Agriculture Secretary Ann Veneman announced earlier this summer the U.S. Department of Agriculture is proposing to exempt Alaska’s two national forests from the Roadless Area Conservation Rule (Roadless Rule) under a settlement between the U.S. Forest Service and the State of Alaska.

The early-summer settlement resolves a 2001 lawsuit brought by the State against the U.S. Department of Agriculture to halt implementation of the “Roadless Rule” in the Tongass and Chugach national forests.

The Clinton administration rule prohibits timber harvesting, road building and other development on 58 million acres of national forest lands across the country.

The federal government will move forward with the roadless rule in Lower 48 forests, but will allow exemptions in certain areas for exceptional circumstances.

Under the settlement agreement with the State of Alaska, the vast majority of Alaska’s two national forests will remain off limits to development. Timber harvest will be prohibited on more than 95 percent of the forests as required under existing forest plans. Even with the Alaska exemption, timber harvesting would be limited to only three percent of roadless areas in the Tongass. While virtually no logging would occur in the Chugach roadless areas, 150,000 acres — less than 3 percent of the forest’s 5.4 million roadless acres — would be open for potential access and development in the future.

“Since the Tongass and the Chugach are among the most protected forests in America, application of the roadless rule in Alaska would do little to provide additional environmental protection while threatening legitimate multiple-use activities, community and infrastructure development, and economic growth,” said Tadd Owens, Executive Director of RDC.

(Continued to Page 4)

Over land, on the water, in the air or in any combination – Lynden has been helping customers solve transportation problems for almost a century. From origin to destination, over any terrain, managing freight movement, as well as the flow of information, Lynden provides innovative solutions to meet the unique needs of our customers.
Declaring that the U.S. Forest Service dashed through the administrative process and was politically motivated in promulgating the “Roadless Rule,” U.S. District Court Judge Clarence A. Brimmer permanently enjoined the rule and ordered the Forest Service to start over. Finding in favor of the State of Wyoming, Judge Brimmer determined that the Forest Service violated both the National Environmental Policy Act (NEPA) and the Wilderness Act in the process of developing and formalizing the Roadless Rule.

In his July 14 decision, Judge Brimmer stated, “In its rush to give President Clinton lasting notoriety in the annals of environmentalism, the Forest Service’s shortcuts and bypassing of the procedural requirements of NEPA has done lasting damage to our very laws designed to protect the environment.”

Furthermore, Judge Brimmer argued, “…the Forest Service’s designation of 58.5 million acres as ‘roadless areas’ was a thinly veiled attempt to designate ‘wilderness areas’ in violation of the clear and unambiguous process established by the Wilderness Act for such designation.”

While surely not the end of the legal battle over the roadless rule, Judge Brimmer’s decision is good news for those interested in balance between multiple use and preservation on public lands. The ruling also puts federal agencies on notice that pro forma compliance with the requirements of NEPA will not stand up to judicial review even if an agency bills its action as furthering environmental protection.

The District Court’s ruling came just days after the Forest Service announced it had reached a settlement with the State of Alaska that resolves litigation over the application of the roadless rule in Alaska. The state challenged the application of the rule as violating, among other laws, the Alaska National Interest Lands Conservation Act. Under the settlement, the Forest Service has published an advanced notice of proposed rulemaking (ANPR) exempting the Tongass and Chugach national forests from the Roadless Rule. Both the District Court’s decision and the Forest Service’s ANPR are positive developments for Alaska. The Roadless Rule would have a significant and largely onerous impact on Alaska. Not only would it effectively kill off what’s left of Southeast Alaska’s timber industry, but it would also compromise community and infrastructure development, recreational opportunities and economic growth.

Momentum is finally beginning to turn in the roadless battle. It is imperative that advocates of multiple-use on Alaska’s national forests be heard during this public comment period. The deadline for comments is August 14. Information regarding what to include in your comments as well as where they should be sent is included in this month’s Resource Review. If you have any questions, please don’t hesitate to contact RDC staff.

