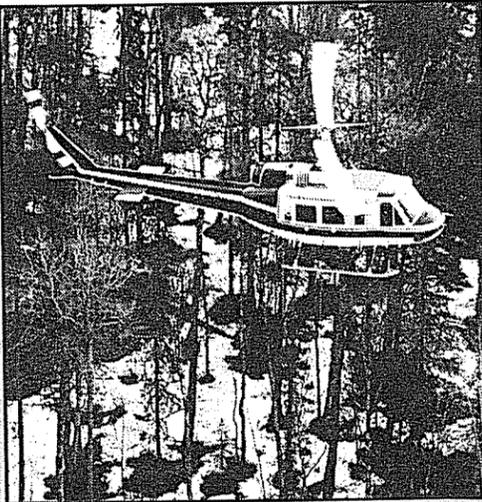


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# Resource Review

Resource Development Council for Alaska, Inc. Box 100516, Anchorage, AK 99510

September 1987

REGULATED 722C

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## First production from ANWR not until year 2002

Based on 1988 decision

Based on past experience and the number of regulations and stipulations industry must meet, first oil production from the Arctic National Wildlife Refuge would not occur until about the year 2002, even if Congress gives a green light in 1988 for oil and gas leasing on the Coastal Plain.

A detailed industry scenario shows that lease sale planning and environmental studies would occur for two years before the first lease sale is conducted in 1990. Intensive environmental studies would continue and occur simultaneously with exploration activities.

Following a projected major discovery in 1994, three years of delineation drilling followed by three more years of planning, design and EIS processing and permit acquisition would occur. Three more years of development drilling and construction of facilities and pipelines would occur before actual

(Continued on page 3)

## A healthy seafood industry



Good management, industry participation and favorable environmental conditions has led to record seafood harvests in Alaska.

## Fisheries see consistent growth

By  
Carl Portman

With black crude from the giant Prudhoe Bay oil field energizing the Alaska economy over the past decade, healthy and consistent growth in one of the state's oldest and largest industries has gone largely unnoticed by many.

Today, employment in the Alaska seafood industry is more than double the levels of the 1960s and early 1970s. Last year the state ranked number one in seafood harvest production in the nation.

"If we were an independent nation, we would rank sixth in the world and presently possess the potential to become number one in wild stock fisheries," said Cheryl Sutton of the Kenai Peninsula Fishermen's Cooperative Association.

Referring to Alaska's fishery resources as the state's first permanent fund, Sutton noted the industry's diversified and renewable nature. "Our fisheries have proven over and over again to be the constant old friend that some of us know them to be."

This is the eighth consecutive year that the Alaska commercial salmon harvest has exceeded the 100 million mark, Sutton told a breakfast gathering of the Resource Development Council in early September. She said the ex-essel value to commercial fishermen for salmon alone last year exceeded \$404

