

RESOURCE REVIEW

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It's time for Alaskans to speak up for ANWR leasing

Congress' decision to allow drilling in the Arctic National Wildlife Refuge (ANWR) is a long over-due monumental achievement, opening the door to vast opportunities for Alaskans and potentially sustaining the state's economy for decades.

Polls have consistently shown Alaskans overwhelmingly support responsible oil and gas exploration and development on the 1.6 million acre non-Wilderness portion of the coastal plain.

However, national environmental groups are enlisting their masses to aggressively oppose proposed lease sales and legislation has been introduced by Democrats in Congress to repeal provisions of the Tax Cuts and Jobs Act, which directs the Secretary of the Interior to conduct two lease sales on the coastal plain, the first no later than four years from the bill's passage. The bill also limits surface development to just 2,000 acres of the 19.3 million acre refuge – analogous to a postage stamp on a football field.

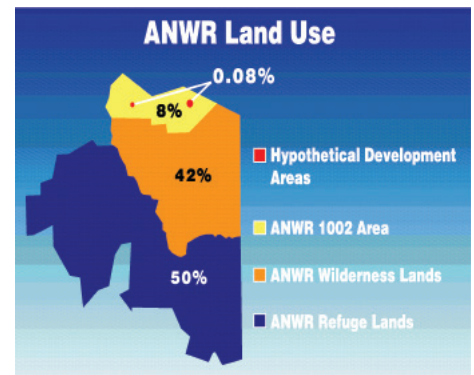


Alaskans join President Donald Trump, Vice President Mike Pence, and U.S. Senator Lisa Murkowski after passage of the Tax Cuts and Jobs Act, which included an ANWR leasing provision.

A great deal of administrative work is now underway in preparing for the lease sales. The Bureau of Land Management (BLM) intends to prepare an Environmental Impact Statement (EIS) to implement a leasing program within the coastal plain and has initiated the public scoping process for the EIS, which ends June 19.

“Environmental groups are rallying their members to oppose the proposed program,” said RDC executive director Marleanna Hall. “The time has come for Alaskans to stand up and speak out in favor of responsible energy development on the coastal plain. Please do not let them speak for you and Alaska.”

Specifically, the EIS will consider and analyze the potential environmental impacts



of various leasing alternatives, including the areas to offer for sale. It will also consider lease stipulations and best management practices to be applied to leases and associated oil and gas activities to properly balance development with existing uses and to limit the footprint of production and support facilities on federal lands.

The BLM will consider subsistence resources and users, as well as potential actions to minimize adverse impacts to subsistence in accordance with the Alaska National Interest Lands Conservation Act.

Alaskans are strongly encouraged to speak up by submitting scoping comments to the BLM on the proposal. Please see RDC's Action Alert at akrdc.org for additional details, and various options on how to submit comments.



Whaling captain Glen Solomon from the village of Kaktovik, located on the ANWR coastal plain, said during invited testimony in Fairbanks on May 29th, “The 1002 Area is Inupiat lands. We have a right to support ourselves like everyone else. We need infrastructure and jobs and the right to develop our own lands.” Photo by Carl Portman

Scoping comment period for Pebble ends June 29th

The U.S. Army Corps of Engineers (Corps) is preparing an Environmental Impact Statement (EIS) and has initiated the scoping process to analyze the newly filed development plan for the Pebble copper-gold-molybdenum deposit in Southwest Alaska. The EIS scoping public comment period ends June 29, 2018.

The scoping phase of the federal process provides opportunities for public input about the range of issues the Corps should consider in their review of the proposed project, including alternatives to a newly-proposed mine plan put forward by project proponents. The EIS itself will identify potential impacts on the physical, biological, and social environment from all phases of the project. The EIS will also look at proposed mitigation measures.

The Pebble project is located 200 miles southwest of Anchorage and approximately 200 river miles north of Bristol Bay. Proposed project components consists of four facilities – the mine site and associated facilities, a port on Cook Inlet, a transportation corridor, including a road system connecting the mine site to the port and ferry terminals on Lake Iliamna, and a 188-mile natural gas pipeline system from the west side of Cook Inlet to the mine. Project construction would take approximately four years and employ 2,000 workers. Operations employment is estimated at 850 workers.

The Corps is estimating it will take two years to complete the EIS process. The initial scoping process gives stakeholders the opportunity to offer the Corps suggestions on what to include in the Draft EIS, including socio-economic benefits, impacts of developing the project, and more.



Early exploration activity at the Pebble prospect in Southwest Alaska.

