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BREAKFAST MEETING

Thursday, February 15, 2018

- Call to order Eric Fjelstad, RDC President
- 2. Self Introductions
- 3. Head Table Introductions
- 4. Staff Report Marleanna Hall, Executive Director
- 5. Program

To the U.S. Supreme Court and Back Again

John Sturgeon

Next Meeting: Thursday, March 1, 2018 Dena'ina Center TBA

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This breakfast packet and presentation may be found online at:

akrdc.org



TOURISM



FISHERIES



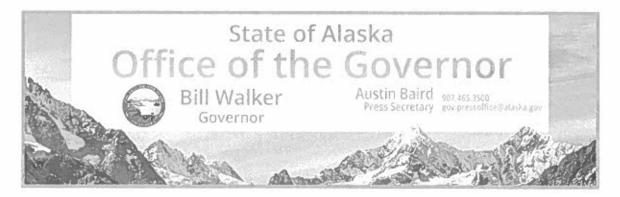
OIL & GAS



MINING



FORESTRY



FOR IMMEDIATE RELEASE

No. 18-018

Contact: Austin Baird, Press Secretary – (907) 310-9761

Jonathon Taylor, Deputy Press Secretary – (907) 465-3985

State urges U.S. Supreme Court to overturn Ninth Circuit decision in Sturgeon case AG Jahna Lindemuth files 'friend of the court' brief defending State of Alaska's rights

February 5, 2018 ANCHORAGE — The State of Alaska today in an amicus brief urged the U.S. Supreme Court to hear John Sturgeon's case and to ultimately overturn the Ninth Circuit Court of Appeals decision.

Mr. Sturgeon filed his petition for certiorari on January 5, and the State is hopeful that the Supreme Court will once again review these important issues related to the State's right to manage its own submerged lands and navigable waters flowing over the top of those lands.

"Last time Mr. Sturgeon went before the U.S. Supreme Court, the Court sent a very clear message to the Ninth Circuit – you must take Alaska's unique statutes and history into account," *Attorney General Jahna Lindemuth* said. "Instead, the Ninth Circuit completely ignored the Supreme Court's guidance and expanded a federal doctrine on reserved water rights far beyond its ordinary and reasonable meaning."

This case arises out of Mr. Sturgeon's operation of his private hovercraft on Nation River, a state navigable water running through a federal national park area known as a Conservation System Unit. Mr. Sturgeon was using a hovercraft on his annual moose-hunting trip — an activity permitted under state law — when the National Park Service threatened him with a citation for violating a federal ban on hovercraft use in park units. Mr. Sturgeon sued, challenging the federal government's assertion of broad regulatory authority. The State filed its own suit as well but was dismissed for lack of standing. Since that time, the State has supported Mr. Sturgeon's legal efforts by filing amicus briefs, also known as "friend of the court" briefs.

This case already made its way to the Supreme Court previously after the Ninth Circuit held in favor of the National Park Service, but the Supreme Court sent the case back to the Ninth Circuit with specific guidance on Alaska's unique history and federal statutes that apply and asked the Ninth Circuit to review the case again.

Rather than using the Supreme Court's emphasis on State sovereignty as a guide, the Ninth Circuit held that the federal government has broad authority, stemming from the federal government's reserved water rights, to regulate navigable waters in federal national park areas in Alaska — despite the State's ownership of submerged lands. Mr. Sturgeon and the State both believe the Ninth Circuit is wrong, and

Mr. Sturgeon has requested the U.S. Supreme Court to review the issue for a second time due to the Ninth Circuit's failure to properly apply the Alaska National Interest Lands Conservation Act and recognize state management authority over navigable waters in the State.

"The State owes a debt of gratitude to Mr. Sturgeon for continuing this fight, and the least we can do is support him in his efforts and defend the State's sovereign rights," *Governor Bill Walker* said. "We have and will continue working closely with John Sturgeon and his legal team to again seek Supreme Court review of the Ninth Circuit decision. We hope the Court will act to uphold Alaska's sovereign interest in managing its lands and waters."

Attached is a copy of the State's amicus brief. Follow-up questions should be directed to Assistant Attorney General Cori Mills at 907-465-3600.

