

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 3, 2023

1:01 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative Dan Saddler
Representative Stanley Wright
Representative Jennie Armstrong
Representative Maxine Dibert

MEMBERS ABSENT

Representative George Rauscher, Vice Chair
Representative Josiah Patkotak
Representative Kevin McCabe
Representative Donna Mears

COMMITTEE CALENDAR

PRESENTATION(S): DIVISION OF MINING~ LAND AND WATER OVERVIEW~
SELECTIONS AND MINING

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

COMMISSIONER DESIGNEE JOHN BOYLE
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the presentation of the Division of Mining Land and Water Overview, Selections and Mining.

CHRISTY COLLES, Director
Division of Mining Land and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Gave the presentation of the Division of Mining Land and Water Overview, Selections and Mining.

STEPHEN BUCKLEY, Mining Section Chief
Central Office

Division of Mining Land and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the presentation of the Division of Mining Land and Water Overview, Selections and Mining.

ACTION NARRATIVE

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CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:01 p.m. Representatives Saddler, Wright, Armstrong, Dibert, and McKay were present at the call to order.

PRESENTATION(S): Division of Mining, Land and Water Overview, Selections and Mining

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CHAIR MCKAY announced that the only order of business would be a presentation of the Division of Mining Land and Water Overview, Selections and Mining.

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COMMISSIONER DESIGNEE JOHN BOYLE, Department of Natural Resources, praised the division and its director, Ms. Christy Colles.

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CHRISTY COLLES, Director, Division of Mining Land and Water (DMLW), Department of Natural Resources (DNR), gave the presentation of the Division of Mining Land and Water Overview, Selections and Mining. She began a PowerPoint presentation [hard copy included in the committee packet], on slide 2, to the mission statement of the division, which read as follows [original punctuation provided]:

Provide for the appropriate use and management of Alaska's state-owned land and water, aiming toward maximum use consistent with the public interest

MS. COLLES discussed what the division manages, as shown on slide 3, as follows [original punctuation provided]:

Multiple Use Management of State Lands

- DMLW manages 100+ million acres state-owned land, 65 million acres of tides lands and 34 thousand miles of coastline making them available on a sustained-yield basis for a variety of multiple beneficial uses
- DMLW does not manage TLO, Parks or lands acquired by other agencies for specific purposes
- DMLW's responsibilities include
 - Land acquisition
 - Mining, land, and water use authorizations
 - Area and Management plan development
 - Land sales and conveyances
 - Land stewardship
- DMLW has jurisdiction over the appropriation of the State's water resources, accounting for approximately 40% of the nation's stock of fresh water

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MS. COLLES provided the division's organization chart, on slide 4, which shows: Ms. Colles, as director, oversees Administrative Support Services, Water & Dam Safety, and Mining; Kris Hess, as deputy director, oversees Appraisals, Surveys, Program Support and Internet Technology (IT) Services, Public Access Assertion Defense, Resource Assessment and Development, and Realty Services; and the currently vacant position of Chief of Operations oversees Land Conveyances, Regional Land Offices in Fairbanks, Anchorage, and Juneau, Contract Initiation Revenue and Recovery, and Statewide Abatement of Impaired Lands.

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MS. COLLES, in response to Representative Armstrong, offered examples of how the division's work overlaps with that of other departments, primarily the Department of Transportation & Public Facilities, the Alaska Department of Fish & Game, and the Department of Environmental Conservation.

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MS. COLLES, in response to Representative Saddler, confirmed that it would be DMLW's Realty [Services] that would work with the University of Alaska (UA) regarding a bill related to land conveyances.