Pebble applied in December for a permit from the Corps, which is leading the federal environmental review of the project. The new mine plan, which was re-designed to address numerous stakeholder concerns, reduces the project's footprint to less than half the size previously envisaged, an area smaller than Ted Stevens International Airport in Anchorage. It would land the project in the ballpark or close in size to what the Obama-era EPA considered environmentally acceptable. The new plan also consolidates most major site infrastructure in a single drainage with the absence of any primary mine operations in the Upper Talarik drainage.

Environmental group using ESA to oppose AK LNG project

The Environmental Investigation Agency has called for the rejection of the Alaska Gasline Development Corporation's (AGDC) application before the Federal Regulatory Commission to construct a liquefied natural gas pipeline and terminal in Cook Inlet.

The environmental group said noise from the \$43 billion project would harm beluga whales in the region, which are listed as endangered under the Endangered Species Act (ESA). A revised application for the project indicated a potential threat to 32 whales, representing 10 percent of the current beluga population.

The ESA prohibits the "take" of listed species through direct harm or habitat destruction. AGDC has requested authorization for an incidental taking-permit and in the process will have to prove minimal harm to the species in order to build in beluga whale habitat. Receiving authorization doesn't mean the state agency will actually "take" a whale.

The likely decline of the Cook Inlet beluga whale was due to overharvesting, but since subsistence use has been reduced and the population has been stable.

The beluga whale listing was opposed by RDC, the State of Alaska, and local communities in part out of concern it would be used by environmental groups to litigate and stop projects. Despite claiming an ESA listing does not stop projects, groups have used the listing to challenge seismic testing, the Knik Arm bridge, and other projects.

Feds sued to force ESA protection of Pacific walrus

The Center for Biological Diversity has sued the Trump administration over its denial of Endangered Species Act (ESA) protection of the Pacific Walrus.

Filed in Anchorage District Court, the lawsuit challenges an October 2017 decision by the U.S. Fish and Wildlife Service that the Pacific walrus does not warrant a listing as threatened or endangered under the ESA.

In 2011, the federal agency decided the animal warranted protection, concluding climate change would eventually destroy the walrus' sea-ice habitat and cause a substantial population decline.

However, the agency reversed course and found the species did not warrant listing because it is not likely to become endangered in the foreseeable future.

"Our decision not to list the Pacific walrus under the Endangered Species Act at this time is based on a rigorous evaluation of the best available science, which indicates the population appears stable, and the species has demonstrated an ability to adapt to changing conditions," said Greg Sheehan, Principal Deputy Director at the Fish and Wildlife Service.

Sheehan said the agency is focusing its listings in favor of more highly-threatened species. Previously the agency under the Obama administration used speculative climate modeling out to 100 or more years in the future to justify a listing.



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Members of the RDC Board of Directors attending the 2017 Annual Meeting

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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TO THE RDC MEMBERSHIP

A Message from the Executive Director

The 30th Alaska State Legislature adjourned sine die on Mother's Day, May 13th. An operating budget was passed, several bills RDC testified on, and many more did not pass.

Fortunately, flawed bills like HB 199 regarding fish habitat regulation, and two bills changing oil taxes, HB 288 and HB 411, failed as many of you as well as RDC spoke out in opposition.

Once again, and oddly on April 10 in both 2017 and 2018, RDC submitted a coalition letter opposing HB 199 with some 16 businesses and associations signing on. (The full letter is online akrdc.org/legislative-efforts)



April 10, 2018

Honorable Members of House Special Committee on Fisheries
Submitted via email

Dear Chair Stutes and members of the House Fisheries Committee:

The undersigned broad coalition of entities, with very diverse interests, write to share comments with regard to Committee Substitute House Bill 199 Version M (CSHB 199), "An Act establishing major and minor anadromous fish habitat permits for certain activities; establishing related penalties; and relating to the protection of anadromous fish and anadromous fish habitat."

HB199 would have significantly changed the permitting process in Alaska to the detriment of communities and resource development projects.

Near the end of the session, RDC testified on HB 331, a bill to allow the State to bond the approximately \$900 million in outstanding oil exploration tax credits many companies have earned by previous investment in Alaska. This bill, while not perfect, would allow the State to pay off its credit obligation at once. It is a significant step in the right direction as paying off the credits would help stimulate Alaska's economy by encouraging investment on the North Slope.

Each time RDC testified, we reminded legislators about the diversity of our membership and that RDC's members are truly the lifeblood of Alaska's economy.

Thank you to Alaska's legislators for their service, and even more for adjourning before summer. Maybe next year we could see a 90-day session!

An even bigger thank you to each and every RDC member who supports our mission to *Grow Alaska Through Responsible Resource Development*. We appreciate you responding to action alerts and showing up at public hearings to testify on legislation and other issues and projects.