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ACTION ALERT

New Five-Year OCS Lease Sale Draft Plan
Anchorage Public Hearing: Wednesday, February 21, 2018, 6:00 p.m.
Comment Deadline: March 9, 2018

Overview

The Bureau of Ocean Energy Management (BOEM) has issued a call for public comments on a new draft five-year Outer Continental Shelf (OCS) oil and gas leasing plan that would replace the current program that was crafted by the Obama administration and excluded most of the Alaska OCS, including the Arctic, from future exploration.

The Trump administration's Draft Proposed Program (DPP) calls for 19 of 47 lease sales in federal waters off Alaska coasts beginning in 2019 and ending in 2024. The DPP offers three lease sales each in the Chukchi and Beaufort seas, two in Cook Inlet, and one each in 11 other areas, including the Gulf of Alaska. No sales are proposed in the North Aleutian Basin, which includes Bristol Bay and has been under a presidential withdrawal since 2014. The proposed plan is subject to change and it is unlikely that all 19 lease sale areas will be included when the plan is finalized.

The DPP proposes to offer the largest number of lease sales ever for U.S. waters with 25 of 26 planning areas proposed for leasing. The plan calls for multiple lease sales in the Pacific, the Gulf of Mexico, and in the Atlantic, where sales have not been held since 1983.

President Obama had removed 94 percent of the acreage that had been available for offshore leasing and this DPP proposes to do the opposite. The Interior Department said the proposed DPP allows for consideration an unprecedented increase in access to America's extensive offshore energy resources, a critical component of the nation's energy portfolio, and emphasizes the importance of producing American energy. Public comments along with future environmental analyses and other studies will inform BOEM on which specific areas may warrant special considerations. The Trump administration pledged to would work closely with Alaska Native and subsistence hunters to ensure a balanced approach in Arctic lease sales.

Action Requested

Please submit comments supporting the proposed lease sales in the Arctic and Cook Inlet. Including at this stage the most prospective areas of the OCS for potential oil and gas discovery is consistent with advancing the goal of moving America from simply aspiring for energy independence to attaining energy dominance.

Public Meeting:

Anchorage, February 21st, Dena'ina Center, 6:00-10:00 p.m. The meeting will use an open-house format so participants can meet members of the BOEM team on a one-on-one basis and ask questions. Participants are encouraged to submit comments on the DPP, which will help inform the preparation of a Draft Programmatic Environmental Impact Statement.

Online:

http://www.regulations.gov/comment?D=BOEM-2017-0074-0001

Mail: Ms. Kelly Hammerle, National OCS Oil and Gas Leasing Program Manager, Bureau of Ocean Energy Management (VAM-LD), 45600 Woodland Road, Sterling, VA 20166-9216

Additional Information: https://www.boem.gov/National-Program-Participate/

Points to Consider:

- The potential oil and gas resources that may be made available as a result of this DPP are fundamental to America's energy security in the coming decades. The 2019-2024 OCS Oil and Gas Leasing Plan will provide the foundation for the nation's energy supply into the middle of this century.
- Alaska's Beaufort and Chukchi seas form one of the most prospective basins in the world. Together, these
 areas are estimated to hold over 24 billion barrels of oil and 133 trillion cubic feet of natural gas.
- Despite a surge in U.S. oil production in recent years, the U.S. still imported nearly eight million barrels per day last year to meet domestic needs.
- Offshore development would serve to help maintain the integrity of the Trans-Alaska Pipeline System (TAPS), a critical link to America's energy distribution. TAPS has safely transported more than 17 billion barrels of oil since it came online over 40 years ago.
- Twenty-five years ago, North Slope oil production exceeded two million barrels a day, which accounted for a
 quarter of domestic crude oil production. However, TAPS throughput has now declined to approximately
 528,000 barrels per day. Given the vast resources available in the Arctic OCS, future production could stem
 the decline, allowing for TAPS to remain viable for decades.
- Excluding the Alaska Arctic from future lease sales would severely compromise the long-term energy and economic security of Alaska and the nation.
- The Arctic's untapped resources are of critical importance to both Alaska and the United States. Oil and gas
 development in the Arctic OCS is predicted to produce an annual average of 35,000 direct and indirect jobs
 over the next half century for Alaska alone. Those jobs would represent a total payroll of over \$70 billion.
- From an economic standpoint alone, promoting and fostering Arctic OCS development would represent a windfall for the national economy. Revenues generated from Arctic OCS oil and natural gas production could amount to \$200 billion to federal, state and local governments.
- Industry has shown that impacts to marine mammal subsistence activity can be avoided and mitigated through
 close cooperation and communication with primary subsistence users. Newly instituted technologies will further
 ensure that development and environmental protection can coexist in the Arctic.
- Leasing and subsequent Arctic OCS exploration and development would bring much-needed infrastructure to the region and would also provide additional response capabilities in an area where shipping and other activities are increasing.
- Major investments in research in the Arctic OCS over decades by industry, government, and academia will
 provide a strong platform for responsible development that minimizes risks to other resources.
- Over 72% of Alaskans have supported offshore development. (Consumer Energy Alliance poll, October 2014)
- BOEM lease sales provide some level of predictability and certainty for industry to engage in long-term strategies to develop the Arctic's vast resources.
- Oil and gas development in the Arctic OCS could ultimately prove indispensable, given forecasts that predict
 this nation's energy demands increasing over ten percent in the next quarter century. Even with dramatic
 increases in alternative energy sources, the majority of these growing energy demands will continue to be
 satisfied through use of fossil fuels.

