RESOURCE DEVELOPMENT COUNCIL
Growing Alaska Through Responsible Resource Development

BREAKFAST MEETING

Thursday, March 1, 2018

1. Call to order – Ethan Schutt, RDC Vice President
2. Self Introductions
3. Head Table Introductions
4. Staff Report – Marleanna Hall, Executive Director
5. Program

The Proposed 2019-2024 OCS Oil and Gas Leasing Plan

David Johnston, Regional Supervisor for the Office of Leasing and Plans,
U.S. Bureau of Ocean Energy Management

Next Meeting: Thursday, March 15, 2018
Dena'ina Center
2018 Alaska Construction Forecast
Scott Goldsmith, Professor Emeritus of Economics,
Institute of Social and Economic Research, University of Alaska Anchorage

Sign up for RDC e-news online!
This breakfast packet and presentation may be found online at:

akrdc.org

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ACTION ALERT

New Five-Year OCS Lease Sale Draft Plan

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.

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-eight 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

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February 27, 2018

Representative Louise Stutes, Chair
House Fisheries Committee
Alaska State Legislature
Submitted via email

Re: HB 272 Tangle Lakes State Game Refuge

Dear Representative Stutes:

The Resource Development Council for Alaska, Inc. (RDC) is writing to oppose House Bill 272, *An Act Establishing the Tangle Lakes State Game Refuge* (HB 272).

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 position of RDC to encourage the exploration and responsible development of Alaska's natural resources. Creating a new refuge will restrict or eliminate the potential opportunities in the Tangle Lakes area, including mineral development and tourism.

Further, it will create new restrictions to land use at a time when our state faces fiscal and other challenges. RDC supports multiple use of lands, such as recreational, and other potential uses, and we must focus on ways to show that Alaska is "open for business."

In closing, we urge you and the members of the House Fisheries Committee to oppose HB 272.

Sincerely,

Marleanna Hall

Marleanna Hall
Executive Director

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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.

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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 tha 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 th 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.

Roy S. Ewan(1935 - 2018)

Respected leader and beloved Ahtna Elder Roy S. Ewan went home to be with the Lord on Feb. 20, 2018, holding the hand of the love of his life and wife of 60 years, G. Glenda Ewan. He was surrounded by family and friends.

Roy was born on Feb. 25, 1935, in Kluti-Kaah, Alaska. His father was the late Estaco Ewan of the Taltsiine clan and his mother the late Jessie Charley of the Udzisyu clan. After high school, Roy served in the U.S. Army. When he returned home, Roy was selected for leadership by his elders. He was the Alaska Native Brotherhood (ANB) Camp 31 President. He represented the Ahtna people in negotiations of the Alaska Native Claims Settlement Act. As Ahtna President and CEO, Roy was a strong and successful business leader. Roy spent the latter part of his life advocating fiercely for Ahtna hunting and fishing rights.

Roy was a co-chair of the Alaska Federation of Natives (AFN) and went on to receive the prestigious AFN Citizen of the Year award. He was also a recipient of the First Alaskans Institute's Howard Rock award for his quiet and humble leadership.

Roy was an avid reader: he liked business books, autobiographies and was always current on local, statewide and national politics. He enjoyed baseball, basketball, boxing, trapping, hunting, working on the fishwheel and working on fish. His freezers were always filled with traditional foods he gathered during hunting and fishing seasons. In his younger years, he was a dog musher. Roy loved to be in the outdoors and on the land. Roy loved the Ahtna people! He wanted to see younger Ahtna men and women becoming familiar with the land and learning to appreciate being in the outdoors like he did.

Nick Jackson, Chairman of the Ahtna Inc. Board of Directors shared that: "Roy's heart was always for the people. Roy was orphaned at a young age and sent away but he later returned to become a respected and beloved leader of the Ahtna people."

Roy is survived by his wife G. Glenda; their daughter, Jacqueline and son-in-law Patrick Johnny; grandchildren, Roy Shane and Adrian Ewan and Ryan and Jolenda Johnny; and great-granddaughter, Tre'ann Ewan; brother, Wilbur Joe and wife Marilyn; first cousin, Robert Marshall; and many nieces, nephews and cousins.

His final message was to love one another, work together and always take care of each other.

Anchorage Visitation was held on Thursday, Feb. 22, 2018, with viewing from 5 - 7 p.m. and service at 7 p.m., at Anchorage Baptist Temple, 6401 East Northern Lights Boulevard in Anchorage.

Gulkana Gathering will be held on Friday, Feb. 23, 2018, with Breakfast, Lunch, Dinner at the Gulkana Community Hall, Mile 127 Richardson Highway in Gulkana, Alaska.

