

RESOURCE *review*

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Beluga whale listing unwarranted, Cook Inlet industries under siege

Recent action by the National Oceanic and Atmospheric Administration (NOAA) to place the Cook Inlet beluga whale under the protection of the Endangered Species Act (ESA) has left state and local officials with serious concerns about the potential statewide economic implications of the listing.

The decision drew immediate criticism from Governor Sarah Palin, Fish and Game Commissioner Denby Lloyd, Anchorage Mayor Mark Begich, Alaska's congressional delegation and others.

"The State of Alaska has had serious concerns about the low population of belugas in Cook Inlet for many years," Palin acknowledged. "However, we believe this endangered listing is premature."

The state, as well as local communities, RDC and the Alaska Oil and Gas Association, supported the agency's decision in 2000 to designate the beluga population "depleted" under the Marine Mammal Protection Act (MMPA). This designation, along with federal legislation passed in 1999, ended the high levels of subsistence hunting of Cook Inlet beluga whales that had been the sole



Above, a beluga whale frequents the Anchorage coastline. (Photo: Courtesy LGL Research Associates)

cause of a severe decline in their population during the 1990s.

"This endangered listing could result in hugely expensive new requirements to Anchorage wastewater treatment, which the EPA has long determined does not affect belugas," said Anchorage Mayor and Senator-elect Mark Begich. "It could endanger the ongoing expansion of the Port of Anchorage, a vital lifeline for 80 percent of Alaskans and for our military."

"We would have preferred that NOAA delayed this endangered listing decision for a few years to get more population counts, and determine whether the cutback in hunting is working to help the beluga population recover," said Commissioner Lloyd. "Our analysis of NOAA's data indicates the population has been growing steadily in the last few years, just as studies had predicted."

After high levels of subsistence harvest ended in 2000, studies predicted that Cook Inlet belugas would begin to climb again

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Lawmakers bring back gas reserves tax initiative

Lt. Governor Sean Parnell recently certified a gas reserves tax initiative submitted by Representatives Harry Crawford, Beth Kertulla and David Guttenberg. Sponsors of the new tax now have one year to collect a sufficient number of signatures to get the initiative on the 2010 ballot. If passed, the initiative would levy a tax on known gas reserves in large Alaska fields.

The measure is similar to one soundly defeated by Alaska voters in 2006 following a lengthy and expensive public relations effort by the oil industry, RDC and other organizations. Voters rejected that initiative by a 2-1 ratio. It drew sharp opposition from all major gubernatorial candidates, including Sarah Palin, as well as Alaska's congressional delegation and business leaders across all of Alaska's resource industries.

Crawford and Guttenberg were sponsors of the earlier initiative.

RDC vigorously fought the 2006 initiative and intends to do so again with the new initiative.

The sponsors say both measures are intended to force oil companies to develop North Slope gas reserves.

Those resources remain in the ground because a pipeline to carry the gas to Lower 48 markets does not exist. Yet since the previous ballot measure failed, two proposals for building the \$30-\$40 billion pipeline have made major strides.

Both ConocoPhillips and BP

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The Resource Review is the official periodic publication of the Resource Development Council (RDC), Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in a responsible manner and to create a broad-based, diversified economy.

Past issues of the Resource Review (1978-2008) are available at akrdc.org.



Finding ways to say yes

Congratulations to President-Elect Barack Obama. Frankly, many RDC members are a bit worried about what the next four or eight years have in store. Me? Well, I was right there with them at first. But, the more I think about it, the more I'm excited by the opportunities and challenges that await. I look forward to working with the Obama Administration to help turn a number of his goals into realities. We must find ways to work together. Ultimately, we must find ways to say yes.

President-Elect Obama has a lofty goal to increase conservation and renewable energy usage in this country. So, to that goal, I say yes! His plan to make all federal buildings more energy efficient is a great start that will put people to work, lead to decreased energy consumption, and ultimately save taxpayer dollars. However, it's important to remember that over 50% of our nation's electricity still comes from coal, you can't fill your gas tanks with conservation, and we're not quite able to economically drive our cars with renewable energy. Some day maybe, and I commit to working to help make this goal a reality. But until then, we should be responsibly developing the needed energy resources right here in our country, indeed right here in Alaska, and funding research on technologies that decrease emissions.

