

SB

240

ENATE COMMITTEE REF RT First Committee of Referral

DATE: 1/26/96

FURTHER:

Date of 5-Day Notice: 2-1-96
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2-5-96

The Resources Committee considered SB 240

Relating to the statewide bonding pool for the reclamation activities imposed on mining operations, and extending the pool's use to surface coal mining projects.

and recommends:

- be replaced with _____ CS _____
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:
 same title
 new title
 House Bill:
 same title
 technical title
 new: SCR# _____

| SIGNING-DQ PASS | DP | OTHER RECOMMENDATIONS | NR | DNP | AM |
|--------------------------------|----|-----------------------|----|-----|----|
| <i>True Justice</i> | | | | | |
| <i>[Signature]</i> | ✓ | | | | |
| <i>[Signature]</i> | | | | | |
| <i>[Signature]</i> | ✓ | | | | |
| <i>Rich Halford</i> | ✓ | | | | |
| CHAIR: <i>Loren A. Fenwick</i> | ✓ | | | | |

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

| Department | Date | Zero | Fiscal |
|------------------------|---------------|------|--------|
| <i>DNR-Mining Dept</i> | <i>2/5/96</i> | | ✓ |
| | | | |
| | | | |
| | | | |
| | | | |

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

| Department | Date | Zero | Fiscal |
|------------------------|---------------|------|--------|
| <i>DNR-Mining Dept</i> | <i>2/5/96</i> | | ✓ |
| | | | |
| | | | |
| | | | |
| | | | |

APPROPRIATION -- no fiscal note

*Include fiscal notes accompanying Governor's bill

SPONSOR STATEMENT
SENATE RESOURCES COMMITTEE
Senate Bill 240: Mining Bonding Pool

The Senate Resources Committee introduced SB 240 in response to recommendations by the Alaska Minerals Commission in its January 1996 report to the Legislature and Governor.

The Legislature in 1990 passed legislation to ensure reclamation during and after mining on state, federal, municipal and private lands and waters. In 1982, the Legislature passed a similar law regarding surface coal mining operations in Alaska.

The primary difference is that coal mining operations under AS 27.21.160 have been required to post a performance bond or surety that has been difficult for coal mine permit applicants to obtain.

Allowing surface coal mining owners and operators access to the state's bonding pool (AS 27.19.040(b)) will ensure reclamation bonding will be available for qualified Alaska developments and operations.

The testimony in the packet refers to the incorporation of a surface coal mining advisory commission in a House bill similar to SB 240. The Chairman chose not to include the creation of a new commission in SB 240, because of the cost and the likelihood that the issues raised can be addressed by the Alaska Minerals Commission.

Floor Notes: 2/14/96

SB 240: Mining/Bonding Pool
Senate Resources Committee, Sponsor

Recommendation by the Alaska Minerals Commission
(Page 5, Jan. 96 report).

Amends the Alaska Surface Coal Mining Control and Reclamation Act

Explicitly allows coal operations to participate in the statewide bonding pool (AS 27.19.040(b)) in lieu of a performance bond under AS 2.21.160.

These statutes cover reclamation activities.

No deficit

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ALASKA COAL ASSOCIATION

July 17, 1996

Representative Gene Theriault
Alaska State Legislature
Capitol Building - Room 421
Juneau, AK 99801-1182

Subject: SB 240 State Bonding Pool Amendments

Dear Representative Theriault:

The following is a summary listing of why we believe that passage of this bill would represent a win-win situation all-around:

No western coal producer has ever defaulted on a reclamation bond. Thus, sureties would consider low risk and as such may reduce the overall risk profile of the state pool.

SB 240 would have no effect on the level of bonding required for surface coal mine reclamation. Surface coal mining related statutes and regulations require that the bond value's be directly related to the estimated cost of reclamation, as a result typical surface coal mine reclamation bonds are usually in the \$1,000's/acre

Because of the typically higher reclamation bond values associated with surface coal mining the overall asset value of and income to the state pool would increase substantially with no increase in the risk profile.

Finally as you are aware obtaining bonding for mine developments in Alaska is a difficult, costly and sometimes an impossible proposition. This is as true for surface coal mining as for any other type mining. SB 240, by explicitly including surface coal mining, assures that reclamation bonding would be available for Alaska developments and operations.

The Alaska Coal Association appreciates your efforts and support of this legislation which implements recommendations of the Minerals Commission. We believe the addition of surface coal mining to the state pool will benefit the mining industry as a whole and thereby be a benefit to the state.

Respectfully

A handwritten signature in cursive script, appearing to read 'R. B. Stiles'.

R. B. Stiles
President

President: R. B. Stiles
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ALASKA COAL ASSOCIATION

Representative Tom Brice
Alaska State Legislature
Capitol Building - Room 3466
Juneau, AK 99801-1182

Subject: ^{SB 240} HB 439 State Bonding Pool Amendments

Dear Representative Brice:

The Alaska Coal Association is in full support of HB 439/^{SB 240}

As I am sure you are aware surface coal mining was never excluded from the state bonding pool and it was always intended that, after the state bonding pool had been in place for sometime, surface coal mining would be specifically included. Your bill clearly implements this intent.

The following is a summary listing of why we believe that passage of this bill would represent a win-win situation all-around:

- No western coal producer has ever defaulted on a reclamation bond. Thus, sureties would be consider low risk and as such may reduce the overall risk profile of the state pool.
- HB 439 would have no effect on the level of bonding required for surface coal mine reclamation. Surface coal mining related statutes and regulations require that the bond value's be directly related to the estimated cost of reclamation, as a result typical surface coal mine reclamation bonds are usually in the \$1,000's/acre
- Because of the typically higher reclamation bond values associated with surface coal mining the overall asset value of and income to the state pool would increase substantially with no increase in the risk profile.
- Finally as you are aware obtaining bonding for mine developments in Alaska is a difficult, costly and sometimes impossible proposition. This is as true for surface coal mining as for any other type mining. HB 439, by explicitly including surface coal mining, assures that reclamation bonding would be available for Alaska developments and operations.

