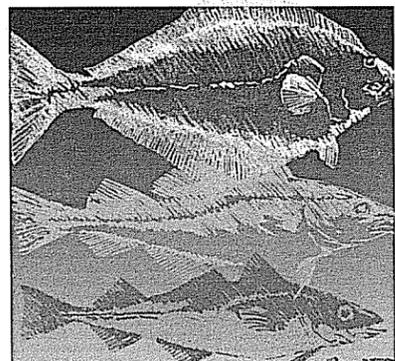
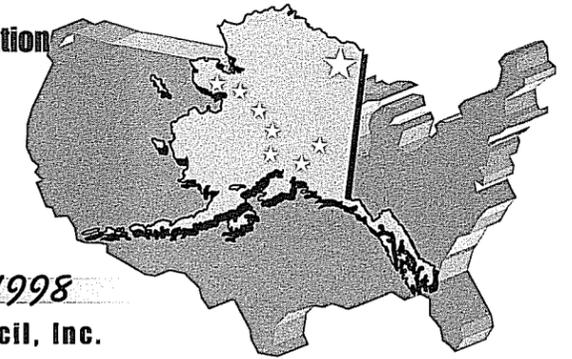


This Edition Sponsored by: Aleutian Seafood Processors Association

Resource Review

October 1998

A periodic publication of the Resource Development Council, Inc.



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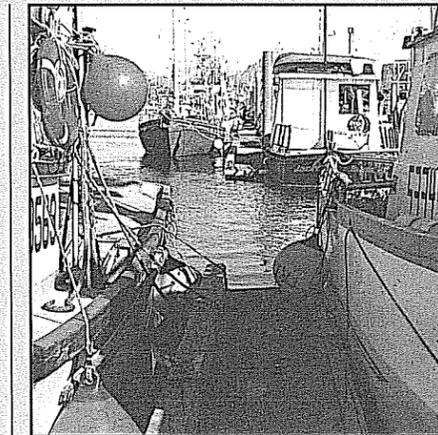
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'Birds of a feather' flock together

By Stephanie Madsen
RDC Board Member

October is National Seafood Month for those of us in the seafood industry. But for members of the Aleutian Seafood Processors Association, October also represents the month in 1996 when the decision was made to join the Resource Development Council.

Over the past two years, I have been surprised to learn of the similarities between the seafood industry and other RDC members. Some similarities, such as Alaska hire initiatives and school-to-work programs, exist because of the fact



Like other Alaska industries, the seafood sector is reeling from the Asian crisis.

that we all do business in Alaska. Some, like working our way through the permitting process and responding to hostile campaigns spearheaded by anti-development groups, come from the nature of being resource-based industries.

As employers doing business in Alaska, with partnerships including the Departments of Labor and Health and Social Services, we all strive to develop programs that increase our Alaska hire, to provide employment opportunities for welfare recipients and to participate in school-to-work

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Alaska's mining industry sees another record year

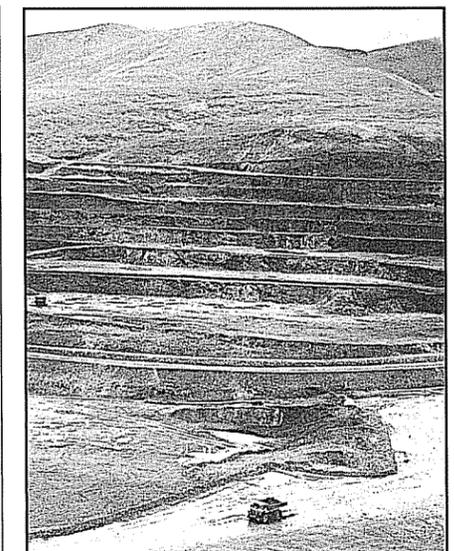
The Alaska mining industry, which topped \$1 billion for the first time in 1996, continued its record growth in 1997, according to the latest edition of the annual report *Alaska's Mineral Industry*, released by the state last month.

