

Alaska Department of Transportation & Public Facilities

Roads to Resources Senate Finance Presentation

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Roads to Resources Program

- Alaska has exceptionally diverse natural resource base
- Surface access to most potential sites is non-existent
- Alaska has been unable to fully develop a surface transportation system to enhance resource development & community access

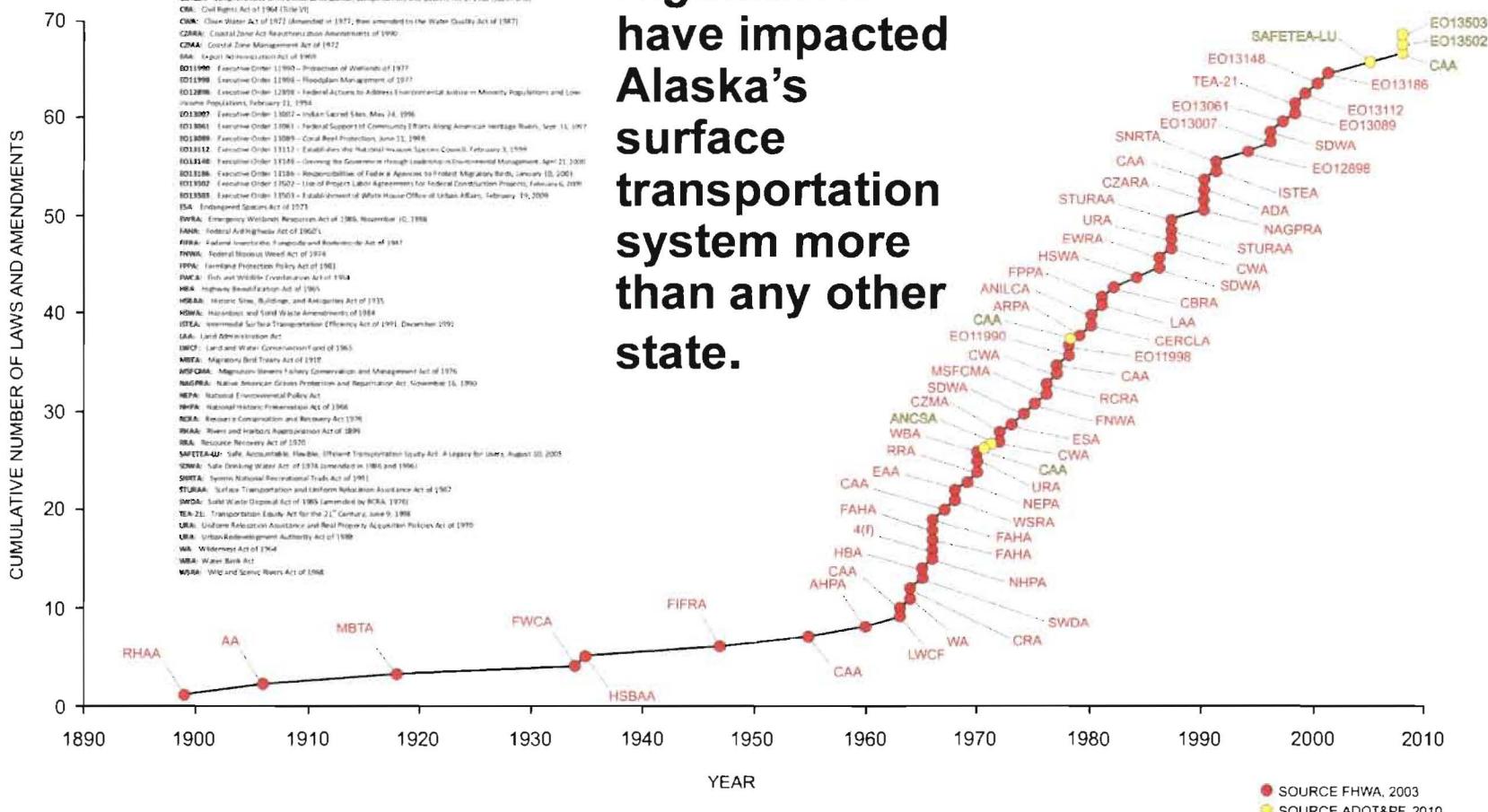


Evolution of the Alaska Highway System

- Alaska Road Commission & Bureau of Public Roads construct initial roads in territorial days
- Newly created Department of Highways started developing a highway network to access Alaska communities & resources
- A transportation policy to connect all communities with population of 2,000 or more was adopted
- 1964 Earthquake and 1967 flood resulted in capital dollars used to repair and not expand the surface transportation system
- 1968 Federal Highway Act shifted policy towards funding urban areas rather than rural
- 1969 Rapid expansion of federal environmental laws including NEPA
- Cost to develop new roads versus need to improve existing roads
- Last significant public road built in Alaska was Klondike Highway in 1978

Alaska's Environmental Permitting Challenges

Ever growing federal regulations have impacted Alaska's surface transportation system more than any other state.