The Alaska Coal Association appreciates you and your staffs efforts to introduce this legislation which implements recommendations of the Minerals Commission. We believe the addition of surface coal mining to the state pool will benefit the mining industry as a whole and thereby be a benefit to the state.

Respectfully

R.B. Stiles
President

cc: The Honorable Loren Leman, Alaska State Senate
Steve Borell, AMA
Charlie Boddy, Usibelli Coal Mine, Inc.
Becky Gay, RDC



Charlie Boddy

Vice President Of Governmental Relations

January 31, 1996

**Representative Tom Brice
Alaska State Legislature
Capitol Building - Room 3466
Juneau, Alaska 99801-1182**

Subject: HB 439 State Bonding Pool Amendments

Dear Representative Brice:

Usibelli Coal Mine Incorporated (UCM) wishes to thank you and your staff for the attentive effort which resulted in the introduction of HB 439. Allowing surface coal mining owners and operators guaranteed access to the State's bonding pool, secures a new source of bonding for the reclamation programs required by certain regulatory agencies.

The Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) of 1982 allows successful permit applicants various types of reclamation bonding as an option to insure successful reclamation of mined properties. Collateral, surety and self bonding mechanisms are provided for under the ASCMCRA statute (AS 27.21). Unfortunately, more than a decade after the passage of ASCMCRA, the self bonding regulations are not yet approved or available for use by coal mine permit applicants. Additionally, surety bonding companies have been disinclined to make bonding available in a state where only one coal mine is in production. The limitations forced upon our fledgling industry are quickly apparent, and other avenues for bonding are needed and appreciated.

HB 439 also addresses an earlier recommendation of the Mineral Commission to create a surface coal mining advisory commission. The commission will act as a liaison between the state legislature, administration, the federal Office of Surface Mining Reclamation and Enforcement (OSMRE), and the regulated community. The regulated community in this instance are those individuals or mining companies with a vested interest in state leases, private lands, or native lands.

**USIBELLI COAL MINE, INC. ♦ 122 First Avenue - Suite 302 ♦ Fairbanks, Alaska 99701
Telephone 907-452-2625 ♦ Facsimile 907-451-6543**

Although the current legislation directs the governor to make all nine of the appointments, the legislature may want to consider making a select number of appointments themselves. The legislature may also want to consider making the chairperson of the Senate and House Resource Committees ex-officio members of the proposed commission.

After comparing opinions with Bob Stiles, president of the Alaska Coal Association, we believe a two year life for the newly formed commission would be adequate. At the national level, Wyoming Representative Barbara Cubin has introduced special legislation (H.R. 2372) that will allow states such as Alaska, who have primacy to regulate surface coal mining, the ability to manage their state tailored program with diminished interference from the OSMRE.

One of the tasks the commission could work on clarifying would be the relationship of the state and federal agencies in applying the regulations developed for use in the coterminous United States, to the unique environment we experience here in Alaska. A documented study performed by the National Research Council pursuant to section 708 of PL 95-87 (the federal Surface Coal Mining Control and Reclamation Act of 1977) could also be reviewed and utilized to identify necessary changes to render the ASCMCRA more effective and workable on a regional basis. This 328 page investigation was authored by members selected from the National Academy of Sciences and the National Academy of Engineering. The undertaking was chaired by a distinguished Alaskan, Dr. Earl H. Beistline.

Arctic mining will always present numerous challenges and opportunities for those with the intestinal fortitude to participate in this segment of the Alaska economy. Your responsible efforts to assist our industry have always been appreciated. Thank you for preparing such forward thinking legislation. With best regards, I remain
Sincerely,



Charlie Boddy

cc: The Honorable Loren Leman, Alaska State Senate
Steve Borell, AMA
Bob Stiles, ACA
Becky Gay, RDC



Alaska State Legislature

Senate Resources Committee

State Capitol
Juneau AK 99801

Official Business

MEMORANDUM

TO: Representative Joe Green, Co-Chairman
Representative Bill Williams, Co-Chairman
House Resources Committee

FROM: Senator Loren Leman, Chairman
Senate Resources Committee

A handwritten signature in cursive script that reads "Loren Leman".

DATE: March 19, 1996

RE: SB 240: MINING BONDING POOL

Please schedule at your earliest convenience a hearing on Senate Bill 240: Mining/Bonding Pool. This legislation was introduced by the Senate Resources Committee at the request of the Alaska Minerals Commission. It is one of the Commission's recommendations to made in its January 1996 report to the Legislature.

SB 240 amends the Alaska Surface Coal Mining Control and Reclamation Act to explicitly allow coal operations to participate in the statewide bonding pool (AS 27.19.040(b)) in lieu of a performance bond under AS 2.21.160.

The bill was reported out of Resources with six do pass recommendations and passed the Senate February 14 with 19 yeas.

If you have questions regarding this legislation, please contact Senate Resources Committee Staff, Annette Kreitzer at 465-4907.

9-LS1585A
Chenoweth
1/23/96

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECCND SESSION

BY THE SENATE RESOURCES COMMITTEE

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the statewide bonding pool for the reclamation activities
2 imposed on mining operations, and extending the pool's use to surface coal mining
3 projects."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. AS 27.19.040(b) is amended to read:

6 (b) The commissioner shall establish a statewide bonding pool for mining
7 operations as an alternative to individual performance bonds. A miner participating
8 in the bonding pool shall contribute an initial deposit not to exceed 15 percent of the
9 reclamation bond plus an additional nonrefundable annual fee not to exceed five
10 percent of the reclamation bond. The commissioner shall refund the 15 percent deposit
11 upon satisfactory completion of the approved reclamation plan. If requested by the
12 miner, the commissioner may apply the deposit to a new reclamation plan. In
13 addition to its use for mining operations under this chapter, the [THE]
14 commissioner shall [MAY] allow the bonding pool to be used to meet the

1 requirements of AS 27.21.160.

