First production from ANWR not until year 2002

Based on 1988 decision

Based on past experience and the number of regulations and stipulations industry must meet, first oil production from the Arctic National Wildlife Refuge would not occur until about the year 2002, even if Congress gives a green light in 1988 for oil and gas leasing on the Coastal Plain.

A detailed industry scenario shows that lease sale planning and environmental studies would occur for two years before the first lease sale is conducted in 1990. Intensive environmental studies would continue and occur simultaneously with exploration activities.

Following a projected major discovery in 1994, three years of delineation drilling followed by three more years of planning, design and EIS processing and permit acquisition would occur. Three more years of development drilling and construction of facilities and pipelines would occur before actual (Continued on page 3)

Good management, industry participation and favorable environmental conditions has led to record seafood harvests in Alaska.

Fisheries see consistent growth

By Carl Portman

With black crude from the giant Prudhoe Bay oil field energizing the Alaska economy over the past decade, healthy and consistent growth in one of the state's oldest and largest industries has gone largely unnoticed by many.

Today, employment in the Alaska seafood industry is more than double the levels of the 1960s and early 1970s. Last year the state ranked number one in seafood harvest production in the nation.

"If we were an independent nation, we would rank sixth in the world and presently possess the potential to become number one in wild stock fisheries," said Cheryl Sutton of the Kenai Peninsula Fishermen's Cooperative Association.

Referring to Alaska's fishery resources as the state's first permanent fund, Sutton noted the industry's diversified and renewable nature. "Our fisheries have proven over and over again to be the constant old friend that some of us know them to be." This is the eighth consecutive year that the Alaska commercial salmon harvest has exceeded the 100 million mark, Sutton told a breakfast gathering of the Resource Development Council in early September. She said the ex-vessel value to commercial fishermen for salmon alone last year exceeded $404 (Continued on page 4)
Message from the executive director

By Becky L. Gay

RDC Board Meets in Homer

Sorry for the late release of our September Resource Review. We didn't want to publish it without covering our September statewide Board of Directors meeting in Homer.

A big thank you goes out to the City of Homer for proclaiming September 19 RDC day in Homer.

Mayor John Calhoun hosted our board members and guests to an informative tour of healthy and growing Homer. Following the tour, the formal meeting began over lunch with Homer and Kenai Peninsula Borough officials.

The meeting included a detailed staff report of recent RDC activities, a Tourism Division report by Randy Goodrich, a summary of Oil and Gas Division activities by Al Hastings and a report on RDC's ANWR efforts by Carl Portman. Mike Abbott presented attendees with a legislative update and provided details on an upcoming forestry symposium sponsored by RDC.

A number of other business items followed.

The gathering was most successful and allowed board members, who represent a wide spectrum of social, geographic and economic sectors, to exchange ideas and discuss problems and opportunities facing their industries.

The Saturday activities were capped off with a tremendous picture board showing proceeding of last year's meeting in Seward.

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Battle for the Tongass

by Joseph R. Henri

While many Alaskans are preoccupied with the battle over whether to open the Arctic National Wildlife Refuge to oil and gas development, another major land use battle is escalating across the 49th state.

In Southeast Alaska, non-development interests have fired their guns at the annual timber harvest in the Tongass National Forest, despite a cease-fire forested seven years ago with the forest products industry, a critical force in the Southeast Alaska economy.

Backed by allies in Congress, preservationists want to nullify the ANILCA accord of 1980 and make the livelihoods of Alaskans working in the forest products industry dependent upon the outcome of an annual fight.

Newly proposed federal legislation works to eliminate the $40 million Tongass Timber Supply Fund used to make timber available for commercial harvest. The fund was the main element of a compromise between environmentalists and loggers to make up for economic losses when much of the high-quality timber lands were given Wilderness status under ANILCA.

The Act placed most of the forest off-limits to harvesting and forestry to adjust to smaller, lower quality logs in less accessible locations on a commercial timber base of only 1.7 million acres. The Tongass is the largest national forest covering nearly 17 million acres.

In harvesting the rich timber resources of the Tongass, some unavoidable impacts occur in the relatively small areas designated for commercial use. However, impacts occur in the harvesting of any natural resource, including fish. Weather causes impacts, not to mention, wildfires and earthquakes.

We know of no instances where irreversible damage has occurred from logging. Mitigation measures have been successfully implemented throughout the region. In some cases, timber harvesting has actually improved wildlife and fish habitat. While Alaskan loggers have increased forest productivity, fishery harvests have grown to record levels and deer populations have increased.

Yet, special interest groups are relentless in their publishing of many falsehoods in an attempt to sway public and congressional sentiment to their goal of reducing the Tongass harvest.

They have incorrectly stated that the forest is being destroyed, that timber harvesting is harming other vital industries, and that the forest products industry is heavily subsidized.

The Tongass is far from being destroyed. Only 11 percent of it is scheduled to be logged over the next 100 years.