Kluti-Kaah Visitation/Potlatch will be held on Saturday, Feb. 24, 2018, at 7 p.m., at Kluti-Kaah Hall, Mile 104 Old Richardson Highway in Copper Center, Alaska.

Glennallen Funeral Service will be held on Sunday, Feb. 25, 2018, at 11 a.m., at the Glennallen High School Gymnasium, 1976 Aurora Drive in Glennallen, Alaska.

Burial will be on Sunday, Feb. 25, 2018, after the funeral service, at Gulkana Village Cemetery, Mile 127 Richardson Highway in Gulkana, with Dinner/Potlach following the burial at Kluti-Kaah Hall.

Published in Anchorage Daily News from Feb. 22 to Feb. 23, 2018

ANILCA TRAINING

Anyone who wants to understand Alaska
and its future must understand ANILCA...
the Alaska National Interest Lands Conservation Act of 1980

March 6 – 7, 2018, 8:15 am to 4:45 pm
BLM Campbell Creek Science Center
5600 Science Center Drive, Anchorage, Alaska

Two-Day Course includes:

- Summary of Alaska's land history from Territorial days to present
- Context of ANILCA's passage – including major constituents, issues of the day, and the "Great Compromise"
- Overview of the ANILCA statute
- Key access provisions of ANILCA, including access for traditional activities, subsistence, inholdings, and transportation & utility systems
- Subsistence on federal lands
- Wilderness reviews and management
- ANILCA implementation, including federal land planning
- Case Studies

Presenters: Federal agency representatives and others with extensive ANILCA experience.

Materials included: Printed and electronic copies of ANILCA & Amendments; presentation documents; Alaska in Maps - A Thematic Atlas; and portable USB drive with relevant laws, regulations and other supporting documents. Discussion sessions on ANILCA issues take place both days during lunch – lunch, coffee, and continental breakfast provided.

Recommended for: Federal agencies with ANILCA implementation responsibilities, state and local land and resource managers, Native corporations, rural residents and inholders, as well as community leaders, policy makers, consultants, the academic community and the interested public.

Objective: A greater understanding of ANILCA and its influence on conservation policy, business opportunities, resource development, and public land management in Alaska.

Cost: General Registration $575.
Young Professionals (40 and under) $400.*
Students $200.*

* Discounts for Young Professional and Students not available to federal employees.

Working lunch: Discussion sessions on ANILCA issues take place both days during lunch – **lunch, coffee, and continental breakfast** provided.

Registration closes one week in advance, unless already full. 35 participants minimum; 54 participants maximum.

To Register, go to the Institute of the North Calendar:

https://institutenorth.org/engage/events/anilca-training/

Click on the date; then choose your registration portal for Department of the Interior employees, other federal employees, or general registration through the Institute of the North.

Course questions? Contact Roger Pearson, ANILCA Training organizer and moderator, at rpearson@institutenorth.org

Registration and logistical questions? Contact Hanna Eklund at 907-786-4663, or heklund@institutenorth.org

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RESOURCE DEVELOPMENT COUNCIL

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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

Contact Information:

Name: ______________________ Title: ______________________

Organization: ______________________

Mailing Address: ______________________

City / State/ Zip: ______________________

Phone: ______________________ Mobile: ______________________

Email: ______________________ Website: ______________________

Membership Levels

Membership is a one-year term with an annual fee, expiring on the anniversary of your enrollment, with an online renewal option.

Individual:		*Corporate:	
Basic	$75	Basic	$500
Silver	$150	Silver	$750
Gold	$300	Gold	$1,500
Platinum	$500 and up	Platinum	$3,000 and up

*Corporate members receive a listing on akrdc.org

Please select the category or categories in which your business should be classified:

- ☐ Communications/Technology
- ☐ Communities
- ☐ Construction
- ☐ Engineering/ Environmental
- ☐ Finance/Insurance
- ☐ Fishing
- ☐ Government
- ☐ Legal Counsel
- ☐ Media
- ☐ Mining
- ☐ Native Corporation
- ☐ Oil and Gas
- ☐ Other Industry Services
- ☐ Support Services
- ☐ Timber
- ☐ Tourism
- ☐ Trade/Business Organization
- ☐ Transportation
- ☐ Utilities / Energy

Membership Amount: $ __________ ☐ Please Invoice Me ☐ Check Enclosed

Charge my card: ______________________ Expiration Date: ______________________

RDC is classified as a 501(c)(6) non-profit trade association. Membership dues and other financial support may be tax deductible as an ordinary business expense, but not as a charitable contribution. 16.9% of RDC support is non-deductible.

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