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BREAKFAST MEETING

Thursday, December 15, 2016

- 1. Call to order Jeanine St. John, RDC Secretary
- 2. Self Introductions
- Head Table Introductions
- Staff Report Marleanna Hall, Executive Director
- 5. Program and Keynote Speaker:

ANCSA at 45: Where Are We Now?

Kim Reitmeier, Executive Director, ANCSA Regional Association

Next Meeting: Thursday, January 5: Dena'ina Convention Center

Preview of the 2017 Legislative Session

Senate President Pete Kelly (Invited)
House Speaker Bryce Edgmon

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December 15, 2016

Ms. Serena Sweet Supervisory Planning & Environmental Coordinator Bureau of Land Management 222 W. 7th Avenue, #13 Anchorage, AK 99513

Re: Draft Regional Mitigation Strategy for Northeastern National Petroleum Reserve-Alaska.

Dear Ms. Sweet:

The Resource Development Council for Alaska, Inc. (RDC) is writing to urge the Bureau of Land Management (BLM) to withdraw the Draft Regional Mitigation Strategy (RMS) for Northeastern National Petroleum Reserve-Alaska (NPR-A).

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.

The RMS is fundamentally flawed because it does not reflect a balanced approach between protecting the environment and the need for new oil production in Alaska. In fact, the RMS includes pre-decisional language and analysis characterizing the economic benefits from future oil and gas development as minimal and the environmental impact as significant, skewing the outcome of future project-specific National Environmental Policy Act analyses. RDC strongly objects to such a characterization, given new and ongoing oil and gas development within NPR-A will have significant positive economic benefits to the North Slope Borough, its residents, Alaska as a whole, and the nation. Moreover, the RMS does not consider the extensive mitigation measures already in place and instead requires an additional layer of regulation and unnecessary compensatory mitigation fees.

If enacted, the RMS could easily become an effective tool in discouraging and driving away industry investment in NPR-A. The RMS will make development more difficult and expensive. It has the potential to significantly crimp new oil production, which is sorely needed, considering the Trans Alaska Pipeline System (TAPS) is running at three-quarters empty.

RDC is seriously concerned about the economic consequences that could result from the RMS. Oil production and TAPS are the life-blood of Alaska's economy, historically accounting for as much as 90 percent of the state's unrestricted general fund revenues. 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 production, Alaska's economy would be half its size. If the oil industry expands, so does Alaska's economy.

As noted earlier, the RMS is not a balanced approach because it fails to consider existing avoidance and minimization measures established via the NPR-A Integrated Activity Plan/Environmental Impact Statement. A very small percentage of land has been proposed for surface development. To date, only 0.0008% of NPR-A acreage has been impacted. Approximately half (11 million acres) of NPR-A is unavailable for oil and gas leasing in order to protect habitat and subsistence hunting. Moreover, industry adheres to stringent environmental protection requirements and practices in NPR-A, where there are 265 mitigation measures and best practices already in place, including substantial offsets to protect subsistence and wildlife. Instead, it proposes layers of excessive regulations and unsupported and unfocused compensatory requirements.

With regard to federal revenue sharing, by law 50 percent of federal royalties go to the State of Alaska with a priority to spend the revenues in NPR-A communities. The State distributes the funds based upon grant applications received from the villages. These funds have been used to address all kinds of mitigation projects, similar to those listed in the RMS. Since 1999, NPR-A impact grants have totaled more than \$150 million. ConocoPhillips estimates that the flow of federal revenue sharing from just its Greater Mooses Tooth (GMT) 1 and GMT 2 production could reach \$500 million over the life of the projects. Yet there is no acknowledgment of this in the RMS.

It is important to note for the record that the RMS fails to identify a qualified, independent third party for managing mitigation funds. Furthermore, the RMS does not establish a framework for BLM to directly handle compensatory mitigation funds to guarantee transparency, accountability, and timeliness.

RDC is also concerned that the RMS proposes a per-acre method that, for a number of reasons, is inappropriate in calculating compensatory mitigation. First, the buffer distance appears to have no basis in the best available science. Second, it uses the same per-acre fee for direct and indirect impacts. A discounted rate should be used to calculate compensation for indirect impacts because the resulting losses in function, service, and value are not equivalent.

BLM does not have the statutory authority to assess the seemingly arbitrary fees that are contemplated in the RMS. If the RMS is adopted, it will likely lead to more litigation and create more permitting and development uncertainty. Instead, NPR-A projects should go through the permitting process as efficiently and timely as reasonably possible.

Further burdening public and private lands available for investment and development in NPR-A threatens the Alaska economy and the well-being of North Slope residents, as well as ANCSA Regional Corporations statewide, given 70 percent of royalties from production on Native lands are shared among other regional and village corporations.