"Alaska's world-class mineral deposits continue to attract attention from around the globe," said Governor Tony Knowles. "The mining industry continues to show strong growth thanks to the healthy partnership between the industry and state," Knowles added. "That partnership means making Alaska open and ready for business by working

with industry to expedite the permitting process while the mining industry works with the state to do development right, which means protecting Alaska's air, water and fish and wildlife habitat."

The rise follows on the heels of a 10 percent improvement over 1995 levels. According to the report, exploration investment of \$57.8 million in 1997 was up 30 percent from 1996, and production expenditures of \$936.2 million were up 59 percent. Those increases combined to more than offset a 57 percent decline in development expenditures from \$394 million in 1996 to \$168.4 million in 1997.

(Continued to page 7)



A record number of mines were developed around Alaska in 1997, despite falling metal prices. Pictured above is the Red Dog Mine which is currently increasing production.



Message from the Executive Director
by Ken Freeman

Agencies move to implement federal Clean Water Action Plan

The Clinton Administration's Clean Water Action Plan (CWAP) is becoming a reality. This summer federal and state agencies took one of the first steps toward implementing the plan. Under guidelines set forth in the CWAP, the Clinton administration requested each state prioritize its watersheds in anticipation of additional funding for water quality monitoring and restoration.

The plan directed the Natural Resources Conservation Service (NRCS) and state environmental

agencies to convene a watershed prioritization process this past summer and to submit a list by October 1 ranking watersheds in need of restoration and protection. The plan's short time frame made it extremely difficult for the Alaska Department of Environmental Conservation (ADEC) to compile detailed information about dozens of watersheds.

Many of our readers are familiar with the 303(d) impaired waterbody list, waterbodies identified by the state as not meeting federal water quality standards. ADEC did its homework on the most recent impaired waterbody list, but it took years to compile the information -- not months.

As for the Clean Water Action Plan, NRCS and ADEC set forward a process to determine what watersheds in Alaska require either restoration (Category I) or protection (Category II). There are also pristine watersheds (Category III) and watersheds with insufficient data (Category IV), but initially NRCS and ADEC had set out to look at Categories I & II.

RDC began closely tracking this effort in July, given the potential regulatory impact and greater federal involvement in water quality management in Alaska.

The initial process of nominating the first list of watersheds had some problems. First, because of the rigidity in the timeline, certain essential stakeholders were not appropriately involved in the process. Second, many of the watersheds that were picked were initially selected on "best professional judgment" and not strict scientific

guidelines.

After NRCS and ADEC took public input on the list, they convened a final work group meeting and submitted a draft to ADEC Commissioner Michele Brown who in turn submitted a list to EPA upon her final approval.

The final product is a reasonable first step. Alaska's Unified Water Assessment submittal includes Category I watersheds/waterbodies, presented in two groups. The first priority includes nine items, most of which are from the impaired waterbody list. The second priority consists of the remaining waterbodies on the 303(d) list.

Using items from the impaired waterbody list for waters in need of restoration makes sense given the information available on those waters. ADEC did not nominate any Category II watersheds at this time. Identifying those waterways in need of protection is much more difficult since many of the watersheds that were initially in this category were nominated because of potential development that might occur years from now.

RDC will encourage EPA to simplify its efforts to regulate water use by coordinating the impaired water bodies program with the new Clean Water Initiative.

A more thorough process could be created by slowing the evaluation cycle and coordinating the two programs. RDC believes one process and one list is sufficient. Also, clear definitions of watersheds and waterbodies need to be spelled out to the public. How are they the same, how are they different?

Federal funding for the Clean Water Action Plan is not assured. It is not clear at this time how much money will be directed to the various agencies charged with administering the plan. Also still unclear is the regulatory outfall of the program.

RDC will keep you informed as other parts of the CWAP unfold.

Timber industry voluntarily adopts standards to protect salmon habitat

Members of the Alaska Forest Association (AFA) have voluntarily adopted new habitat protection standards for timber harvests near salmon streams.