You are what keeps RDC going strong, and what makes us who we are.

Women in Resources

RDC's 14th Annual Women in Resources reception, hosted by the women board members of RDC, was held in Juneau on March 22nd. The event brought dozens of women executives from across Alaska's resource industries to meet with women legislators, members of the Walker Administration, as well as First Lady Donna Walker and Mrs. Toni Mallott.

While the reception is generally informal in nature, the RDC women board members felt it was important to highlight the organization's priorities this year, given the fiscal situation.

RDC Officer Jeanine St. John (Lynden) and Executive Committee member Wendy Lindskoog (BP) offered remarks, emphasizing the need to formulate a long-term sustainable fiscal plan while doing no harm to the industries that employ thousands of Alaskans and create revenue for the State of Alaska, a stronger private sector, and defending Alaska's existing, rigorous regulatory and permitting systems.

Sponsors of this year's event were Alaska Airlines, Alyeska Pipeline Service Company, Arctic Slope Regional Corporation, Aspen Hotels, ASRC Energy Services, BP Alaska, ConocoPhillips Alaska, Inc., ExxonMobil,

Hilcorp Alaska, LLC, Kinross Fort Knox, Lynden, Parker Horn Company, Stand for Alaska, Sumitomo Metal Mining Pogo LLC, and Usibelli Coal Mine, Inc.



Photos by Judy Patrick Photography

Corps of Engineers completes Donlin Gold EIS

The U.S. Army Corps of Engineers (Corps) has released the Final Environmental Impact Statement (EIS) on the proposed Donlin Gold project, a major step in the project's effort to secure the permits it needs to construct and operate the mine located in the Yukon Kuskokwim region of Southwestern Alaska.

The Donlin Gold project is located on land owned by the Calista Corporation (Calista) and The Kuskokwim Corporation (TKC), two Alaska Native corporations.

The Final EIS is a technical evaluation conducted in collaboration with numerous agencies and tribes of the potential impacts related to the proposed mine. This extensive review will now guide state and federal agencies as they consider issuing permits for the project. The EIS identifies potential impacts on the physical, biological, and social environment from all phases of the proposed project, including construction,

mine operation, and closure. It addresses long-term, cumulative effects from this project and other activities in the region, while considering a reasonable range of alternatives consistent with the Corps' legal mandates.

The EIS looks at mitigation methods, ways in which potential adverse impacts could be lessened. The EIS describes a range of practical mitigation and monitoring measures for protecting public health, water quality, wildlife, and subsistence resources.

A Record of Decision (ROD) from the Corps, the next step in the extensive and thorough regulatory process, is expected later this year. The ROD will describe appropriate mitigation measures required to minimize potential project impacts.

Decisions on most federal and state permit applications are anticipated by early 2019. The Donlin Gold project will need more than 100 permits before it can begin

construction and operations, in addition to investment approval from the project owners.

For over 20 years, Donlin Gold has worked extensively with Calista, which owns the mineral rights, and TKC, which owns the surface rights, in planning for the high-grade gold project, including exploration, environmental analysis and permit application preparation and review.

Donlin Gold LLC is owned equally by NOVAGOLD Resources, Inc. and Barrick Gold US, Inc. and operates the Donlin Gold project under a mining lease with Calista and a surface use agreement with TKC.

If developed, RDC believes the mine will be done in a way that creates opportunity for local employment and economic growth, while protecting the subsistence resources and culture of the region, and coexisting with the environment.

Learn more at DonlinGoldEIS.com.

RDC testifies to benefits of proposed Haines timber plan

In testimony before the University of Alaska Board of Regents, RDC supported a proposed 10-year timber sale near Haines.

The sale of 150 million board feet of timber over 10 years would come from multiple sites within the Haines Borough, including University of Alaska land set aside by Congress for the intended purpose of monetizing income to help support higher education. The sale is designed to harvest timber in a sustainable manner and in accordance with all applicable laws and federal regulations, noted RDC deputy director Carl Portman.

It is estimated the Haines harvest program would inject over \$90 million in private capital investment in the local area. The project will expand local infrastructure for the long-term benefit of the

community and other industries.

“The timber harvest plan will help diversify the economy in Haines and create jobs outside of the visitor industry that they are so heavily reliant upon,” said RDC board member Steve Connelly. “As a forester working for 30 years in Alaska’s coastal old growth forest, I have seen how this type of timber harvest can be a benefit to the environment,” Connelly added. “These stands of trees are over mature with decay and deterioration greater than any new growth. Harvesting these trees will provide biodiversity to benefit wildlife.” He also pointed out “the new healthy second-growth forest following harvest will sequester more carbon dioxide from the atmosphere than old-growth stand of trees.”



