

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE RESOURCES STANDING COMMITTEE
SENATE RESOURCES STANDING COMMITTEE**

February 25, 2009

3:06 p.m.

MEMBERS PRESENT

HOUSE RESOURCES

Representative Craig Johnson, Co-Chair
Representative Mark Neuman, Co-Chair
Representative Bryce Edgmon
Representative Paul Seaton
Representative Peggy Wilson
Representative Scott Kawasaki
Representative Chris Tuck

SENATE RESOURCES

Senator Lesil McGuire, Co-Chair
Senator Bill Wielechowski, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Hollis French
Senator Bert Stedman
Senator Gary Stevens
Senator Thomas Wagoner

MEMBERS ABSENT

HOUSE RESOURCES

Representative Kurt Olson
Representative David Guttenberg

SENATE RESOURCES

All members present

COMMITTEE CALENDAR

PRESENTATION: ALASKA MINING

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to report

WITNESS REGISTER

JIM CALVIN, Partner
McDowell Group
Juneau, Alaska

POSITION STATEMENT: Presented information on the economic benefits of Alaska's mining industry.

STEVEN BORELL, PE, Executive Director
Alaska Miners Association, Inc.
Anchorage, Alaska

POSITION STATEMENT: Presented an overview of Alaska's major mines and projects.

KARL HANNEMAN, Director
Corporate Affairs
Teck Cominco Alaska Inc.
Anchorage, Alaska

POSITION STATEMENT: Answered a question in regard to royalty payments by the Red Dog Mine.

ACTION NARRATIVE

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CO-CHAIR LESIL MCGUIRE called the joint meeting of the House and Senate Resources Standing Committees to order at 2:50 p.m. Representatives Johnson, Neuman, Wilson, Tuck, Kawasaki, Edgmon, and Seaton and Senators McGuire, Wielechowski, Wagoner, Huggins, Stedman, and French were present at the call to order. Senator Stevens arrived as the meeting was in progress.

PRESENTATION: ALASKA MINING

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CO-CHAIR MCGUIRE announced that the only order of business would be a presentation on mining in Alaska.

JIM CALVIN, Partner, McDowell Group, gave a PowerPoint presentation on the economic benefits of Alaska's Mining Industry. He said his firm has tracked the industry for four or

five years now. An assessment of the economic benefits of the mining industry to the state was prepared in 2005, and since then McDowell Group has been tracking some key indicators and publishing the results in a brochure. He said his presentation today will update the committee on his company's latest efforts in this regard.

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MR. CALVIN noted that between 2007 and 2008 there has been no significant change in overall employment in the mining industry [slide 4, page 2]. Mining provides about 3,500 direct jobs from all aspects of the industry, including hard rock, coal, exploration, development, and industrial minerals like rock, sand, and gravel. There are about 5,500 total jobs in Alaska that are linked in some way with the mining industry, including indirect and induced jobs. The total payroll is up a bit from 2007, he continued. Data through the first three quarters of 2008 suggests a \$350 million total payroll for direct, indirect, and induced jobs. The \$82,600 average industry wage is notable because it is about 90 percent higher than the average wage in the Alaska economy and second only to the oil and gas industry.

MR. CALVIN said there is a broad geographic diversity of the economic benefits of the mining industry [slide 5, page 3]. One-hundred-twenty communities, stretching from Metlakatla to Barrow, have one or more residents employed in the mining industry. Mining projects often occur in very remote rural areas and this provides employment opportunities to the folks in the nearby communities. For example, the Donlin Creek Project draws people from 25-30 different nearby communities; these mining jobs are some of the few, if not the only, year-round private sector jobs available in many of those communities.

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MR. CALVIN explained that not all mines are created equal as far as the capacity to generate revenue for state government [slide 6, page 3]. All operating mines are subject to a mining license tax and all mines are subject to a corporate income tax. Most mines pay something to local governments, whether it is a payment in lieu of taxes or property or sales taxes. Only those mines that are located on state land are subject to state royalty payments. For example, the Kensington Mine near Juneau does not make royalty payments to the state, but it pays a mining license tax, a corporate income tax, and Juneau property taxes.

