

RESOURCE DEVELOPMENT COUNCIL FOR ALASKA, INC. 2015 ANNUAL REPORT



GROWING ALASKA THROUGH RESPONSIBLE RESOURCE DEVELOPMENT

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ABOUT RDC

RDC is a statewide association comprised of individuals and companies from Alaska's oil and gas, mining, forestry, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC STAFF

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OIL AND GAS

A large offshore oil rig is silhouetted against a vibrant sunset sky. The rig's complex structure, including two tall derrick towers and various cranes, is visible. The sun is low on the horizon, casting a golden glow over the scene. In the background, a range of mountains is visible under the colorful sky. The foreground shows the calm surface of the water.

Industry Fact

Since the Cook Inlet Recovery Act passed, Cook Inlet oil production has increased 80 percent.

OVERVIEW

Since 1977, Alaska's North Slope has produced over 17 billion barrels of oil. Oil funds about 90 percent of the state's General Fund unrestricted revenue for most years and over \$180 billion in total state government revenue since statehood.

The oil industry accounts for one-third of Alaska jobs and about one-half of the overall economy when the spending of state revenues from oil production is considered (ISER, UAA study 2/2011). Without oil, Alaska's economy would be half its size. When the oil industry expands and prospers, so does Alaska's economy.

While the economic impact of oil and gas activity and production in Alaska is profound, Alaska production has been in decline since peaking in 1988 when the state produced 25 percent of all U.S. oil. Now Alaska produces approximately seven percent. In fact, the Trans-Alaska Pipeline is now running at three-quarters empty.

With an estimated 50 billion barrels of conventional oil remaining to be developed on the North Slope and offshore areas of the Alaska Arctic, it's not for a lack of resource that production has declined. The majority of the remaining resource is located on federal lands and offshore areas where access has been hindered either by federal policy,

environmental litigation, or a complex and ever-changing regulatory regime. On state lands, the government tax bite under the previous tax system was so high that Alaska was unable to compete with other oil provinces for production-adding investment.

The More Alaska Production Act is drawing billions of dollars in new investment back to Alaska, resulting in a resurgence in industry activity, as well as a record number of drilling rigs operating in the Arctic. The state projects an increase in oil production over the next two years. Moreover, at current prices, producers will pay almost \$1 billion more in taxes over two years than they would have under the old tax system.



