



March 1, 2018

Representative Andy Josephson, Co-Chair
House Resources Committee
State Capitol, Room 102
Juneau, AK 99801

Dear Chairman Josephson:

Thank you for the opportunity to share our perspective about the Pebble Project with the House Resources Committee. Should you have additional questions about Pebble please consider me a resource.

There were a few issues raised during the hearing that I think warrant additional information or clarification.

Much has been said about our drilling program in the Resources Committee that is erroneous. To begin with, we take great exception to the implication that we have not run a responsible and compliant program at the Pebble site. Since the inception of our exploration program we have gone to great lengths to run an environmentally sound operation. This began with our decision to support our work entirely via helicopter to minimize our footprint in the area.

Since you have raised the issue of the report generated by CSP2 for United Tribes of Bristol Bay (UTBB) that is critical of our work, I want to share with you our concerns about using this report to draw conclusions about Pebble's environmental record. There are serious issues with the methodologies and conclusions presented in the report. Notably, it fails to adhere to even the most basic scientific investigation guidelines published by the U.S Environmental Protection Agency. Using the report to draw definitive conclusions about our work is unwarranted and speculative. To illustrate the serious deficiencies of the UTBB/CSP2 report, I am including a report prepared for us by Argon Inc., undertaken by the person directly responsible for quality assurance and quality control for our ten years of rigorous environmental data gathering.



From the Argon report:

"The authors did not apply standard, scientifically acceptable risk/impact assessment methodologies, and this invalidates their speculative conclusions. For example: the standard for determining the existence of 'problems' is loose and unsubstantiated in this report. More stringent criteria are typically utilized to better characterize whether 'impacts' do exist, and if so, then their magnitude, duration, extent, and significance is systematically analyzed – none of which was done in this report."

Additionally, it is important to note that we reported the status of our exploration, water, and geotechnical drill holes to the Department of Natural Resources (DNR) and worked with them on a matrix to evaluate how to best characterize the status of each hole and to help prioritize any additional work required on each hole. As of today, we have complied with our permit terms and conditions, and addressed public concerns as needed, including safety, to the satisfaction of the DNR as evidenced in their September 2017 Inspection Report, which I am also including for the committee.

In this 2017 report, the DNR stated:

"ADNR finds the Pebble Limited Partnership operation is in good condition and is consistent with industry standards. The operator facilitates activities in a manner which prevents unnecessary and undue degradation of State land and water resources."

Additionally, I am sending our 2017 work plan for the Pebble site and the subsequent 2017 reclamation report filed with the DNR – both are available for review via the DNR's Large Mine Permitting website. I think this will present you with a clearer understanding of our approach to our work and published results. Work at the Pebble site has likely been the most inspected mineral exploration program in the history of Alaska. Since 2003, we have been inspected 57 times by the DNR, Department of Environmental Conservation, and Department of Fish and Game. During periods of peak activity, state agency staff conducted inspections nearly every month. These inspections, documented in the public record, have consistently found the Pebble exploration program to be compliant with our environmental obligations. We continue to work closely with Alaska's regulators to ensure this success continues.

In fact, it is my absolute belief that if it was not for the controversy that has permeated the public discussion about Pebble we would be held up as the model for how Alaska wants mineral exploration conducted. Should you be interested in viewing our work in person, we would welcome an opportunity to host you – or any member of the Resources Committee – for a tour of the Pebble site this summer during our active work season.



You asked me about our proposed 20-year mine plan and I want to provide additional context about this. Right now, we have a responsible plan to mine the resource at Pebble for 20 years. We do not have plans to expand that operation or have additional “stealth” mining plans in the works. We acknowledge that at the end of this 20-year plan there will remain minable material at Pebble. We have been clear in stating that any future development at Pebble would have to go through the same rigorous permitting process we are in right now and will have to address the issue of cumulative impacts. It will have to be evaluated on its own. The primary difference is any future decision will be made with an operational and environmental track record also taken into consideration.

I was asked about the issue of permafrost during the hearing and wanted to let you know there is no permafrost at Pebble.

You asked me about whether the state would help us build our power line infrastructure and we do not expect help from the state to construct this. We are looking at the potential for a third-party organization to construct and run the power plant to help lower our overall cost of construction. Should there be interest within the region to have access to low cost power, we would be supportive of working with the state and other interested parties to accomplish this. We believe this is one of the major benefits from development of a mine at Pebble for the residents of the region.

I want to conclude by drawing your attention to how the state of Alaska acquired the land around Pebble. The state acquired the land via the Cook Inlet Land Exchange in 1974 – a three-way land exchange between Alaska, the federal government, and Cook Inlet Region, Inc. The state gave up timber land on the Kenai Peninsula in exchange for the acquisition of land in Southwest Alaska for its mineral potential.

Pebble has the potential to be an important asset to Alaska and its residents. It could generate hundreds of millions of dollars in economic activity and thousands of good paying jobs. As such, it is our view that Pebble must be thoroughly and objectively evaluated via the permitting and review process prescribed by law.

Thank you for the opportunity to testify before your committee and for the opportunity to provide additional context about the Pebble Project.

Regards,

A handwritten signature in black ink, appearing to read "Mark Hamilton".

Mark Hamilton



Cc:

Representative Geran Tarr, Co-Chair, House Resources Committee
Representative John Lincoln
Representative Harriet Drummond
Representative Justin Parish
Representative Chris Birch
Representative DeLena Johnson
Representative George Rauscher
Representative David Talerico
Representative Mike Chenault
Representative Chris Tuck
Andy Mack, Commissioner, Alaska Department of Natural Resources

Enclosures:

Argon Report
DNR September 2017 Inspection Report
PLP 2017 Work Plan
PLP 2017 Reclamation Report