2 * Sec. 2. AS 27.21.080(a) is amended to read:

3 (a) A permit issued under this chapter includes the right of successive renewal
4 upon expiration, for areas within the boundaries of the permit area. An opponent of
5 renewal of a permit has the burden of proving that the permit should not be renewed.
6 Subject to (c) of this section, if a permittee applies for renewal of the permit, the
7 commissioner shall renew the permit after public notice is given in the manner
8 provided in AS 27.21.130 unless the commissioner finds, in writing, that

9 (1) the terms and conditions of the permit have not been satisfactorily
10 met, and the permittee has not demonstrated to the satisfaction of the commissioner
11 that the permittee is meeting and will continue to meet a schedule set by the
12 commissioner under AS 27.21.240(a) or (b) for correcting a permit violation;

13 (2) the surface coal mining and reclamation operation of the permittee
14 is not in compliance with the environmental protection standards of this chapter and
15 regulations adopted under it;

16 (3) the requested renewal substantially jeopardizes the permittee's
17 continuing responsibility on existing permit areas;

18 (4) the permittee has not either

19 (A) provided sufficient evidence that the performance bond
20 under AS 27.21.160 in effect for the operation will continue for the renewal
21 period requested in the application, and that any additional bond required by
22 the commissioner under AS 27.21.160 will be obtained; or

23 (B) when seeking to use the statewide bonding pool for
24 mining operations established under AS 27.19.040(b), complied with all
25 requirements of the bonding pool; or

26 (5) information required by the commissioner in accordance with this
27 chapter has not been provided by the permittee.

28 * Sec. 3. AS 27.21.140(d) is amended to read:

29 (d) If the application is approved, the permit shall be issued upon filing of the
30 performance bond required by AS 27.21.160 or satisfactory compliance with the
31 requirements of the statewide bonding pool for mining operations established

1 under AS 27.19.040(b).

2 * Sec. 4. AS 27.21.160(a) is amended to read:

3 (a) Except as provided in (c) and (e) of this section, after an application for
4 a permit has been approved and before the permit may be issued, the applicant must
5 file with the commissioner, on a form prescribed and furnished by the commissioner,
6 a performance bond payable to the State of Alaska and conditioned on faithful
7 performance of the requirements of this chapter and the permit. The bond must cover
8 the area of land within the permit area on which the applicant will initiate and conduct
9 surface coal mining and reclamation operations within the initial term of the permit.
10 As succeeding increments of surface coal mining and reclamation operations are
11 initiated and conducted within the permit area, the permittee shall provide an additional
12 bond or bonds to cover those increments in accordance with this section. The amount
13 of the bond required for an area within the permit area shall be determined by the
14 commissioner and shall reflect the probable difficulty of the reclamation considering
15 the topography, geology, hydrology, revegetation potential, and similar factors relating
16 to the area. The amount of the bond must be sufficient to assure the completion of the
17 reclamation plan by the commissioner in the event of forfeiture and, for the entire
18 permit area, may not be less than \$10,000.

19 * Sec. 5. AS 27.21.160 is amended by adding a new subsection to read:

20 (g) As an alternative to performance bonds, applicants conducting surface coal
21 mining and reclamation operations may use the bonding pool established by the
22 commissioner under AS 27.19.040(b) for reclamation activities to meet the
23 requirements imposed by this section.

24 * Sec. 6. AS 27.21.998(11) is amended to read:

25 (11) "permit area" means the area of land indicated on the approved
26 maps submitted by the operator with the application which must be covered by the
27 operator's bond as required by AS 27.21.160(a) - (f) or by the individual
28 performance and payment requirements for the operator who participates in the
29 statewide bonding pool for mining operations as authorized by AS 27.21.160(g),
30 [AS 27.21.160] and must be readily identifiable by appropriate markers on the site:

WORK ORDER REQUEST FORM

W.O. [19] LS-1585

KEYWORDS: MINES/MINERALS ASSIGNED: Chenoweth

REQUEST FOR: New Bill TAKEN BY: Chenoweth

SUBJECT: Mining Bonding Pool

REQUESTED FOR: SC SRES BY: Annette PHONE: 465-2095

DELIVER TO: Sen. Leman, Cap. 113

INSTRUCTIONS: Draft bill relating to a statewide bonding pool for the reclamation activities imposed on mining operations.

| | |
|---------------|--|
| <p>OBTAIN</p> | <p>SPECIAL DRAFTING INSTRUCTIONS ATTACHED [] AUTHORIZED TO CONFER WITH _____ _____ RETURN _____ _____ TO REQUESTOR APPROVED: <input checked="" type="checkbox"/> DIRECTOR, LEGAL SERVICES</p> |
|---------------|--|

| | |
|---|---|
| <p>REVIEWED _____ IN <u>01/23/96</u> DUE _____ TYPED: Draft _____ Date _____ Final _____ Date _____ PROOFED _____ DELIVERED _____</p> | <p>SPECIAL INSTRUCTIONS to TYPING/PROOFING _____ _____ Request for DRAFT</p> |
|---|---|

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB240

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the statewide bonding pool BRU: Resource Development
for the reclamation activities imposed on mining operations... Component: Mining Development
 Sponsor: Senate Resources
 Requestor: Senate Resources Component Serial No. 442

Expenditures/Revenues (Thousands of Dollars)

| OPERATING EXPENDITURES | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 |
|-------------------------------|------|------|------|------|------|------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CAPITAL EXPENDITURES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CHANGE IN REVENUES () | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|-----|-----|-----|-----|-----|-----|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1006 GF/MHTIA | | | | | | |
| Other | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY96) cost: \$ none

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact anticipated with implementation of this legislation.

Prepared by: Jules Treston, Director Phone: 269-6625
 Division: Mining and Water Date: 5-Feb-96
 Approved by Commissioner: [Signature] Date: 5-Feb-96
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

REPORT OF THE

Alaska Minerals Commission



JANUARY 1996

ALASKA MINERALS COMMISSION

JANUARY 1996

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FOREWORD

The Alaska Minerals Commission wishes to thank the Governor and the Legislature for implementing several of our recommendations during 1995. Highlights include the passage of the Mining Incentives and the Diminutive Discharge Bills, and continued funding of the Airborne Geophysical Surveys and of the Citizen's Advisory Commission on Federal Areas. Legislative and administrative support of the mineral industry has helped attract increased investment in Alaska that is creating new private sector jobs throughout the State.