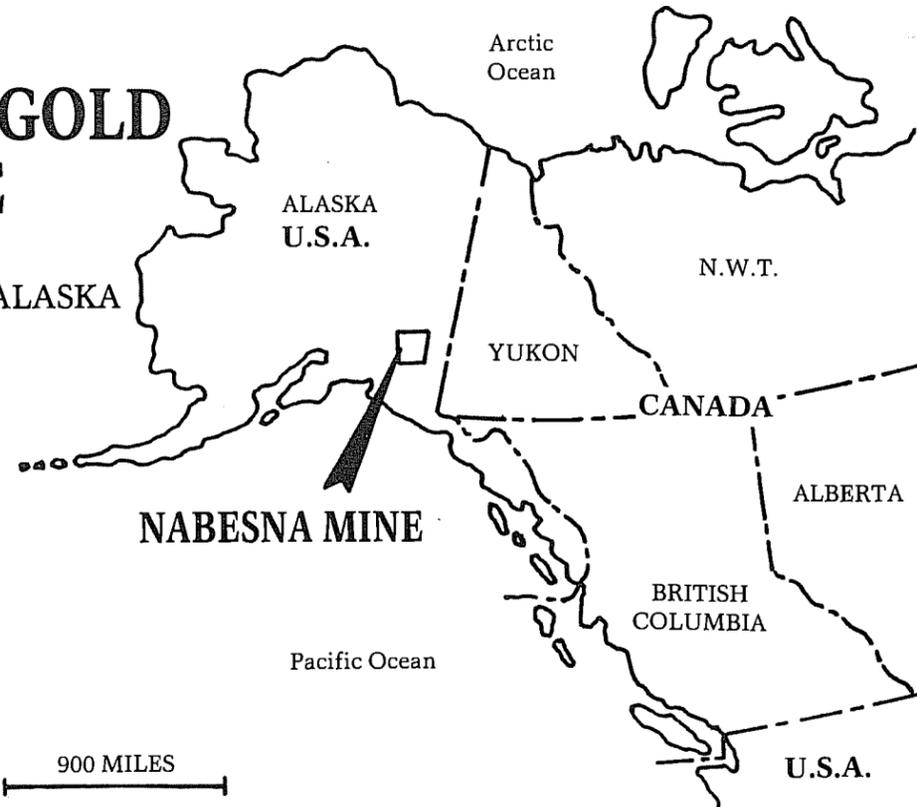
(Continued on page 4)

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## Message from the executive director

By  
Becky L. Gay



## RDC Board Meets in Homer

Sorry for the late release of our September Resource Review. We didn't want to publish it without covering our September statewide Board of Directors meeting in Homer.

A big thank you goes out to the City of Homer for proclaiming September 19 RDC day in Homer.

Mayor John Calhoun hosted our board members and guests to an informative tour of healthy and growing Homer. Following the tour, the formal meeting began over lunch with Homer and Kenai Peninsula Borough officials.

The meeting included a detailed staff report of recent RDC activities, a Tourism Division report by Randy Goodrich, a summary of Oil and Gas Division activities by Al Hastings and a report on RDC's ANWR efforts by Carl Portman. Mike Abbott presented attendees with a legislative update and provided details on an upcoming forestry symposium sponsored by RDC. A number of other business items followed.

The gathering was most successful and allowed board members, who represent a wide spectrum of social, geographic and economic sectors, to exchange ideas and discuss problems and opportunities facing their industries.

The Saturday activities were capped off with a tremendous Kachemak Bay cruise captained by Clem Tillion and dinner at the Saltry in Halibut Cove.

Board members and spouses making the trip south to Homer included Sharon Anderson, Rex Bishopp, Steve Borell, Easy and Milly Gilbreth, Randy Goodrich, Don Hansen, Al Hastings, Hazel Heath, Joe and Aletha Henri, Chris McAfee, Len and Jeanne McLean, Pete and Ed Nelson, Vince O'Reilly, Steve and



Board members Chris McAfee and Al Hastings examine an RDC picture board showing proceedings of last year's meeting in Seward.



A former Homer mayor, RDC board member Hazel Heath makes a point before fellow board members.



RDC board members attending the September Homer meeting gather outside the Lands End Hotel.

Valerie Rehnberg, Thomas and Caroline Reynolds, Joe Usibelli, Lyle Von Bargen, Bill Whiteside and George and Brenda Wuerch.

Special guests included Mayor John Calhoun, Frank McIlhargy, Dave Parish, Gail Phillips, Kelly Thomas, Becky Paul and Kevin Fenner.

Thanks to all for making our September meeting most memorable.



RDC president Joe Henri honors Mayor John Calhoun. Kenai Peninsula Borough assemblywoman Gail Phillips is seated to the right of the mayor.

## Battle for the Tongass

Future harvest in question

by  
Joseph R. Henri

While many Alaskans are preoccupied with the battle over whether to open the Arctic National Wildlife Refuge to oil and gas development, other major land use battles are escalating across the 49th state.