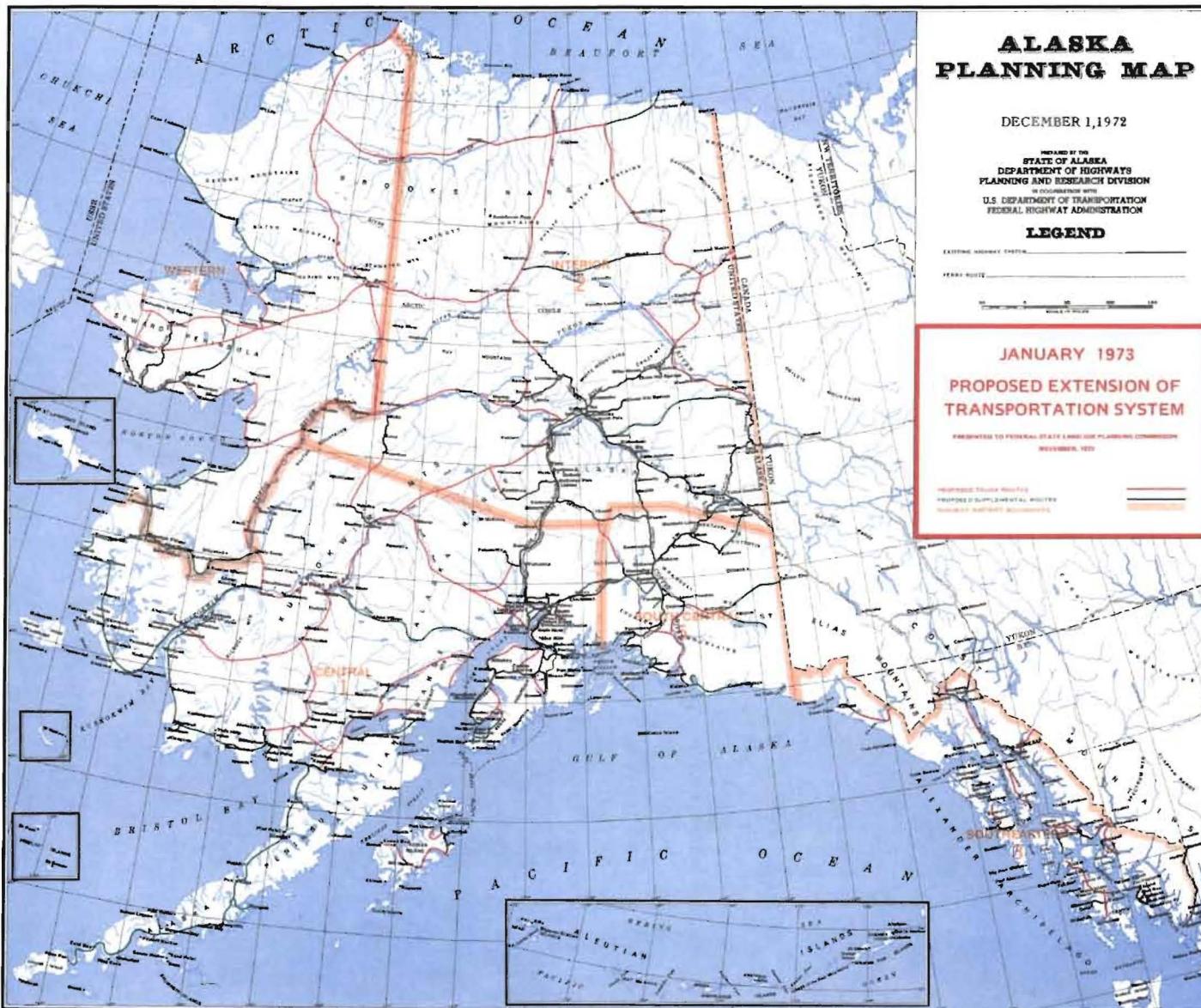




Statutory Purpose of DOT/PF

- AS 19.05.125 - *The purpose of AS 19.05- AS 19.25 is to establish a highway department capable of carrying out a highway planning, construction, and maintenance program that will provide a common defense to the United States and Alaska, a network of highways linking together cities and communities throughout the state (thereby contributing to the development of commerce and industry in the state, and aiding the extraction and utilization of its resources), and otherwise improve the economic and general welfare of the people of the state.*

Early Surface Transportation Goals



The development of Alaska's surface transportation has been a goal since before statehood.



Roads to Resources Program

- Working closely with Department of Natural Resources and other state agencies along with the private sector to identify resource areas