We must take advantage of this opportunity to exempt Alaska from an ill-conceived federal policy designed to lock up public lands. The national environmental lobby is marshalling its substantial resources to fight the Tongass and Chugach exemption. Alaskans in favor of multiple-use management must step forward and counteract what is sure to be a chorus of outsiders calling for more land withdrawals.

Action alternatives have essentially the same effect on access...No new roads would be built in inventoried roadless areas, and existing roads could not be reconstructed. In other words, the proposed action alternatives were all identical except the degree of exceptions placed on timber harvest. In reality, the Forest Service only considered two action alternatives in implementing the 'most significant land conservation initiative in nearly a century.'

In this case, the Forest Service's preordained conception of what a roadless area would be, and its schedule for implementing the final rule, caused the Forest Service to drive the Roadless Rule through the administrative process without weighing the pros and cons of reasonable alternatives.

In the Forest Service’s desire to create a legacy for itself and the Clinton administration through the roadless rule, the Forest Service has lost sight of its mission -- to provide the greatest amount of good for the greatest amount of people in the long run.”

“...the Forest Service's designation of 58.5 million acres as ‘roadless areas’ was a thinly veiled attempt to designate ‘wilderness areas’ in violation of the clear and unambiguous process established by the Wilderness Act for such designation.”

Judge Clarence Brimmer
The state challenged the application of the roadless rule as violating, among other laws, the Alaska National Interest Lands Conservation Act (ANILCA). ANILCA set aside millions of acres in Alaska for parks, forests, national monuments, refuges and wilderness areas with the understanding that sufficient balance would be insured between protected areas and multiple-use managed areas, and that there would be no more administrative land withdrawals. The State maintained that the economic and social needs of Alaska and its people would be jeopardized if the roadless rule were implemented.

Consistent with the recently approved Revised Land Management Plan for the Tongass, the settlement will maintain existing protections on 15.6 million acres of the Forest’s 16.9 million acres. The settlement will make available for forest management approximately 300,000 roadless acres originally set aside for logging under the current forest plan that was approved by the Clinton administration. That plan itself sharply curtailed logging elsewhere in the forest and dramatically reduced the overall annual harvest target.

Overall, 665,000 acres of the Tongass’ 9.9 million acres of forest would be available for logging over the next 100-plus years. However, any logging or development will proceed only after undergoing a comprehensive environmental review and public process.

Application of the rule in both forests would have long term social and economic consequences on public access, transportation, tourism, power transmission grids, recreation, mining, forest health and other legitimate public uses. It would foreclose on future opportunities in a growing state that already has more land in protected status than all other states combined.

In order to fulfill its obligation under the settlement with the State, the Department of Agriculture has published a proposed rule in the Federal Register to exempt the Tongass and the Chugach from the roadless rule. The department is now seeking public comment up to August 14th on whether both forests should be excluded.

The proposed rule does not change any existing old-growth reserves, riparian buffers, beach fringe buffers, roadless areas and other protections of the 1997 Tongass Forest Plan that was recently upheld by the District Court of Alaska. The Forest Service expects to complete the proposed rule by September 2003.

A total of nine lawsuits involving seven states were filed challenging the Roadless Rule over the past two years. The 9th Circuit Court of Appeals on April 14, 2003, reversed an Idaho District Court judge’s May 10, 2001, preliminary injunction against implementing the January 2001 rule. However, last month another federal judge struck down the roadless rule as illegal, putting it at odds with the 9th Circuit’s decision.

Environmentalists vow to appeal the latest decision to the 10th Circuit in Denver. Judge Clarence Brimmer characterized the 9th Circuit’s decision as judicial gloss and of no persuasive authority. Brimmer found the roadless rulemaking as “a rush to provide environmental fame for a President in his last days of his term...” Brimmer scolded the Forest Service, saying its actions to rush through the rulemaking process were driven by “political haste.” The judge found the process flawed and marred with “arbitrary and capricious decisions.”

In his decision, Brimmer said the “Forest Service drove through the administrative process in a vehicle smelling of political prestidigitation.” The judge found it troubling that the Forest Service would only examine alternatives that would meet President Clinton’s goals of eliminating certain activities in inventoried roadless areas such as road construction. Environmentalists vow to appeal the latest decision to the 10th Circuit in Denver.