In Southeast Alaska, non-development interests have fired their guns at the annual timber harvest in the Tongass National Forest, despite a ceasefire forged seven years ago with the forest products industry, a critical force in the Southeast Alaska economy.

Backed by allies in Congress, preservationists want to annul the ANILCA accord of 1980 and make the livelihoods of Alaskans working in the forest products industry dependent upon the outcome of an annual fight.

Newly proposed federal legislation would eliminate the \$40 million Tongass Timber Supply Fund used to make timber available for commercial harvest. The fund was the main element of a compromise between environmentalists and loggers to make up for economic losses when much of the high-quality timber lands were given Wilderness status under ANILCA.

The Act placed most of the forest off-limits to harvesting and forced industry to adjust to smaller, lower quality logs in less accessible locations on a commercial timber base of only 1.7 million acres. The Tongass is the largest national forest covering nearly 17 million acres.

In harvesting the rich timber resources of the Tongass, some unavoidable impacts do occur in the rela-

tively small areas designated for commercial use. However, impacts occur in the harvesting of any natural resource, including fish. Weather causes impacts, not to mention, wildfires and earthquakes.

We know of no instances where irreversible damage has occurred from logging. Mitigation measures have been successfully implemented throughout the region. In some cases, timber harvesting has actually improved wildlife and fish habitat. While Alaskan loggers have increased forest land productivity, fishery harvests have grown to record levels and deer populations have increased.

Yet special interest groups are relentless in their publishing of many falsehoods in an attempt to sway public and congressional sentiment to their goal of reducing the Tongass harvest. They have incorrectly stated that the forest is being destroyed, that timber harvesting is harming other vital industries, and that the forest products industry is heavily subsidized.

The Tongass is far from being destroyed. Only 11 percent of it is scheduled to be logged over the next 100 years. Of the 17 million acres that make up the Tongass, 15 million acres will never be cut.

When considering subsidies, other Alaska industries must also be brought into the picture. Tourism is a legitimate income producing endeavor, an Alaskan industry that profits from public resources and is wisely supported by public funds. Yet do we require that funds spent on that industry be re-



Only eleven percent of the Tongass will be harvested over the next 100 years under the existing management program.

turned in the form of payments for the right to use a public resource?

Fisheries, like the forest products industry, is based on use of a renewable resource. Fisheries too are supported by a great deal of public money, only a small portion of which is returned directly to government.

The media often highlights a negative angle to the Tongass timber harvest, yet the positive side effects have been ignored in large part. As a result, few people outside Southeast Alaska recognize that many of the region's roads and highways, packed with tourists searching for new vistas, were built through timber programs. These roads also provide for new commerce, hunting and subsistence opportunities.

The primary benefit of the Tongass harvest is the maintenance of economic stability in Southeast Alaska communities where the timber industry comprises over one-third of the basic economy. The industry still accounts for about 40 percent of the region's employment in the natural resource sector.

In addition to the direct wages, local purchases, infusion of dollars into the tax base and money into the state's economy from the sale of products, the forest products industry and the funds used to administer the harvest program provide many other indirect benefits. Programs ranging from recreational enhancement and wildlife studies to public information and fish ladder construction have been charged against the harvest. The funds also pay for archaeological inventories. Proposed Congressional enactments serve only to cast a shadow over a depressed industry which has recently developed a competitive trend toward renewed and healthy growth.



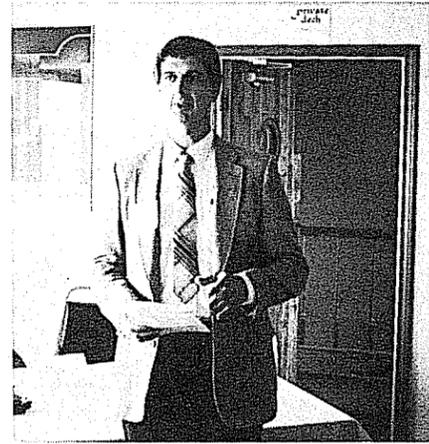
The forest industry accounts for forty percent of the region's employment in the natural resource sector.