- Road standards and unit costs are being instituted through discussions with development entities, contractors and Alaska General Contractors
- Develop a matrix-based system that identifies decision factors for access roads/infrastructure & named projects
- Prioritize the list for possible inclusion in the annual capital budget

Resources Road Decision Matrix

Project Details, Benefits/Costs

P R O J E C T S	Resource Type	Estimated Road Cost	Road Length	Direct Jobs	Indirect Jobs	Revenue to State	Life of Resource Project	Number of Communities Accessed	Other Resource Opp	Community Energy Opp	Candidate for PPP
	Project A										
	Project B										
	Project C										
	Project D										

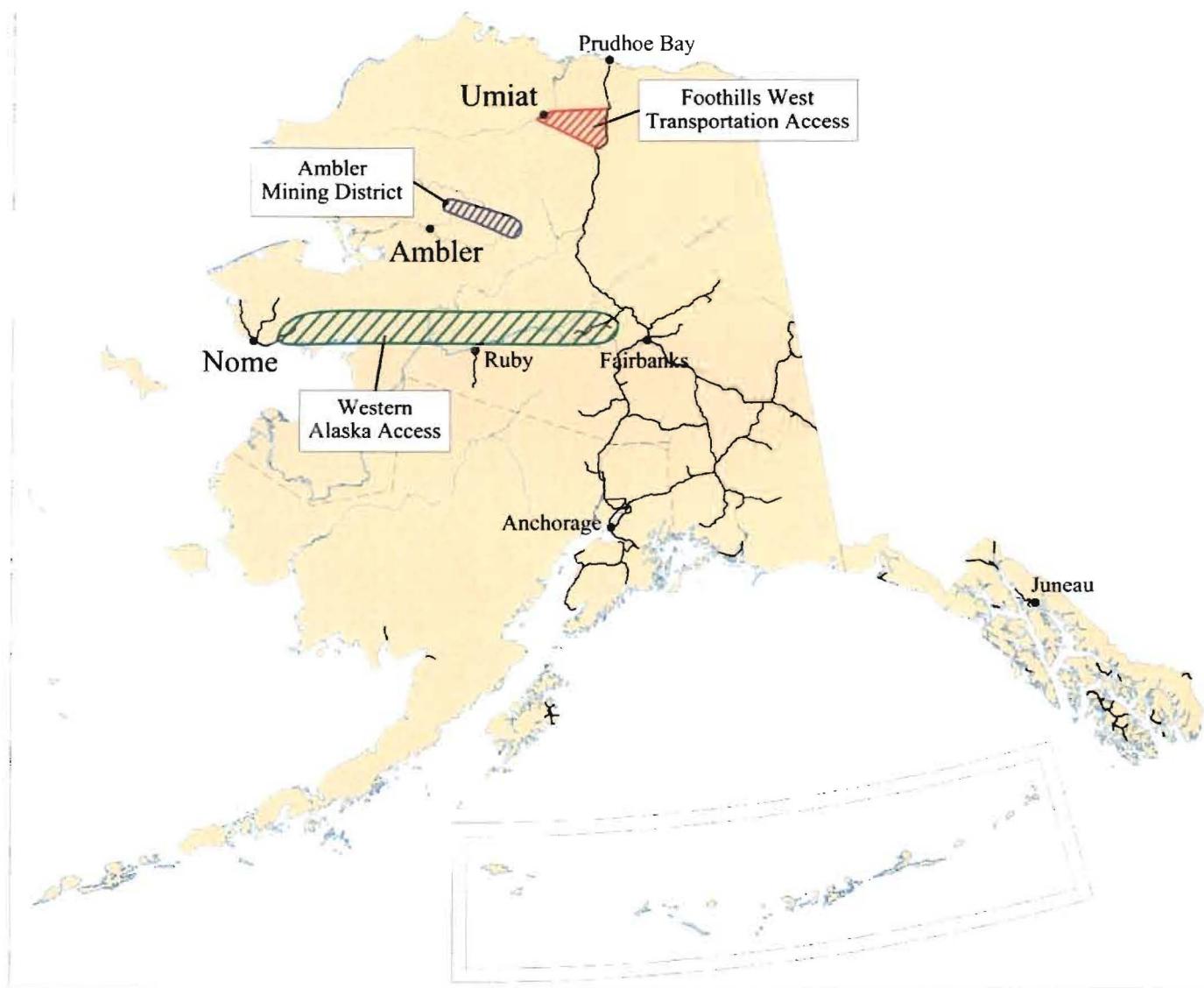
- Matrix is an example of how various projects may be evaluated