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MS. COLLES returned to the PowerPoint, to slide 5, regarding the state land entitlement selection and conveyance process, which read as follows [original punctuation provided]:

- Federal hierarchy of land conveyances:
 - Homesteads, Native Allotments (1906 Act, Aguilar Settlement, 2002 Vietnam Veteran's Allotment Act, 2019 Dingell Act Veteran's Allotments)
 - Alaska Native Claims Settlement Act (ANCSA) Corporations
 - State of Alaska

- Process
 - State filed selection on vacant, unappropriated, and unreserved lands or filed a future selection "topfiling" (ANILCA Sec. 906(e))
 - State selections and topfiling published in newspapers (completed in 1995)
 - State requests conveyance of high priority lands
 - BLM adjudicates selection and issues appealable decision finding lands available for conveyance
 - BLM issues Tentative Approval (TA) for unsurveyed lands
 - BLM surveys TA lands
 - BLM issues confirmatory patent

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MS. COLLES, in response to Representative Saddler, said the state is making great strides in using drone survey as a cost-saving measure. In response to another question, she described the diversity of land selection issues.

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MS. COLLES, in response to Chair McKay, explained that "patent" is a final document with legal description of lands; the patent is received from the U.S. Bureau of Land Management (BLM).

MS. COLLES returned to the PowerPoint presentation, to slide 6, "Remaining Entitlement," which provides a breakdown in the categories of grant; statehood 6(a) - community grant (CG) and National forest community grant (NFCG); statehood 6(b) - general grant selection (GS); other, including territorial grants, school grant, land exchanges; and the totals. Under "grant" are listed: total entitlement, patent, tentative approval, selected, "topfiled," University of Alaska Fiscal Foundation Grant Act,

and remaining entitlement. She said currently there is approximately \$4.8 million left under "total."

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MS. COLLES directed attention to slide 7, regarding the University of Alaska Fiscal Foundation Grant Act, which read as follow [original punctuation provided]:

- Provides for up to an additional 360,000 acres of land for University of Alaska (UA)

- List of 500,000 acres of land to be submitted to BLM by 2026
- State and UA mutually agrees on list of lands for submittal
- State will concurrently provide conditional relinquishment of selections to BLM
- BLM will convey available lands using existing Statehood Act conveyance process
- UA would like to submit 100,000 acres of lands to BLM by fall 2023

- UA has begun submitting lists of proposed lands to Realty Services in ~100,000-acre groups

MS. COLLES, in response to a question from Representative Saddler, explained that certain land features, such as private land or a water body, may be "meandered out" - taken out of the equation of what will be given to the university.

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MS. COLLES moved on to slide 8, "Mining Section Overview," which read as follows [original punctuation provided]:

- Mineral Property Management
- Manage 41,000+ mining claims for mineral exploration and development
- 87 Offshore and 48 Mining Leases

- APMA (Application for Permits to Mine in Alaska)
- 643 APMA's for hard rock exploration and placer mining
- Approval of Plans of Operations for Upland, Offshore, & Millsite Leases

- Large Mines
- Oversees statewide reclamation requirements and large mines

- Coal Permitting & Compliance
- 36 Coal Leases

- Abandoned Mine Lands
- Regulates reclamation and removes hazards from past mining operations

MS. COLLES displayed a map on slide 9, which depicts the areas of mining operation, permitting, and exploration.

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MS. COLLES, in response to Representative Armstrong, said she could provide a write-up describing the timelines for these operations. In response to a question from Representative Saddler regarding the dearth of mines in the large, mineral-rich state of Alaska, deferred to Commissioner Designee Boyle.

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COMMISSIONER DESIGNEE BOYLE answered that the economics of infrastructure is expensive and difficult to achieve in Alaska. He emphasized that the resource areas are remote to established infrastructure. Further, he said there is significant permitting and regulatory uncertainty for development, and he gave Pebble Mine as an example of how federal regulations have halted development.

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COMMISSIONER DESIGNEE BOYLE, in response to Representative Armstrong, confirmed that he has seen interest in exploration for minerals to be used for renewable energy technology. A team of geologists do "minerals mapping" by drilling for core samples. Many of the areas are remote and "mired in uncertainty." He mentioned Pebble as the biggest source of copper in the state, and he acknowledged "the challenges there" and emotion evoked in surrounding communities.