Comment deadline is March 9, 2018

Executive Director Marleanna Hall 2017-2018

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February 14, 2018

State of Alaska Department of Natural Resources Attn.: Hollie Chalup 550 West 7th Avenue, Suite 900B Anchorage, AK 99501

Via email to dnr.anc.mining@alaska.gov

Re: Miscellaneous Land Use Permit at the Pebble Project

Dear Ms. Chalup:

The Resource Development Council for Alaska, Inc. (RDC) is writing to urge the Department of Natural Resources (DNR) to approve the renewal of a Miscellaneous Land Use Permit for the Pebble Limited Partnership (Pebble) project in Southwest Alaska.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, 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.

It is a policy of RDC to advocate for predictable, timely, and efficient state permitting processes that are based on sound science. The renewal of this Permit for the Pebble project will not only ensure continued exploration of a much-needed resource, but also send a message that Alaska's rigorous permitting process is predictable and stable as our resources compete for investment around the globe.

RDC understands Pebble is proposing routine exploration activities for its 2018 summer work program – no different than exploration activities at other sites throughout Alaska and no different from previous activities undertaken at the Pebble site.

In addition, RDC urges DNR to promote and defend the integrity of Alaska's permitting process, allowing the Pebble project and all projects to be fully reviewed and evaluated. Alaska must encourage the expansion and increased production from existing deposits as well as new exploration and responsible development of its mineral and coal resources.

Unfortunately, DNR, in an unusual step against its normal practice, chose to grant the last permit for only one-year. RDC understands exploration is subject to inspection and compliance, and believes that the Pebble project will conduct exploration in a responsible way. According to public records, the project has been inspected 57 times since 2003, and regulators have found the project to be in compliance.

Lastly, while RDC appreciates the opportunity to comment on this permit, it is concerning that the State is setting a precedent for establishing new, unnecessary delays for projects and creating additional financial burden to both the State and project proponents, especially during a difficult fiscal time.

Thank you for your timely consideration of our support for the timely renewal of the Miscellaneous Land Use Permit for the Pebble project.

Sincerely,
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Marleanna Hall Executive Director

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February 13, 2018

Allan Nakanishi, PE Alaska Department of Environmental Conservation Division of Water, Wastewater Discharge Authorization Program 555 Cordova Street Anchorage, AK 99501

Via email to Allan.Nakanishi@alaska.gov

Re: APDES Draft Permit AK0055867 for the Donlin Gold Project

Dear Mr. Nakanishi:

The Resource Development Council for Alaska, Inc. (RDC) is writing to urge approval of the Department of Environmental Conservation (DEC) proposed Alaska Pollutant Discharge Elimination System (APDES) Draft Permit AK0055867.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, 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 supports DEC's approval of the APDES permit to Donlin Gold. The permit authorizes and sets appropriate conditions on the discharge of pollutants from this facility to waters of the United States. The permit ensures protection of water quality and human health, places limits on the types and amounts of pollutants that can be discharged from the facility and outlines best management practices to which the facility must adhere.

As stated in the APDES permit, the authorized discharge of treated wastewater to Crooked Creek will result from a net positive water balance thus necessitating the need to discharge excess water. According to the permit, the proper treatments will be in place, and there will be no mixing zone.

Further, Donlin Gold will monitor the treated water, and reports will be reviewed by DEC and available to the public.