Two major pulp mills were the centerpiece of a once-thriving timber industry in Southeast Alaska’s Tongass National Forest. With harvest levels sharply reduced and 95 percent of the forest closed to logging, the industry is now a mere shadow of itself. Today’s forest products industry in the region is mostly comprised of small, independent family-owned operations struggling for survival. Even with the proposed exemption, most of the Tongass will remain closed to logging with only three percent of the timber in roadless areas available for harvest over a 100-year rotation cycle. At left is the Ketchikan Pulp Mill, no longer in operation.
CALL TO ACTION
HELP PRESERVE FUTURE OPTIONS FOR ACCESS TO THE TONGASS AND CHUGACH NATIONAL FORESTS

Background:

The U.S. Forest Service is seeking public comment on whether to permanently exempt the Tongass and Chugach national forests from the roadless area conservation rule.

RDC members are strongly encouraged to submit comments in support of the Alaska exemption. Comments must be postmarked by August 14, 2003.

Send Comments To:

Roadless Area ANPR
Content Analysis Team
P.O. Box 22777
Salt Lake City, UT, 84122.
roadlessanpr@fs.fed.us
Fax: 801-880-3311

RDC strongly opposes the application of the roadless rule in Alaska. Those who support multiple-use management in the Tongass and Chugach national forests MUST send a brief letter to the Forest Service supporting a permanent exemption for Alaska forests from the rule.

Here are some points RDC members should review for their comments:

• As an Alaskan who believes in the multiple use mandate of our national forests, I support the proposed rulemaking to permanently exempt the Tongass and Chugach national forests from the Roadless Rule.

• The roadless rule is one of the most anti-access, anti-recreation, anti-forestry, anti-tourism, and anti-multiple use actions ever undertaken.

• Application of the rule in both forests would have long term social and economic consequences on public access, transportation, tourism, power transmission grids, recreation, mining, forest health and other legitimate public uses. It would shut down access to most of the forest and foreclose on future opportunities in a growing state that already has more land in protected status than all other states combined.

• The roadless rule violates a number of federal statutes, including ANILCA. Passed by Congress in 1980, ANILCA set aside millions of acres in Alaska from development with the understanding that there would be no more administrative land withdrawals.

• ANILCA struck a balance between protected areas and areas managed for multiple use. Application of the roadless rule in Alaska would destroy that balance and further compromise the economic and social needs of the people of Alaska.

• Since the Tongass and Chugach national forests are among the most protected forests in America, the roadless rule would do little to provide additional environmental protection while threatening legitimate multiple use activities, community and infrastructure development, and economic growth.

• If Alaska is excluded from the roadless rule, the Chugach and Tongass will continue to be managed pursuant to the existing forest plans that were developed through an exhaustive planning process based on years of scientific review. Under those plans, management emphasis will continue to focus on preserving the wild character of the forest.

• Both the Tongass and Chugach are not imperiled nor are the species that inhabit the forests. Timber harvest would be prohibited on 95 percent of the national forest lands in Alaska under existing forest plans if the state is excluded from the roadless rule. Only three percent of roadless areas in the Tongass would be open to logging.

• Exempting the Tongass from the roadless rule would not change any old-growth reserves, riparian buffers, beach fringe buffers, wilderness designations, and other protections in place under the existing forest plan.

• The survival of Alaska’s timber industry is at stake. The industry is a shadow of its past as industrial-scale logging has ended. The timber industry today is comprised of small, independent businesses, similar to the struggling family farm. The roadless rule would further imperil these operations.

• Any development project or logging allowed to proceed as a result of the exemption will do so only after undergoing a comprehensive environmental review and public process.

Some of the nation’s largest environmental groups have made it a top priority this summer to mobilize their members to block the proposed roadless rule exemption for Alaska. Make sure your opinion is registered by August 14 – write today!
More than 100 members of Alaska’s resource, shipping, and economic development community were on hand for the Alaska Resource Transportation Forum held June 2 in Anchorage.