"This is a very progressive move," said Executive Director Jack Phelps. "Our companies are again taking the lead in applying science to practical, on-the-ground activities. By voluntarily going beyond the current requirements of the law protecting fish habitat, they are demonstrating their commitment to scientific forest management and the spirit of the Forest Practices Act."

AFA proposed new fish habitat protections to the Board of Forestry last January. The standards, developed in cooperation with state agencies and commercial fishing interests, became the basis for legislation which the association fully supported. However, the bill stalled in the Senate and did not become law this year. AFA member companies have decided to implement the standards anyway, and will begin going so in the next operating season.

The measures include adding 66-foot riparian buffers along all streams containing salmon, imposing tougher slope stability standards on many streams, and encouraging operators to leave trees in place along the upper reaches of streams where it is both beneficial to the stream and economic to do so.

"Our own studies helped identify the value of the new standards," said Phelps. "AFA members are dedicated to following the science."



Pictured above is a buffer zone left along an Alaska stream.

Phelps noted his association intends to pursue a change in the law adopting the new standards.

"We plan to have the legislation reintroduced next session and I have written to Governor Knowles asking for his continued support of these amendments," Phelps said. "The Governor, the Board of Forestry and the Department of Natural Resources have been very supportive throughout the process. Their involvement and that of commercial fishing groups, conservation groups and other resource agencies resulted in a balanced proposal that we think makes good sense and will make good law. We are counting on that continued cooperation during the next legislative session."

Alaska's mining industry sees record growth in '97

(Continued from page 1)

Exploration was widespread throughout the state. Highlights included the addition of new reserves at the Red Dog mine near Kotzebue, doubling of the resource at Pebble Copper near Iliamna and at Donlin Creek near Iditarod, identification of a 4.5-million ounce high-grade gold resource at Pogo near Delta, and many exciting prospects throughout the Interior and Southwest Alaska.

Development projects included work on the mine and port site at Red Dog, on the pit and leach pad at Illinois Creek south of Galena, on the tanks and tailings dam at Fort Knox, and permitting at the Kensington Mine near Juneau, which is now fully permitted.

"Despite falling metal prices and market concerns, there was a record number of mining locations established in Alaska in 1997," said Department of Natural Resources Commissioner John Shively. "Exploration and future production are vital, especially in rural areas where mineral development provides well-paid jobs."

Zinc production from Greens Creek and Red Dog mines

accounted for 53 percent of all commodity value, followed by gold (22 percent), silver (8 percent), sand and gravel (6 percent), lead (5 percent), coal (4 percent), and rock, copper, peat and jade. For the first time in over 50 years, the amount of gold derived from hardrock mines, 481,439 ounces, exceeded the production derived from placer mines, 109,077 ounces.

Mining employment increased by 3 percent overall to 3,862 jobs, with decreases in the development sector, but increases in production jobs. These changes, along with higher lode gold employment, reflected Fort Knox and Illinois Creek mines becoming operational during 1997. Hardrock mine employment also increased during the year, due to increased production at Red Dog and Greens Creek mines, and the commissioning of the Fort Knox and Illinois Creek mines. Coal mining and rock production employment was essentially the same as in 1996, but extensive road building in Southcentral and Southeast Alaska caused a substantial increase in employment in sand and gravel production.

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 an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