# RDC appoints two new division directors

Herbert, Hastings tapped



Charles Herbert



Al Hastings

Charles Herbert, a well-known Alaska mining consultant, has been appointed director of the Resource Development Council's Lands Division, according to Joseph R. Henri, RDC's president.

Henri also appointed Al Hastings, a petroleum engineer who directed the development of Conoco's Milne Point oil field, to head RDC's Oil and Gas Division.

A 59-year Alaska resident, Herbert served as Commissioner of Natural Resources under former Governor William A. Egan from 1970-1974. He also served as Chairman of the Public Services Commission, the forerunner of the vari-

ous state utility commissions.

Herbert graduated from the University of Alaska in 1934 with a degree in mining engineering. He is a long-time member of the Resource Development Council and served as its president seven years ago.

Hastings is a 1967 graduate of Washington State University. A senior staff engineer with Conoco, Hastings came to Alaska in 1981 as project director for Milne Point. He has been an active member of the Council's Oil and Gas Division for two years and helped the division formulate a widely-circulated strategy on advancing Alaska's petroleum industry in 1986.

## Thoughts from the president

by Joseph R. Henri



### Alaska's "F"

RDC's conference last April featured a report from the Corporation for Enterprise Development (CED) of Washington, D.C., in which Alaska was graded "F," or "failing," in its development policies. The grading was featured in our April "Resource Review." On September 17, our "F" grade was again brought to my attention by the speech of William Nothdurft to Commonwealth North. It lies at the center of RDC's mission to convert the "F" to an "A."

But you cannot change things for the better without knowing what is wrong. Besides, it is easier to live with the status quo than to achieve difficult changes. Nevertheless, change we must.

The reader may be shocked to learn that there is only one state in the Union with less favorable enterprise develop-

ment policies than Alaska. Practically speaking, CED says it can't get any worse than it is in the 49th State.

Alaska continues to be a frontier in many ways. One of the results of this fact is that attracting capital for development is difficult. This vast sub-continent has very little and very inadequate infrastructure. Therefore when investors are considering the expenditure of development capital in the 49th State, they have to contemplate "starting from scratch." The risk is always high. Only expected higher than average returns prompts any investor to consider an Alaska deal. Ordinary projects which may be perfectly satisfactory in a well-developed jurisdiction do not offer that much attraction in the far north.

This is why Mr. Nothdurft reminded the Commonwealth audience that "building a future means building capacity." Alaskans have not been noted for the building of capacity — we looked Susitna Hydro in the eye and got hysterically scared. Yet we are now told, that had the Susitna project gone forward, the resulting large energy capacity would have given us a better shot at landing the super-collider project. One of our fundamental psychological defects is that most Alaskans do not believe enough in Alaska's potentialities.

The Corporation for Enterprise Development has compiled a long list of policies and actions in which Alaska is lacking. They tell us that our State has no (1) "future scanning;" (2) audits of business barriers; (3) regulatory review and one-stop permitting; (4) community reinvestment act; (5) public pension investment in the community; (6) insurance/loan guaranty programs; (7) business start-up help; (8) small business development centers; (9) labor management assistance programs; (10) transfer payment reinvestment programs or training in self-employment, providing ladders out of dependency. These inadequacies are among the reasons why Alaska was graded "F." We can think of others.

The Commonwealth speaker said that Alaska had done the worst job of investing in economic development; that our Alaska Renewable Resources Corporation was "brilliantly conceived but miserably executed;" and that Alaska lacks but desperately needs a business investment program.

We must redouble our efforts. We must shake off our lethargy. We must do the hard work that has to be done to move Alaska towards the Honor Roll of state economic development policy. RDC's "New Strategies for Advancing Alaska's Economy, 1986-1990" is a step in this direction.

