

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

April 8, 2013

1:36 p.m.

**MEMBERS PRESENT**

Representative Eric Feige, Co-Chair  
Representative Dan Saddler, Co-Chair  
Representative Peggy Wilson, Vice Chair  
Representative Craig Johnson  
Representative Kurt Olson  
Representative Paul Seaton  
Representative Geran Tarr  
Representative Chris Tuck

**MEMBERS ABSENT**

Representative Mike Hawker

**COMMITTEE CALENDAR**

CS FOR HOUSE JOINT RESOLUTION NO. 16

Relating to the National Ocean Council, the development of a national ocean policy, and coastal and marine spatial planning.

- MOVED CSHJR 16(RES) OUT OF COMMITTEE

HOUSE BILL NO. 3

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

- MOVED HCS CSSSSJR 3(RES) OUT OF COMMITTEE

HOUSE BILL NO. 8

Supporting the continued and increased exploration, extraction, processing, and production of rare earth elements in the state; and urging the United States Congress to support efforts of the state to develop rare earth elements in the state for the benefit of the economic and national security of the United States.

- MOVED HCS CSSJR 8(RES) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 16

SHORT TITLE: NATIONAL OCEAN POLICY

SPONSOR(s): REPRESENTATIVE(s) SADDLER

04/01/13 (H) READ THE FIRST TIME - REFERRALS  
04/01/13 (H) RES  
04/08/13 (H) RES AT 1:00 PM BARNES 124

BILL: SJR 3

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(s): SENATOR(s) MICCICHE

01/23/13 (S) READ THE FIRST TIME - REFERRALS  
01/23/13 (S) RES  
02/04/13 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS  
02/04/13 (S) RES  
02/20/13 (S) RES AT 3:30 PM BUTROVICH 205  
02/20/13 (S) Scheduled But Not Heard  
02/27/13 (S) RES AT 3:30 PM BUTROVICH 205  
02/27/13 (S) Moved CSSSSJR 3(RES) Out of Committee  
02/27/13 (S) MINUTE(RES)  
02/28/13 (S) RES RPT CS 7DP SAME TITLE  
02/28/13 (S) DP: GIESSEL, FRENCH, MICCICHE, BISHOP,  
MCGUIRE, FAIRCLOUGH, DYSON  
03/01/13 (S) TRANSMITTED TO (H)  
03/01/13 (S) VERSION: CSSSSJR 3(RES)  
03/04/13 (H) READ THE FIRST TIME - REFERRALS  
03/04/13 (H) RES  
04/08/13 (H) RES AT 1:00 PM BARNES 124

BILL: SJR 8

SHORT TITLE: MINING/PROCESSING OF RARE EARTH ELEMENTS

SPONSOR(s): SENATOR(s) MCGUIRE

01/30/13 (S) READ THE FIRST TIME - REFERRALS  
01/30/13 (S) RES  
02/13/13 (S) RES AT 3:30 PM BUTROVICH 205  
02/13/13 (S) Moved CSSJR 8(RES) Out of Committee  
02/13/13 (S) MINUTE(RES)  
02/15/13 (S) RES RPT CS 7DP SAME TITLE  
02/15/13 (S) DP: GIESSEL, FRENCH, MICCICHE, BISHOP,  
MCGUIRE, FAIRCLOUGH, DYSON

03/13/13 (S) TRANSMITTED TO (H)  
03/13/13 (S) VERSION: CSSJR 8(RES)  
03/14/13 (H) READ THE FIRST TIME - REFERRALS  
03/14/13 (H) RES  
04/08/13 (H) RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

STEPHANIE MADSEN, Executive Director  
At-Sea Processors Association (APA)  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HJR 16.

RICK ROGERS, Executive Director  
Resource Development Council for Alaska, Inc. (RDC)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HJR 16.

DOUG VINCENT-LANG, Acting Director  
Division of Wildlife Conservation  
Alaska Department of Fish and Game  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HJR 16.

MINDY ROWLAND, Staff  
Senator Peter Micciche  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced CSSSSJR 3 on behalf of Senator Micciche, prime sponsor.