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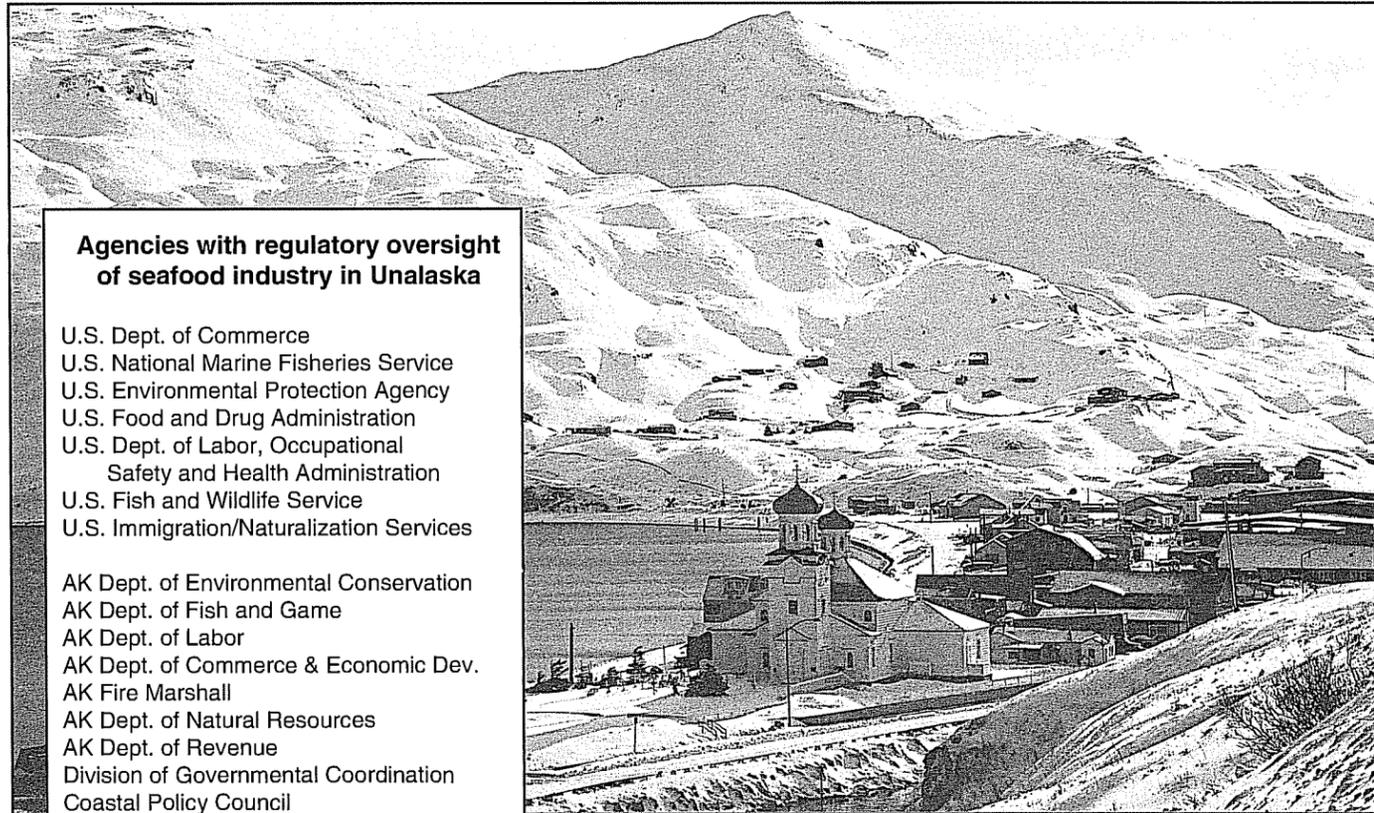
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Agencies with regulatory oversight of seafood industry in Unalaska

U.S. Dept. of Commerce
 U.S. National Marine Fisheries Service
 U.S. Environmental Protection Agency
 U.S. Food and Drug Administration
 U.S. Dept. of Labor, Occupational Safety and Health Administration
 U.S. Fish and Wildlife Service
 U.S. Immigration/Naturalization Services

AK Dept. of Environmental Conservation
 AK Dept. of Fish and Game
 AK Dept. of Labor
 AK Dept. of Commerce & Economic Dev.
 AK Fire Marshall
 AK Dept. of Natural Resources
 AK Dept. of Revenue
 Division of Governmental Coordination
 Coastal Policy Council
 AK Board of Fisheries

Aleutians West Coastal Resource Service Area
 City of Unalaska

Unalaska/Dutch Harbor maintained its status as the port with both the highest volume and the greatest dollar value of fish in the nation. Commercial fishermen brought in 587.8 million pounds of fish worth \$122.6 million. The Aleutian port netted the top landings slot for the tenth straight year.