## RDC recent activities

### Lands

State, Federal and Native Land Exchanges  
State Area Plans: Kuskokwim, Prince William Sound, Northwest  
1991 Amendments to ANCSA  
Recreation Rivers  
Kenai Borough Chuitna Land Plan  
Legislative Oversight of CZM plans

### Power Generation

Mine-mouth power plants  
Railbelt Energy Fund  
Bradley Lake  
Railbelt Interties

### Tourism

Curry Ridge Development in Denali State Park  
Chugach State Park Master Plan  
International Airport Industrial Displays

### Industrial Development and International Trade

Creating an Export Development Authority in AIDA  
Omnibus Trade Bill  
Co-generation facilities to enhance coal for export  
Anchorage Foreign Trade Zone

### Public Information Outreach

Media: Local, state, national  
Speaking engagements around Alaska  
Thursday breakfast meetings

### Minerals

Greens Creek Mine  
Diamond Alaska Surface Mining Permit  
Quartz Hill Revised Draft EIS  
Alaska Mineral Policy Act

### Fisheries/Agriculture

Mariculture  
Fisheries Action Plan Update

### Oil and Gas

Natural Gas Pipeline  
OCS Leasing and Development  
Camden Bay Lease Sale No. 50  
Alaska Resolution in support of ANWR Development  
Economic Limit Factor  
Exploration Incentives  
ANWR\*

### Forestry

1987 RDC Forestry Symposium: "Management in Boreal Forest"  
Forest Management Agreements  
Tongass National Forest  
Kenai Spruce Bark Beetle Infestation  
Chugach National Forest Management Area Analysis

\*We could have an entire Activities List on ANWR actions alone!

## ANWR production scenario shows time consuming process

(continued from cover)

production in 2002.

A number of factors could extend development timing after discovery, including seasonal restrictions on delineation drilling, regulatory frameworks, size and location of the reservoir and stipulations and mitigation requirements on development permits and approvals. In addition, litigation on EIS and permit decisions could push production back further.

While there were political, economic and environmental factors affecting the Prudhoe Bay development and delayed production of that field, oil began flowing through the trans-Alaska pipeline in 1977, 13 years after initial exploration and about nine years after discovery.

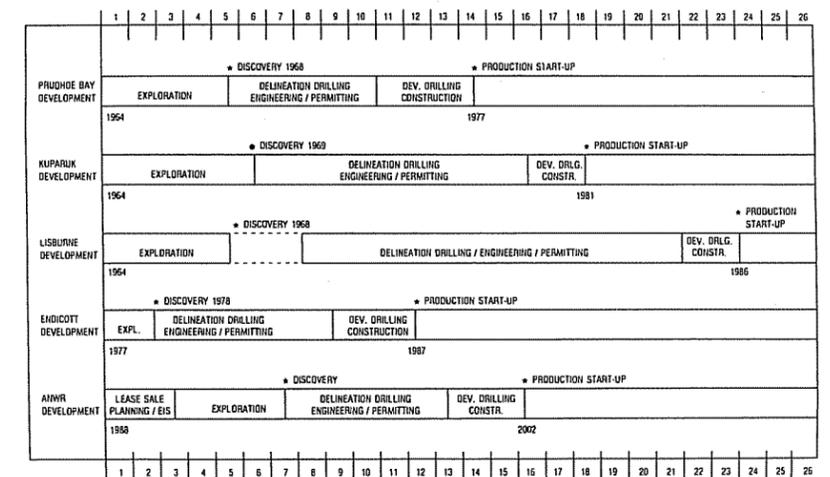
Although the Lisburne and Kuparuk fields were discovered about the same time as Prudhoe Bay, development of these fields was deferred for several years pending development of the

super-giant field.

Kuparuk production began in 1981, nearly 13 years after discovery and Lisburne production began in 1986, about

18 years after discovery. A more recent development, the Endicott field, is due to begin production in late 1987, ten years after discovery.