In the meantime, can the United States develop more clean burning fuels?

Yes!

And in fact, the Obama administration has endorsed the construction of a natural gas pipeline from the North Slope of Alaska to the lower 48 that will provide 7% of America's natural gas needs for over 30 years! BP, ConocoPhillips, TransCanada, the Palin Administration, and Alaskans in general want this to happen and all parties are working, though independently, to make this a reality.

Can we decrease our dependence on foreign oil?

Yes we can. How? Well, we can start by responsibly developing oil in, and off the coast of Alaska in NPRA, the Outer Continental

Shelf, and maybe even ANWR. We've shown we can do it right and much of the infrastructure to make this happen is already in place. The

environmental footprint of such development will be minimized by using the existing Trans Alaska Pipeline, which by the way, is only operating at one-third capacity and is near these important prospects. Industry in Alaska operates under the strictest environmental standards in the world so let's get to work on making this goal a reality right here in Alaska.

Can we develop our natural resources without impacting important animal populations?

Yes, and we already do! Did you know that polar bear numbers have thrived since the inception of oil and gas exploration and development on the North Slope? In addition, more research has been done on polar bears thanks to independent studies funded by industry than ever would have been done without their support. Did you also know that the caribou population in the areas where oil and gas exploration and development have occurred in and around Prudhoe Bay have increased over 12 times, from 3,000 in the early '70s to over 36,000 today?

Exploring and developing oil and gas in Alaska should make sense, even to the greenest of environmentalists. Is it better to get oil from third world nations that don't have the same concern for the environment, for the animals, for the air we breathe, you name it, as we have here in Alaska? Think globally, develop locally!

Can we sequester more carbon dioxide?

Yes! Did you know that new growth trees sequester more CO2 than old growth trees? I'm not saying we should cut all old growth trees down, but we all use wood products (your desk, this newsletter, etc.) and where

"I look forward to working with the Obama Administration to help turn a number of his goals into realities. We must find ways to work together. Ultimately, we must find ways to say yes."

better to develop our sources of wood than in the two largest national forests, the Tongass and the Chugach, which both happen to be right here in Alaska? And while I'm on this topic, we at RDC believe regulation of greenhouse gas emissions should occur through separate legislation based on sound environmental and economic principles, not by a roundabout way of using the Clean Air Act or the Endangered Species Act. We look forward to working with the new administration and Congress on this as well.

Can we help feed the world?

Yes! Alaska's fisheries are the best managed in the world. With the oversight of the North Pacific Fisheries Management Council, Alaska's fisheries are sustainable and more and more of the entire fish is used, sometimes even to create renewable fish oil for powering communities in Alaska.

How about building a smelter in Alaska?

Yes! Right now, we take our raw zinc, gold, and other raw minerals and export them to countries that don't have the same concern for the environment. Smelters could be operated in Alaska in a way that limits emissions and puts people to work. While we're at it, why not use geothermal energy, found right here along the Ring of Fire in Alaska to make it happen in an even cleaner manner?

These are just some of the ways we can say Yes! Our lifestyles and the things we depend on every day still require oil, gas, minerals, wood, fish, and more! Alaska can provide these things in a responsible manner to help move our economy and our environment forward. I look forward to working with the Obama Administration to help them say Yes as well.



State biologists believe current protections in place today for the Cook Inlet beluga whale are working and that the recent listing under the Endangered Species Act was premature since the whales just entered the time frame where the juveniles are reaching reproduction age and can have a positive impact on the population. Since 2004, the beluga whale population has increased from 278 to 375.

(Photo courtesy LGL Research Associates)

Cook Inlet beluga ESA listing will not help whales

(Continued from page 1)

in 2004. Since 2004, NOAA's counts show an increase of more than 30 percent in the population, from 278 to 375.