In regards to the Donlin Gold project, the potential benefits of future production are significant, not only to the rural communities in the areas around the project, but also to the descendants and shareholders of Alaska Native corporations, as well as benefits that will be realized through jobs and other opportunities.

Through the exploration stages, Donlin has shown a strong commitment to local hire and for supporting communities and cultures in the region. A project like this truly is a rare opportunity to improve the local economy where few other opportunities exist.

If developed, RDC believes the project 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 the environment.

We appreciate the opportunity to comment on this important part of Alaska's rigorous permitting process that has already permitted the six large mines under the review of NEPA and the scientifically-based process which includes over 60 major state and federal permits and authorizations. Alaska's existing mines are operating to the highest standards and in harmony with our renewable resources. Donlin's project description demonstrates an understanding of environmental concerns, and features vigorous environmental management principles.

In conclusion, RDC urges the DEC to approve this APDES permit in a timely manner. As our state faces a fiscal crisis, it is also imperative projects be allowed to go through Alaska's well-vetted permitting process without unnecessary delay, and show investors that Alaska is "open for business."

Thank you again for the opportunity to comment on this important issue.

Sincerely,

Marleanna Hall Executive Director

Executive Director Marteanna Hall

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Congressman Don Young
Governor Bill Walker



January 31, 2018

Bureau of Land Management Attn: Ambler Road Comments 222 West 7th Avenue, Stop #13 Anchorage, Alaska 99513

Submitted via blm_ak_akso_amblerroad_comments@blm.gov

To Whom It May Concern:

The Resource Development Council for Alaska, Inc. (RDC) is writing to encourage the Bureau of Land Management (BLM) to include social and economic benefits, as well as other potential opportunities that access to the Ambler Mining District may create in the proposed Ambler Mining District Industrial Access Project (AMDIAP) Environmental Impact Statement (EIS).

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, 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 supports the EIS process for projects in and around Alaska, and encourages the BLM to stay within the two-year timeline for this process. Timely reviews in the permitting process send a positive message about Alaska. Additionally, RDC believes the EIS process gives Alaskans and all stakeholders adequate time to review a project's documents, and to provide input on the plans.

Further, RDC supports a rigorous permitting process that reviews and analyzes all potential impacts, including positive economic benefits. Potential benefits for both local communities and the state should be fully considered in the EIS process.

RDC requests the BLM include the following in the EIS: the social and economic benefits of this project to the region, state, and nation; the potential for lower cost energy options to the region; and, job opportunities leading to reduced out-migration, which will help maintain rural communities and schools.

That said, RDC believes the EIS should be timely, concise and meaningfully, and evaluate a limited number of issues.

RDC urges the BLM to adequately consult with stakeholders, such Alaska Native corporations including Doyon Ltd. and NANA Regional Corporation, as well as the Alaska Industrial Development and Export Authority, and potential project proponents for responsible resource development in the Ambler Mining District.

Lastly, RDC urges the BLM to apply the proper section, Title II, from the Alaska National Interest Lands Conservation Act (ANILCA) to this project. The EIS, through ANILCA, will determine the best route, as well as the best terms and conditions for the permit.

While the road has not been formally proposed, and no mine has been submitted for permitting, RDC would remiss not to point out the potential benefits that could come from a project like this, including jobs, job training and lifelong skills, economic diversification, and other opportunities.

RDC appreciates the opportunity to comment and looks forward to the timely review of the Draft EIS.

Sincerely,
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Marleanna Hall Executive Director

2018 TOP LEGISLATIVE PRIORITIES

Advocate for a long-term fiscal plan

- Advocate to limit unrestricted general fund (UGF)* spending to a sustainable level and implement a meaningful limit to spending.
- Encourage the legislature to allocate a percentage of the Permanent Fund earnings to the UGF to support essential services.
- Advocate to diversify and expand the economy in Alaska, by reducing the budget deficit to encourage long-term investment in the private sector.