MR. CALVIN pointed out that state and local government revenues have gone down over the past few years [slide 7, page 4]. The \$71 million in corporate income tax in 2006 dropped to \$61 in 2007 and an estimated \$50 million in 2008. The mining license tax was \$79 million in 2006, \$54 million in 2007, and an estimated \$45 million in 2008. Royalty payments are a smaller part of the pie but have been more stable at about \$7.5 million in 2006, \$10 million in 2007, and an estimated \$10 million in 2008. Local tax revenue has been stable at about \$14-\$16 million over the three-year period. The total state and local government revenue was \$172 million in 2006 and this has trended down to an estimated \$121 million in 2008. This trend is expected to continue at least into 2009, he added.

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MR. CALVIN specified that of the total \$15.6 million paid in tax revenue to local governments in 2008, the largest was the Red Dog Mine's payment in lieu of taxes to the Northwest Arctic Borough [\$11 million, slide 8, page 4]. This payment accounted for about 75 percent of all general fund revenues for the Northwest Arctic Borough. Fort Knox Mine near Fairbanks is that area's single largest property tax payer at \$2.8 million in 2008. The Greens Creek Mine is Juneau's single largest property tax payer [at \$1.3 million]. Once on line, the Kensington Mine may supplant Greens Creek, he said. The City of Delta Junction, Denali Borough, City of Nome, and others have also received payments, so mines provide substantial benefits to the local communities near where they occur. He further noted that this tax revenue does not include the revenue that is generated from property taxes on businesses that provide goods and services to the mining industry or the property taxes paid by mining industry employees.

MR. CALVIN discussed the benefits provided by the mining industry to three quasi-state government organizations [slide 9, page 5]. The Alaska Railroad Corporation received \$18.5 million in revenue for moving coal, sand, and gravel. This revenue creates significant economies of scale for the railroad that might otherwise mean higher costs for other users of the railroad. The Alaska Industrial Development and Export Authority (AIDEA) took in \$22 million for use of the state-owned facilities at the Skagway Ore Terminal and at the Delong Transportation System which supports the Red Dog Mine. The Alaska Mental Health Trust received \$1.6 million in rents, royalty payments, and material sales.

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MR. CALVIN touched on the benefits of mining to rural and Native residents [slide 10, page 5]. The Red Dog Mine paid royalties of \$212 million to the NANA Regional Corporation ("NANA") in 2008. As required by provisions in the Alaska Native Claims Settlement Act (ANCSA), about 70 percent of those revenues [\$122 million in 2008] are re-distributed to all of the other regional corporations in Alaska. In turn, these corporations distribute the money to village corporations. This is an example of a very remote mine in northwest Alaska that pushes money to virtually every corner of the state's economy. He cautioned, however, that over the past two years the price of zinc has declined from \$2 to \$.50 per pound, so the royalties are expected to decline in the near time. Another benefit to rural Alaska is the employment from mining. At the Red Dog Mine, [56 percent] of the 485 jobs are held by NANA shareholders and 86 percent of the [210] jobs at the Donlin Creek Mine are held by Calista shareholders.

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REPRESENTATIVE SEATON asked whether the [\$212 million] is the gross amount of royalty paid by the Red Dog Mine or the net after subtraction of monies that were advanced from previous years. He referenced a previous 4 percent net smelter royalty.

MR. CALVIN responded that the check written to NANA was for \$212 million. He said he does not have with him the specifics about the royalty provision, but he understands that most of the original capital expenditures are paid off; so, essentially, this is the net royalty that flows to NANA.

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STEVEN BORELL, PE, Executive Director, Alaska Miners Association, Inc., continued the PowerPoint presentation. He estimated that approximately 175 small, family placer mines will be operating in Alaska in 2009, about the same number as in 2008 [slide 12, page 6]. In addition, there are various other placer mines with permits in hand. Production will be about 54,000 ounces [of gold].

MR. BORELL said five large mines are currently operating in Alaska [slide 13, page 7]. In comparison, Nevada, which is one-fourth the size of Alaska, has 55 large mines. The Usibelli

Coal Mine, Inc. is the oldest of the large mines [slides 14-15, pages 7-8], he continued. It has 110 employees and 100 percent Alaska hire. It produces about 1.5 million tons of coal per year, of which 1 million tons goes to the Interior for power plants and heating and 500,000 tons goes to Pacific Rim destinations. In the last couple of years there have been several shipments to Chile. Currently, Usibelli has 470 million tons of coal under permit. He referred to a photo and diagrams of the Usibelli Mine on slide 16, page 8, and described how mining of the coal is done.