Similarities abound among Alaska's basic industries

(Continued from page 1)

programs. The largest employer in the state, the seafood industry is one of the few sectors in Alaska with entry-level positions available. People without much training or work experience can find opportunities. We take every chance to learn from other Alaskan employers what is working and what lessons they have learned. Involvement in organizations like RDC prevent us from "reinventing the wheel."

The oil industry is the number one taxpayer in Alaska while seafood is number two. So we all have an interest in seeing the state spend its money wisely, and on programs we need funded adequately to do business. The Alaska Departments of Environmental Conservation and Fish and Game are just two examples. Business needs to stick together. As the saying goes, "there is strength in numbers."

RDC members, primarily resource-based industries, also have similar concerns related to permitting, especially when it comes to air and water quality issues, as well as extraction rights. We all need permits to conduct business. The process of permitting can be a critical issue if conducted in the wrong way. Glancing at the agencies listed in the chart above, it becomes very apparent the role regulators have in seafood operations.

Environmental groups have forced resource-based industries to become well-versed in public relations. Educating the public about who we are and what we do is an area consuming more of our time and, of course, our budgets. By belonging to groups like RDC, we are able to pool efforts to keep pace with campaigns opposing resource development.

Another similarity among Alaska's basic industries is the market place. The seafood industry shares its primarily-Asian market with many other industries in Alaska, including mining and timber. The challenges Alaska's basic industries are facing today because of the Asian "crisis" have been a topic of several RDC meetings. It will take many people using creative strategies to overcome the challenges posed by the global economic downturn.

Birds of a feather do flock together and I believe the seafood industry is a logical component of RDC's long-established membership base. I believe it is important for all of us to learn more about each other's industry and to work closer together on common issues. It will help as we move forward in finding solutions to our common problems.

Since October is National Seafood Month, quit beefing and eat more seafood!

Stephanie Madsen is Executive Director of the Aleutian Seafood Processors Association.



Thoughts from the President by Allen Bingham

BP's newest field begins production

Late in the afternoon of August 21 the first oil started flowing from BP's new Badami field, ushering in a new generation of smaller, remote oil fields that will help reverse a decade of declining oil production on the North Slope.

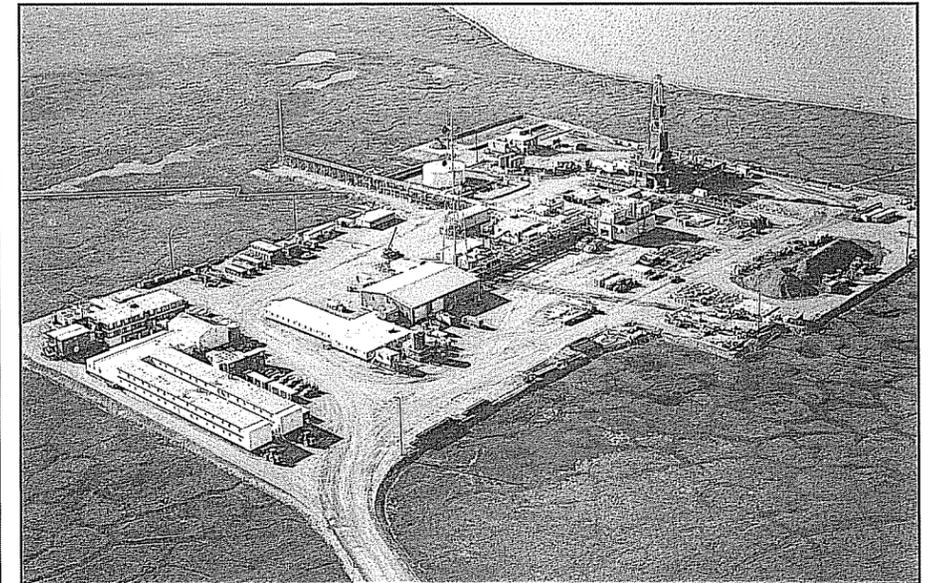
Congratulations are in order to BP as Badami features state-of-the-art technology and engineering, reduced environmental impact and renewed emphasis on Alaskan jobs and spending.