Shipping and maritime-related speakers shared their expertise on how resource interests should consider the opportunities and pitfalls of transporting bulk resources within Alaska, to the Lower 48, and on international trade routes.

The forum’s prime sponsors included RDC, the Alaska Miners Association, and the Seattle-office of the Transportation Institute. The conference objective was aimed at increasing awareness of the complexities of shipping products to and from Alaska and offering practical and constructive dialogue on how to surmount such obstacles. The feedback RDC received was overwhelmingly positive and the event served to inform participants of the intricacies of moving freight.

The keynote luncheon speaker was Bruce Carlton, Associate Administrator for Policy, International Trade, and Marketing at the U.S. Maritime Administration. His remarks focused on America’s maritime industry and how federal transportation and maritime policy impacts the Alaskan economy. He outlined the current debate in Washington on SAFETEA, the six-year, $247 billion proposed federal authorization bill for surface, freight mobility, and public transportation. According to Carlton, the SAFETEA legislation recognizes the importance of freight transportation and improving the ability to move freight efficiently.

Carlton strongly defended the Jones Act, calling it “integral to our nation’s interests,” as it “supports national security and protects our domestic economy.” Moreover, Carlton said that Alaskans can probably appreciate the notion of the Jones Act as a national “local hire law” as local hire is a frequent objective of Alaska’s policymakers when contemplating development initiatives.

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Continuing on a similar theme, Don McElroy of Foss Maritime and Charles Garman of Gunderson Marine, provided insights on options for transportation contracts, cost drivers for cargo movements, and key elements for vessel selection and financing. Both McElroy and Garman offered some specific examples of how their firms successfully responded to particular challenges posed in the Alaska waterborne transportation market.

Other panelists provided their views on the hurdles specific to Alaska projects and gave some promise to individuals contemplating projects in the Greatland. The Army Corps of Engineers outlined the latest projects being undertaken by the agency and the process by which the Corps handles new projects. Hydrological and atmospheric transformations may one day give Alaska a long sought after advantage through a new “Northwest Passage” to Northern Europe.

For speaker presentations go to: www.akrdc.org/membership/events/special/transportation/.
More than 100 people participated in the 11th Annual Alaska Coal Association’s Coal Classic Golf Tournament benefitting AMEREF, an industry-state partnership bringing resource education into Alaska schools.

Participants enjoyed a beautiful day of golfing while helping to support AMEREF, a resource education program which provides students with the knowledge to make informed decisions about Alaska resources.

AMEREF Coordinator Jason Brune admires his drive from the eleventh tee. Below, Ken Freeman of ExxonMobil and Kristina Williams of NovaGold drive a beverage cart at the tournament.
BP Statistical Review of World Energy

(Continued from Page 1)

The BP economist delivered his RDC presentation at the launching of the BP Statistical Review of World Energy 2003. Findley warned against complacency and pointed out that while growth in oil consumption has slowed due to global recession, it would likely increase once the economy rebounds.

Findley noted that OPEC, while using spare capacity to keep the market supplied during the war, has cut its average daily output in response to weak global oil demand. Meanwhile, there has been a 1.45 million barrel-a-day increase in non-OPEC production. OPEC production itself has declined in three of the last four years.

Russian oil production is up 25 percent in three years and Russia has been joined by a new group of oil producing basins, across several continents and regions, that have begun to grow rapidly, the economist said.

Production from Russia, the Caspian, the deepwater Atlantic Basin and Canada is up 26.5 percent in three years and has the potential to increase significantly.

The BP energy review showed that world consumption of primary energy increased by 2.6 percent in 2002, well ahead of the 10-year growth trend of 1.4 percent. Reported growth in...
World oil consumption growth was weak in 2002, for the second year running, growing by less than 300,000 barrels per day. Asia was once again the engine of demand growth.

**Consumption by area**

<table>
<thead>
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<th>Million barrels daily</th>
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<tbody>
<tr>
<td>North America</td>
<td>80</td>
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<tr>
<td>S. &amp; Cent. America</td>
<td>70</td>
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<tr>
<td>Europe &amp; Eurasia</td>
<td>60</td>
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<td>Middle East</td>
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<td>Africa</td>
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<td>Asia Pacific</td>
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Energy demand of almost 20 percent in China was behind much of this relative strength. China accounted for 68.5 percent of the increase in global primary energy consumption and has become a major energy consumer and importer.