Between 1994 and 1998, the estimated population of belugas in Cook Inlet declined from about 650 to about 350. Both state scientists and NOAA agreed that the sole cause of the population decline was an unregulated and unsustainable subsistence harvest of up to 338 whales.

State biologists believe current restrictions in place under the MMPA are working. They believe the listing of the species was premature since it just recently entered the time frame where the juveniles are reaching reproduction age and can have a positive impact on the population.

They noted it was expected that harvest restrictions would take time to show effects due to the slow reproductive cycle of belugas. "NOAA's own counts of belugas indicate that the species has been increasing since 2005," said Doug Vincent-Lang, ESA Coordinator for Fish and Game. "This is what we expected would happen starting six to seven years after the harvest was cut."

Vincent-Lang said a critical piece of information in assessing the potential for an increase in abundance is an estimate of the belugas' population age structure. "NOAA has done counts of beluga calves for several years, but has not yet analyzed the data. These counts need to be analyzed to increase

our understanding of the factors that may be influencing survival and reproduction and the whales' potential rate of recovery."

RDC Executive Director Jason Brune agreed that the age and number of calves are critical pieces of information in assessing the potential for further increases in the population and that these data should have been analyzed prior to making an ESA determination.

Moreover, Brune pointed out NOAA uses a methodologically different (and some argue technically-flawed) survey from 1979 to set its desired population to nearly 1,300 animals. NOAA's Fisheries Service has said the belugas will not be down-listed from endangered to threatened until it has seen a population that surpasses 800 animals. "Amazingly, in all of its population counts, the agency has never once had a population estimate that surpassed even 700, so they may have set an unattainable goal," Brune said. "Getting off the endangered species list entirely will require an even larger population."

A listing of endangered under the ESA requires designation of critical habitat, a recovery plan and a review of all federally-funded or permitted activities in Cook Inlet that may affect the whales.

The decision could have negative impacts on industries and development in and around Cook Inlet. Commercial activities that could be adversely affected

by the listing, its habitat designations and subsequent third-party litigation include subsistence, recreational and commercial fishing; the Port of Anchorage and the Port MacKenzie expansion projects; construction of the Knik Arm Bridge; construction and operation of a coal mine and marine terminal near Tyonek and oil and gas exploration.

Other activities that could be impacted include military operations; state regulated timber and mining activities; air transportation into local airports and for access into remote sites; shipping; cruise ships and many other routine activities with the potential to impact upland activities, including permits for home construction.

Attorney General Talis Colberg said the state is considering a legal challenge to the listing. "We disagree with the decision to list a species that is stable or increasing when NOAA has not analyzed its data on beluga calf populations or given the harvest restrictions time to work. It is especially troubling because NOAA's own models show only a one percent chance that the whales may go extinct within 50 years."

NOAA said recovery of the whales is potentially hindered by strandings; disease; predation by killer whales; continued development within and along Cook Inlet and the cumulative effects on beluga habitat; oil and gas exploration, development and production, and other industrial activities. The agency will identify habitat essential to the belugas in separate action within a year.

Oil and gas development is cited by the agency as a threat, despite the fact that the government's own studies have shown tissue samples taken from local belugas show much lower levels of contamination from heavy metals than whales sampled in remote, undeveloped areas such as the arctic and St. Lawrence Island.

"This announcement shows me the agency does not understand the implications of this listing on Alaska," said Congressman Don Young. He said the decision "ignores science" and suspects NOAA "has its own agenda by basing their decisions not on science, but on whether they will get sued."

"We all want a healthy beluga population in Cook Inlet," noted RDC's Brune. "But an endangered species listing at this time is unwarranted and will only lead to additional restrictions on activities in the Inlet with no added benefit to the belugas."

RDC opposes ESA listing for Southeast Alaska herring, notes potential impacts

RDC is opposing the proposed listing of the Southeast Alaska herring on the Endangered Species Act (ESA) and strongly questions the notion of the stock being a Distinct Population Segment (DPS) separate from the herring in the Gulf of Alaska and elsewhere.