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MR. BORELL noted that the serious challenge of today is that metal prices are down to levels last seen five years ago, yet costs are much higher than five years ago [slide 17, page 9]. Some companies are still burning the diesel fuel purchased at last summer's peak prices.

MR. BORELL displayed a photograph of the Greens Creek Mine [slide 18, page 9] and pointed out the locations of the portal, mill, power plant, dry facility, change house, offices, and underground mine. The mine has 320 employees after 5 layoffs and 79 percent of the employees live in Alaska, he said. Zinc revenues from the Greens Creek Mine are often equal too or higher than the silver revenues. So, given the decline in zinc prices, very serious belt tightening is taking place at this mine. For example, employees are now being used to do work that was once done by contractors. Green's Creek is the largest [private] employer and taxpayer in the City and Borough of Juneau. He reviewed an isometric diagram of the Green's Creek Mine as well as a photograph of the ship loading facilities [slides 19-20, page 10].

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MR. BORELL drew attention to a photograph of the Red Dog Mine area [slide 21, page 11]. He pointed out the air strip on the right side of the photo and the tailings impoundment in the middle foreground. A [supplemental] environmental impact statement (SEIS) is underway for the Red Dog Mine [slide 22, page 11], he said. The public comment period for the SEIS is over and the Environmental Protection Agency (EPA) is now in the process of evaluating those comments [the final EIS is due summer 2009]. He noted that the main pit area at Red Dog has been mined since 1989 when the operation began. The line down the middle of the photograph is a covered diversion ditch or

culvert, he explained. The SEIS is focused on the Aqgaluk Deposit which will be mined over the next 20 years once the permit is in place. He pointed out the ore storage buildings in a photograph of the Delong Mountain Transportation System that serves the mining district which includes the Red Dog Mine [slide 23, page 24].

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MR. BORELL reiterated that the Red Dog Mine has 485 employees and full time contractors [slide 24, page 12]. He said \$110 million was expended to NANA joint venture companies that had contracts because of the Red Dog Mine. Thus far, the mine has spent \$10.8 million searching for a natural gas source; the search will continue this year, but there will not be any major drilling. The mine has paid \$22.5 million to AIDEA for use of the Delong Mountain Transportation System. Production in 2008 was down about 10 percent from the previous year, he continued, and payments to the Northwest Arctic Borough were down. While the actual amount is still pending, taxes to the state will also be down significantly for 2008. He pointed out that the metals for the 2010 Winter Olympics have been provided by Tech Cominco Alaska [owner of the Red Dog Mine, slide 25, page 26].

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MR. BORELL reviewed gold and silver prices for the past 10 years [slide 26, page 13]. Gold is currently approaching \$1,000 per ounce, he said, but had the same inflation rate of the early 1980s taken place when gold was in the \$900 range, the price would be over \$2000 today. Silver prices have done better than zinc and lead.

MR. BORELL related that the Fort Knox Mine near Fairbanks [owned by the Kinross Gold Corporation] has 450 employees plus 30 full-time contractors on site [slide 27, page 14]. Annual wages and benefits [are \$38 million], electricity is [\$28 million per year], and \$15 million is expended per year for fuel. He pointed out that over 1.8 million hours have been worked at Fort Knox without a loss-time accident [slide 28, page 14]. This is an incredible accomplishment and something a company takes great pride in, he stressed. Approximately 330,000 ounces [of gold] will be produced in 2009 from this mine [slide 29, page 15]. A heap leach facility is under construction and ore will be put on the heap leach beginning in October 2009. Phase 7 of the pit expansion began in October 2008 and exploration will continue to determine the potential for a Phase [8]. The Phase 7 expansion

and the heap leach will extend the life of the mine to 2014, but he said he is optimistic that it will go beyond that.

MR. BORELL said the Pogo Mine is an underground gold mine northeast of Delta Junction [slide 30, page 15]. The year 2008 marked a year of safety improvements over 2007, production increased from 260,000 ounces to 347,000 ounces, employee turnover was significantly improved, and direct jobs increased from 250 to 297 [slide 31, page 16]. The multi-million dollar water treatment plant treats mine water before it is discharged [slide 32, page 16]. In 2009 the Pogo Mine will focus on minimizing capital expenditures due to the economic uncertainty, production will rise slightly to 358,000 ounces, declining fuel and electricity costs will be a positive, and exploration to expand the resource will be ongoing.