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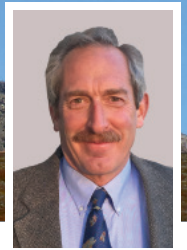
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ALASKA DESERVES FULL PROCESS ON AMBLER ROAD

Guest Opinion by John MacKinnon and Jim St. George



A House Resources committee hearing on the Ambler Mining District Industrial Access Project served as a reminder how prevalent a role outside environmental groups play in Alaska politics, particularly when it comes to mining projects. Perhaps nowhere else in America do environmental groups spend as much time, money and effort to insert a voice into how — or even if — we manage our own resources.

Knee-jerk opposition to resource development often ignores the needs and best interests of Alaskans. It also discounts that these projects, in this case a potential road leading to a mining district in Northwest Alaska, make huge regional economic contributions to fund education, healthcare and opportunity for future generations of our state.

The Red Dog Mine, one of the largest lead and zinc mines in the world, has been in operation since the 1980s. It's the only nongovernment tax contributor to the Northwest Arctic Borough and plays a critical role in supporting important services, especially schools. Since mining began at Red Dog over 25 years ago, more than \$140 million has been provided to the borough. During that same period, over \$880 million has been provided to the state and over \$695 million to the federal government.

Seven hundred-fifty Northwest Arctic Borough jobs are connected to Red Dog; accounting for roughly \$75 million in annual wages. In addition, over \$160 million is spent annually on goods and services from Alaska-based businesses. The economic and social benefits that the Red Dog Mine has brought to the region go on and on.

Roughly 150 miles to the east of Red Dog is the mineral rich Ambler Mining District. The topic of legislative hearings this past session was the feasibility of an access road being pursued by the Alaska Industrial Development and Export Authority (AIDEA). The road project is important because it would allow responsible development of mineral resources used in everything from solar panels to windmills and electric cars.

The Ambler Access Project road alone would create hundreds of local jobs during the construction phase. Once built, providing industrial-only access to known mineral deposits, mining development could account for thousands of direct jobs during mine construction and operations. The benefit to the region would be a multiple of the long-term positive benefits the Red Dog Mine has brought.

Despite the significant employment and economic benefit potential the project represents, the House Resources hearing included testimony from naysayers, arguing about the economics of the advanced-stage exploration project and challenging the return on investment of a proposed private toll road paid for with other people's money. The Wilderness Society representatives, while generally stating support for the access road itself, had a lengthy presentation disagreeing with the economic model presented by AIDEA.

AIDEA still has a lot of work to do, and they have detailed the

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rigorous process necessary to finalize a financing package for private investors interested in purchasing bonds to build the access road. Similarly, Trilogy Metals just finished a prefeasibility level study that demonstrates robust project economics, and as the Wilderness Society testified, more drilling work is needed at the potential mining projects. That work will continue this summer with recent news that the mining companies pursuing these opportunities have the funds in hand to do that.

AIDEA and its proposed Ambler Access Project are going through the National Environmental Policy Act (NEPA) process to complete scoping requirements for an Environmental Impact Statement (EIS). This includes comments from the public relative to concerns and issues that must be addressed in the permitting process. This is followed by a Draft EIS; another public comment period; a final EIS; a third public comment period; and then ultimately a Record of Decision. Nothing can be built before then.

The NEPA process is incredibly rigorous, incorporating local input into project design and decision making, and has always resulted in a better project. At the end of the day, Alaskans should support this process to ensure that — once all the facts are made available — those who stand to be most affected by the road have a say in how it's designed and developed. Nobody is building a road or a mine at this point, and none of the numbers are final, but Alaskans, especially residents of the region, deserve this process to play out. They deserve to hear all ideas, concerns and options for the road moving forward. What they don't deserve is to have another resource project shut down by outside special interest groups before all the facts are available and the permitting process complete.

John MacKinnon is the Executive Director of Associated General Contractors of Alaska (AGC), a construction trade association representing over 640 companies in Alaska. Jim St. George is the AGC board President and a private consultant. He is founder of STG Incorporated, a Calista owned Anchorage-based construction management and services company specializing in industrial construction projects in rural Alaska.



INDUSTRY DIGEST



BP and AGDC reach accord on key terms of gas sales agreement

The Alaska Gasline Development Corporation (AGDC) and BP Alaska announced in May an agreement on key terms of a gas sales agreement, a significant step forward for the Alaska LNG Project.