In comments submitted to the National Marine Fisheries Service (NMFS) on the status review of the Southeast population of Pacific herring, RDC noted Pacific herring stocks in Southeast Alaska have not been examined in detail for population discreteness. Studies conducted on herring stocks elsewhere in the North Pacific, including Puget Sound, have concluded the stocks do not constitute a DPS as defined under the ESA.

In accordance with an ESA listing petition, NMFS previously conducted a status review of the Lynn Canal stock of Pacific herring, upon which the agency concluded that population is not a DPS. The review did, however, find the Southeast Alaska herring population, under which the Lynn Canal stock belongs, to be a DPS and is therefore conducting a status review for that population.

Upon conclusion of this review, NMFS will determine whether to list the Southeast Alaska population under the ESA.

“When making DPS determinations, the discreteness of the population in question and the significance of the population to the remainder of the species should be considered,” said Deantha Crockett, RDC’s Projects Coordinator.

The Commercial Fisheries Division of the Alaska Department of Fish and Game (ADF&G) manages the Southeast Pacific herring population exceedingly well, noted Crockett. She pointed out that the populations are reviewed annually and harvesting decisions are based on those assessments. In the past, the herring fishery has been closed when populations are depressed. They remain closed until it

is proven the population can support commercial fisheries. In 2007 ADF&G reported that overall herring stocks in Southeast Alaska were stable and healthy.

RDC is concerned about the impact an ESA listing and subsequent critical habitat designation could have on development projects in and around Southeast Alaska.

“The Kensington Mine, poised to provide millions of tax dollars to the City and Borough of Juneau, as well as the State of Alaska, would likely be directly impacted,” Crockett said. “Given its location, shipping and transportation to and from the mine would be hampered, and even the most basic mining operations could prove to be difficult.”

Also affected would be the Kensington Mine dock facility owned by Goldbelt Inc., and the existing Greens Creek Mine on Admiralty Island. All of these projects have been planned and permitted while working with local, state, and federal government agencies to ensure the region is protected and preserved for the future.

Crockett surmises the petitioners may be attempting to list the Southeast Alaska Pacific herring stock under the ESA to control land use decisions, rather than because the stock is threatened. She pointed out the ESA is not meant to control development activities, but rather to preserve species that are truly threatened or endangered.

“Anytime a species is listed under the ESA, that decision must be based on sound science and recognize existing conservation efforts, management mechanisms, and actual population assessments,” Crockett said. “An ESA listing should be a last resort, and not a foregone conclusion. Given the Southeast herring population as a whole is healthy and able to support a commercial fishery, a listing under the ESA is not warranted at this time.”

Lawmakers resurrect new gas reserves tax initiative

(Continued from page 1)

have united under Denali: The Alaska Gas Pipeline to advance plans for a pipeline from the North Slope to the Lower 48. Denali has several hundred people in Alaska working on the project and had 80 people in the field this summer. The company spent \$80 million on the project this summer.

The company has formed a project team and has opened an Anchorage office. It has begun a pre-filing process with the Federal Energy and Regulatory Commission and submitted a right-of-way application to the Bureau of Land Management.

TransCanada is proceeding under the State’s Alaska Gasline Inducement Act

(AGIA) framework on its plans for a pipeline. In early December, the state formally issued the company a license to pursue the project. TransCanada has begun engineering, environmental and field work

Crawford said that he would cancel the reserves tax if the lessees commit gas to a pipeline that meets AGIA’s requirements.

The measure would apply to all the gas contained in the Prudhoe Bay and Kuparuk fields. It would allow leaseholders to reclaim the tax through annual credits.

The initiative is propagated on two myths: that the North Slope producers have been “warehousing” the gas for the last 30 years, and they are not interested in building

the gasline.

The project did not become even remotely viable until after 2000. Before then, prices were too low in North America for natural gas, and demand in Asia was not sufficient to justify the volume it would take to realize efficient pipeline economics of scale.

Since 2000, the producers have been actively working on the project, spending hundreds of millions of dollars on conceptual engineering and other work.

Former RDC President John Shively noted in the 2006 debate on the issue, “I do not believe it is possible to tax a project into being, but I do know it is possible to tax it out of existence.”