The Alaska Minerals Commission was created by the 14th Legislature and signed into law on June 6, 1986. The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate constraints, including governmental constraints, on the development of minerals, including coal, in the state.

The Commission has presented reports to the Governor and Legislature annually since January, 1987, and is authorized to do so until January, 1999. Commission members are appointed by the Governor, the President of the Senate, and the Speaker of the House. The current members include representatives of the placer, hard rock, and coal mining industries and come from diverse areas of the state.

During 1995, the Commission held meetings in Juneau, Fairbanks, and Anchorage, including meetings with the Lieutenant Governor and Commissioners of various departments. The recommendations in this report are the result of input at these meetings. All Commission meetings are open to the public, and members encourage comments from all interested parties at any time.

Following the list of recommendations in the executive summary, this report contains background information, or findings, on each issue, followed by the related recommendation. These have been grouped into a Part A which deals with issues that are mainly State issues, and a Part B which are federal issues which affect the State and can be influenced by State participation.

On behalf of the members of the Commission, I would like to express our appreciation to those members of the public, to the Alaska Miners Association, the Resource Development Council, and to the many government agencies and private organizations that contributed to the preparation of the report. The Commission wishes to thank Commissioner William L. Hensley of the Department of Commerce and Economic Development and Karl Ohls, Dick Swainbank, and Al Clough of the Division of Trade and Development who have provided excellent administrative and professional support to the Commission.

Earl H. Beistline
Chair

ALASKA MINERALS COMMISSION

1996 REPORT TO THE GOVERNOR AND ALASKA STATE LEGISLATURE

TABLE OF CONTENTS

| | |
|--|----|
| EXECUTIVE SUMMARY | iv |
| FINDING AND RECOMMENDATIONS | |
| PART A: ISSUES REQUIRING STATE ACTION | |
| USER FEES AND ASSESSMENTS | 1 |
| GEOPHYSICAL AND GEOLOGIC MAPPING | 1 |
| NPDES PRIMACY | 2 |
| LEAD AGENCY | 2 |
| ACCESS | 3 |
| NAVIGABILITY | 3 |
| STATE REGULATORY REFORM | 4 |
| CITIZENS ADVISORY COMMISSION ON FEDERAL AREAS | 4 |
| COASTAL ZONE MANAGEMENT | 5 |
| COAL ISSUES | 5 |
| EDUCATION AND RESEARCH | 5 |
| STATE LABOR ISSUES | 6 |
| PART B: FEDERAL ISSUES OF STATE CONCERN | |
| TAILINGS DISPOSAL OPTIONS | 7 |
| MINING LAW OF 1872 | 7 |
| ANILCA PROVISIONS | 7 |
| INTERNATIONAL PARKS IN ALASKA | 8 |
| APPENDIX: CURRENT STATUES AND EXPECTED TRENDS IN ALASKA HARDROCK MINING | 9 |

EXECUTIVE SUMMARY

Industry Overview

Mineral exploration expenditures in 1995 were in excess of \$43 million, a 38 percent increase over the \$31.1 million reported in 1994. Development expenditures of over \$131 million in 1995 were an increase of 191 percent over the \$44.9 million reported the previous year.

The 1994 airborne geophysical survey of the Fairbanks and Richardson districts, combined with the activity at the Fort Knox Mine and the True North property created a minor gold rush in the Fairbanks area during the winter and spring of 1995. Airborne geophysical surveys were completed in the Manley - Ramparts area in late September, and the results should be available early in 1996.

Several mining-related projects came to fruition in 1995. Construction started at the Fort Knox Mine and power intertie near Fairbanks and at the Healy Clean Coal Project. The Skagway ore terminal was reopened, and it was announced that the Greens Creek Mine will reopen in 1997. Although the Valdez Creek Mine near Cantwell ceased production in July, the Nixon Fork Mine near McGrath, which opened in October, is expected to produce at least as much gold annually.

A new ore body, as large as the original, was found at the Red Dog Mine near Kotzebue. Permitting progressed for the Illinois Creek gold mine near Nulato. In Southeast Alaska the Kensington Mine is now under the sole ownership of Coeur Alaska, and a new permitting initiative may allow construction as early as 1996. At the A-J Mine the Environmental Impact Statement is being reworked to consider submarine tailing disposal.

Exploration activity was reported at Red Dog in the Ambler district, and at Wiseman and Chandalar in the Brooks Range. Other areas with significant activity include Nome, Iditarod, Donlin Creek, Ramparts, Livengood, Fairbanks, Circle, Tok, Paxson, Cantwell, Haines, Juneau, and Prince of Wales Island.

RECOMMENDATIONS

PART A: ISSUES REQUIRING STATE ACTION

USER FEES AND ASSESSMENTS

- 1a The Alaska Legislature should amend AS 44.46.025, which allows the Department of Environmental Conservation to prescribe fees for services, to require public review and legislative approval of all fees and/or fee schedules prior to the fees becoming effective.
- 1b The Alaska Legislature should amend AS 44.46.025 to require that all regulations that prescribe fees shall include a detailed schedule justifying the applicable direct costs of inspections, permit preparation, and administration, plan review and approval, and other services provided by the department that are to be paid for by the proposed fee. In no event should the proposed fee exceed those costs reasonably necessary to cover the direct costs cited above.
- 1c The Alaska Legislature should amend the fee prescribing authority of other agencies in a similar manner.

GEOPHYSICAL AND GEOLOGIC MAPPING

- 2 The Governor and Legislature should invest \$5 million per year for the next decade, preferably through foundation funding, in airborne geophysical surveys and complementary geological and geochemical surveys.

NPDES PRIMACY

- 3 The Governor should direct the Alaska Department of Environmental Conservation (ADEC) to develop a plan for assuming primacy of the National Pollution Discharge Elimination System (NPDES) program, and the Legislature should provide the necessary funding to ADEC to support this effort.

LEAD AGENCY

- 4 The Governor should issue an Executive Order directing all agencies to comply with AS 27.05.010(b), which designates the Alaska Department of Natural Resources as the lead agency for all matters relating to exploration, development, and management of mines.