Located about 35 miles east of Prudhoe Bay, Badami is a stepping-stone to the way BP wants to do business in Alaska in the future, according to Richard Campbell, President of BP Exploration Alaska Inc. Campbell says Badami is a model for the strides the company has made with Alaska hire and Alaska spending, and how far the industry has come in minimizing the environmental impact of its activities.

According to a recent brochure from BP, Badami is the first new stand-alone field on the North Slope in more than a decade. With an estimated 120 million barrels of recoverable oil, it is the ninth-largest among 14 North Slope fields currently producing oil or planned for development. Production is expected to peak at about 30,000 barrels a day.

Badami and other fields like Northstar and Liberty are an important component of BP's investment plans in Alaska. BP is looking to these projects to help the company increase its Alaskan production by more than 100,000 barrels a day over the next few years.

Oil from Badami will be processed on-site and transported by pipeline to the Endicott oil pipeline, which will carry it to Pump Station 1 of the Trans-Alaska Pipeline. The 26-mile, 12-inch Badami pipeline is buried at three river crossings and elevated elsewhere.



The entire Badami development -- a single onshore gravel pad -- covers only about 0.2 percent of the field area. (Photo by Randy Lissey)

The entire Badami development covers about 0.2% of the total field area. The entire development occurs from a single onshore gravel pad. It's like parking a minivan on a football field. This has been made possible by high-tech drilling techniques, close well spacing, compact facilities and elimination of unnecessary infrastructure.

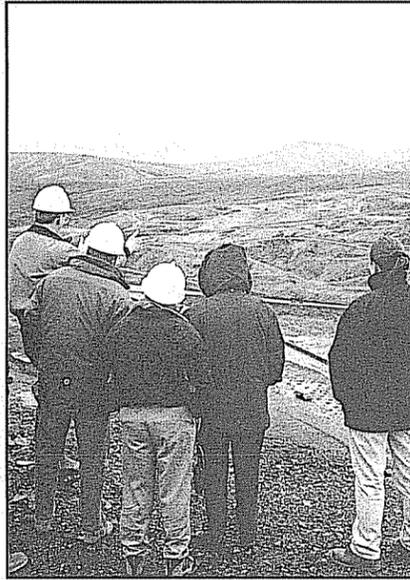
There is no permanent road linking Badami to existing oil field infrastructure to the west. The oil field is supplied by either truck using an ice road, by barge or by air, depending on the season. The pipeline was installed using ice roads, eliminating impacts to the tundra.

With this new generation in oil field development, there is no surface disposal of drilling wastes and extended-reach drilling technology makes production possible from a single onshore gravel pad even though two-thirds of the oil is offshore, some as much as three miles.

Alaskan contractors and vendors have played a key role in the project. Alaskan content of the project is 85 percent, excluding specialized materials that aren't produced in the state. Much of the fabrication work was performed in Alaska.

Construction has provided more than 200 jobs and injected an estimated \$200 million into Alaska's economy. Drilling is providing an additional 100 jobs during the drilling phase, expected to last at least through 2000. Permanent operations will generate about 50 full-time jobs. The field also is projected to provide about \$350 million in state revenues.

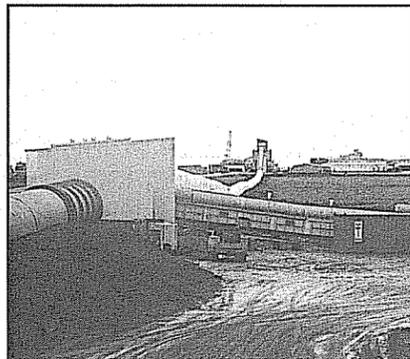
Badami and other exciting North Slope projects, such as ARCO's Alpine, reaffirms that Alaska is truly open for business. North Slope oil producers are launching a new generation of North Slope oil fields that will grow Alaska production into the new millennium.