Phased Funding

- Environmental permitting & design accomplished by the DOT&PF
- Construction will likely be funded jointly by the State & the developer (private/public partnership)
- Roads will be constructed “long and skinny” for industrial use. Upgrade to public road standards would be considered after revenues began flowing
- State would recover investment through a number of methods, IUH, AIDEA, Bonds, GF, etc.

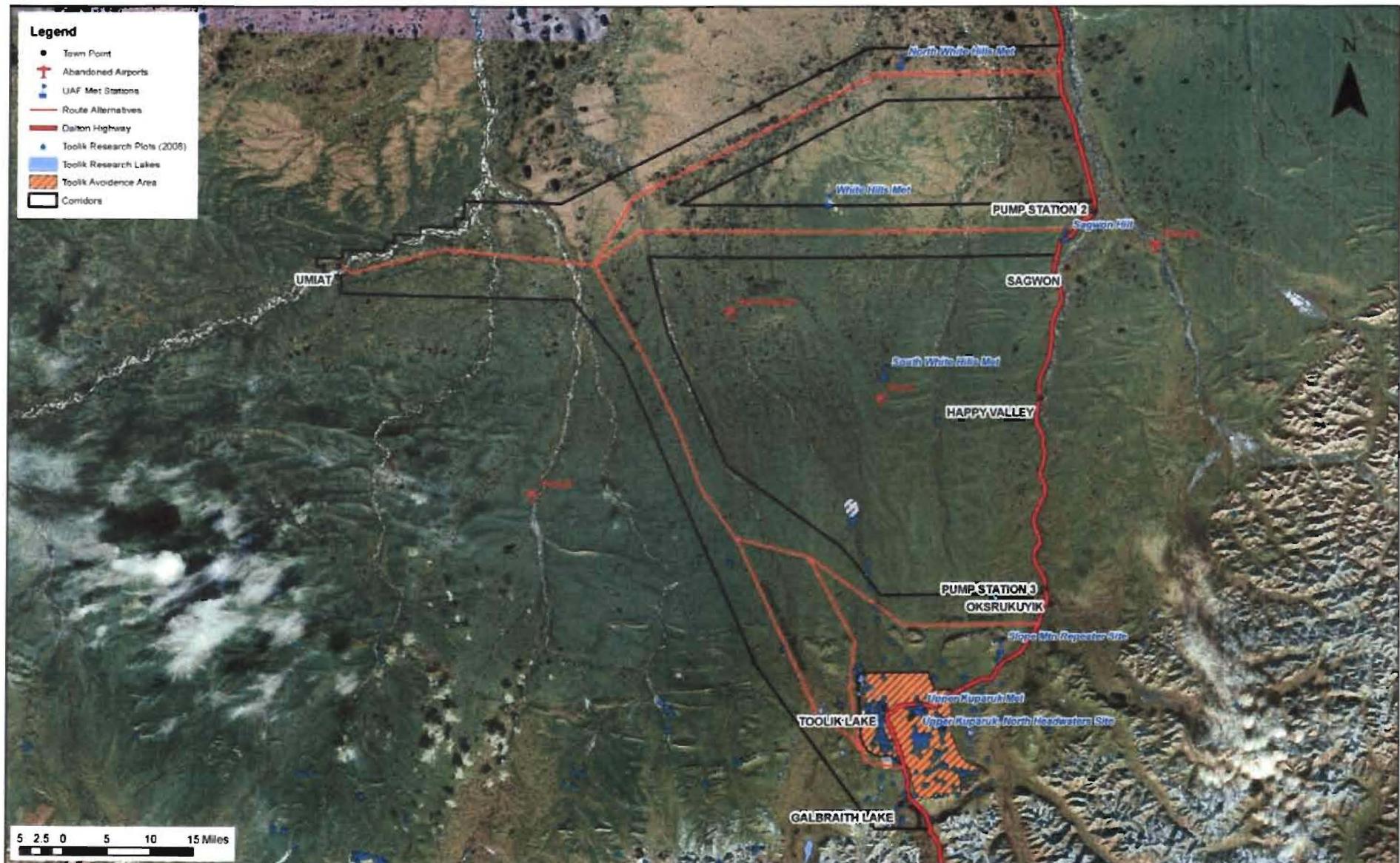
Current Roads to Resources Projects



DOT&PF's projects:

- Foothills West Transportation Access (Umiat Oil & Gas)
- Ambler Mining District
- Western Alaska Access (Road to Nome)