TREVOR FULTON, Staff  
Representative Dan Saddler  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of Representative Saddler, explained the differences between proposed House committee substitute for CSSJR 8, Version P, and the previous version.

JESSE LOGAN, Staff  
Senator Lesil McGuire  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced SJR 8 on behalf of Senator McGuire, prime sponsor.

KEN COLLISON, Chief Operating Officer

Ucore Rare Metals Inc.  
Bedford, Nova Scotia, Canada

**POSITION STATEMENT:** Testified during the hearing of SJR 8.

**ACTION NARRATIVE**

[1:36:57 PM](#)

**CO-CHAIR DAN SADDLER** called the House Resources Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Representatives Tuck, P. Wilson, Seaton, Feige, and Saddler. Representatives Johnson, Olson, and Tarr arrived as the meeting was in progress.

**HJR 16-NATIONAL OCEAN POLICY**

[1:37:17 PM](#)

CO-CHAIR SADDLER announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 16, Relating to national ocean policy.

[1:37:25 PM](#)

CO-CHAIR SADDLER passed the gavel to Co-Chair Feige.

[1:37:50 PM](#)

CO-CHAIR SADDLER, prime sponsor, introduced HJR 16, saying the resolution urges an exemption for the State of Alaska from the imminent and far-reaching federal policy to manage and zone activities in marine and coastal areas. In 2010 President Obama created the National Ocean Council (NOC) by executive fiat, granting it broad authority to create a national ocean policy (NOP) that would among other things, ensure the protection, maintenance, and restoration of the health of ocean, coastal, and Great Lakes ecosystems and resources, and also to respond to climate change and ocean acidification. A key element of NOP is to develop coastal and marine spatial plans which would determine what, where, and when activities are allowed in marine and coastal areas, and in inland wetlands and waterways. Activities that could be subject to regulation include oil, gas, and renewable energy development, fishing, mining, timber, transportation, and tourism. Although this policy may benefit the Lower 48 - where there is high density development - in Alaska the need for additional layers of federal management is not warranted. In January 2012 NOC released its National Ocean

Policy Draft Implementation Plan and the final plan is soon to be released, thus now is the time for the Alaska State Legislature to urge for an Alaska exemption to the NOP and coastal and marine spatial planning, or at a minimum, ask for voluntary state-by-state participation in the new federal policies. Co-Chair Saddler acknowledged that the resolution joins a long list of legislation addressing federal overreach; however, this and similar resolutions are in response to the ongoing unprecedented expansion of federal authority, and Alaska must maintain its control over activities on its oceans, coasts, and waterways.

[1:41:39 PM](#)

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HJR 16, Version 28-LS0683\C, Nauman, 4/6/13, as the working document. There being no objection, Version C was before the committee.

[1:42:02 PM](#)

CO-CHAIR FEIGE opened public testimony on HJR 16.

[1:42:38 PM](#)

STEPHANIE MADSEN, Executive Director, At-Sea Processors Association (APA), informed the committee she has been an Alaska resident involved with fisheries for approximately 40 years. She said APA's written comments in support of HJR 16 are provided in the committee packet, and stressed that the commercial fishing industry has been participating in the ocean policy process for over 10 years through the U. S. Commission on Ocean Policy, H.R. 21 legislation, and now the NOP. The industry's goal is to preserve the system of regional stakeholder-driven fishery management that has met success in Alaska. However, the draft implementation plan ignores the industry's participation and proposes the creation of a new ocean resource management system; in fact, the draft plan states that the fisheries can be better managed, and that NOP will improve future management decisions. This raises the question of: Decisions made by whom? Ms. Madsen said APA suggests that the regional fishery management council process should be exempted from the program, or that NOP should be revised so that it returns to a voluntary planning process. Previously, APA has been told repeatedly that this is a collegial voluntary process, and if so, it is pleased to participate, but if NOP is instead a new federal bureaucracy with the aim to regulate all ocean

activities, APA recommends Alaska "opt-out." She restated APA's support for the resolution.