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MR. BORELL discussed the three mines that are currently in "idle status": Nixon Fork, Rock Creek, and Kensington [slide 33, page 17]. He emphasized that "idle status" is his own term and not a term used by the companies. Last week, Pacific North West Capital Corp. purchased the Nixon Fork Mine from St. Andrew Goldfields Ltd [slide 34, page 17]. A work plan is currently being developed and production is expected to begin in two years, he said. The Rock Creek Mine near Nome will provide 135 jobs and an annual payroll of \$10.4 million when it is operating, along with an annual expenditure of \$20.6 million for supplies and services [slide 36, page 18]. A work plan is currently being developed for 2009. Like many others, the company was caught by the economic downturn and had to shut down many things and sell assets. The facilities for the Kensington Mine near Juneau represent \$230 million of investment and are 100 percent complete and ready to go to work [slides 37-39, pages 19-20], he continued. Attorneys for Coeur Alaska, owner of Kensington, argued before the U.S. Supreme Court on January 12, 2009, that the mine should be allowed to do its preferred option for tailings disposal.

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MR. BORELL noted that three projects are currently in advanced exploration and permitting: Chuitna Coal Project by PacRim Coal, Donlin Creek [by Barrick/NovaGold Joint Venture], and Pebble Partnership [by NDM/Anglo American Joint Venture] [slide 40, page 20].

MR. BORELL said the Chuitna Coal Project is in the process of finalizing a supplemental environmental impact statement [slide 41, page 21]. Approximately 15 years ago the company had a record of decision and permits in hand, but by the time it received the permit the price of coal had decreased sufficiently to make the mine uneconomic. The project is now looking at an investment of over \$600 million and 350 full-time jobs for a design capacity mine of about 12 million metric tons per year. Infrastructure will include 9-12 miles of road depending on the routing of the road and coal conveyer. There will be personnel housing and an airstrip, and there will be a 10,000 foot trestle out to water deep enough to accommodate a 60-foot draft vessel. The record of decision is expected this fall.

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MR. BORELL advised that 33,500 meters of drilling was completed at Donlin Creek in 2008 [slides 42-44, pages 21-22] and the mine continued its advanced project engineering and baseline environmental studies. The project feasibility study will be finalized in 2009 and permit applications will be submitted. Pre-permitting meetings have been held with 35 villages so far in 2009, and in March the company is scheduled to meet with the remainder of the 55 villages in this area. In 2008, Donlin Creek had 138 employees from 26 villages.

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MR. BORELL noted that in 2008 John Shively was hired as the CEO for the Pebble Partnership [slides 45-46, page 23]. Last year \$140 million was spent, more than 800 people were employed, over 200 holes were drilled, and environmental and pre-feasibility work was conducted. He pointed out that the partners in the Pebble project are involved in base metals around the world and right now base metal prices are very low, so the 2009 budget has not yet been set. Some drilling is expected in 2009 and work will continue on pre-feasibility and environmental baseline studies. Major challenges for this project include a source of power, roads, ports, mill, the permit process, workforce development, commodity prices, and project economics.

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MR. BORELL specified that in 2008, 30 projects spent over \$1 million each on grassroots or early stage exploration. Some of this could have been the same company at two or three locations, he added. Fewer projects are expected in 2009, but right now

the exact number is not known. The focus in 2009 will be on gold because base metal exploration projects will have a very difficult time getting funding.

MR. BORELL discussed three projects that are currently in early stage exploration: the Money Knob Project, the Niblack Project, and the Lucky Shot Project. Drilling at Money Knob near Livengood, a project by International Tower Hill, is being conducted during the winter because the area is otherwise too wet to drill without damage [slide 48, page 24]. Phase I and II drilling were completed in 2008, Phase III drilling is occurring this winter, and Phase IV drilling in the upland areas will also occur in 2009. An expenditure of \$8.5 million is expected in 2009 as compared to \$8 million in 2008. There will be 45 employees in 2009 as compared to 42 in 2008. International Tower Hill expects to spend another \$1.5 million in 2009 on other projects around the state.

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MR. BORELL said the Niblack Project in Southeast Alaska near Ketchikan is primarily for base metals so it will be a difficult project [slides 49-50, page 25]. An underground adit was completed in 2008, as was the Phase I drilling. The project is currently on care and maintenance, but a 2009 budget of \$3.6 million is expected. There will be 7,500 meters of drilling this year and environmental impact studies will continue.