Foothills West Transportation - Road to Umiat

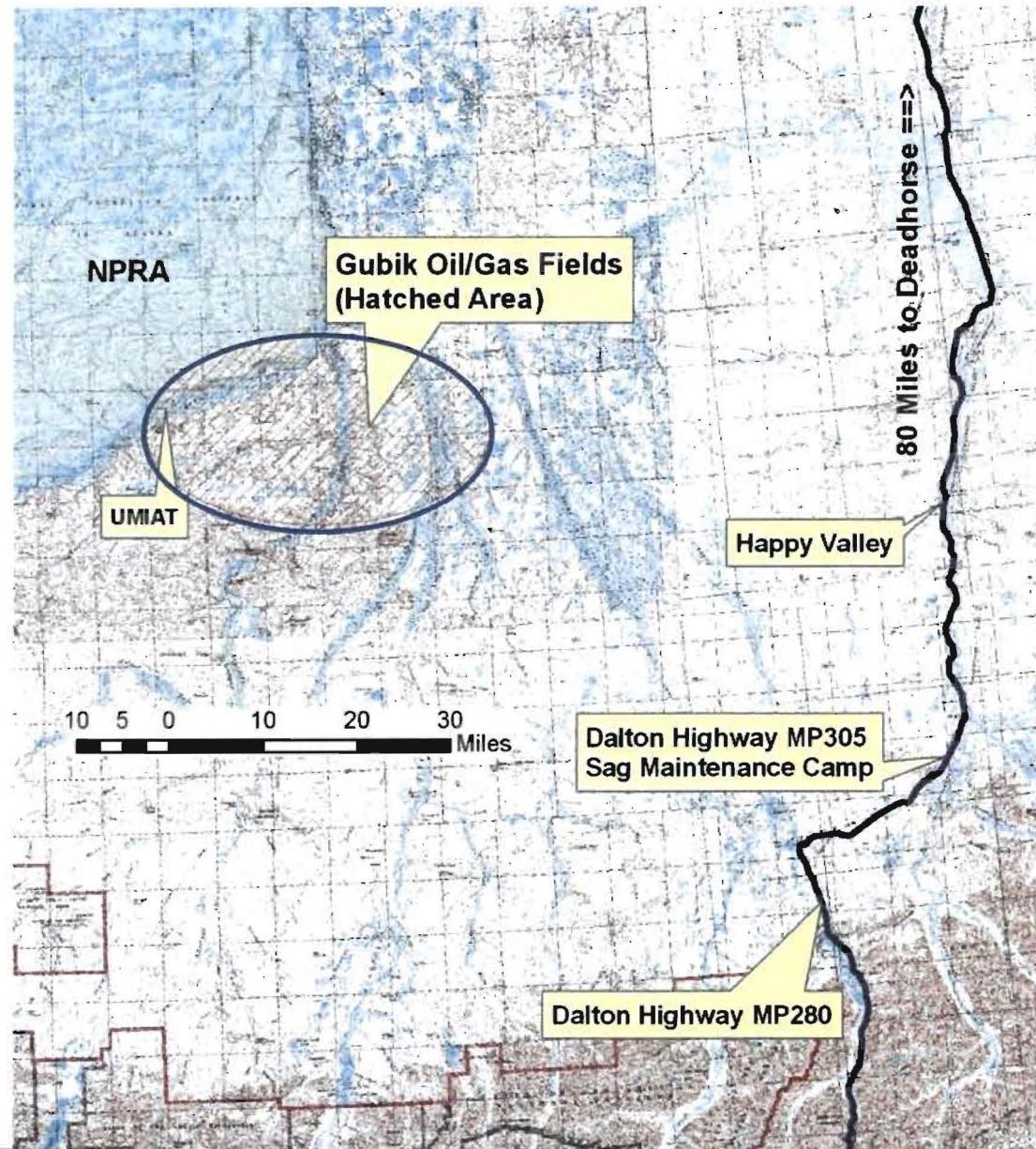


Alaska Department of Transportation and Public Facilities

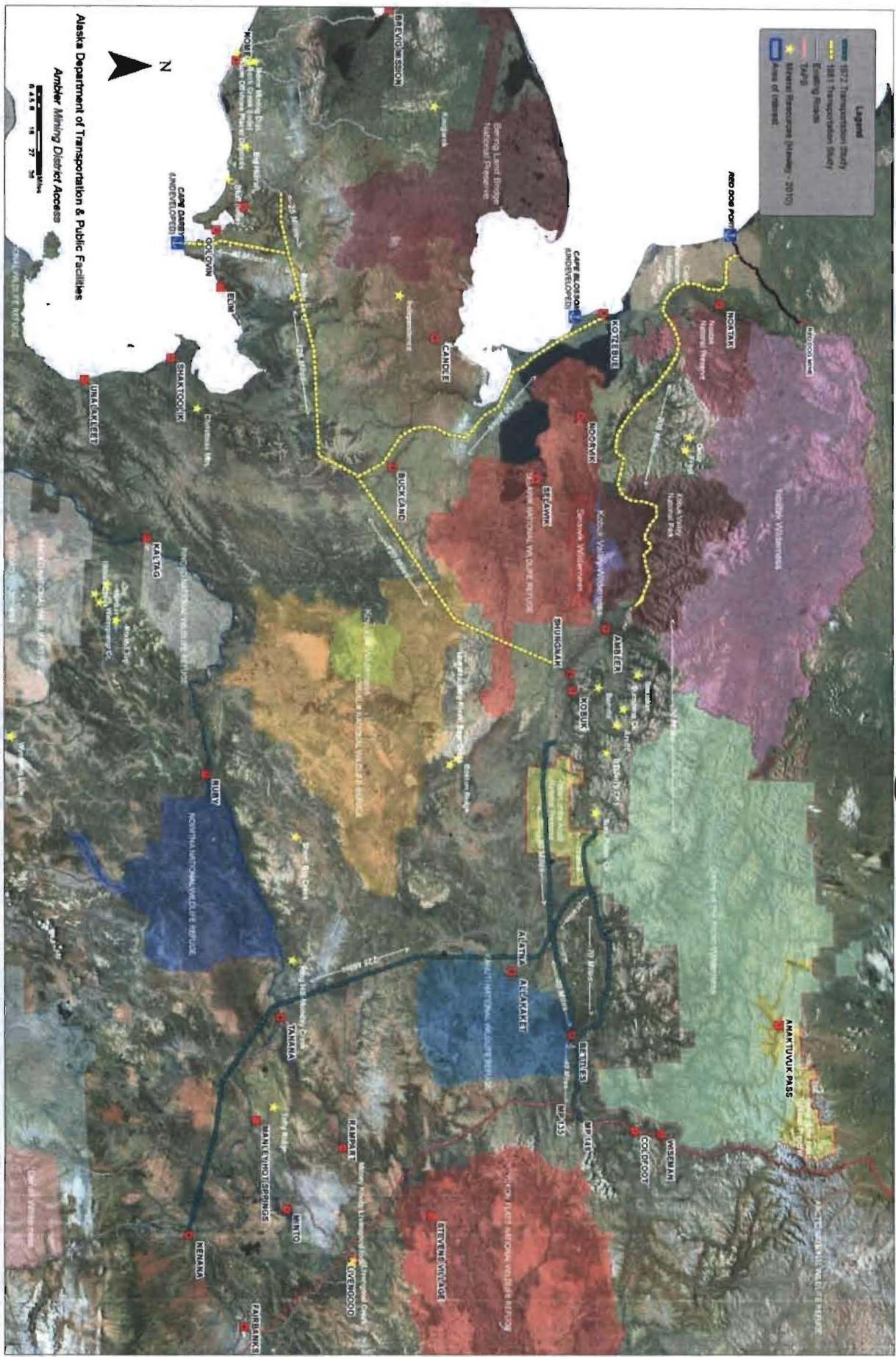
Foothills West Project

Umiat Oil & Gas Fields

- Currently only ice road or air access
- Access corridor extends 90 miles NW of Dalton Hwy, starting at Galbraith Lake
- Provides access to 580 mm bbl oil and 7 trillion cubic feet of natural gas
- Opens adjacent lands for cost effective exploration
- Provides access portal into NPRA
- Aggressive timeline for Spring 2013 construction start
- Project EIS and specific permitting work begins with FY12 funding request



