

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

March 23, 2022

1:04 p.m.

**MEMBERS PRESENT**

Representative Josiah Patkotak, Chair  
Representative Grier Hopkins, Vice Chair  
Representative Calvin Schrage  
Representative Sara Hannan  
Representative George Rauscher  
Representative Mike Cronk  
Representative Ronald Gillham  
Representative Tom McKay  
Representative Zack Fields

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: MINING INDUSTRY UPDATE BY COUNCIL OF ALASKA  
PRODUCERS & ALASKA MINERS ASSOCIATION

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

DEANTHA SKIBINSKI, Executive Director  
Alaska Miners Association  
Anchorage, Alaska

**POSITION STATEMENT:** Co-presented a PowerPoint presentation,  
titled "Mining Industry Update."

KAREN MATTHIAS, Executive Director  
Council of Alaska Producers  
Anchorage, Alaska

**POSITION STATEMENT:** Co-presented a PowerPoint presentation,  
titled "Mining Industry Update."

GRETA SCHURECH, Senior Advisor  
Government and External Affairs  
Teck Alaska, Incorporated  
Kotzebue, Alaska

**POSITION STATEMENT:** Co-presented a PowerPoint presentation, titled "Mining Industry Update."

WAYNE HALL, Community and Public Relations Manager  
Teck Alaska, Incorporated  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented a PowerPoint presentation, titled "Mining Industry Update."

#### **ACTION NARRATIVE**

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**CHAIR JOSIAH PATKOTAK** called the House Resources Standing Committee meeting to order at 1:04 p.m. Representatives Hopkins, Schrage, Hannan, Rauscher, Cronk, Gillham, McKay, and Patkotak were present at the call to order. Representative Fields arrived while the meeting was in progress.

#### **PRESENTATION: Mining Industry Update**

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CHAIR PATKOTAK announced that the only order of business would be a presentation on the mining industry update in the state.

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DEANTHA SKIBINSKI, Executive Director, Alaska Miners Association, gave an overview of the PowerPoint presentation, titled "Mining Industry Update" [hard copy included in the committee packet]. She offered the opinion that Alaska is a great place for mineral production. She stated that the presentation will outline the benefits of mineral extraction for Alaskans. She explained that minerals are used in the construction of many conveniences, such as airbags in cars and medical devices, and this use requires steady mineral production worldwide. She stated that the pursuit of renewable energy technology and energy storage has also increased worldwide demand and production. For example, the typical electric car requires six times more mineral components than a conventional vehicle, and an onshore wind plant requires nine times more minerals than a similar gas-powered plant. She suggested that

the need for minerals could increase six times by 2040. She added that the carbon footprint from the production, extraction, and end use of minerals creates only six percent of the greenhouse gases generated by fossil fuels. She continued that investment in mineral recycling technology would improve the efficiency of recycling minerals; however, according to projections from the World Bank, doubling the recycling rates would still not meet the need.

MS. SKIBINSKI recommended that the state prioritize the investment in new mineral supplies by reinforcing national geological surveys, streamlining permitting procedures, providing financial support, and raising public awareness about contributions made by mineral projects to the energy sector. She pointed out a statement from the executive director of the International Energy Agency, which expressed that there is a mismatch between the world's climate ambitions and the availability of the critical essential minerals needed. She stated that the executive director advised that "governments must give clear signals about how they plan to turn their climate pledges into action" and "acting now and acting together, they can significantly reduce the risks of price volatility and supply disruptions."

MS. SKIBINSKI stated that Alaska meets many of the pillars of approach towards mineral security. She explained that sourcing minerals domestically makes the nation stronger and helps vulnerable countries. She gave the following examples: currently 98 percent of U.S. rare-earth needs come from China, and the Democratic Republic of Congo uses child labor to produce a significant portion of the world's cobalt. She argued that Alaska would be a better place to mine because of stricter safety and environmental laws.

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MS. SKIBINSKI pointed out that access to mineral deposits in Alaska is difficult because of the patchwork of private, state, and federal land ownership. She stated that federal policy drives the mining industry, and the permitting process can take years.

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KAREN MATTHIAS, Executive Director, Council of Alaska Producers, emphasized that creating a low-carbon future through technology increases the demand for minerals. She argued that increasing

the domestic production of minerals is good for the nation's economy and security. She expressed the opinion that mining in Alaska is "being done right" because of the strict environmental and safety standards. She stated that Alaska is highly rated for pure mineral potential.