1:45:15 PM

RICK ROGERS, Executive Director, Resource Development Council for Alaska, Inc. (RDC), said RDC has been engaged in the issue of NOP in marine spatial planning since July 2010. He noted a copy of RDC's 4/3/12 testimony before the federal Subcommittee on Fisheries, Wildlife, Oceans, & Insular Affairs was provided in the committee packet. Mr. Rogers said RDC and the National Ocean Policy Coalition are concerned about NOP because it will have a disproportionate impact on Alaska's resource dependent industries. Alaska has over 34,000 miles of coastline and NOP adds uncertainty and anxiety to an existing cumbersome and complex regime of state and federal permitting and oversight. The abovementioned organizations question whether increased bureaucracy will benefit environmental protection; in fact, coastal marine spatial planning is an unauthorized, regulatory program with a federal top-down approach. For example, ecosystem based management sounds like a worthy goal, however, RDC's concern is that it will lead to a paralysis/analysis situation. Also, the NOP stated goal of reaching onshore activities may lead to undue federal control of Alaska's land and resource management. Marine spatial planning may result in restrictions to marine waters and submerged lands that override the needs of Alaskans, particularly if they affect the transport and shipping of resources. Mr. Rogers pointed out that one justification for NOP is to resolve conflicts, but all of the competing industries in Alaska such as mining, tourism, forestry, oil and gas, and fisheries are collectively concerned about this policy. He summarized, and urged for the timely passage of the resolution.

1:50:51 PM

DOUG VINCENT-LANG, Acting Director, Division of Wildlife Conservation, Alaska Department of Fish and Game, summarized the state's concerns on ocean policy. He read from an untitled document as follows [original punctuation provided]:

Let me begin by stating that Alaska has a strong interest in assuring the continued health and productivity of its marine and coastal resources. We rely on these areas for commercial and sport fisheries, subsistence uses, recreation, transportation, shipping, and a multitude of other

uses. Marine and coastal resources are vital to our economy, supporting a vibrant fishing industry that produces almost six billion dollars in economic activity in our state annually, accounts for approximately 60 percent of the nation's seafood production, and is our largest private sector employer. Coastal and marine areas also provide abundant development opportunities, such as: offshore oil and gas, renewable energy, shipping, and tourism. With over 44,000 miles of shoreline - more mileage than the other eight proposed planning areas combined - and an expansive EEZ, Alaska's interest in managing ocean and coastal resources cannot be overstated.

Implementation of the President's National Ocean Policy institutes a new federal framework to govern marine and coastal activities. Upon inspection, it federalizes decision processes regarding marine and coastal activities and embeds authority into regional governance boards dominated by federal agencies and federal decision processes.

Alaska's marine and coastal resources and their uses are already tightly regulated by a vast and diverse array of federal, state, and local authorities. This existing oversight has a proven track record and is fully capable of ensuring the long-term health and viability of our marine and coastal resources. We do not believe additional federal regulatory oversight is needed and we oppose creation of additional federal bureaucracy and regulation and view this as an unnecessary threat to our sovereignty. We also do not support use of this process for zoning or alternatively termed regulated marine use planning purposes. Instead, we support achieving efficiency by relying on the effective proven processes and authorities that are already in place. Any establishment of further authority should be through Congressional action. Congress has a keen awareness of the current multi-jurisdictional structure and respect for the traditional role of states in managing their marine and coastal resources.

Jurisdiction and management decisions for marine waters and submerged lands and responsibility for marine and coastal activities and ecosystems is divided between the states and the federal government.

Alaska's jurisdiction includes uplands, wetlands, tide and submerged lands and extends out three nautical miles to the territorial limit. Within these areas, Alaska manages and leases lands, and with federal and local agencies, permits or restricts activities on them that could impact the environment. Alaska and the federal government each have respective sovereign responsibilities and authorities to maintain healthy, resilient, and sustainable marine and coastal resources. Any adopted program must recognize and respect Alaska's jurisdiction and sovereign authorities. Coastal states must be recognized as equal partners with sovereign jurisdictions and authorities, not relegated to stakeholder status in marine and coastal policy development and implementation.