ACCESS

- 5 The Legislature should make funding available to the Attorney General's Office, and the Governor should aggressively assert "quiet title" to the eleven trails certified under 11.AAC.51 as RS2477 Rights-of-Way. Further, the State should assert an access route pursuant to Title XI of the Alaska National Interest Lands Conservation Act to test the process and set a precedent.

NAVIGABILITY

- 6 The Legislature should make funding available to reestablish a centralized, systematic navigability program within the Department of Natural Resources. Additionally, funding should be made available to the Department of Law to support any quiet title actions necessary to secure ownership of submerged lands.

STATE REGULATORY REFORM

- 7 The Legislature should amend the Administrative Procedures Act (AS 44.62.195) by adding a section as follows: "If the adoption, amendment, or repeal of a regulation would require increased costs for compliance by individuals and businesses, the department or agency proposing the regulation shall prepare an estimate of those costs for the year following adoption, amendment, or repeal of the regulation and for any additional period of time required for implementation and compliance with the regulation."
- 8 The Governor should direct the Commissioner of the Department of Natural Resources to continue to take the necessary steps to allow Miscellaneous Land Use Permits to be issued for periods of up to five years.

CITIZENS ADVISORY COMMISSION ON FEDERAL AREAS

- 9 The Governor and Legislature should provide expanded budgetary and programmatic support to the Citizens Advisory Commission on Federal Areas.

COASTAL ZONE MANAGEMENT

- 10 The Legislature should act on the resolution of the Coastal Policy Council which defines the "Uses of State Concern," and ensure that economic development opportunities, such as mining, be included in the guidelines and standards.

COAL ISSUES

- 11 The Legislature should prepare necessary changes to AS 27.19.010(c) and AS 27.19.010(b) to allow for the inclusion of all mining companies and individuals in the State of Alaska's reclamation bonding pool.

EDUCATION AND RESEARCH

- 12 The Governor and the Legislature should appropriate \$40,000 to the Division of Educational Program Support, Minerals and Energy Education Program, as the State's share of supporting the Alaska Mineral and Energy Resource Education Fund (AMEREF).

- 13a The Governor and Legislature should recognize, through a Legislative Resolution, the vital services that the mining, geological and petroleum engineering programs of the University of Alaska system provide to the State of Alaska
- 13b The Governor and Legislature should provide adequate budgetary support to the mining, geological and petroleum engineering programs throughout the University of Alaska system.

STATE LABOR ISSUES

- 14a Legislation should be enacted to allow work schedules to be set on the basis of project-specific considerations which will permit more efficient use of labor and provide more desirable time-off patterns for employees. Alaska Statute 23.10.060 currently provides opportunities for flexible work plans at small seasonal mining operations and for surface mines. These same opportunities should be extended to all mining operations without regard to size, type, and/or seasonal nature of the work.
- 14b Legislation should be enacted to amend current statutes limiting underground shifts from the current maximum of eight hours to a maximum of twelve hours, similar to SB 295 in the 17th Legislature.

PART B: FEDERAL ISSUES OF STATE CONCERN

TAILINGS DISPOSAL OPTIONS

- 15a The Governor and the Legislature should work with the Congressional Delegation to fully support and encourage the Environmental Protection Agency to adopt the necessary rule changes which will allow Submarine Tailings Disposal to be investigated as part of the Supplemental Environmental Impact Statement for the A.J. project.
- 15b The Governor should continue to support the Technical Review Team established by the State to review the investigation of Submarine Tailings Disposal as a potentially viable disposal option.

MINING LAW OF 1872

- 16 The Governor, in conjunction with the Congressional delegation and the Western Governors Association, should give continuing support to the changes in the Federal Mining Law embodied in SB 506 and HR 1508 that would allow continued, responsible mineral development on federal lands in Alaska.

ANILCA PROVISIONS

- 17 The Governor and Legislature, by Executive Order and Legislative Resolve, working through the Attorney General's office, the State's Washington office, and the Congressional Delegation should insist that the federal administration:
- a provide access across Conservation System Units (CSU) as required by Title XI of the Alaska National Interest Lands Conservation Act (ANILCA);
 - b prohibit the creation of additional CSU lands in Alaska as required by Sections 101d and 1326b of ANILCA; and
 - c exchange mineralized areas from existing CSU under the authority of Sections 103b and 1302h of ANILCA.

INTERNATIONAL PARKS IN ALASKA

- 18 A Legislative Resolve and an Executive Order by the Governor should be enacted to vigorously and resolutely oppose the creation of any International Park, World Heritage Site or International Marine Biosphere Reserve in Alaska or in the waters adjacent to Alaska.

FINDINGS AND RECOMMENDATIONS PART A: ISSUES REQUIRING STATE ACTION

USER FEES AND ASSESSMENTS

FINDING 1. In September 1995, the Alaska Department of Environmental Conservation (ADEC) proposed regulations requiring a \$0.50 per ton fee for the disposal of solid waste, including municipal landfills and the disposal of pulverized rock into mine tailings ponds that are permitted as solid waste facilities. For a large hardrock mine generating 10 - 15 million tons per year, the disposal fee would be from \$5-7.5 million per year. Such a permit fee bears no relationship whatsoever to the cost of permitting and monitoring the facility, creates a unique and punitive disincentive for hard rock mining, and jeopardizes the viability of an industry that has the potential for creating thousands of private-sector jobs throughout the State.

This ill-conceived proposal is symptomatic of a broader problem endemic in the current policy allowing state agencies to assess user fees on captive customers without legislative review. As State revenues decline, agencies with the authority to assess fees will predictably attempt to both increase and broaden the scope of those fees in an act of budgetary self-preservation, with no meaningful incentive to consider the effects on the customer or the community.

Alaska cannot afford such an irresponsible process, especially when regulatory stability is a key element in marketing Alaska as an attractive and competitive place to do business. The citizens and businesses of Alaska deserve an open budgetary process that includes legislative oversight and that clearly details the relationship between user fees and agency expenditures. Anything less amounts to taxation without representation.