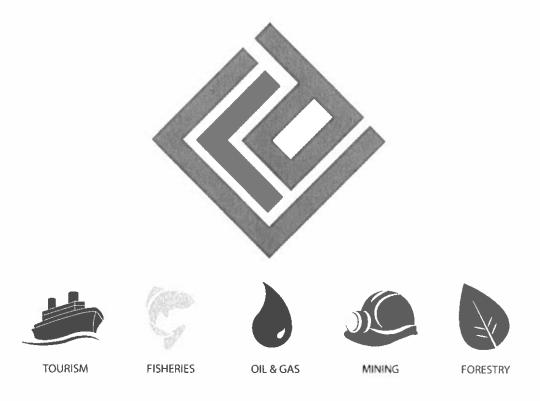
*UGF includes: Operating budget, capital budget, statewide obligations, but does not include deferral of liabilities.

Advocate for a stronger private sector

• Advocate for tax policy and regulatory stability that enhances the State of Alaska's competitiveness for all industries to attract new investment and grow the economy.

Fish Habitat Regulations

- Oppose major changes to fish habitat regulations that are already working.
- Encourage state agencies to defend existing, rigorous regulations.





Alaska's Fiscal Challenge

Long-term Fiscal Plan

For more than 25 years, RDC has advocated for a long-term fiscal plan, including efforts to limit unrestricted General Fund spending to a sustainable level, support some use of the Permanent Fund earnings as part of a fiscal plan, and tax policy and incentives that encourage future investment in Alaska's resource industries.

Permanent Fund Earnings

Permanent Fund earnings need to be part of a long-term, sustainable solution to Alaska's fiscal situation. State law allows these earnings to be used to support essential services.

Governor Jay Hammond's vision for the Permanent Fund included the eventual use of the fund's earnings to help pay for essential government services. With TAPS throughput running at three-quarters empty and oil prices at relatively low levels, the time has come to use some of the earnings to fund services.

Responsible Tax Policy

Raising taxes on Alaska's natural resource industries will hamper future investment and lead to lower state revenues, less jobs and a weaker private sector. The private sector is the foundation of Alaska's economy and its underlying health is the key to sustaining jobs, state government and the overall economy.

To sustain our economy, Alaska needs to encourage new investment, jobs and production by maintaining a stable, competitive tax structure. Conversely, the more Alaska taxes commodity-producing companies, the less likely they will invest in future production.

Alaska's natural resource industries are not asking for a decrease in taxes, but they are asking for stability, which includes a fiscal policy that encourages investment in our state and keeps Alaska open for business.

Alaska's oil and gas, mining, tourism, fishing and forest industries already have skin in the game, paying significant taxes to state and local governments, and providing jobs to Alaskan families. Instead of increasing taxes, risking jobs and future investment, Alaska needs to incentivize economic growth and business investment, which will grow the revenue pie for both the private and public sector.

Oil taxes

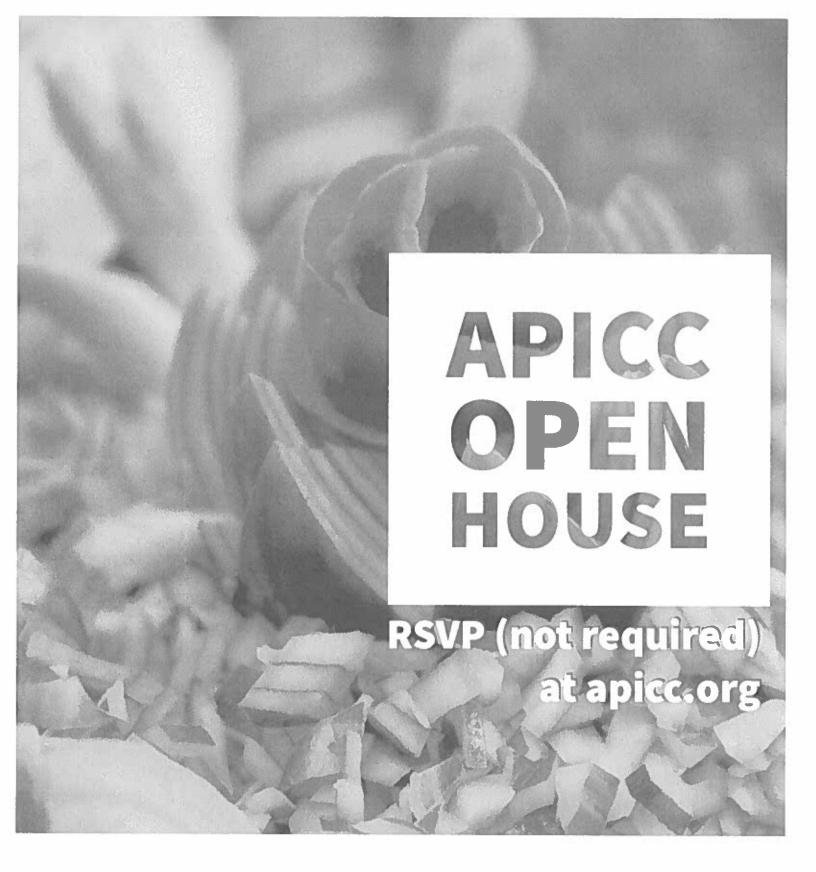
Alaska cannot increase oil production by increasing taxes. Alaska cannot tax away the industry's incentive to invest and still expect to have a sustainable economy.