The deal establishes terms for price and volume, and the parties anticipate finalization of a long-term gas sales agreement in 2018 for AGDC to purchase BP Alaska's share of 30 trillion cubic feet of gas from the Point Thomson and Prudhoe Bay units.

"This agreement means Alaskans are one step closer to finally monetizing the vast reserves of natural gas on the North Slope," said Governor Bill Walker. "The end result will be thousands of jobs, a significant reduction in energy costs to power homes and businesses, and cleaner air. Having BP – one of our longtime participants in this project – commit its share for the gas on the sale underscores the progress we continue to make to build a stronger Alaska."

"The Alaska LNG Project has made significant progress over the past year, and BP is pleased to sign this agreement," said Janet Weiss, BP Alaska President. "This is an important project for the future of the Alaska oil and gas industry."

Alaska's congressional delegation also applauded the announcement of the key terms of the gas sales agreement.

The development comes six months after President Donald Trump and Chinese President Xi Jinping witnessed the signing in Beijing for a five-party joint development agreement to monetize Alaska's natural gas. Chinese companies are considering major long-term investment in the project. China is now Alaska's largest trading partner and leads the world in the consumption of natural gas.

Through leases with the State, BP controls just under one-third of the gas needed for the project. Other owners of North Slope gas, ConocoPhillips and ExxonMobil, must also commit their portion to the project. Negotiations are reportedly ongoing with both companies and Walker anticipates similar agreements after May.

Alaska congressional delegation, State working to ease roadless rule

The U.S. Forest Service is close to reaching a determination on the State of Alaska's petition to ease restrictions on road building and other activities in certain roadless areas of the Tongass National Forest.

Earlier, Alaska asked for an exemption from the so-called roadless rule, citing its impact on forest-related activities in Southeast Alaska.

U.S. Senator Lisa Murkowski is working closely with the State to look at all options to address the roadless rule. She said many industries in the region, including timber, mining, renewable energy and recreation, depend on access to the Tongass that has been severely limited by the rule. "The entire Southeast economy is locked because of the rule," the Senator said.

Congressman Don Young, in a dramatic floor session, squeezed out a one-vote margin on an amendment to the farm bill that would have exempted Alaska's two national forests from the rule, but the bill itself failed to pass the House. At time of publication, Young was continuing his efforts to get the amendment in a new draft of the bill.

RDC's 43rd Annual luncheon will feature BP America President

The Resource Development Council's 43rd Annual Membership luncheon featuring Susan Dio, Chairman and President of BP America, Inc., will be held on Wednesday, June 20th at the Dena'ina Convention Center in Anchorage. Ms. Dio will address, "Embracing the Energy Transition and Alaska's Resources."

Dio became the Chairman and President of BP America earlier this year, bringing to the role three decades of experience in leading various oil and gas businesses for the international oil company.

The RDC Annual Membership Luncheon is one of the largest business events held in Anchorage and has attracted over 1,100 attendees. Earlier in the morning, the RDC statewide board of directors will meet in its annual meeting to elect new members and discuss current issues.

Sponsorships are still available for the annual luncheon. Additional information on the event and registration is available at akrdc.org.

RDC supports preferred alternative in GMT2 environmental study

RDC submitted comments in May to the Bureau of Land Management supporting the Preferred Alternative in the Draft Supplemental Environmental Impact Statement (DSEIS) for the Greater Mooses Tooth 2 (GMT2) project in the National Petroleum Reserve-Alaska (NPR-A).

The DSEIS supplements an earlier analysis of the project. Under the Preferred Alternative, the associated pipeline and access road would cross both Kuukpik Corporation-owned lands and federally-managed lands within NPR-A. The infrastructure would also connect to the Greater Mooses Tooth 1 development, which is expected to begin producing oil later this year.

The \$1.5 billion project, which could produce up to 30,000 barrels per day, will help boost North Slope production, create new jobs, and generate revenues to the North Slope Borough, the State and federal government, bring meaningful benefits to local residents, the State, and the nation.

Proposed 2019 Beaufort Sea lease sale makes sense

RDC recently expressed strong support for a 2019 oil and gas lease sale in the Beaufort Sea Planning Area, as included in the 2019-2024 Outer Continental Shelf (OCS) Oil and Gas Leasing Draft Proposed Program published in January.

In comments to the Bureau of Ocean Energy Management, RDC urged the agency to move forward with lease sales in petroleum basins with the greatest resource potential. Given the Beaufort Sea is relatively close to existing infrastructure on the North Slope and the area has been extensively studied, a lease sale in 2019 makes sense in the early stages of the proposed five-year leasing program, RDC said. RDC encouraged the agency to work closely with Alaskans and subsistence hunters to ensure a balanced approach to the lease sale.



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