COMMISSION RECOMMENDATIONS

- 1a *The Alaska Legislature should amend AS 44.46.025, which allows the Department of Environmental Conservation to prescribe fees for services, to require public review, and legislative approval of all fees and/or fee schedules prior to the fees becoming effective.*
- 1b *The Alaska Legislature should amend AS 44.46.025 to require that all regulations that prescribe fees shall include a detailed schedule justifying the applicable direct costs of inspections, permit preparation, and administration, plan review and approval, and other services provided by the department that are to be paid for by the proposed fee. In no event should the proposed fee exceed those costs reasonably necessary to cover the direct costs cited above.*
- 1c *The Alaska Legislature should amend the fee prescribing authority of other agencies in a similar manner.*

GEOPHYSICAL AND GEOLOGICAL MAPPING

FINDING 2. In almost every country in the world, airborne geophysical surveys are funded by the national governments as a cost-effective complement to traditional geologic mapping in order to attract mineral exploration investment.

Alaska has only recently invested in these surveys, but increased mineral exploration in the Nome, Circle, and Fairbanks districts can be attributed, in part, to the 1992 and 1994 airborne geophysical surveys. Sales of the geophysical data, priced between \$4 for maps to \$150 for CD-ROMs, are approaching \$20,000, further attesting to the popularity of the program.

At least half of Alaska's 100,000 square miles (104 million acres) of State-owned land has high mineral value and should be surveyed, but at the present level of funding it will take over 100 years to complete the airborne geophysical surveys.

These mapping programs should be viewed as an investment similar to the marketing programs of the Alaska Seafood Marketing Institute or the Alaska Tourism Marketing Council, and should be accelerated to cover known and suspected mineral belts in a reasonable time frame.

COMMISSION RECOMMENDATIONS

- 2 The Governor and Legislature should invest \$5 million per year for the next decade, preferably through foundation funding, in airborne geophysical surveys and complementary geological and geochemical surveys.*

NPDES PRIMACY

FINDING 3. Industry and government, alike, desire to make the permitting process for mining operations in Alaska more efficient, accessible, predictable, and accountable. Other states provide a permitting and regulatory structure that is much closer to these goals than the present structure in Alaska. One key element in these other states, including Nevada, is that they have primacy over the National Pollutant Discharge Elimination System (NPDES) process.

Assuming primacy of the NPDES process in Alaska would achieve several objectives. First, it would make the process more efficient by bringing several existing permits under the common control of the State. This should result in a time savings by allowing the major permits to be developed concurrently. Second, primacy would make the process more accessible for all involved, including the industry, the State, and the general public.

The financial burden of assuming primacy could be eased by providing for a phased assumption of the NPDES program. While there is an expense to assuming primacy, there is presently a high cost of permitting in Alaska, and an opportunity cost to the citizens of Alaska from the delaying of projects. So the question is not whether Alaska can afford to assume primacy, but whether Alaska can afford not to assume control of federally-mandated regulatory programs.

COMMISSION RECOMMENDATIONS

- 3 The Governor should direct the Alaska Department of Environmental Conservation (ADEC) to develop a plan for assuming primacy of the National Pollution Discharge Elimination System (NPDES) program, and the Legislature should provide the necessary funding to ADEC to support this effort.*

LEAD AGENCY

FINDING 4. Alaska Statute 27.05.010(b) provides that the Alaska Department of Natural Resources (ADNR) "shall coordinate all regulatory matters concerning mineral exploration, development mining and associated activities. Before a state agency takes action that may directly or indirectly affect the exploration, development or management of mineral resources, the agency shall consult with and draw upon the mining expertise of the department."

This statute was recently violated when the Alaska Department of Environmental Conservation (ADEC) proposed a \$0.50 per ton user fee for solid waste, applicable both to municipal solid waste at landfills and to pulverized rock from mining operations.

Even if the \$0.50 per ton fee is not ultimately applied to mine tailings, the chaos and ill-will created by such a poorly-researched proposal reinforces the merits of using ADNR expertise to coordinate regulatory matters concerning mining.

COMMISSION RECOMMENDATIONS

- 4 *The Governor should issue an Executive Order directing all agencies to comply with AS 27.05.010(b), which designates the Alaska Department of Natural Resources as the lead agency for all matters relating to exploration, development and management of mines.*

ACCESS

FINDING 5. RS 2477 access corridors may provide the only assured access across, and within, the vast system of Conservation Systems Units in Alaska other than the untested Title XI access provided for in the 1980 Alaska National Interest Lands Conservation Act (ANILCA).

Since 1993, the Alaska Division of Land has researched about 1,900 trails proposed as RS2477 Rights-of-Way. Of these, 119 have existing Rights-Of-Way, 186 were duplicative, 255 need more information, 415 are on hold, and 558 appeared to be well qualified. Only 15 were rejected.

Eleven of the 558 qualified trails were selected as test cases, and were "certified" by the State under 11 AAC 51. The federal government was served with a "Notice of Intent to File" quiet title to these 11 RS2477 Rights-Of-Way more than six months ago.

The next legal step will be to file a "quiet title" action in court to determine the validity of the routes, but funds are apparently unavailable in the Attorney General's Office for this precedent-setting action.

COMMISSION RECOMMENDATIONS

- 5 *The Legislature should make funding available to the Attorney General's Office, and the Governor should aggressively assert "quiet title" to the eleven trails certified under 11 AAC 51 as RS2477 Rights-of-Way. Further, the State should assert an access route pursuant to Title XI of the Alaska National Interest Lands Conservation Act to test the process and set a precedent.*

NAVIGABILITY

FINDING 6. State ownership of the beds of navigable waters is an inherent attribute of State sovereignty protected by the United States Constitution. At Statehood in 1959, title to the beds of navigable waters in Alaska was vested in the newly-formed State.

In 1980, the State established a comprehensive navigability program within the Department of Natural Resources (DNR). This program was designed to respond to federal land conveyances and land management activities under the Alaska Statehood Act, the Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act. The basic purpose of the program was to protect the public rights associated with navigable waters, including the State's title to the submerged lands. The program also included monitoring of federal land conveyance and management programs to identify navigability disputes, seeking cooperative resolution of navigability problems through negotiation and legislation, and preparing for navigability litigation.