Consumption of coal, which accounts for 66 percent of Chinese energy use, grew a massive 28 percent. Chinese oil consumption increased 5.8 percent, accounting for all of the world’s oil consumption growth in 2002. China replaced Japan as the world’s second largest oil consumer.

Coal was the fastest growing fuel in 2002 on the back of the huge increase in Chinese consumption. World coal consumption increased by almost 7 percent, well ahead of the 10-year annual trend of less than 1 percent. Natural gas consumption recovered strongly in 2002, while oil consumption outside China was broadly flat for the second year running.

By region, energy demand was especially weak in Europe and Japan, as well as Central and South America. Economic conditions explain much of this weakness.

The BP report acknowledged that growth in natural gas consumption is contributing to a shift in lower carbon fuel mix, as well as providing a further important element of security in an energy market where the sources of supply are more diversely spread than at any time over the last century.

Natural gas is the world’s preferred non-transport fuel. Outside the Former Soviet Union, gas consumption has grown 3.4 percent a year over the past decade and its share of total energy consumption is now roughly equal to coal at 24 percent. U.S. gas consumption grew 3.9 percent in 2002 as North American gas production fell 1.8 percent. Imported LNG is filling part of the gap.

North America was the only region to experience a production decline, falling 1.8 percent from 779 to 766 billion cubic meters. A price-driven drop in drilling activity explains some of the production decrease, but the maturity of U.S. and Canadian gas producing basins was also a factor.

Commercial (non-hydro) renewable energies are growing rapidly, but their contribution to total world electricity generation remains small (1.7 percent in 2000 versus 1 percent in 1990). Consumption of nuclear power increased 1.5 percent, with most of the increase coming in Asia. World consumption of hydroelectric power increased 1.3 percent from 2001 but was still less than in 2000. Nuclear and hydroelectric power each account for about 6 percent of total world energy consumption.

A former Commissioner of the Alaska Department of Natural Resources has been elected President of the Resource Development Council.

John Shively, Vice President of Government and Community Relations for Holland America Line, was elected to the top seat of the 78-member RDC board. Shively succeeds Chuck Johnson, President of Era Aviation, who served a one-year term as President.

Mark Hanley, Public Affairs Manager of Anadarko Petroleum Company, was re-elected as Senior Vice President. Jack Williams, Alaska Production Manager for ExxonMobil, was elected Second Vice President while Chuck Greene, Vice President of Corporate Affairs for NANA Development Corporation, was elected Secretary. Re-elected as Treasurer was Stephanie Madsen, Executive Director of the Pacific Seafood Processors Association.

Shively served as the Commissioner of the Alaska Department of Natural Resources from February 1995 to September 2000. After leaving the administration of former Governor Tony Knowles, Shively co-founded and was Senior Partner in Jade North, an Alaskan firm specializing in natural resource and Alaska Native issues. He came to Alaska as a VISTA volunteer in 1965 and has held a variety of positions in the Alaska Native community, including Executive Vice President of the Alaska Federation of Natives and a number of senior positions with NANA.

In 1983, Governor Bill Sheffield named Shively Chief of Staff.

Joining the RDC statewide board this year are Sharon Anderson, Anchorage; Jack Bergeron, Total E&P USA, Anchorage; Patty Bielawski, Jade North, Anchorage; Pat Carter, Black Dog Guides, Soldotna; Steve Denton, Usibelli Coal Mine, Healy; Bob Jacko, TeckCominco, Anchorage; Jim Laiti, Plumbers and Steamfitters Local 375, Fairbanks; Tom Lovas, Four Dam Pool Power Agency, Anchorage; Ron McPheters, Alaska AFL-CIO, Anchorage; Jim Palmer, The Palmer Group, Anchorage; and John Tanigawa, Evergreen Resources Alaska, Wasilla.
# 28th Annual Meeting Luncheon

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