MS. MATTHIAS pointed out the mining prospects in Alaska, as seen on slide 8. She explained that Alaska has many prospects, but there are few mines because of the remoteness of the locations and the lack of infrastructure. She added that labor shortages, supply chain issues, and permitting issues also make it difficult to develop new mines. For examples of successful mines in Alaska with easy access, she pointed out the Fort Knox Mine, Pogo Mine, Usibelli Coal Mine, Greens Creek Mine, and Kensington Gold Mine. She pointed out that the Donlin Gold Project and Pebble Project are both in the permitting process.

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MS. SKIBINSKI noted that there are 170 placer mines across the state. These mines have small footprints, few employees, and operate seasonally. She expressed the opinion that the organizations and agencies overseeing the state's mines have a world-class regulatory system for all aspects of the environment. She said that the permitting process for mines involves a mixture of state, federal, and local requirements. In addition to the governing laws, mines are often required to perform additional practices. On slide 14 she pointed out the complex permitting process, emphasizing the multiple opportunities for public comment.

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MS. MATTHIAS expressed the opinion that, with respect to mines, Alaska has one of the best water quality monitoring systems in the world. This includes water quality monitoring, biomonitoring, and periodic compliance monitoring by a third-party. She added that the state oversees these reports and results. She continued that there is a strict regulatory process governing mines from start to finish, including the reclamation and closure processes. Before a mining operation is allowed to begin, Alaska law requires that the Department of Natural Resources (DNR) approve a plan for reclamation and closure of the mine. The mining companies must provide financial assurance at the outset, because if a company is unable to perform reclamation the state would be responsible. She stated that this would be reviewed every five years, or

earlier, if necessary. She described reclamation as a multi-year process which is often completed concurrently with active mining.

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GRETA SCHURECH, Senior Advisor, Government and External Affairs, Teck Alaska, Incorporated, said that the Red Dog Mine has been in operation since 1989, and it is operated on NANA Regional Corporation (NRC) land by Teck Alaska. In advance of the development of the Red Dog Mine, the region formed the Northwest Arctic Borough, which drives local control. From the beginning of operations up to fiscal year 2021 (FY 21), the Red Dog Mine has paid \$2.65 billion in proceeds to NRC. She said \$1.6 billion has been given to other Alaska Native corporations through the Alaska Native Claims Settlement Act, and around \$1.4 billion has been paid to the state through the Alaska Industrial Development and Export Authority for use of the 52-mile road which connects the mine. She continued that in FY 21 \$270 million has been spent on goods and services in Alaska and \$80 million in wages have been paid. She stated that the Northwest Arctic Borough has been paid \$318 million in lieu of taxes, which equates to between \$20 million and \$26 million annually. The village improvement fund, which totals between \$4 million and \$8 million annually, is allocated between 11 communities.

MS. SCHURECH stated that before the Red Dog Mine was created there were no jobs or economy in the region, and, before moving forward with the mine, the residents of the 11 communities had been consulted 10 years in advance. She said that a hiring preference for NRC shareholders had been written in the 1982 agreement, and as of September 2021, 57 percent of regular employees of the mine are NRC shareholders, while around 97 percent of the seasonal and temporary staff are NRC shareholders.

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WAYNE HALL, Community and Public Relations Manager, Teck Alaska Incorporated, discussed an in-house apprenticeship program for shareholders. This provides an average of 8,500 hours of training per year, with apprentices making up 25 percent of total trade employees. He said the mill operator apprenticeship program started in 2016 and is the first of its kind in North America.

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MS. SCHURECH showed the photos on slide 26 and slide 27 of Alaska-built infrastructure projects which were created through mining funding to the community. The infrastructure projects include port facilities and a school.

MS. SCHURECH, in response to questions from Representative Hannan concerning COVID-19 pandemic policies, said that prior to acquiring testing resources, flights in-and-out were extremely limited, and there were hotel quarantining and vaccination requirements for new hires. She said that NRC created a pandemic taskforce which has been continually utilized. She added that there is a mask mandate, but it is expected this policy will be relaxed soon. She said that testing is required prior to arriving at the site and twice per week. This is to catch infections as early as possible.

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MR. HALL, in response to Chair Patkotak concerning the proposed primacy provision per [Section 404 of the Clean Water Act], pointed out faster permit retrieval times could result from collaboration between various departments, including DNR, the Department of Fish and Game, and the Department of Environmental Conservation. He mentioned the advantages of collaboration between state agencies, pointing out the construction industry and the Department of Transportation and Public Facilities would benefit through a more efficient infrastructure permitting process. He mentioned compensatory regulations in federal wetland permitting.

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MS. MATTHIAS highlighted a common misconception - if the state is allowed primacy concerning Section 404 of the Clean Water Act, the state could approve the Pebble Project without federal oversight.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:38 p.m.