On June 30, 1995, the Navigability Section of the DNR was shut down and all work on a centralized, systematic stream or water body program was suspended. In cases where a State approval or permit is dependent upon State ownership, the agency having jurisdiction over a pending action is responsible for making and supporting ownership issues. The decentralization of the responsibility for asserting inland and offshore submerged land ownership greatly increases the potential for damage to the State's long-term capability to achieve successful quiet title action in federal court.

COMMISSION RECOMMENDATIONS

- 6 *The Legislature should make funding available to reestablish a centralized, systematic navigability program within the Department of Natural Resources. Additionally, funding should be made available to the Department of Law to support any quiet title actions necessary to secure ownership of submerged lands.*

STATE REGULATORY REFORM

FINDING 7. Alaska mineral producers often face higher costs of doing business due to harsher climate, to higher labor costs, and to higher capital costs. Additional indirect costs due to regulations can have the effect of making Alaska mines noncompetitive with those in other states and countries. The Administrative Procedures Act (AS 44.62.195) requires State agencies to prepare fiscal notes which estimate the costs to State government of a proposed regulation. State agencies should also be required to estimate the compliance costs of proposed regulations to individuals and businesses as a formal part of the process of adopting regulations.

COMMISSION RECOMMENDATIONS

- 7 *The Legislature should amend the Administrative Procedures Act (AS 44.62.195) by adding a section as follows: "If the adoption, amendment, or repeal of a regulation would require increased costs for compliance by individuals and businesses, the department or agency proposing the regulation shall prepare an estimate of those costs for the year following adoption, amendment, or repeal of the regulation and for any additional period of time required for implementation and compliance with the regulation."*

FINDING 8. Authority for the issuance of Alaska Placer Mining Permits comes through the Miscellaneous Land Use Permit process. As the regulations are currently written, a permit under this section can be issued for only one year. Allowing longer permit periods would create a more stable environment for planning and financing mining projects while significantly reducing the work load of the Division of Mining.

COMMISSION RECOMMENDATIONS

- 8 *The Governor should direct the Commissioner of the Department of Natural Resources to continue to take the necessary steps to allow Miscellaneous Land Use Permits to be issued for periods of up to five years.*

CITIZEN'S ADVISORY COMMISSION ON FEDERAL AREAS

FINDING 9. The Citizens Advisory Commission of Federal Areas was established by the Alaska Legislature in 1981 shortly after the enactment of the Alaska National Interest Lands Conservation Act. The Commission is composed of 16 members, half of whom are appointed by the Governor and half by the Legislature, including four sitting legislators. The Commission analyzes federal legislation, regulations, and management decisions, determines the impact of these actions on Alaska's citizens, and makes recommendations to both State and Federal agencies for corrective actions to problems discovered. As federal regulations are finally developed, the case load is expanding.

Development of federal lands and regulations for access across them is important to the State's economy. The Commission provides a valuable and cost-effective mechanism through which State concerns regarding management of all federal lands can be expressed.

COMMISSION RECOMMENDATIONS

- 9 *The Governor and Legislature should provide expanded budgetary and programmatic support to the Citizens Advisory Commission on Federal Areas.*

COASTAL ZONE MANAGEMENT

FINDING 10. Alaska Statute 46.40.040 lists the duties of the Coastal Policy Council (CPC). One duty is to identify and manage "Uses of State Concern." Alaska Statute 46.40.060 states that the CPC is to review and approve Coastal Management Programs, and to ensure that the programs do not arbitrarily or unreasonably restrict or exclude "Uses of State Concern." Alaska Statute 46.40.100 states that the Legislature shall approve guidelines and standards adopted by the CPC. The CPC has defined the "Uses of State Concern" by resolution.

COMMISSION RECOMMENDATIONS

- 10 *The Legislature should act on the resolution of the Coastal Policy Council which defines the "Uses of State Concern," and ensure that economic development opportunities, such as mining, be included in the guidelines and standards.*

COAL ISSUES

FINDING 11. In 1990, the Alaska State Legislature passed into law a new statute to ensure reclamation occurred during and after mining on state, federal, municipal, and private land and water. In 1982, the Legislature passed a similar law regarding surface coal mining operations in Alaska. These two programs offer various reclamation bonding mechanisms to companies and individuals engaged in mining activities. However, primary difference exists, in that, coal mining operations are currently not able to participate in the State's bonding pool. A change in statute is advocated to allow for participation, if desired, of all mining companies and individuals in the State's bonding pool.

COMMISSION RECOMMENDATIONS

- 11 *The Legislature should prepare necessary changes to ~~AS 27.19.010(c)~~ and AS 27.19.040(b) to allow for the inclusion of all mining companies and individuals in the State of Alaska's reclamation bonding pool.*

EDUCATION AND RESEARCH

FINDING 12. The "Alaska Resource Kit: Minerals" which is being used in the statewide public school system, is an excellent program for educating Alaska's students in the issues and fundamentals of resource development. In the past, the program has been a cooperative effort between the Department of Education, which developed the curriculum and is responsible for its implementation, and the Alaska Mineral and Energy Resource Education Fund (AMEREF). AMEREF is an industry-supported organization which annually funds the production and replacement of the teaching materials and which partially funds the salary of a Mineral Specialist in the Department of Education who is responsible for providing teacher training and for implementing the program into the school system. This program has proven to be a success and reflects the cooperation that has existed during the ten years of the program's existence.

The State has recently reneged on its half of the funding for the salary of the Minerals Specialist. This program must not falter, as a broad-based resource education of Alaska's residents is needed to ensure an understanding of the resource needs of a modern society.