Rather than development and implementation of new regulatory programs, a better focus would be investment in Arctic research, monitoring, and infrastructure. In short, we need more resources, not more rules, to ensure conservation of our coastal and marine resources. It is unfortunate that the new planning effort is draining agency resources at a time when core agency functions are struggling for funding due to declining federal budgets. We prefer to see the federal government focus its resources on the many needs in the Arctic and to focus on much needed research and monitoring rather than expending resources on an unnecessary and duplicative planning effort.

Finally, to ensure an effective outcome, it is important that any planning effort have clearly defined expected outcomes, an appropriate timeline, and provides both the states and the users of marine and coastal resources with primary authority to develop ocean and coastal policies. Despite numerous requests by the state to provide such specifics, they have yet to be provided by the federal government. The health and management of our marine and coastal resources is simply too critical to engage in a process that does not provide meaningful dialogue opportunities to address stated concerns.

In closing, this policy is simply not ready for implementation in Alaska. Until requested details are

provided, especially with respect to governance and regulated use, the State cannot support this effort as currently described. We urge Congress to involve itself in this process and for the National Ocean Council to delay implementation of this policy to allow more meaningful dialogue to address state and other affected users concerns. We also urge a more meaningful dialogue with the State that recognizes its sovereign authorities and responsibilities.

We appreciate your resolution and the concern it expresses.

[1:56:31 PM](#)

CO-CHAIR FEIGE, after ascertaining no one else wished to testify, closed public testimony.

REPRESENTATIVE SEATON observed that the transfer of authority for permitting finfish aquaculture in offshore areas is of concern. The state has prohibited pen-reared finfish farming within state waters and if the federal government proceeds with regulations to allow the permitting of finfish aquaculture it could be very detrimental to fisheries in Alaska. He said he supports the resolution.

REPRESENTATIVE TUCK raised questions about the executive order and read:

Final recommendations shall be made publically available for which a notice of public availability shall be published in a federal register ... the establishment of a National Ocean Council ... this order is not intended to or does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against ...

REPRESENTATIVE TUCK asked if the findings of the [National Ocean Council] are just recommendations or will become law and regulation.

[1:58:57 PM](#)

CO-CHAIR SADDLER responded:

There is a disclaimer that would not be law but federal regulation, and management practices of federal agencies in Alaska carry tremendous amounts of weight and effectiveness. So it may be a distinction, not a difference, to say they're not law, but it would still be effective. I don't think you can actually create law by executive order.

REPRESENTATIVE TUCK surmised then that the findings of the [Council] from the executive order will become recommendations.

CO-CHAIR SADDLER said no, they are policies.

[1:59:42 PM](#)

CO-CHAIR FEIGE said:

Which would then mean, you could have regulations written against those policies, and those regulations would then have the force of law.

CO-CHAIR FEIGE added that he and Representative Saddler went to a meeting with employees of the National Oceanic and Atmospheric Administration (NOAA), U.S. Department of Commerce, who would be administering NOC, and his impression was that the federal government does not have the assets to enforce, or research and understand, a program managing Alaska's coastline, which exceeds the total coastline of the rest of the country. In light of federal budget concerns, he questioned whether the policy is merely a way to arbitrarily impose the federal government's will on U.S. waters surrounding Alaska. Co-Chair Feige doubted the ability of the federal government to make educated, informed, science-based decisions regarding the nation's oceans surrounding Alaska.

REPRESENTATIVE SEATON returned attention to the subsection identified by Representative Tuck, found on page 7 of the executive order which read:

(d) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

REPRESENTATIVE SEATON advised the subsection does not say this will not be policy that will control actions at sea.