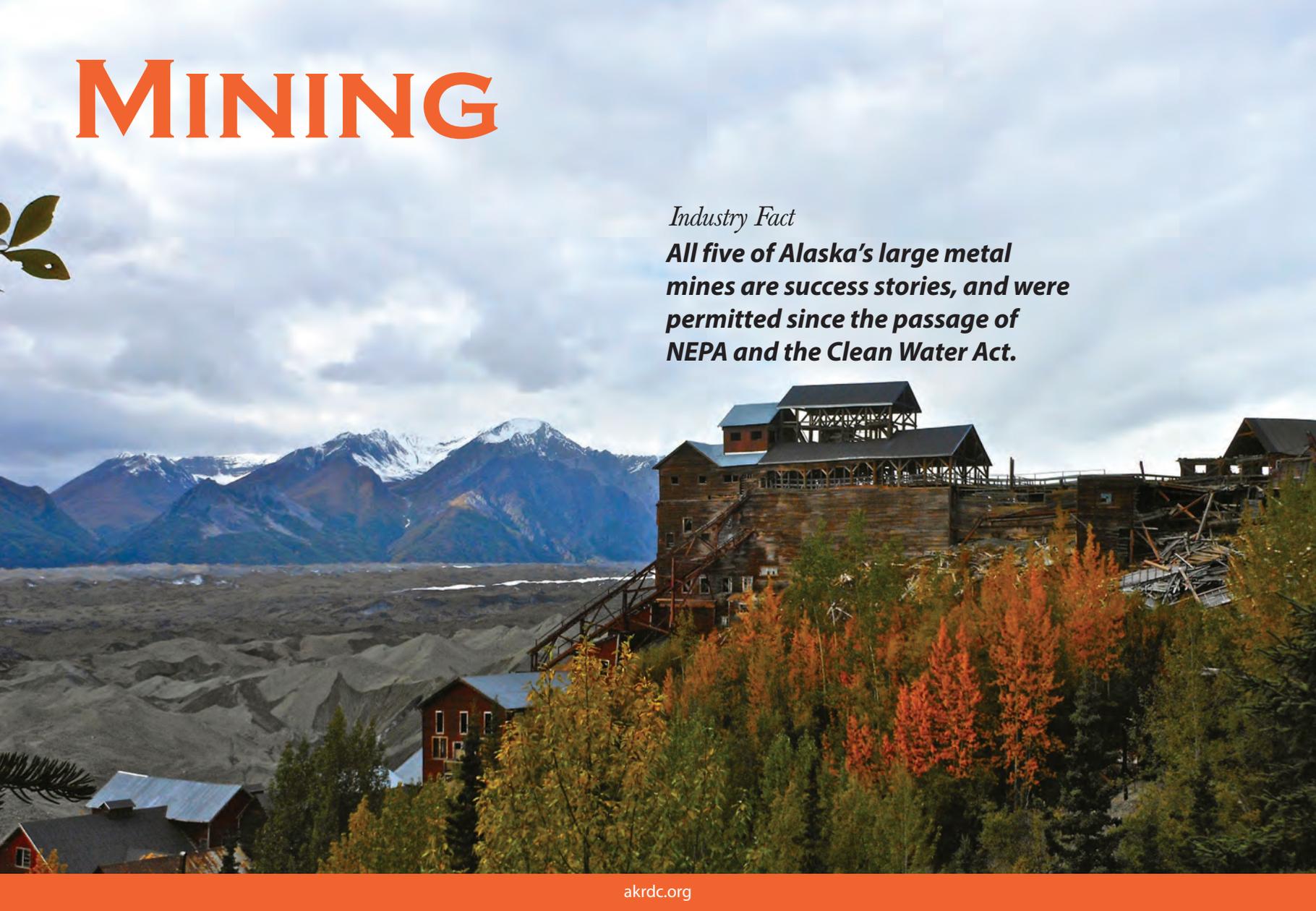
RDC'S EFFORTS

- Published editorials and launched other advocacy efforts opposing Ballot Measure One, the repeal of oil production tax reform.
- Commented on 2017-2022 OCS leasing program.
- Submitted comments on the SEIS for OCS Lease Sale 193.
- Supported Shell's 2015 Exploration Plan.
- Testified in support of Shell Oil/Foss Maritime Terminal 5 lease at Port of Seattle.



- Submitted comments on Arctic-specific OCS regulations.
- Testified in support of Greater Mooses Tooth Unit 1 and 2 Projects in NPR-A.
- Supported AK LNG Project
- Opposed ANWR Wilderness lock-up.
- Supported proposed Incidental Harassment Authorization in Cook Inlet
- Published Action Alerts and submitted comments on a wide range of other oil and gas issues.
- Featured updates on issues and projects in *Resource Review* newsletter and hosted public forums with presentations from oil industry executives across the state.
- Published background paper on the oil and gas industry at akrdc.org.

MINING



Industry Fact

All five of Alaska's large metal mines are success stories, and were permitted since the passage of NEPA and the Clean Water Act.

OVERVIEW

There are six large producing mines in Alaska, and nine more in either the exploration or permitting phase, as well as thousands of smaller operations throughout Alaska.

In 2014, Alaska's mining industry provided \$144 million in payments to Alaska Native corporations, benefiting all Alaska Native corporations and the over 220 village corporations.

Mining is not the largest employer in Alaska, but the average salary is \$100,000 per year, double the state average for all sectors. In 2014, mining contributed \$20 million to local governments, and \$119 million to state government through royalties, rents, fees, and taxes.

Mining in Alaska produces zinc, lead, gold, silver, coal, and construction materials such as sand and gravel. Alaska also contains many Rare Earth Elements, a much needed resource for the nation.

Money spent on development, such as mine construction and other capital investment, was \$102 million, significantly down from the previous year, with exploration expenditures estimated to have been a recent year low of \$67 million.



However, mining continues to offer opportunities in communities where few or no other opportunities exist. Mining works for Alaska, and has, for over 125 years.