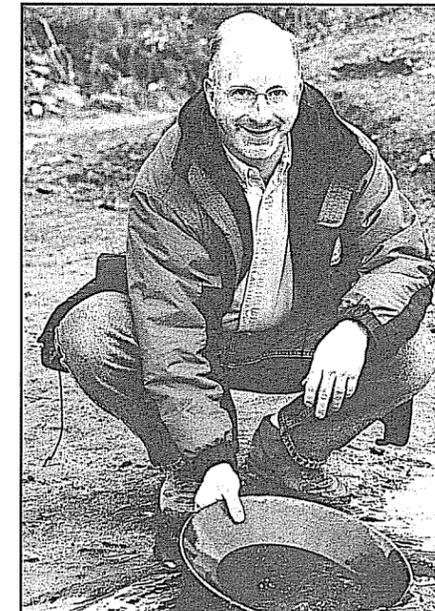
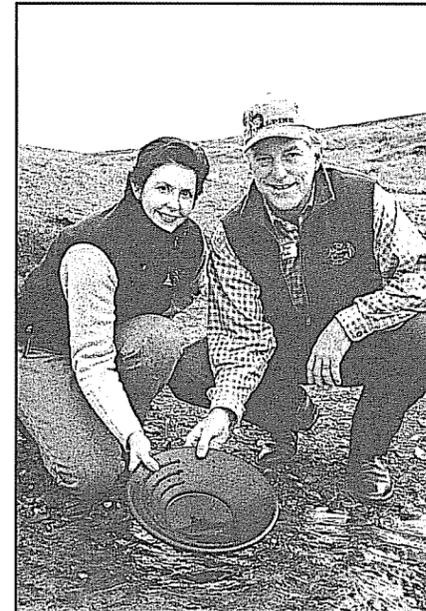
Red Dog, Nome host RDC Board

RDC Board shares in the excitement of Nome's gold rush centennial and current expansion at world's largest zinc mine

Red Dog isn't just a mine, it's a world-class zinc deposit. Located 90 miles north of Kotzebue, Red Dog is the largest zinc concentrate producer in the world. The mine sits on lands owned by NANA Regional Corporation and leased by Cominco. Both NANA and Cominco are working together to expand Red Dog production by 40 percent while securing the mine's production life for 50 years. At top right, RDC board members, staff and guests gather at the mine. Pictured are Ken Freeman, Frank Brown, Amanda Marvin, Tara Candelaria, Mark Anderson, Rep. Jeannette James, Mark Hanley, Debbie Reinwand, Elizabeth Rensch and Allen Bingham. At bottom right, Alice Brown, Scott Thorson, Brent Horn and Robert Nelson join the group for a photo opportunity at the Red Dog port site on the Chukchi Sea. One of two large concentrate storage buildings can be seen in the background. Below, a conveyor tube carries the concentrate to barges offshore. Fifteen vessels a season ship the concentrates to foreign markets.



The "Three Swedes" credited with the first discovery of gold at Anvil Creek near Nome in 1898, are honored in this new memorial in downtown Nome. (Photo by Frank Brown)



Frank and Alice Brown, as well as Mark Hanley try gold panning on Anvil Creek.

Above, Ken Freeman, Allen Bingham, Scott Thorson, Frank Brown and Nome Mayor John Handeland pose on an old bridge on the Nome River at Ron Engstrom's Basin Creek claim. At bottom left, Gordon Dupue and Chuck Hawley show RDC board members how to pan for gold. At bottom right, Elizabeth Rensch and Cheryl Engstrom's daughter explore an old historic gold dredge at Basin Creek. RDC extends its appreciation to Irene Anderson of Sitnasuak Native Corporation and Mayor John Handeland for hosting the Nome tour, which included a variety of historic and current mining operations. Nome is proud of its rich 100-year mining heritage and is optimistic about its future.

(Photo by Frank Brown)