Ambler Mining District



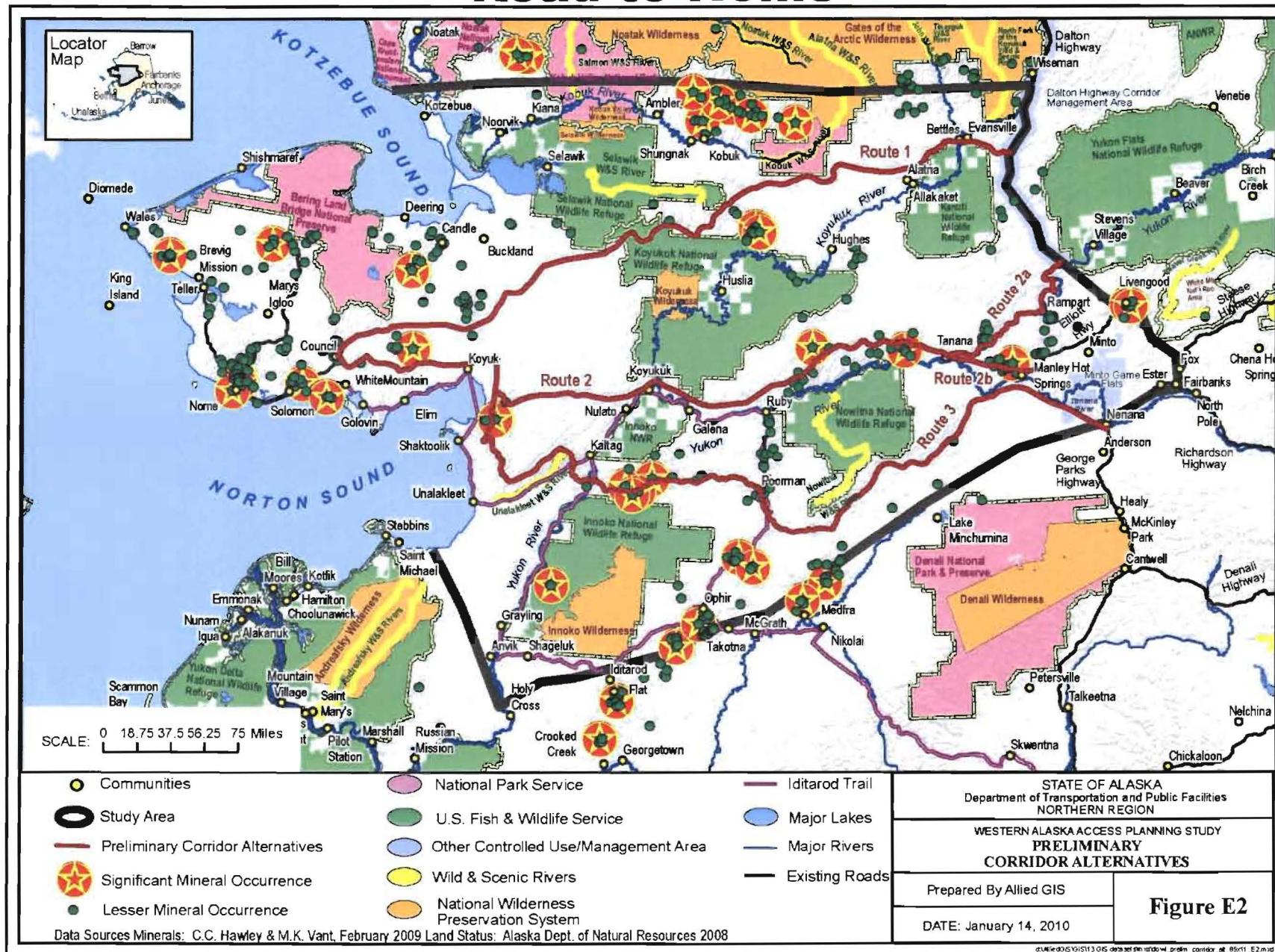


Ambler Mining District

- Contains over 120 million tons: Cu, Zn, Pb, Ag, Au resources
- Upside exploration potential is outstanding
- Ongoing active exploration in district
- Development of Arctic deposit would create over 300 direct jobs for Nova Gold proposal
- FY12 Funding request will provide detailed subsistence studies and research with communities in region to be used for corridor selection and refinement



Road to Nome

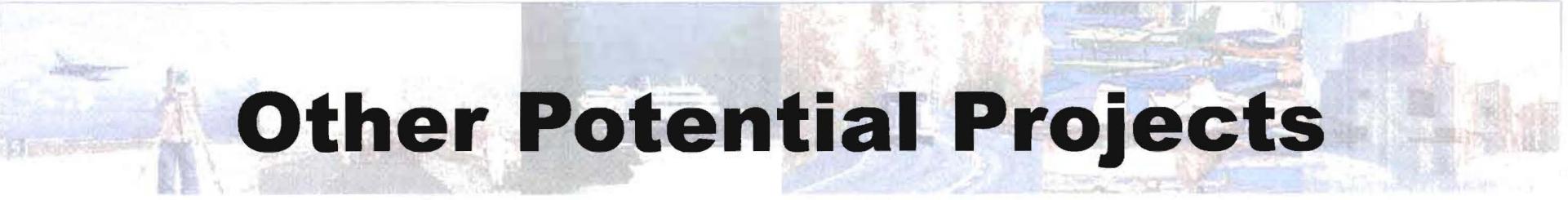




Road to Nome

- Long term project to access resources and connect communities to Alaska's highway system
- Fund & develop in phases because of independent utility
- Benefits commerce to all of western Alaska
- FY12 Funding request will be for survey, mapping and refined cost estimates





Other Potential Projects

- Site access to Niblack Copper and Bokan Mtn. - rare earth element deposits on Prince of Wales Island
- Flat mining district in Upper Kuskokwim
- Nixon Fork Mine
- Pebble – Cu, Au
- Donlin Creek – Au
- Chuitna – Coal
- Deadfall Syncline – Coal
- Man – Cu, Ni, PGE
- Others



Capital Needs For FY12

- **Roads to Resources:**
 - Foothills West Access - \$8 M
 - Ambler - \$1.25 M
 - Western Alaska Access - \$1.25 M



Why General Funds

- **General funds provide:**
 - Most flexibility – usually only one NEPA process
 - Leverage other funding sources
 - Opportunities for Public-Private Partnerships



Benefits Summary

- Umiat access will put oil into TAPS
- Ambler Mining District access will allow for development of world class Cu, Zn, Pb, Au, Ag sulfide deposits
- Western Alaska Access will allow connectivity for mineralized areas along the corridor
- Projects will provide jobs and expansion of local economies