While it is tempting to collect every dollar possible from the industry through increased taxation, doing so makes Alaskan projects less competitive with those elsewhere and robs Alaska of the investment capital required to expand existing fields and discover new ones. Higher taxes on the industry will do more harm to our economy. Conversely, more investment means more production and more revenue for the state.

Oil taxes talking points:

The latest proposal to increase taxes (HB 288) represents the eighth major tax change in the last 13 years.
 Imposing a significant 75% increase in the minimum production tax will do nothing to encourage production.

- HB 288 will further cement Alaska's poor reputation in the oil and financial sectors, jeopardizing the billions
 of dollars in new investment necessary to bring on promising new fields and new production.
- The new tax bill will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment, creating more harm to Alaska's largest industry and the state's economy.
- HB 288 risks stalling the growing momentum in investment and production on the North Slope. Alaska needs the
 investment now more than ever to keep oil production up.
- New oil plays on the North Slope could trigger a major increase in TAPS throughput by adding over 400,000 bpd of new oil into the pipeline with commensurate economic benefits across the state.
 Maintaining stable tax policy is key to keeping Alaska competitive with other regions and seeing these projects come into production.
- The Legislature should be focused on attracting more industry investment, especially since the state earns
 12.5% on North Slope production through its royalty share, which accounts for the lion's share of oil revenue at lower prices.
- Encouraging investment and production will have a much larger and significant positive impact on Alaska than the marginal revenue raised from the proposed tax hike.
- The oil industry has traditionally accounted for 88 percent of Alaska's unrestricted general fund revenues.
 Even in these times of lean oil prices, oil provides 74 percent of the state's unrestricted general fund revenues and supports one-third of our economy.
- Under the current oil tax system, Alaska's share is higher than the producers' at every price point. In fact, the state gets paid even when companies are operating at a loss because it still collects royalties, property tax, and a gross production tax.
- The current oil tax system sets a higher minimum floor than the previous tax system, while setting a stable
 and predictable rate when oil prices rise again. At current prices, Alaska's oil tax policy has brought
 hundreds of millions of dollars more in tax revenue to the state than it would have under the previous
 system.
- Alaska cannot control the price of oil, but it can control what kind of business climate we create here: one
 that encourages continued investment and more oil for TAPS.
- Oil tax reform in 2013 made Alaska more competitive and a more attractive place to invest. Oil companies have responded with billions of dollars in new projects. Alaska saw no production decline in 2014, a slight dip in 2015, followed by the first production uptick in 14 years in 2016 when 514,000 barrels per day were produced. In 2017, production increased to 526,000 bpd and it is estimated production will reach 533,000 bpd this year. Oil tax reform played a significant role in the production increases, reversing an annual 6% decline.
- The ramp up in North Slope production and activity demonstrates the current fiscal system is working.
- In 2016, the Legislature passed House Bill 247, which phased out tax credits in the Cook Inlet, and sunsetted exploration credits on the North Slope, among other changes. Last year the legislature passed HB 111, which rolled back credits companies earn by making new investments, making it more difficult for small companies to do business in Alaska's high-cost Arctic region. The full economic impact of HB 247 and HB 111 has yet to be understood. Introducing yet another tax bill is short-sighted.
- It takes an annual industry investment of \$3 to \$4 billion to keep production levels stable on the North Slope. This requires a stable, durable and competitive tax policy to fund Alaska projects.



Friday | Feb. 23 | 3pm to 6pm 2600 Cordova Street, Suite 105 Anchorage, Alaska APICC

Membership Form

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, 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.

To join or to view a list of current RDC members, visit akrdc.org/membership

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