When considering subsidies, other industries may also be brought into the picture. Tourism is a legitimate income producing endeavor, an Alaskan industry that profits from public resources and is wisely supported by public funds. Yet do we require that funds spent on that industry be redirected to government.

The forest industry accounts for 40 percent of the region's employment in the natural resource sector.

Only eleven percent of the Tongass will be harvested over the next 100 years under the existing management program.

The media often highlights a negative angle to the Tongass timber harvest, yet the positive side effects have been ignored in large part. As a result, few people outside Southeast Alaska recognize that many of the region's roads and highways, packed tourists searching for new vistas, were built through timber programs. These roads also provide for new commerce, hunting and subsistence opportunities.

The primary benefit of the Tongass harvest is the maintenance of economic stability in Southeast Alaska communities where the timber industry comprises over one-third of the basic economy. The industry still accounts for about 40 percent of the region's employment in the natural resource sector.

In addition to the direct wages, local purchases, infusion of dollars into the tax base and money into the state's economy from the sale of products, the forest products industry and the funds used to administer the harvest program provide many other indirect benefits. Programs ranging from recreational enhancement and wildlife studies to public information and fish ladder construction have been charged against the harvest. The funds also pay for archeological inventories. Proposed Congressional enactments serve only to cast a shadow over a depressed industry which has recently developed a competitive trend toward renewed and healthy growth.

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Thoughts from the president

by Joseph R. Henri

Alaska's "F"

RDC's conference last April featured a report from the Corporation for Enterprise Development (CED) of Washington, D.C., in which Alaska was graded "F," or "failing," in its development policies. The grading was featured in our April "Resource Review." On September 17, our "F" grade was again brought to my attention by the speech of William Nothdurft to the Commonwealth North. It lies at the center of RDC's mission to convert the "F" to an "A." But you cannot change things for the better without knowing what is wrong. Besides, it takes as much to live with the status quo than to achieve difficult changes. Nevertheless, change we must.

The reader may be shocked to learn that there is only one state in the Union with less favorable enterprise development policies than Alaska. Practically speaking, CED says it can't get any worse than it is in the 49th State. Alaska continues to be a frontier in many ways. One of the results of this fact is that attracting capital for development is difficult. This vast subcontinent has very little and very inadequate infrastructure. Therefore when investors are considering the expanding development capital of the 49th State, they have to contemplate starting from scratch." The risk is always high. Only expected higher than average returns prompts any investor to consider an Alaska deal. Ordinary projects which may be perfectly satisfactory in a well-developed jurisdiction do not offer that much attraction in the far north.

This is why Mr. Nothdurft reminded the Commonwealth audience that "building a future means building capacity." Alaskans have not been noted for the building of capacity — we looked Susitna-Hydro in the eye and got hysterically scared. Yet we are now told, that had the Susitna project gone forward, the resulting large energy capacity would have given us a better shot at landing the super-collider project. One of our fundamental psychological defects is that most Alaskans do not believe enough in Alaska's potentialities.

The Corporation for Enterprise Development has compiled a long list of policies and actions in which Alaska is lacking. They tell us that our State has no (1) "future scanning;" (2) audit of business barriers; (3) regulatory review and one-stop permitting; (4) community reinvestment act; (5) public pension investment in the community; (6) insurance/loan guaranty programs; (7) business start-up help; (8) small business development centers; (9) labor management assistance programs; (10) transfer payment reinvestment programs or training in self-employment, providing lenders out of dependence. These inadequacies are among the reasons why Alaska was graded "F." We can think of others.

The Commonwealth speaker said that Alaska had done the worst job of investing in economic development; that our Alaska Renewable Resources Corporation was "brilliantly conceived but miserably executed;" and that Alaska lacks but desperately needs a business investment program. We must redouble our efforts. We must shake off our lethargy. We must do the hard work that has to be done to move Alaska towards the Honor Roll of state economic development policy. RDC's "New Strategies for Advancing Alaska's Economy, 1986-1990" is a step in this direction.

ANWR production scenario shows time consuming process

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production in 2002. A number of factors could extend development timing after discovery, including: (1) seasonal restrictions on delineation drilling, regulatory frameworks, size and location of the reservoir and stipulations and mitigation requirements on development permits and approvals. In addition, litigation on EIS and permit decisions could push production back further.

While there were political, economic, and environmental factors affecting the Prudhoe Bay development and delayed production of that field, oil began flowing through the trans-Alaska pipeline in 1977, 13 years after initial exploration and about nine years after discovery. Although the Lisburne and Kuparuk fields were discovered about the same time as Prudhoe Bay, development of these fields was deferred for several years pending development of the super-giant field. Kuparuk production began in 1981, nearly 13 years after discovery and Lisburne production began in 1986, about 18 years after discovery. A more recent development, the Endicott field, is due to begin production in late 1987, ten years after discovery.
The Alaska Department of Natural Resources' recent decision to approve the Diamond Alaska coal surface mining application is "important to Governor Steve Cowper's goal for Alaska to become a major exporter of coal to Pacific Rim markets," according to Gerald Gallagher, Director of the Division of Mining.