RDC'S EFFORTS

- Supported the gas pipeline Right of Way for the proposed Donlin Gold project.
- Supported critical minerals access and legislation, as well as access for mineral exploration and development in the Bering Sea – Western Interior, Central Yukon, Gates of the Arctic, and Eastern Interior Resource Management Plans and Areas of Critical Environmental Concern.
- Supported coal exploration and permits at Wishbone Hill, Chuitna Coal Project, and Healy Valley.

- Opposed the closure of exploration and development in Mineral Order 1161.
- Commented on the Draft Antidegradation Implementation Regulations Plan and the Waters of the U.S. rule.
- Advocated for a fair process for the Pebble Project, including discouraging the EPA from continuing the premature Bristol Bay Assessment.
- Featured mining issues and projects in Resource Review newsletter and hosted public forums with presentations from mining industry executives across the state.
- Published background paper on the mining industry at akrdc.org.



FORESTRY

A yellow Caterpillar 220 forklift is the central focus, with an operator visible in the cab. The operator is wearing a dark jacket and brown pants. The forklift is positioned in a logging yard filled with large stacks of logs and stacks of cut lumber. The background shows a dense forest of evergreen trees under a clear sky. The word 'FORESTRY' is written in large, bold, yellow letters across the top left of the image.

Industry Fact

- **Logging on Native corporation land accounts for over two-thirds of all remaining logging jobs in Alaska.**

OVERVIEW

In the 1970s the forest sector was one of the largest industries operating in Alaska. However, federal government policy and land use shifts in the 1990s radically transformed the industry. Yet forestry still holds much potential to diversify the economy. The forest industry utilizes a renewable resource in a sustainable way, providing jobs, products, and biomass energy for the 49th state.

After falling to record lows of 19 million board feet (mmbf) in 2007 and 21 mmbf in 2012, timber harvests in the Tongass National Forest of Southeast Alaska have increased to an average of 35 mmbf in recent years. To put these harvests in perspective, the annual logging ceiling under the current forest plan is 267 mmbf. The annual sustainable harvest level for the Tongass set under the Alaska National Interest Lands Conservation Act of 1980 was 520 mmbf.

More harvests are now taking place on state lands, including the “boreal” forest in Interior Alaska, which contains stands of white spruce, cottonwood, aspen and paper birch. In fact, the industry in Interior Alaska is experiencing slow, but steady growth as wood biomass projects are developed to meet community needs for economic residential and commercial space heating and electrical generation.

Timber harvests on state, federal, Native corporation, Mental Health Trust, and University of Alaska lands reached approximately 153 mmbf last year. On state lands, some 37,842 mmbf of timber was harvested in statewide timber sales from Southeast Alaska to the Interior.

The timber industry across Alaska supported more than 700 direct jobs (January-September), including service sector employment. With an average wage nearly \$10,000 higher than the average private sector wage, these are important jobs that continue to support families and communities. The industry also supported 105 federal jobs last year.

The State of Alaska timber sale program is focused on meeting demand for timber sales in Southcentral and Interior Alaska while maintaining timber sale activity in southern Southeast to help offset uncertain federal timber supply.



RDC'S EFFORTS

- Offered comments on the Chugach National Forest Plan Revision.
- Submitted comments on the Tongass National Forest Plan Revision.



- Joined other organizations in filing a lawsuit challenging the new Forest Planning Rule.
- Offered comments supporting the Sealaska lands bill, which passed in December 2014.
- Intervened in a lawsuit challenging the Big Thorne Timber Sale.
- Submitted comments on the Southeast State Forest Management Plan.
- Featured forestry issues and projects in *Resource Review* newsletter and hosted public forums with presentations from executives across the state.
- Published background paper on the forestry industry at akrdc.org.

A photograph of three fishermen on a boat. They are wearing bright orange rain jackets and hats. The man on the left has a grey beard and glasses, holding a large salmon. The man in the middle is smiling and holding a net. The woman on the right is also smiling and holding a large salmon. The background shows the boat's structure and the ocean.