[2:02:31 PM](#)

REPRESENTATIVE JOHNSON called attention to section 6, sub-subparagraph (i) which read:

(i) take such action as necessary to implement the policy set forth in section 2 of this order and the stewardship principles and national priority objectives as set for the in the Final Recommendations and subsequent guidance from the Council; and

REPRESENTATIVE JOHNSON opined the above instructs the agencies to basically implement the policy; previous to that, "it instructs other agencies to fund it." He questioned whether the phrase, "as applicable by law" is a regulation or an executive order. Representative Johnson characterized the executive order under discussion as "a very far-reaching and dangerous document."

REPRESENTATIVE SEATON clarified he is supporting HJR 16, however, there are circumstances when certain restricted areas on and off the coast that are identified by regional management, are important and beneficial to the state.

REPRESENTATIVE P. WILSON said she will co-sponsor the resolution.

CO-CHAIR SADDLER agreed with the previous comments, saying HJR 16 does not stand in the way of the policy, but Alaska's needs are unique and the resolution urges the federal administration to consider exempting Alaska.

[2:05:08 PM](#)

REPRESENTATIVE P. WILSON moved to report the proposed committee substitute for HJR 16, Version 28-LS0683\C, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, CSHJR 16(RES) was reported from the House Resources Standing Committee.

[2:05:36 PM](#)

The committee took an at-ease from 2:05 p.m. to 2:08 p.m.

**SJR 3-ENDORSING ANWR LEASING**

[2:08:25 PM](#)

CO-CHAIR SADDLER announced that the next order of business would be CS FOR SPONSOR SUBSTITUTE FOR SENATE JOINT RESOLUTION NO. 3(RES), Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

[2:08:33 PM](#)

CO-CHAIR FEIGE moved to adopt the proposed House committee substitute (HCS) for CSSSSJR 3, Version 28-LS0331\P, Nauman/Bullock, 4/1/12, as the working document. There being no objection, Version P was before the committee.

[2:09:03 PM](#)

MINDY ROWLAND, Staff, Senator Peter Micciche, Alaska State Legislature, informed the committee the resolution carries on the tradition begun after the passage of the Alaska National Interest Lands Conservation Act (ANILCA) in 1980. Since then, every legislature, governor, and member of the Alaska Congressional Delegation have supported opening a portion of the coastal plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas development. The resolution reflects updated intent of past resolutions; for example, SJR 3 points out the benefit of linking oilfields at Point Thomson to the Trans-Alaska Pipeline System (TAPS), and language specifying the amount of acreage requested to be opened is eliminated to mirror recent federal energy legislation introduced in the U.S. Senate. Ms. Rowland observed proposed Version P adds Inupiat to the people dependent upon the Porcupine Caribou Herd, and adds a resolve stating the need to recognize and respect the rights of Native landowners in ANWR. It is in the national interest to become less dependent on foreign sources for energy, and it is in Alaska's interest to have energy produced in the state. Senator Micciche seeks to replace words with action, she said, and opening ANWR facilitates the desire for the U.S. to become energy independent from others. Further, today's environmentally responsible oil and gas related activity in the Arctic results in a significantly smaller impact on these valued lands; in fact, oil and gas activities conducted in ANWR will be

monitored to ensure traditional lands and wildlife populations remain pristine and productive. Ms. Rowland concluded that the passage of SJR 3 continues the message conveyed by past legislatures.

[2:12:49 PM](#)

CO-CHAIR SADDLER opened public testimony. After ascertaining no one wished to testify, public testimony was closed.

REPRESENTATIVE TUCK opined Alaska has clearly demonstrated through its procedures, methods, and history on the North Slope that development can be done right. He questioned why industry would consider drilling in deep water offshore with the inherent risks, when it is possible to drill safely onshore, within a small footprint. He expressed his support for the resolution.

REPRESENTATIVE P. WILSON read from a document provided by Arctic Power, Anchorage, Alaska, entitled, "49 ANWR points from the 49th State," as follows:

- 1) The 10-02 Area has more conventional oil potential in one spot than any single or collective regional onshore location in North America.

CO-CHAIR SADDLER stated the importance for the state to continue to make proclamations of the facts of oil and gas development on the North Slope.