MR. BORELL reported that in 2008 Full Metal Minerals had 11 project areas, 5 drill programs, and spent \$21 million. Due to the crash in base metal prices, the Forty Mile project will not be a focus in 2009 like it was in 2008. However, the company does expect to work at Lucky Shot in 2009 and is in the process of permitting this historic mine. This project is located west of Hatcher Pass on Willow Creek. A 10,000 ton bulk sample will be undertaken with a budget of \$7.5 million and 25-40 workers. The mill in place is from over 20 years ago and is where the bulk sample will be processed.

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KARL HANNEMAN, Director, Corporate Affairs, Teck Cominco Alaska Inc., addressed Representative Seaton's earlier question about royalties. He explained that after the original discovery in the late 1970s, the Red Dog ore body was drilled off and subsequently identified as the number one zinc deposit in the world, both in grade and total size. Through the ANCSA process,

NANA selected that land and then negotiated a partnership agreement with Cominco Alaska. Cominco Alaska later merged with Teck and Teck Cominco Alaska is now known as Teck. So, he continued, this is a very different circumstance than what is normally the case in terms of royalty structure. The provision for a net smelter return royalty is now a very substantive 25 percent net profits interest royalty to NANA. This was negotiated early-on, but after the ore body had been fully identified.

MR. HANNEMAN related that the numbers presented by the McDowell group are year-end estimates and do reflect the 2008 recoupment of the prior advanced royalties and the conversion to the net profits interest. The structure of the agreement was such that it provided for an advanced royalty to NANA during the period of time where capital was to be recouped, he explained. Production started in 1989, but the original investment, plus fees and interest, were not recouped until the fourth quarter of 2007. So, the numbers do reflect the actual payments made in 2008, subject to year-end adjustments based on the estimates.

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SENATOR HUGGINS said it is good news that Lucky Shot will be operating in 2009 because both merchants and the people working there get the benefits. He asked whether Mr. Borell had a projection for maturation and production at the Lucky Shot.

MR. BORELL said it is his sense that the bulk sample will tell whether changes to the mill process are needed. The sampling also allows the time to continue the permitting, but he said he does not know whether the permits will be in place for 2010. The company will move as fast as it can if everything is positive with the bulk sample. Whether that can happen in 2010 is unknown because the uncertainties of permitting a project are huge, especially given that someone could challenge it legally.

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SENATOR HUGGINS inquired whether he is correct in believing that now may not be the right time to get into the mining business, given stock prices for mining organizations, commodity prices, operating costs, and so forth.

MR. BORELL agreed that mining is one tough business, but said he does not think it is a bad time to get into mining because the opportunities in Alaska are tremendous and the overall, long-

term demand for metals is there. People in India, China, and other third-world-like areas are starting to have extra money and becoming able to improve their lifestyle with things like running water, which means copper pipes or electrical energy. In addition, these people are also using their extra money to buy gold for protection against the future.

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MR. BORELL, in response to Senator Stedman, said he is unsure whether there will be a drilling program at a potential mine site on Woewodski Island northwest of Wrangell, although that is the hope. He said the trees on the island are small because of the mineralization under them. Olympic Resource Group has been exploring the island for many years and recently issued a lease to Bravo Ventures. Bravo expects to put a couple of holes in, but may not be able to do that this year because of the current economic situation.

MR. BORELL, in response to Representative Seaton, said a work program is again planned for this summer [for the black sand ridges on state and federal lands near Yakutat], but he does not know what the plans are for the longer term. Like other base metals, iron prices have gone down significantly, so money cannot be raised through the stock exchanges.

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REPRESENTATIVE NEUMAN asked whether there is a way the state could refinance loans to ensure that mines like Rock Creek do not shut down.

MR. BORELL clarified that while the Rock Creek Mine has shut down operations, the property is not for sale to his knowledge; the assets that are being sold are located elsewhere. Speaking for himself, not the Alaska Miners Association, he said he does not think the state should be in the loan business. He offered his belief that projects need to meet the tests that the financial community has. However, that is different from an AIDEA standpoint, he continued. An AIDEA loan turns out to be a guaranteed loan by the state. The agreement with the property for the Delong Mountain Transportation System was that [Red Dog Mine] would continue to make a minimum payment even if the mine was shut down. At this point the state has benefitted because more than double the original price of those facilities has been paid. The Skagway ore facility is currently receiving

concentrates from mines in Canada and that is a great opportunity for the state through AIDEA.