Alaska Constitution:

Article VIII Section 4. Sustained Yield

Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

FISHING

Industry Fact
**In Alaska, 1-in-7
residents are
employed by the
seafood industry.**

Alaska remains a global model of excellence in fisheries management. Alaska's fisheries have been strictly regulated and monitored through the North Pacific Fishery Management Council, comprised of federal fisheries administrators, state fisheries agency personnel, and knowledgeable private citizens. Based on sound scientific research and analysis, the management practice proactively ensures the sustainability of fish resources and associated ecosystems for the benefit of future, as well as current generations.

The 'Alaska Seafood Brand' of being wild, sustainable, and of the highest quality distinguishes itself in the national and global markets, and ranks as the second most commonly specified brand on U.S. menus. In 2013, 5.8 billion pounds of seafood was landed in Alaska with a \$1.9 billion ex-vessel value. Globally, export markets are critical to the Alaska seafood industry, accounting for nearly two-thirds of total sales, or \$3.3 billion.

Employment has steadily risen, providing over 63,000 direct seasonal and full-time jobs statewide. The seafood industry brought in nearly \$200 million in revenue for state and local governments in 2013 and \$54.2 million in Fishery Business and Landing taxes were directly collected by or distributed to 65 communities and boroughs in Alaska.

Sportfishing in Alaska is a \$1.4 billion industry, directly and indirectly providing approximately 16,000 jobs statewide, \$545 million in income, and \$125 million in state and local taxes. Sport fishing remains an important recreational activity and economic driver to Alaskans and the State.

In 2014, 463,075 fishing licenses were sold in Alaska, generating \$17.8 million in net sales overall. Forty-one percent of the fishing license purchases were by residents and 59 percent were by non-residents. Approximately 40 percent of adult Alaskans between the ages of 18 – 65 purchase a sport fish license, one of the highest rates in the nation. Alaska ranks fifth in non-resident fishing destinations ranked by the number of visiting anglers.



RDC'S EFFORTS

- Supported and commented on the delisting of North Pacific Humpback Whale, resulting in the removal from the list of endangered under the Endangered Species Act.
- Testified on the proposed critical habitat designation of the Arctic ringed seal.
- Opposed the proposed designation of an Aleutian Islands National Marine Sanctuary.



- Partnered with business organizations across the state and nationally to encourage congressional oversight on federal implementation of National Ocean Policy.
- Monitored and attended hearings on the Magnuson-Stevens Reauthorization Act.
- Participated in North Pacific Fishery Management Council meetings.
- Participated in numerous forums on issues facing Alaska fisheries in the Pacific Northwest.
- Featured fishing issues and projects in *Resource Review* newsletter.
- Published background paper on the fishing industry at akrdc.org.

TOURISM



Industry Fact **The cruise ships that visit Alaska each year use some of the most advanced technologies to minimize air and water emissions, and the ships recycle everything.**

OVERVIEW

In Alaska, there are countless mountains, streams, lakes and acres of forests and tundra to explore. The nearly two million visitors per year have unlimited options of places to visit, making Alaska a premier destination.

RDC, along with other visitor organizations, continues to work to create a positive business environment in Alaska for the cruise and tourism industries. While the number of visitors has only slightly increased, tourism businesses are still hopeful the latest policy changes will continue to reverse the decline seen in 2008.

Approximately 1.93 million people visited Alaska in the year ending September 2014, down slightly from the previous year. About 86% of these visitors traveled during summer, and of all visitors, 50% arrived by cruise ship, 46% by air, and the remainder by highway or ferry.

Tourism continues to be a large private sector employer in Alaska, accounting for approximately 39,000 direct and indirect jobs. Tourism is a renewable resource with many opportunities yet to be discovered, and requires many full and part-time jobs.

Visitors not only require many people to maintain the businesses they visit, they spent



\$1.8 billion during the study period last year. Visitors also pay bed taxes and in some places, sales taxes.

The tourism industry is made of several different components: cruise lines, air service, and highway/ferry traffic to Alaska. There are also thousands of businesses, many of which are small, family-owned, that depend on the passengers coming to Alaska to take their tours, dine in their restaurants, and stay in their guest rooms.



RDC's EFFORTS

- Remained engaged with Alaska Alliance for Cruise Travel (AlaskaACT) and promoted its mission to advocate for a positive business environment for Alaska tourism.
- Continued to educate Alaskans on the EPA's Emission Control Area, impacting transportation and tourism across Alaska.

