

GUY ARCHIBALD

Seace

HB 77 is a solution in search of a problem.

HB 77 seeks to streamline the permitting process in Alaska in order to make projects such as mines receive permits quicker. Currently, Alaska is the number one producer of toxic waste in the nation and metal mining is responsible for 99.9% of that waste.

Doug Haight Department of Commerce Development Manager stated on January 31, 2013 that "Alaska has a very favorable environment for the mining industry."

But Alaska DNR Commissioner Dan Sullivan's statement to the legislature was that Alaska is next to last in the world for permitting? Who is right? Answer: Doug Haight.

The evidence?

The Fraser Institute Annual Survey of Mining Companies was sent to approximately 5,000 exploration, development, and other mining-related companies around the world. Over 800 mining companies responded. They evaluated over 90 separate mining areas in the world. These companies reported exploration spending of \$6.3 billion in 2011.

Here is the result of the survey:

Overall, Alaska ranked number 4 in the entire world in combined policy and mineral potential.

Additional results from the Survey:

- Alaska ranks 24th in the world with a 73% positive rating. In the U.S. only Nevada and Wyoming ranked higher.
- 64% of the respondents rated the certainty of developing a mine in Alaska as either encouraging investment or not discouraging investment. #1 in the U.S.
- Only 1% of the respondents thought the tax regime (all taxes plus the complexity of the tax system) was a deterrent.
- Only 12% of the respondents thought that the regulatory duplication and inconsistencies (includes federal, state, inter-departmental overlap, etc.) in Alaska was a mild or strong deterrent.
- Only 1% cited environmental regulations as being a mild or strong deterrent in Alaska
<http://www.fraserinstitute.org/publicationdisplay.aspx?id=18045&terms=mining+survey+2011+2012>

The issue of the time involved in getting a permit is easily solved without HB77

The problem with the backlog of permit applications is because all applications are considered regardless of the actual potential for the result to be a productive mine. A large majority of the mine applications are filed by junior mining companies who have no intention of actually mining. They are speculators. They buy the rights to claims, do some exploration, and then apply for permits for the sole purpose of increasing the value of the claims. Most of these projects have not even done enough exploration to certify if there is an economical ore body to exploit. Very few of these mines will reach production, not because of the length of the

permitting process, but because they were not viable projects to start with. This burns state resources padding the speculation.

A simple solution would be to require the ore body be certified as a proven reserve prior to submitting an application. This would weed out projects that would never produce anyway and free up DNR's resources to focus on legitimate projects decreasing the wait.

Alaska has tried a streamlined permitting process. The story of the Rock Creek Mine.

The Rock Creek Gold mine near Nome was permitted in less than two years through an "expedited" permitting process and only operated for six months in 2008. No EIS was produced despite concerns about acid mine drainage, cyanide, arsenic, dust, and effects on bird and fish populations in the area. During construction, multiple failures of the water management system resulted in over \$800,000 in fines to the owner for violations of the Clean Water Act.

In 2007 the mine posted a \$6.8 million reclamation bond, which would be used to finance closure costs at the Rock Creek site if operations do not restart.

After numerous problems the company decided to end operations in 2011. The tailings pond almost immediately began to fill with rain water and threatened to overflow. ADEC had to take emergency actions to prevent an environmental catastrophe. The total cost to close down and reclaim the site is expected to be just under \$30 million, The \$22 million difference between the reclamation bond and the actual clean up costs will, most likely be paid for by taxpayers..

<http://groundtruthtrekking.org/Issues/MetalsMining/RockCreekMine.html#ixzz2JWg0qdnb>

HB77 should be rejected.