REPRESENTATIVE NEUMAN suggested getting a report from AIDEA as to what it is doing to help supplement Alaska's mines.

CO-CHAIR MCGUIRE agreed to follow up in this regard.

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MR. BORELL, in response to Senator Huggins, said the three-mile-long road to Rock Creek Mine is the only road he is aware of that was built using funds from the Roads to Resources program established by the previous administration. He related that the Department of Transportation & Public Facilities has issued a request as to whether any mines have something specifically in this regard. In most cases, the mines have developed and paid for their own infrastructure, such as roads and power plants. For example, Juneau has the lowest electrical prices in the state because of the power plant that was built for mining.

SENATOR HUGGINS added that a large mine is like a small town in that it has a full infrastructure. Mining is often the way to put people to work in Alaska when nothing else is available.

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MR. BORELL, in response to Co-Chair McGuire, said he does not know what each company has done [in regard to developing alternative energy sources]. However, he said he does know that every company is looking hard and the further they are from the Railbelt the harder they are looking. Donlin Creek has looked at biomass and wind generation, but he said he does not know what the conclusions were in that regard. The Red Dog Mine has spent \$10.8 million looking for shale gas (natural gas) to use as an alternative to bringing in diesel fuel. About 25-30 wind towers were just completed near Nome. Companies are very interested in finding alternatives that make economic sense for cutting their electrical costs.

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CO-CHAIR MCGUIRE commented that a mine can often be the impetus for a lot of things and could possibly end up producing power for a nearby village. She noted that SB 31 would put in place a production tax credit for capital investments in alternative energy projects and this could be used by some of these mines.

MR. BORELL offered his opinion that the "real gorilla" for helping with the price of energy and electricity is coal. For example, Usibelli Coal Mine, Inc. has 470 million tons of coal already under permit, so production could be quadrupled immediately. The price of coal is by far the most stable because it is not tied to the price of oil or gas.

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MR. BORELL, in response to Co-Chair McGuire, joked that if people are looking for diamonds they do not talk to anybody about it. But, yes, he continued, there has been diamond exploration in Alaska and he believes that over the past 40-50 years about six diamonds have been found in the Circle Mining District northeast of Fairbanks. So, there is a diamond source somewhere. The miners who discovered the current diamond mining area in the Northwest Territories followed the indicator minerals 300 kilometers across Canada in order to find the source.

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CO-CHAIR MCGUIRE added that diamonds are interesting to think about for future development because they are a big source of jobs and economic development in Yellow Knife. She asked why Canada seems to have a more robust mining industry than does Alaska.

MR. BORELL said that, in his opinion, the biggest factor of all is the negative impact of the National Environmental Policy Act of 1969 (NEPA), a process over which Alaska has no control. The NEPA process requires that a full EIS be done for all projects that require a federal permit and environmental assessment on federal lands and for any project that requires two or more federal permits, such as a discharge permit and a wetlands permit. For example, it took three and a half years for the Pogo Mine to go through the EIS process. The real challenge, however, is the number of places at which the permitting process can be blocked by someone who opposes the project. "That is a curse this country carries on any resource development project," he said. It is not just in Alaska, it is everywhere. Legal challenge can be brought for the most miniscule of reasons and the Kensington Mine, which has gone all the way to the U.S. Supreme Court, is a prime example of this.

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MR. BORELL, in response to Representative Wilson, noted that exploration was done [on Zarembo Island] last year using a backpack drill. While the results were positive, someone with a lot more money must be found to do additional drilling. He said he is unaware at this point as to whether there are any plans for this summer.

MR. BORELL, in response to Representative Seaton, explained that the Alaska Exploration Incentives Act, passed 12-15 years ago, requires a company to share its resource and geologic data if it wishes to receive the program's investment incentive. Under that program there is a very specific list of requirements that the company must turn in. In further response, Mr. Borell explained that until there is a track record of data, any one data point can be taken out of context; therefore it is clearly not appropriate to publish the data until the company is ready to publish it. There are those who would take any limited data and use it out of context to point out all of the "terrible" things. He said he would be concerned if a requirement was put on any industry to share data before the overall picture can be seen and before the engineering design can be determined for meeting NEPA requirements.

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ADJOURNMENT

There being no further business before the committee, the joint meeting of the House and Senate Resources Standing Committees was adjourned at 4:20 p.m.