"With the signing of this permit, we are sending a clear signal to potential coal buyers that the state is serious about developing our coal resources," Gallagher said.

In a letter to Governor Steve Cowper, RDC Executive Director Becky Gay wrote "it is a pleasure to see Commissioners Judy Brady and Denny Kelso working together proactively to facilitate resource development through flexible, but necessary, permitting.

Gay applauded DEC Commissioner Denny Kelso for his department's flexibility in reviewing the permit. Gay said DEC’s involvement in this permit process has proved to be solution-oriented. RDC recognizes that there are still disagreements between the permitting office and the state on several issues, but DEC’s action on wastewater may well have forestalled the placement of the "last straw," Gay said. "DEC will undoubtedly face pressure from non-mining interests opposed to this mine, but we hope this will not deter the department from taking similarly brave stands in the future.

The mining permit will be issued for a period of eight years. Under its terms, Diamondack, can extract up to 12 million tons of coal annually, which would make the operation one of the largest mines in the U.S. The site is about 45 miles west of Anchorage.

Fisheries strong and growing

(Continued from cover)

million. Total seafood landing last year exceeded $885 million to fishermen and created more than 75,000 jobs.

Sutton estimated last year’s commercial fisheries were worth over $3 billion to the Alaska economy. There are presently over 630 processors and 17,000 commercial permit holders doing business in Alaska, bringing critical dollars into every community.

In 1986, over $32 million was added to the state’s general fund from taxes generated through commercial fishing. In addition, commercial salmon fishermen are assessed up to 3 percent of their gross earnings to be contributed to non-profit aquaculture associations.

This year Bristol Bay harvested nearly 16 million sockeye (red) salmon with an estimated ex-vessel value of $124 million. In upper Cook Inlet, 10.2 million salmon were harvested, an increase of that number being sockeye. The ex-vessel value of the upper Cook Inlet fishery is estimated to be $100 million.

Sutton noted that Cook Inlet is second only to Bristol Bay in salmon harvest values. She said that the state’s "valuable fisheries industry is no accident, but, rather, is the result of a combined effort of good management by the Department of Fish and Game, industry participation and favorable environmental conditions."

The forecast for Cook Inlet for 1988 will be very close to the forecast for this year, Sutton said. However, she warned that investments must be made if the industry is to continue yielding benefits.

"As possessors of world-class fisheries resources, we need to look well to this renewable permanent fund and ensure that our fisheries programs receive the funding necessary to keep us as world leaders and to enable us to just stand up to these old friends," said Sutton.

Surface mining application is approved

In public hearings and formal comments, the Resource Development Council is opposing proposed changes to the Chugach State Park master plan that will severely limit commercial downhill ski development and prohibit helicopter landings in the park. Chugach State Park borders the eastern edge of Anchorage from Eklutna to Potter Marsh.

The Council’s Tourism Division has taken a position against the Division of Parks’ preference to limit the development of a downhill ski resort to only one area within the park.

Randy Goodrich, director of the Council’s Tourism Division, proposed a new commercial downhill ski alternative which would permit development of ski resorts in different areas of the park as long as negative cumulative impacts are limited, park use are managed, and effects on park resources are minimized.

"Other states are expanding on aggressive efforts to capture a greater share of the international travel market. They are providing greater access to public lands and more visitor facilities and diverse opportunities." Goodrich said.

Chugach State Park should allow the greatest variety of uses by tourists and other park visitors. He said recreationists enjoy a variety of sightseeing opportunities provided through helicopter flight-seeing.

"In Alaska, nearly all popular recreation areas exist because of access and facilities provided by mining, logging and commercial tourism operations," Goodrich said. "Commercial tourism operations have traditionally co-existed with other uses, and this variety of uses should continue."

Recreation and tourism have become the mainstay of many state and local economies, Goodrich stressed. "Other states are expanding on aggressive efforts to capture a greater share of the international travel market. They are providing greater access to public lands and more visitor facilities and diverse opportunities."

Goodrich said Chugach State Park gives Anchorage and Alaska a major opportunity to provide the Alaska visitor with what they want most, nearby and affordable access. "We should take the first steps now to assure that adequate facilities and a variety of opportunities are available to them in Chugach State Park."

ANWR bill advances in Congress

The Senate Energy and Natural Resources Committee has voted by a 2-1 margin to forward a bill to expand the Arctic National Wildlife Refuge to include ANWR oil and gas leasing. A Committee hearing on pre-development legislation is scheduled for October 13.

The vote was small but critical hurdle that needed to be cleared if lawmakers in the 100th Congress are to approve opening of the most prospective oil and gas areas. Other important votes by House panels also dealing with the issues will take place later this year or next year.

In a major mailing last month, RDC asked several thousand citizens across the nation to send telegrams and letters to members of the Senate Energy Committee asking them to open the Coastal Plain to development. RDC will continue to keep its members informed on important hearing dates and upcoming congressional polls.