- Supported equitable environmental laws for the tourism industry.
- Engaged in tourism promotion to increase awareness of environmentally sound practices, such as wastewater treatment systems and recycling management.
- Supported increased access and infrastructure for tourism across the state.
- Featured tourism articles on issues and news in the Resource Review newsletter, and hosted public forums featuring tourism presentations by executives around the state.
- Published background paper on the tourism industry at akrdc.org.



- **View action alerts and comment letters**
- **Access industry overviews**
- **Be in the know on RDC events**
- **Watch presentations**
- **View corporate and individual members**
- **View RDC board and staff**
- **Read RDC newsletters back to 1978**
- **Look over RDC policy positions**
- **See RDC's involvement in legislative issues**

All this, and more at akrdc.org



The RDC board and staff continues its active engagement in Juneau each session, testifying and providing written comments on a number of bills.

- Support of SB 57 - An Act relating Federal Clean Air Act Plan Implementation
- Oppose HB 119 - An Act relating to the Bristol Bay Fisheries Reserve
- Support of SB 32/HB 87 - An Act relating to the sale of timber on state land
- Support of HJR 4 - Urging the U.S. Congress to provide equitability sharing from OCS production
- Support of HJR 7 - Opposing the designation of an Aleutian Islands National Marine Sanctuary
- Alaska Business Report Card – Visit alaskabusinessreportcard.com



OTHER ISSUES

Long-range state fiscal plan • Ballot initiatives and referendums • AK LNG Project
ESA listings and critical habitat designations • National Ocean Policy
Coastal and Marine Spatial Planning • Health Impact Assessments
Waters of the U.S. Rule (jurisdictional wetlands) • Wetlands compensatory mitigation
Arctic ringed seal • Wood bison • Sustainable fishery management and certification
Bristol Bay Watershed Assessment and Proposed Determination • Multi-sector General Permits
Antidegradation Implementation Regulations • State Long-term Energy Plan
Arctic Policy Commission Preliminary Report • Susitna-Watana
Izembek Land Exchange

Visit akrdc.org for updates on these and other important issues

EVENTS

Annual Meeting – June 2014

The 39th Annual Meeting featured guest speaker Ryan Lance, Chairman and Chief Executive Officer, ConocoPhillips. This well-attended event was sponsored by nearly 140 Alaska companies supporting RDC's efforts to responsibly develop Alaska's natural resources.



Community Outreach Trip – September 2014

RDC board members, staff, and guests traveled to the Kenai Peninsula. In Seward, the group toured the coal loading facility, Alaska Sea Life Center, and AVTEC facilities before traveling to Cooper Landing where they enjoyed leisure time at the Kenai Princess Lodge. A tour of the LNG Plant in Nikiski and Process Technology Center, as well as a community reception held at the home of RDC board member Lisa Parker rounded out the second day. The visit culminated with platform tours in Cook Inlet, with the group traveling via helicopter to reach platforms operated by Hilcorp and XTO energy. The board also visited the Alaska Wildlife Conservation Center.

Alaska Resources Conference – November 2014

The 35th Annual Conference, attended by over 1,000 people, featured 34 speakers from across Alaska's resource sectors. The Governor, legislators, state and federal agency officials, industry representatives and students attended two days of panel sessions, a multi-industry trade show, and a VIP reception open to all attendees.

Legislative Fly-in to Juneau – January 2015

RDC board members and staff traveled to Juneau and met with the Governor and Lieutenant Governor, legislators, and administration officials to discuss issues affecting RDC members. The two-days of meetings and a dinner honoring freshman legislators were well attended by policy makers.



Women in Resources – February 2015

Women RDC board members hosted the 11th annual reception in Juneau. Over 50 women legislators, administration officials, business leaders, and policy makers, as well as special guests U.S. Senator Lisa Murkowski, and First Ladies Donna Walker and Toni Mallott, attended the event, recognizing Women in Resources.



Breakfast Meetings – September-May

Breakfast forums on the first and third Thursday of the month feature current events and topics, including project updates and renewable energy projects, legislative presentations, industry updates, and more.





RESOURCE DEVELOPMENT COUNCIL

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TOURISM



FISHERIES



OIL & GAS



MINING



FORESTRY