Alaska Resources 2009: Alaska at 50



Lt. Gov. Sean Parnell

A record 776 registrants attended RDC's 29th annual conference November 19-20 at the new Dena'ina Convention Center in Anchorage. The conference featured 40 speakers, 140 sponsors and over 50 exhibits. Speakers addressed a wide variety of projects and issues, including the impact of the global financial crisis on Alaska's resource industries, ballot

initiatives, offshore oil and gas development, Endangered Species Act listings, commercialization of North Slope natural gas, the Pebble project, the role of foreign investment in the development of Alaska's resources and status reports from Alaska Native corporations. Each speaker's PowerPoint, as well as a video of each presentation, is available online at www.akrdc.org.



Governor Sarah Palin addressed her administration's efforts to develop Alaska's resources in a responsible manner and to the maximum benefit of Alaskans. (Numerous photos by Judy Patrick)

Governor Sarah Palin stands for the Alaska Flag Song, which opened RDC's 29th Annual Conference, "Alaska Resources 2009: Alaska at 50." Joining the governor at the head table were conference speakers Jim Bowles, President, ConocoPhillips Alaska; Doug Suttles, President, BP Exploration (Alaska) Inc.; Doug Wilson, Alaska Exploration Manager, Andarko Petroleum; Giuseppe Valenti, Vice President, Exploration, Eni Operating Company U.S.; Martin Cohen, Alaska Exploration Manager, StatoilHydro and Dr. Kaush Arha, Deputy Assistant Secretary, Fish, Wildlife and Parks, U.S. Department of the Interior. Suttles announced BP is budgeting \$1.2 billion in capital expenditures for Alaska in 2009, a 33 percent increase over this year. However, the company expects a 10 percent cut in drilling at Prudhoe Bay, partly due to falling oil prices and a change in Alaska's oil production tax in 2007. Suttles said BP deferred a \$120 million gas processing plant at Prudhoe because of the impact the tax had on project economics.



Giuseppe Valenti of Eni Operating Company U.S. discussed his company's Nikaitchuq offshore development project. Development drilling started in November.



ConocoPhillips president Jim Bowles shares a moment with Governor Sarah Palin at the head table.



Anchorage Mayor and Senator-elect Mark Begich reflected on his accomplishments as mayor and addressed future challenges and opportunities for Alaska.



Keynote speaker Peter Coleman, Vice President, Americas Region, ExxonMobil Production Company, spoke to Alaska opportunities in North America natural gas development.



Alaska Native leaders addressed the year ahead. From right to left are keynote speakers Sheri Burette, Chugach Alaska Corporation; Norm Phillips, Doyon Limited and Chris McNeil, Sealaska Corporation. Also pictured are John Shively, Pebble Partnership; Jim Mery, Doyon; Rick Harris, Sealaska and RDC's Jason Brune.



Offshore oil and gas exploration and development, including opportunities, challenges and local issues, was the main topic of a conference panel, which included Peter Slaiby, Shell Alaska; North Slope Borough Mayor Edward Itta; Jeff Loman, U.S. Minerals Management Service; Tiel Smith, Bristol Bay Native Corporation and Sharon Boyette, Aleutians East Borough.



Commissioner Denby Lloyd of the Department of Fish & Game noted ESA listings will impact development.



Alaska Energy Authority Executive Director Steve Haagenson discusses a statewide energy plan.



An update on Canadian energy issues was presented by John Foran, Acting Director, Natural Gas Division, Natural Resources Canada.



Rep. Ralph Samuels participated in a panel discussion on Alaska ballot initiatives.



Paul Henry, Chief Operating Officer, Anglo American U.S., highlighted foreign investment in Alaska.



Greg Baker, President of Westward Seafoods, spoke to the benefits of foreign investment in Alaska's fishing industry.



Alaska assumes authority of the federal wastewater discharge permitting program

The key to Alaska's future is the responsible development of our resource wealth. For development to proceed responsibly, we must have effective environmental programs to conserve and protect the condition of Alaska's land, air, and water.