Figure 1  
DEVELOPMENT TIMELINES FOR NORTH SLOPE OIL FIELDS



# RDC applauds positive state decision

Surface mining application is approved

The Alaska Department of Natural Resources' recent decision to approve the Diamond Alaska coal surface mining application is "important to Governor Steve Cowper's goal for Alaska to become a major exporter of coal to Pacific Rim markets," according to Gerald Gallagher, Director of the Division of Mining.

"With the signing of this permit, we are sending a clear signal to potential coal buyers that the state is serious about developing our coal resources," Gallagher said.

In a letter to Governor Steve Cowper, RDC Executive Director Becky Gay wrote "it is a pleasure to see Commissioners Judy Brady and Denny Kelso working together progressively to facilitate resource development through flexible, but necessary, permitting."

Gay applauded DEC Commissioner

Governor Steve Cowper welcomes Becky Gay to the Trade Alaska Board of Directors.

Denny Kelso for his department's flexibility in reviewing the permit. Gay said DEC's involvement in this permit process has proved to be solution-oriented.

RDC recognizes that there are still disagreements between the permittee and the state on several issues, but DEC's action on wastewater may well

have forestalled the placement of the "last straw," Gay said. "DEC will undoubtedly face pressure from non-development interests opposed to this mine, but we hope this will not deter the department from taking similarly brave stands in the future."

The mining permit will be issued for a period of eight years. Under its terms, Diamond-Chuitna may extract up to 12 million tons of coal annually, which would make the operation one of the largest mines in the U.S. The site is 45 miles west of Anchorage.

## Gay gets Trade Alaska board seat

RDC Executive Director Becky Gay has been appointed by Governor Steve Cowper to serve on the 15-member Trade Alaska board of directors.

Trade Alaska, a program aimed at stimulating export opportunities, "will be a major catalyst for the Alaska of the '90s and beyond," said Cowper. In a letter to new members, Cowper suggested that the group address such subjects as exporting liquefied natural gas from Cook Inlet and Prudhoe Bay, attracting tourists from Japan and Europe, capitalizing on the computer software industry in Alaska and connecting rural Alaska to the world marketplace.

Cowper also asked the Trade board to look at what industries could prosper in the 49th state if there is an increased military presence, the prospect of selling Alaska forest products to Japan and China and increasing Alaska's involvement in the North Pacific and Bering Sea international fishery.

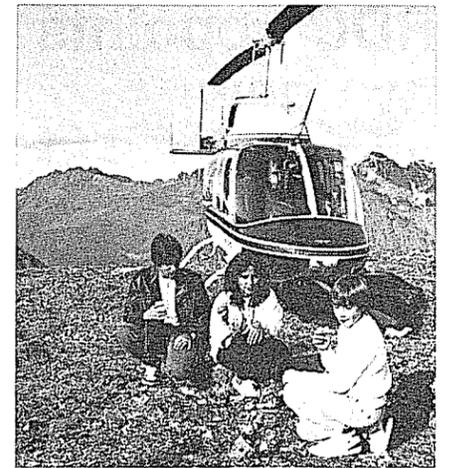
Gay looks forward to bringing a diversified private sector perspective to the state administration through Trade Alaska. She stressed that the new group marks a chance for "a close dialogue between the private sector and the state."

"We have contacts and they do as well, and we need to make sure those are maximized."

## RDC opposes Park amendments



Helicopter flight-seeing and landings in the Chugach would boost business for Alaska's depressed aviation industry and provide tourists with new adventure opportunities.



Visitors enjoy the view from proposed landing zone.

## Plan would severely limit development, hinder future tourism expansion

In public hearings and formal comments, the Resource Development Council is opposing proposed changes to the Chugach State Park master plan that will severely limit commercial downhill ski development and prohibit helicopter landings in the park. Chugach State Park borders the eastern edge of Anchorage from Eklutna to Potter Marsh.

The Council's Tourism Division has taken a position against the Division of Park's preference to limit the development of a downhill ski resort to only one area within the park.