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MS. COLLES, in response to Representative Dibert, offered to provide more detail regarding the permitting of Manh Choh, [south-east of Fairbanks].

MS. COLLES returned to the PowerPoint, to slide 10 "2022 Production & Exploration Forecast," which offers greater detail of mineral sources and mining activity in Alaska, and which was provided by the Division of Geological and Geophysical Surveys. There are seven metal mines, one coal mine, about 140 placer gold mines, and 32 exploration projects. The 2022 production estimate is: 700,000 ounces of gold; 16.6 million ounces of silver; 620,000 tons of zinc; and 108,000 tons of lead. She offered further statistics, as shown on the slide, and noted corrections needed to be made to the slide, in that zinc and lead should be shown as tons, not metric tons, and the ~925,300 listed for Usibelli Coal Mine, Inc. should be increased by 100,000.

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MS. COLLES, in response to Chair McKay, said mining is not always on state land, and she deferred to Mr. Stephen Buckley to answer what the total value of extraction is and how much of that would go to the State of Alaska.

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STEPHEN BUCKLEY, Mining Section Chief, Central Office, Division of Mining Land and Water, Department of Natural Resources, informed Chair McKay that about \$800,000 in royalties go to the state from the hard rock mines. He noted that Red Dog Mine is on NANA [Regional Corporation] land, and Forth Knox is on [Alaska] Mental Health Trust [Authority] land. He added, "Over \$1.5 goes to that outfit." He said both Kensington and Greens Creek mines are on federal land. He indicated that approximately \$20 million comes in from coal mining annually.

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MS. COLLES, in response to Representative Armstrong, confirmed that of the mines listed on slide 9, some are on state land, and some are on federal land. She said she could provide information to the committee breaking that information down.

MS. COLLES returned to the PowerPoint, to slide 11, "West Susitna Mining Projects," which shows multiple areas of exploration; most are hard rock, while one is coal. The road to

these areas runs about 100 miles out of the Matanuska-Susitna ("Mat-Su") Borough. She talked about the challenge of going through federal, state, and local processes to develop a road.

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MS. COLLES, in response to Representative Wright, said the time it takes for the permitting process can vary. She drew attention to slide 12, "Ambler Mining District," and pointed out that that access road has been in process for decades, with some pull-back from the federal government.

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MS. COLLES, in response to Representative Saddler, confirmed the portion of land that is state-owned on slide 12, and she confirmed a concern of the state regarding 404 permitting and the federal government. She added her understanding that the state would be "pushing back on the federal government for the recent decision on Pebble Mine." She said the federal government making those types of decisions hinders the State of Alaska's ability to move forward.

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COMMISSIONER DESIGNEE BOYLE allowed that there could be public input and discussion to be had in making decisions, but specified that it is the precedent that is "troubling to the state."

REPRESENTATIVE SADDLER said he believes the federal government's recent expansion of the definition of the waters of the United States "broadens the potential affectability of the 404 permitting process immensely."

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MS. COLLES returned to slide 12 and noted the great potential [to mine] metals in the area, and the division has issued exploration permits for the various projects in the Ambler Mining District. She added further details regarding the efforts to get a road in the area. In response to Chair McKay, she said at this point the Ambler Road will be private; however, there will be crossings, as required by the federal government. She offered her understanding that the West Cu Road would be public.

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MS. COLLES, in response to Representative Wright, offered an update regarding a cemetery in Fairbanks, Alaska. In response to Representative Saddler, she spoke about efforts of the division to improve employee retention.

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CHAIR MCKAY acknowledged Representative Armstrong's accurate statement regarding energy transition to renewable resources requiring "a tremendous amount of mining and minerals." He then thanked Ms. Colles for her presentation.

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ADJOURNMENT

There being no further business before the committee, the House Resources meeting was adjourned at 1:57 pm.