To ensure that our water quality is protected and to allow for more state control over water quality priorities, the State of Alaska is taking on responsibility to protect our water resources by assuming authority to administer the National Pollutant Discharge Elimination System (NPDES) wastewater discharge permitting and compliance program from the Environmental Protection Agency (EPA).

On October 31, 2008, EPA approved the state's application to administer the NPDES Program in lieu of EPA. The NPDES Program is authorized under the federal Clean Water Act (CWA) and requires that dischargers obtain a permit prior to discharging to surface waters or waters of the U.S.

The state's approved program is called the Alaska Pollutant Discharge Elimination System or APDES Program. The Alaska Department of Environmental Conservation (ADEC) will administer the APDES Program in phases over a three-year period by assuming authority to administer specific program components and permits each year until full program authority has transferred to the state. EPA retains permitting authority over a program component or permit until such time as authority for that program component or permit is transferred to ADEC, according to the phasing schedule.

Transfer Schedule

Phase I of the transfer schedule began at program approval (October 31, 2008) and includes domestic, timber, seafood, and hatchery discharges. Phase II is one year from program approval (October 31, 2009) and includes stormwater discharges, federal facilities, the pretreatment program, and other miscellaneous nondomestic discharges



"Implementing the APDES permitting program in Alaska provides numerous benefits to permit holders and the public. First and foremost, ADEC is accountable to Alaskans and to the Alaska legislature. Not only does the state gain a greater role in project planning, but we are also in the position to develop a more efficient permitting process and a protective program tailored to Alaska's unique conditions."

(e.g. utilities, ship and dry docks, and drinking water filter backwash). Phase III is two years from program approval (October 31, 2010) and includes mining. Phase IV is three years from program approval (October 31, 2011) and includes the oil and gas industry, cooling water intakes and discharges, and all remaining facilities not covered under the previous phases.

ADEC does not anticipate making immediate changes to existing EPA-issued permits when permit authority transfers to the state. For example, a current or EPA-administratively extended NPDES permit will be administered by ADEC and will remain in effect until ADEC issues an APDES permit to replace it. (An administratively extended permit is one where the applicant reapplied for continued coverage under a permit, the permit expired, and a new permit has not yet been issued.) Therefore, a permittee can expect to operate under the same permit conditions at the time permit authority transfers to the state.

ADEC will notify permittees in advance that authority for their permit will transfer to the state with information about how and where to apply for permit coverage.

Benefits of a State-Run Program

Implementing the APDES permitting program in Alaska provides numerous benefits to permit holders and the public. First and foremost, ADEC is accountable to Alaskans and to the Alaska legislature. Not only does the state gain a greater role in project

planning, but we are also in the position to develop a more efficient permitting process and a protective program tailored to Alaska's unique conditions. A potential time and cost savings will be realized by permittees as one, rather than two, permitting agencies will be involved in the permitting decisions.

Another benefit of the state implementing the APDES program is a more predictable enforcement program. The state can build specific, timely, and predictable steps into a risk-based enforcement program while maintaining a commitment to compliance assistance. The program will have an improved and faster administrative appeals process with specific time frames for the steps in the appeals process with the ADEC Commissioner (or an Administrative Law judge if designated by the Commissioner) as the final arbiter.

Finally, the state will implement a robust public process that provides opportunity for early and meaningful input into permitting decisions by tribes, local governments, and the public.

You can review ADEC's APDES program description and phasing schedule on our web page, as well as sign up to the electronic mailing list to receive updates on program implementation.

Link to ADEC's web page: www.dec.state.ak.us/water/npdes/index.htm

Sharon Morgan is Program Manager at the Alaska Department of Environmental Conservation, Division of Water, APDES. See RDC's comments on NPDES Primacy: www.akrdc.org/alerts/2008/epanpdesprimacy.html

News digest

RDC opposes proposed rule to regulate carbon emissions under Clean Air Act

RDC submitted comments to the Environmental Protection Agency (EPA) opposing proposed rulemaking on regulation of greenhouse gas (GHG) emissions under the Clean Air Act (CAA). RDC said separate legislation should be pursued in Congress that addresses greenhouse gases directly, rather than using the CAA.