Randy Goodrich, director of the Council's Tourism Division, proposed a new commercial downhill ski alternative which would permit development of ski resorts in different areas of the park as long as negative cumulative impacts to park resources are prevented. He said the Council's approach would encourage dispersed user areas, preventing overcrowding.

In addition, it would promote new private investments in the local economy as demand for visitor facilities increases.

The Council also recommended an alternative that would allow for commercial helicopter landings at a designated site on a one-year trial period with the use of additional sites pending the results of the trial.

Under its two recommendations, RDC said standards for helicopter landings and future resort development can be devised to protect park resources and mitigate adverse im-

acts on park users and adjacent residents.

RDC believes that the Division of Parks has existing authority, through the master plan, to permit resort development and helicopter landings without any amendments. The Council contends that the proposed amendments will generate a "park management through plan amendment" process that implies new amendments for every important management decision on every state park.

Tourism director Goodrich said Chugach State Park should allow the greatest variety of uses by tourists and other park visitors. He said recreationists enjoy a variety of sight-seeing opportunities provided through helicopter flight-seeing.

"In Alaska, nearly all popular recreation areas exist because of access and facilities provided by mining, log-

ging and commercial tourism operations," Goodrich said. "Commercial tourism operations have traditionally co-existed with other uses, and this variety of uses should continue."

Recreation and tourism have become the mainstay of many state and local economies, Goodrich stressed. "Other states are expanding on aggressive efforts to capture a greater share of the international travel market. They are providing greater access to public lands and more visitor facilities and diverse opportunities."

Goodrich said Chugach State Park gives Anchorage and Alaska a major opportunity to provide the Alaska visitor with what they want most, nearby and affordable access.

"We should take the first steps now to assure that adequate facilities and a variety of opportunities are available to them in Chugach State Park."

### ANWR bill advances in Congress

The Senate Energy and Natural Resources Committee has voted by a 2-1 margin to advance legislation to open the Coastal Plain of ANWR to oil and gas leasing. A Committee hearing on pro-development legislation is scheduled for October 13.

The vote was a small but critical hurdle that needed to be cleared if lawmakers in the 100th Congress are to approve opening of the most prospective oil and gas areas. Other important votes by House panels also dealing with the issues will take place later this year or next year.

In a major mailing last month, RDC asked several thousand citizens across the nation to send telegrams and letters to members of the Senate Energy Committee asking them to open the Coastal Plain to development. RDC will continue to keep its members informed on important hearing dates and upcoming congressional polls.

## Fisheries strong and growing

(Continued from cover)

million. Total seafood landing last year exceeded \$885 million to fishermen and created more than 75,000 jobs.

Sutton estimated last year's commercial fisheries were worth over \$3 billion to the Alaska economy. There are presently over 630 processors and 17,000 commercial permit holders doing business in Alaska, bringing critical dollars into every community.

In fiscal year 1986, over \$32 million was added to the state's general fund from taxes generated through commercial fishing. In addition, commercial salmon fishermen are assessed up to 3 percent of their gross earnings to be contributed to non-profit private aquaculture associations.

This year Bristol Bay harvested nearly 16 million sockeye (red) salmon with an estimated ex-vessel value of \$134 million. In upper Cook Inlet, 10.2 million salmon were harvested with 9.3 million of that number being sockeye. The ex-vessel value of the upper Cook Inlet fishery is estimated to be \$100 million.

Sutton noted that Cook Inlet is second only to Bristol Bay in salmon harvest values. She said that the state's "valuable fisheries industry is no accident; but, rather, is the result of a combined effort of good management by the Department of Fish and Game, industry participation and favorable environmental conditions."

The forecast for Cook Inlet for 1988 will be very close to the forecast for this year, Sutton said. However, she warned that investments must be made if the industry is to continue yielding benefits.

"As possessors of world class fisheries resources, we need to look well to this renewable permanent fund and ensure that our fisheries programs receive the funding necessary to keep us as world leaders and to enable us to be just stewards of this old friend," said Sutton.