[2:15:25 PM](#)

CO-CHAIR FEIGE moved to report the proposed House committee substitute for CSSSSJR 3, Version 28-LS0331\P, Nauman/Bullock, 4/1/13, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, HCS CSSSSJR 3(RES) was reported from the House Resources Standing Committee.

[2:15:50 PM](#)

The committee took an at-ease from 2:15 p.m. to 2:18 p.m.

**SJR 8-MINING/PROCESSING OF RARE EARTH ELEMENTS**

[2:18:39 PM](#)

CO-CHAIR SADDLER announced the next order of business would be CS FOR SENATE JOINT RESOLUTION NO. 8(RES), Supporting the continued and increased exploration, extraction, processing, and production of rare earth elements in the state; and urging the United States Congress to support efforts of the state to develop rare earth elements in the state for the benefit of the economic and national security of the United States.

[2:18:48 PM](#)

CO-CHAIR FEIGE moved to adopt the proposed House committee substitute (HCS) for CSSJR 8, Version 28-LS0324\P, Bullock, 4/8/13, as the working document.

REPRESENTATIVE TUCK objected for the purpose of discussion.

[2:19:19 PM](#)

TREVOR FULTON, Staff, Representative Dan Saddler, Alaska State Legislature, informed the committee the first change in Version P is found on page 3, line 2, in that the word "state" was deleted to imply that the Alaska State Legislature urges not just state agencies, but all agencies, both state and federal. Also on page 3, line 6, the **FURTHER RESOLVED** was rewritten so that federal agencies are directed to work with state agencies. Both of these changes were made to adhere to the guidelines of joint resolutions, which are used to express the view or wish of the legislature to the President, the Congress, U.S. government agencies or other state governments, whereas concurrent resolutions are used for the internal business of the legislature and for requesting action of executive state agencies.

REPRESENTATIVE TUCK removed his objection.

CO-CHAIR SADDLER would like the record to reflect that the sponsor wished to include an additional **Whereas** that would urge the following:

the Alaska Industrial Development and Export Authority (AIDEA) to expedite the review and due diligence necessary to assess and finance participation in a specific project, that being the Bokan Mountain [Rare Earths Project] for rare earth elements.

CO-CHAIR SADDLER discouraged the addition of this clause because a joint resolution is aimed at the President and the U.S.

government, and the aforementioned clause is more appropriate for a concurrent resolution. However, he expressed his full support of the sponsor's efforts to encourage AIDEA's rapid review and due diligence of the Bokan Mountain project.

2:22:09 PM

JESSE LOGAN, Staff, Senator Lesil McGuire, Alaska State Legislature, further explained the House committee substitute is a result of the awareness of the differences between a joint resolution and a concurrent resolution, and the changes in no way imply a lessening of the sponsor's support for the identified projects; in fact, SJR 3 passed in the Senate 20-0. Mr. Logan paraphrased from the sponsor statement as follows:

SJR 8 is supporting the continued and increased exploration, extraction, processing, and production of rare earth elements in the state; and urging the United States Congress to support efforts of the state to develop rare earth elements in the state for the benefit of the economic and national security of the United States. Rare Earth Elements possess unique chemical, electrical, and physical properties; they're indispensable for national defense military equipment such as night vision goggles, precision guided weapons, drones, radar systems and satellites, and clean energy technology, hybrid-electric cars, vehicles, wind turbines, solar panels, and consumer goods such as portable communication devices. Industrial uses include catalytics, phosphorus, polishing compounds, pollution control devices, illumination screens, and optical quality glass.

MR. LOGAN stated that the demand for rare earth elements (REEs) has increased 100 percent in the last 20 years, and 95 percent of the world's supply is controlled by China, which is currently reducing its export quotas. This poses a national security and energy security risk for the U.S. However, mineral resources make up a majority of Alaska's economic assets, and Alaska has several prospects for the production of REEs, the most promising of which is the Bokan Mountain deposit, putting Alaska in position to become the U.S. leading supplier of REEs. Increased exploration for REEs, along with processing facilities, can create new opportunities for Alaskans, in contrast to the existing mining extraction in Alaska that does not provide for the export of value-added products. Mr. Logan concluded, saying the resolution supports increased exploration, extraction,

processing, and production of REEs, urges federal agencies to expedite consideration of permits, and urges Congress to support these efforts.