The State needs new oil production to support basic services. Without new development, oil production will continue to decline with severe consequences for Alaska.

In conclusion, RDC urges the BLM to withdraw the draft RMS and conduct an analysis to determine if the current set asides, best management practices, mitigation measures, permitting requirements and compensatory funds is sufficient to address the issues cited as the basis for the RMS. In addition, RDC urges the BLM to expeditiously approve the GMT 2 project. Thank you for the opportunity to comment on the Draft RMS.

Sincerely,

Carl Portman
Deputy Director



The Alaska Ocean Leadership Awards were established as annual awards to encourage and give recognition to outstanding achievements related to ocean sciences, education and resource management in Alaska.

Alaska Ocean Leadership Awards

To be awarded at the Alaska Marine Gala ~ February 11, 2017

Walter J. & Ermalee Hickel
Lifetime Achievement Award
Stewardship and Sustainability Award
Marine Research Award
Marine Science Outreach Award
Hoffman - Greene Ocean Youth Award





For information please contact oceanawards@alaskasealife.org

2017 Alaska Ocean Leadership Awards

Walter J. & Ermalee Hickel Lifetime Achievement Award

\$500 cash prize

Sponsored by: Governor Walter J. and Ermalee Hickel

Awarded to an individual or institution that has made an exceptional contribution to management of Alaska's coastal and ocean resources over a period of 20 or more years.

2010 Recipient: Senator Ted Stevens and Dr. Vera Alexander

2011 Recipient: Dr. Clarence Pautzke 2012 Recipient: Caleb Pungowiyi 2013 Recipient: Clement V.Tillion 2014 Recipient: Stan Stephens 2015 Recipient: Al Burch

2016 Recipient: Captain Ed Page

Stewardship and Sustainability Award

Sponsored by: Jason Brune

Awarded to an industry initiative that demonstrates the highest commitment to sustainability of ocean resources.

2010 Recipient: The Marine Conservation Alliance

2011 Recipient: Shell Alaska Venture

2012 Recipient: North Pacific Fishery Management Council

2013 Recipient: Holland America Line

2014 Recipient: Pollock Conservation Cooperative Research Center 2015 Recipient: Alyeska Pipeline's Vessel of Opportunity Program

2016 Recipient: SeaShare

Marine Research Award

\$500 cash prize

Sponsored by: Drs. Clarence Pautzke and Maureen McCrae

Awarded to a scientist, team of scientists or an institution that is acknowledged by peers to have made an original breakthrough contribution or a career spanning achievement in any field of scientific knowledge about Alaska's oceans.

2010 Recipient: Dr. Gordon Kruse

2011 Recipient: Dr. Jeremy Mathis

2012 Recipient: Jan Straley

2013 Recipient: Drs. Katrin Ilken, Brenda Konar,

Russ Hopcroft and Bodhil Bluhm

2014 Recipient: Dr.Tom Weingartner

2015 Recipient: Drs. Jacqueline Grebmeier and Lee Cooper

2016 Recipient: Gunnar Knapp

Marine Science Outreach Award

(Formerly Ocean Literacy and Ocean Media Awards)

\$500 cash prize

Sponsored by: Alaska Ocean Observing System

Awarded to a person, team or organization that has made an outstanding contribution to ocean literacy via formal or informal education, media or other communications about Alaska's marine ecosystems.

Ocean Literacy

2010 Recipient: Kenai Fjords Tours Marine Science Explorer Program

2011 Recipient: Elizabeth Trowbridge = CACS 2012 Recipient: Kurt Byers & Sea Grant Staff

2013 Recipient: Bonita Nelson

Ocean Media

2010 Recipient: Elizabeth Arnold

2011 Recipient: Marine Conservation Alliance

2012 Recipient: Deborah Mercy

2013 Recipient: Thomas Litwin and Lawrence Hott

Marine Science Outreach

2014 Recipient: Laurie "Poppy" Benson 2015 Recipient: Benjamin Carney 2016 Recipient: Susan Saupe

Hoffman-Greene Ocean Youth Award

\$500 cash prize Sponsored by: Dale Hoffman

Awarded to an individual or team of Alaskan youth ages 12-19 who has displayed a dedication to promoting the understanding and stewardship of Alaska's oceans.

2013 Recipient: Ahmaogak Sweeney

2014 Recipient: Pribilof Student Marine Research Student Team

2015 Recipient: Alisa Aist

2016 Recipient: Sofia Astaburuaga Larenas

- On Occasion Ocean Ambassador Award

The Ocean Ambassador Award was created to recognize an individual or organization that has made outstanding contributions in promoting public awareness and appreciation of Alaska's oceans, coasts, and marine ecosystems.

2015 Recipient: Ray Troll

2016 Recipient: Arliss Sturgulewski



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