from an 18-month moratorium on new road construction in roadless areas of national forests.

At a Senate Energy and Natural Resources Committee hearing earlier this month in Washington, Murkowski asked Dombeck for the exemption to speed treatment for forest stands hit hard by the spruce bark beetle infestation. Approximately 98 percent of the Chugach is roadless, and the moratorium could effectively shut down access to these roadless areas for a variety of uses, including forest management activities to restore forest health.

This is a serious concern to RDC since the Chugach is experiencing a

severe beetle infestation. The infestation has reached unprecedented proportions and is now the largest spruce beetle event in North America.

In comments submitted to the Forest Service and Idaho Representative Helen Chenoweth at a special congressional hearing last month, RDC said the road moratorium is bad for the economy and forest health. RDC noted it makes economic and environmental sense to harvest dead and dying trees and replant the forests. Such action would reduce the fire danger, create healthy young forest, save jobs and provide products that Americans use and want.

RDC also pointed out that the moratorium undermines the ability of local foresters and communities to properly manage forests based on local conditions. In some areas it would

override years of local negotiations and compromises that contributed substantially to the development of current forest plans.

Some say the moratorium appears to be a clear attempt by the Clinton administration to advance the Sierra Club's position opposing timber harvests on federal lands.

According to data from the Forest Service, a two-year moratorium on roadless area entry would eliminate 12,640 jobs and result in \$160 million in lost revenues.

The moratorium could be the final nail in the coffin for the federal timber program. Some 74 percent of the National Forest System is already off-limits to timber harvesting. There are only 50 million acres in the 192 million acre National Forest System currently available for any type of timber management. The moratorium could close most of it.

The Tongass National Forest has been exempted from the moratorium because of the new land management plan recently put in place there. The new plan has closed all but 676,000 acres of the 17-million acre Tongass to logging and reduced the annual allowable cut by more than half.

However, the roadless policy could end up impacting the Tongass as environmentalists are appealing the new management plan and are demanding the policy be addressed through the appeals process.

RDC objects to decision banning helicopter landings

In a letter to Forest Service Chief Mike Dombeck, the Resource Development Council has strongly objected to the recent decision by the Forest Service to ban helicopter landings in Wilderness areas of the Tongass National Forest where such landings have historically occurred.

RDC requested the decision be amended to allow landings, with numbers based on historical use.

The Alaska National Interest Lands Conservation Act allows traditional access, even in Wilderness areas, where use has been established prior to 1980.

Oil development good for Alaska's Natives

In testimony supporting full leasing of the northeast sector of the National Petroleum Reserve - Alaska, Sarah Scanlan, Vice President of Corporate Affairs of NANA Regional Corporation, wanted residents of California to know how good oil development has been for Alaska's Native peoples.

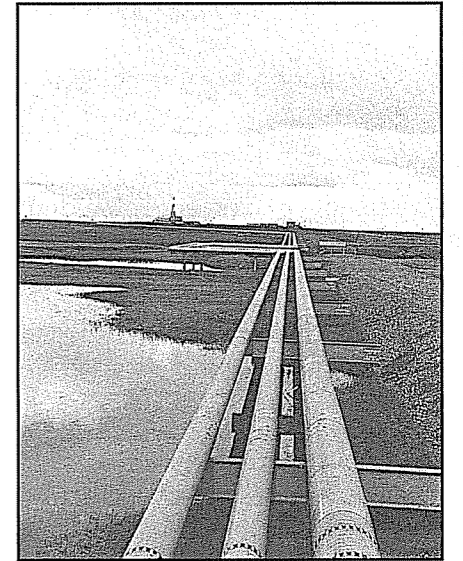
"With revenues from oil development, life has improved for the Inupiat," Scanlan noted in remarks before the Bureau of Land Management at a January public hearing in San Francisco on whether oil and gas leasing should resume in NPR-A.

"We have better schools, better housing, better access to health facilities," Scanlan said. "We have come a long way from my childhood days in Kotzebue with no electricity and wood stoves."

Scanlan, speaking to a young California audience that spoke out against more oil development in Alaska, pointed out that the Inupiat people have far to go before they have access to the basic needs others take for granted -- like running water and flush toilets.

"There are more than 200 rural villages in Alaska and most of them lack such rudiments as safe and reliable drinking water and sewage control," Scanlan said. "Bringing these basic needs to rural Alaska is a huge task with a gigantic price tag, one we will never afford without ongoing oil and gas development in our state."

In her comments, Scanlan opposed expansion of existing special areas within the petroleum reserve or the creation of new special areas or wilderness areas. NANA supported land use planning and land exchanges to protect interests of the Inupiat people, as well as supporting the cultural and local concerns raised by the Inupiat of the North Slope.



Oil development has brought economic opportunities to the Native peoples of Alaska. For years, NANA's business ventures that support the oil industry have formed an important employment base for the region.

ADEC releases list of impaired waters

The Alaska Department of Environmental Conservation has released its list of impaired waterways.

Nine waterways were removed from the list and five were added. The list, which contains 47 waterways as impaired by pollution, is prepared every two years to comply with the Clean Water Act.

Removed from Alaska's list were the Naknek River, Eskimo Creek and King Salmon Creek, all in King Salmon. Others included Shoemaker Bay near Wrangell, Jewel Lake in Anchorage, Akutan Harbor, Garrison Slough at Eielson, Birch Creek drainage north of Fairbanks and State Creek in Denali National Park.

Waterways added to the list were Cube Cove on Admiralty Island, Jordan Creek in Juneau, Cold Bay, Potato Patch Lake on Kodiak Island and Two Moon Bay at Tatitlek.

RDC supports road link between King Cove, Cold Bay

The Resource Development Council's Executive Committee voted recently to support a proposed 20-mile road link between King Cove and Cold Bay.

While RDC supports a road connecting the two Southwest Alaska communities, it has not endorsed a specific route for the road. RDC believes a final route selection should minimize impacts to the environment, including wetlands and sensitive habitat in the area.

A surface link between King Cove and Cold Bay would greatly enhance public safety, provide peace of mind for the local residents, improve access, support local transportation needs and contribute to the growth of the local economies. A recent report by the Alaska Department of Transportation and Public Facilities noted that a cost-benefit analysis favors a road link

between the two communities in order to improve access

The Aleutians East Borough, Cold Bay and King Cove say the needs of their residents are best served by establishing a road link.

King Cove residents have no safe way of reaching an all-weather airport in Cold Bay for medical evacuation to Anchorage during frequent harsh weather. Several people have died over the past decade in crashes of small aircraft trying to leave King Cove in bad weather.

The proposed road would cut 10 miles into the Izembek Refuge.

The Interior Department has told Congressman Don Young and Senator Frank Murkowski that it will recommend a veto of legislation authorizing the road, should the measure pass Congress.

Some 20 national environmental groups are rallying to defeat the bill.