[2:24:40 PM](#)

REPRESENTATIVE TUCK asked how REE mining increases the opportunity for Alaska to export value-added products.

MR. LOGAN said to do so the state would have to develop manufacturing along with the extraction of elements. At Bokan Mountain, there is the opportunity to develop a road to Craig and access to a deepwater port. In further response to Representative Tuck, he said manufacturing REEs in support of nanotechnology is possible.

REPRESENTATIVE JOHNSON said the only processing plants for REEs in the world are in China and Australia. Building a processing plant in Alaska would require a source of natural gas and electricity, which could be supplied by an in-state gas line. He called attention to an application available on the Ucore Rare Metals Inc. web site that is a source for information on REEs, and quoted a price for a specific element. China is trying to control the entire supply chain of REEs from extraction to the export of a finished product.

CO-CHAIR FEIGE recalled the U.S. used to have REE mines, the largest of which was in Mountain Pass, California, but they were regulated out of existence. He cautioned that the traditional manufacturing process of REEs encompasses significant environmental impacts if improperly managed.

[2:29:01 PM](#)

KEN COLLISON, Chief Operating Officer, Ucore Rare Metals Inc., informed the committee the technology used today was developed in Montana and from an environmental perspective, is a totally different process than that used in China. The new process uses a series of columns to separate the individual rare earths, thus environmentally, there are not the issues raised by the solvent extraction process. In addition, the reagents are recycled and nitric acid is used instead of sulfuric acid. Further, a sorting technology is used to sort the ore and all of the tailings, with some of the waste rock, will go back underground. As an aside, he said the Massachusetts Institute of Technology (MIT) recently identified Ucore's project as an example of sustainable mining. In response to Co-Chair Saddler, he advised

there are light and heavy REEs; in fact, light REEs are not rare, and the mine at Mountain Pass is a light REE mine. Bokan Mountain is unique in that 40 percent of the deposit is heavy REEs, which are critical to the automotive and green energy industries, Boeing, and the U.S. Department of Defense (DoD). In further response to Co-Chair Saddler, he said the Bokan Mountain deposit could supply about one-half of the current U.S. demand for dysprosium.

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REPRESENTATIVE P. WILSON asked why the U.S. Department of Homeland Security (DHS) is interested in the project.

MR. COLLISON said the main interest is from DoD, which is interested in the technology of the production of dysprosium, and has agreed to fund Ucore's pilot plant. He was unaware of interest from DHS.

CO-CHAIR SADDLER opened public testimony, and after ascertaining no one wished to testify, closed public testimony.

[2:34:05 PM](#)

REPRESENTATIVE JOHNSON pointed out China's REEs are mined on a large plain, and the procedure is to remove two feet of surface, process that, and return the earth. This procedure is very disruptive environmentally, without protections for ground water or air, and unhealthy for people and the environment. Because REEs are very valuable and compact, a small shaft mine has very little environmental impact and the tailings are mixed with concrete for fill. He opined this type of mining is environmentally as un-intrusive as possible. Representative Johnson relayed his knowledge of REEs began several years ago at a seminar on REEs that was focused on batteries and their use in hybrid cars and micro-engines. He restated his support for the resolution, saying "this is a totally different outlook on mining than anything we've seen in Alaska."

REPRESENTATIVE P. WILSON added that the refining process is a new process and completely different than in the past. She said the mine will expand economic activity in Southeast and can be done in an environmentally safe manner.

[2:37:14 PM](#)

CO-CHAIR FEIGE moved to report the House committee substitute for CSSJR 8, Version 28-LS0324\P, Bullock, 4/8/13, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, HCS CSSJR 8(RES) was reported from the House Resources Standing Committee.

[2:37:39 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:37 p.m.