"Using the CAA to regulate carbon dioxide is much like using the Endangered Species Act listing of polar bears to regulate climate change," RDC noted. "Neither is appropriate."

RDC said GHG emission legislation should be based on sound environmental and economic principles within the context of U.S. energy needs and the national economy. Such legislation should be coordinated with other emitting nations to ensure this problem is addressed on a global scale and does not put American business at a competitive disadvantage. Otherwise, new regulations would likely result in unintended consequences, including a shift in emissions, and possibly production capacity, from the U.S. to other countries. This could result in a net increase in global emissions.

RDC urged EPA to conduct a comprehensive discussion of the impacts and costs of the program envisioned under the rulemaking. RDC said EPA must explain in clear terms the costs and benefits of the U.S. using the CAA to regulate greenhouse gases.

As currently proposed, the new regulations pose significant and untimely impacts to a weak domestic economy and will likely result in higher prices for energy, food, manufactured goods and transportation.

RDC supports proposed rule on interagency cooperation under ESA

In a letter to the U.S. Fish and Wildlife Service, RDC expressed its support for a proposed rule on interagency cooperation under the Endangered Species Act (ESA).

The proposed regulations are partly in response to a Government Accountability Office report in 2004 which found that despite improvements, the ESA consultation process "remained contentious between Services and action agencies." The report noted that the consultation process remained "burdensome."

The proposed rule would reduce the number of unnecessary consultations and maximize limited agency resources. Such action would improve the efficiency and the effectiveness of interagency consultations.

RDC agreed with the Service that "there is no requirement to consult on greenhouse gas emissions' contribution to global warming and its associated impacts on list species," including polar bears. The proposed regulations clarify that the ESA consultation process is not required for every federal action that may have greenhouse gas emissions. RDC said such a requirement goes far beyond the intent of the ESA and would have far-reaching implications for America's economy and industries, ranging from oil and gas to agriculture and transportation. RDC noted it would result in far more consultations than current agency resources could sustain. Ultimately, such a requirement would impact the standard of living for most Americans, RDC said.

RDC comments on NPDES seafood permit

New regulations drafted in the proposed General Permit for offshore processors imposed stringent and overly burdensome requirements and monitoring regimes for the industry. In concurrence with the At-Sea Processors Association, RDC submitted a letter to the Environmental Protection Agency opposing the need for multiple discharge permits and excessive reporting requirements. RDC also addressed concerns regarding vessel safety and fishing strategy of this important industry. To view RDC's complete comment letter, visit akrdc.org.

Big reserves of gas hydrates on North Slope

A new U.S. Geological Survey (USGS) assessment estimates that there are 85.4 trillion cubic feet (tcf) of undiscovered, technically recoverable gas from natural gas hydrates on the North Slope. This would be enough to heat more than 100 million homes for 10 years. However, further research, including long-term production tests, is still needed to demonstrate gas hydrates as an economically producible resource.

The USGS estimates that the 85.4 tcf of gas accounts for 11.5 percent of the volume of gas within all other undiscovered, technically recoverable gas resources onshore and offshore the U.S. The North Slope is believed to contain 119 tcf of technically recoverable conventional natural gas, of which 75 tcf is believed to exist within the National Petroleum Reserve-Alaska.

Pioneer Alaska receives award

On November 17 in Santa Fe, New Mexico, the Interstate Oil and Gas Compact Commission (IOGCC) recognized Pioneer Natural Resources' Oooguruk Development Project with the 2008 Chairman's Stewardship Award in the Small Company category.

Since 2001, the IOGCC Chairman's Stewardship Awards have represented one of the industry's highest honors for exemplary efforts in environmental stewardship. The Alaska Oil & Gas Association nominated Oooguruk for IOGCC recognition.

Pioneer Alaska President Ken Sheffield, who accepted the award, said, "The Chairman's Stewardship award is a testament to the hard work and dedication of the Pioneer team and to the focus Pioneer places on environmental responsibility. We are very proud to be recognized for our achievements in this area."

With first production in June 2008, Oooguruk became the first field operated by an independent company on Alaska's North Slope.

AMEREF: Moving forward in 2009

AMEREF is moving forward from successful fundraising at the Alaska Miners Association Convention in November with materials and training development in 2009. The addition, Education Director Delenora Grey will help grow the program and continue to provide Alaska's students with the knowledge to make informed decisions relating to mineral, energy and forestry resources. Thank you to all the generous new and continuing sponsors of this program. For more information, visit ameref.org.



Alaska's economic footings amid the churning global financial crisis

The sudden reality shock of our global economic crisis has many of us feeling like the coyote cartoon character. In a chase with the Road Runner, the coyote runs off a cliff and is doing fine until he looks down. Once he realizes there is nothing supporting him, he plummets to the ground. Many of us were blissfully ignorant of the house of cards that was underpinning our nation's economy. We weren't paying enough attention to warning signs that our prosperity was based on unsustainable borrowing, a housing bubble, and a series of compounding factors like bundling of subprime debt instruments and highly leveraged bond insurance.

While the economy in Alaska often runs countercyclical to the rest of the nation, we are far from recession proof. In just four months we have watched crude oil prices drop from \$144/bbl to under \$40. Base metal prices such as zinc and copper have followed a similar precipitous fall, and seafood prices and tourist traffic to Alaska are likely not far behind. Mineral explorers in Alaska are suddenly strapped for cash, when just months ago their biggest challenge was competing for limited skilled manpower and drilling contractors. This kind of market volatility amplifies the importance of maintaining and improving the fundamental underpinnings of our economy. Failure to enact sensible policies with respect to our resource industries could see Alaska's coyote looking down into thin air.

Addressing the misuse of citizen ballot initiatives would go far in avoiding further erosion of our economic footings. Initiatives have recently been used for the purpose of undermining our very economic foundation. Look no further than the punitive cruise ship initiative which holds that industry to a technologically impossible discharge standard that far exceeds anything required by our own Alaska Marine Highway system or municipalities. Just months ago our mining industry was fighting for its survival due to an ill-conceived initiative designed to destroy the underpinnings of our resource economy. Fifty cent per pound zinc and a global recession provide sufficient challenges to these industries without the kinds of curve balls that destructive initiatives can throw. Representative Kyle Johansen continues to lead an effort to seek ways to make ballot initiatives more open and transparent

without stepping on this constitutionally mandated citizen's right. He deserves our full engagement on this important issue.

The Endangered Species Act (ESA) is the ten thousand pound gorilla moving into Cook Inlet and Alaska's North Slope. Recent listings of the Polar bear (Threatened) and the Cook Inlet beluga whale (Endangered) under the ESA will require a full court press to mitigate the potential adverse impact to our economy. Never mind that the beluga population has stabilized since the subsistence take was significantly reduced or that Polar bear populations have been increasing, the listings are upon us. The Palin administration has challenged the listing of the Polar bear. The more recent Cook Inlet beluga whale listing is being closely scrutinized by many in the affected communities. Industry and community leaders are preparing to engage in the related rulemaking process. RDC will play a meaningful role in bringing our diverse membership together on this common issue with implications to oil and gas, fishing, mining, tourism and public works.

For years RDC and others have been calling for a long term State fiscal plan and framework to provide stability and help smooth the roller coaster of feast and famine budget cycles. Will the recent unprecedented volatility in oil prices mobilize our State administration and lawmakers to seriously engage this issue? The global financial meltdown has added an unprecedented degree of uncertainty to those investing in the exploration and development of Alaska's resources. Continued inaction on fiscal planning compounds these risks and has a direct influence on critical resource exploration and development decisions. This will be heavy lifting but is critical and deserves our support and participation. Leaders in the business community and the legislature have emerged on this issue, will others follow?

Alaska's economy is faring far better than the rest of the nation, but the volatility and uncertainty in the global economy means the wolf is at the front steps. Alaskans are not likely to directly influence the global financial mess, however, if there was ever a time for a steady hand at the tiller to support policies necessary to sustain our resource dependent economy, it is now.

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