COMMISSION RECOMMENDATIONS

- 12** *The Governor and the Legislature should appropriate \$40,000 to the Division of Educational Program Support, Minerals and Energy Education Program, as the State's share of supporting the Alaska Mineral and Energy Resource Education Fund (AMERET).*

FINDING 13. The University of Alaska statewide system offers accredited degree programs for educating mining and geological engineers, (UAF School of Mineral Engineering); for educating geologists and geophysicists, (UAF Geology and Geophysics Departments); for providing mining public extension services, (UAF Mining Extension); for providing vocational and safety training, (UAS Institute of Mining Technology and UAA Mining and Petroleum Training Service); and for conducting applied research in direct support of the mineral industry, (UAF Mineral Industry Research Laboratory). These professional degree, public service, and applied research programs are vital to the continued development and utilization of the State's mineral resources, to the jobs and incomes of its residents, and to the public revenues used to support education and other public services.

COMMISSION RECOMMENDATIONS

- 13a** *The Governor and Legislature should recognize through a Legislative Resolution the vital services that the mining, geological and petroleum engineering programs of the University of Alaska system provide to the state of Alaska.*
- 13b** *The Governor and Legislature should provide adequate budgetary support to the mining, geological, and petroleum engineering programs throughout the University of Alaska system.*

STATE LABOR ISSUES

FINDING 14. Legislation allowing a flexible work week and extending underground working hours is important for the viability of mines in remote locations. Properly-drafted legislation would provide employers and employees with the flexibility to jointly determine work schedules that would enhance efficiency and provide for more desirable time-off patterns for employees. A recent joint program in British Columbia between private industry, the B.C. Ministry of Mines, and the U.S. Bureau of Mines has demonstrated the utility, safety, and desirability of extended underground work shifts.

COMMISSION RECOMMENDATIONS

- 14a** *Legislation should be enacted to allow work schedules to be set on the basis of project-specific considerations which will permit more efficient use of labor and provide more desirable time-off patterns for employees. AS 23.10.060 currently provides opportunities for flexible work plans at small seasonal mining operations and for surface mines. These same opportunities should be extended to all mining operations without regard to size, type, and/or seasonal nature of the work.*
- 14b** *Legislation should be enacted to amend current statutes limiting underground shifts from the current maximum of eight hours to a maximum of twelve hours, similar to SB 295 of the 17th Legislature.*

PART B: FEDERAL ISSUES OF STATE CONCERN

TAILING DISPOSAL OPTIONS

FINDING 15. Disposal of mine tailings is commonly one of the more significant issues to be resolved in mine permitting. This issue has been especially contentious with the A.J. Mine project at Juneau. Historically, many millions of tons of mine tailings and waste rock from the A.J. and Treadwell Mines were disposed of in the nearby Gastineau Channel.

Modern mining operations have developed an improved version of this termed Submarine Tailings Disposal (STD). This process allows mine tailings, which can be clearly demonstrated to have no deleterious effects, to be discharged through an engineered and permitted outfall into deep marine waters. Such an engineered outfall has been used in coastal British Columbia at Island Copper since 1976 with negligible, long-term, deleterious effects.

Before this method of tailings disposal may be considered as an option for the A.J. project the U.S. Environmental Protection Agency (EPA) must institute a rule-making change. Such a change will then allow the full investigation of STD through the Environmental Impact Statement process along with other disposal options. This rule is currently being contemplated by the EPA specific to the A.J. situation.

COMMISSION RECOMMENDATIONS

- 15a** *The Governor and the Legislature should work with the Congressional Delegation to fully support and encourage the Environmental Protection Agency to adopt the necessary rule changes which will allow Submarine Tailings Disposal to be investigated as part of the Supplemental Environmental Impact Statement for the A.J. project.*
- 15b** *The Governor should continue to support the Technical Review Team established by the State to review the investigation of Submarine Tailings Disposal as a potentially viable disposal option.*

MINING LAW OF 1872

FINDING 16. Changes to the 1872 Mining Law have been proposed in Senator Frank Murkowski's Senate Energy and Natural Resources Committee and in Congressman Young's House Natural Resources Committee. These bills, SB506 and HR1508 respectively, are similar, and make the needed and reasonable changes to the federal mining law.

COMMISSION RECOMMENDATIONS

- 16** *The Governor, in conjunction with the Congressional delegation and the Western Governors Association, should give continuing support to the changes in the Federal Mining Law embodied in SB 506 and HR 1508 that would allow continued, responsible mineral development on federal lands in Alaska.*

ANILCA PROVISIONS

FINDING 17. In order to assure passage of the Alaska National Interest Lands Conservation Act (ANILCA) in 1980, there were several sections included to protect preexisting rights. Several provisions would allow mineral development on or near otherwise withdrawn land. Title M addressed access across the Conservation System Units (CSU). Sections 101d and 132b assured that no more land in Alaska would be

considered for new CSU or similar designations. Sections 103b and 1302h provided a mechanism for the Secretary of the Interior to adjust the boundaries of CSU or to exchange lands within them to exclude mineralized areas.

COMMISSION RECOMMENDATIONS

- 17** *The Governor and Legislature, by Executive Order and Legislative Resolce, working through the Attorney General's office, the State's Washington office, and the Congressional Delegation should insist that the federal administration:*
- a** *provide access across Conservation System Units (CSU) as required by Title XI of the Alaska National Interest Lands Conservation Act (ANILCA);*
 - b** *prohibit the creation of additional CSU lands in Alaska as required by Sections 101d and 1326b of ANILCA; and*
 - c** *exchange mineralized areas from existing CSU under the authority of Sections 103b and 1302h of ANILCA.*

INTERNATIONAL PARKS IN ALASKA

FINDING 18. Recent federal actions have proposed Beringia Heritage International Park on both sides of the Bering Straits. On June 23, 1995, the World Bank proposed an effort to preserve marine-protected areas including the Bering Strait and Katchemak Bay with funding schemes including development taxes and fees on those who use marine resources, such as fishers and tourists. Federal actions have proposed a park which would include the Windy Craggy copper deposit in British Columbia and the lands in the Wrangell-St. Elias National Park in Alaska. These actions would adversely impact Alaska through loss of future revenues promised under the Statehood Act, would result in negative impacts on adjacent lands and landowners, would restrict or deny access and resource development, and would violate the "no more" clause of the Alaska National Interest Lands Conservation Act (ANILCA). Such international classifications are politically irreversible and effectively give up Alaska sovereignty over affected lands since management and protection of the sites would be under the direction of international organizations.

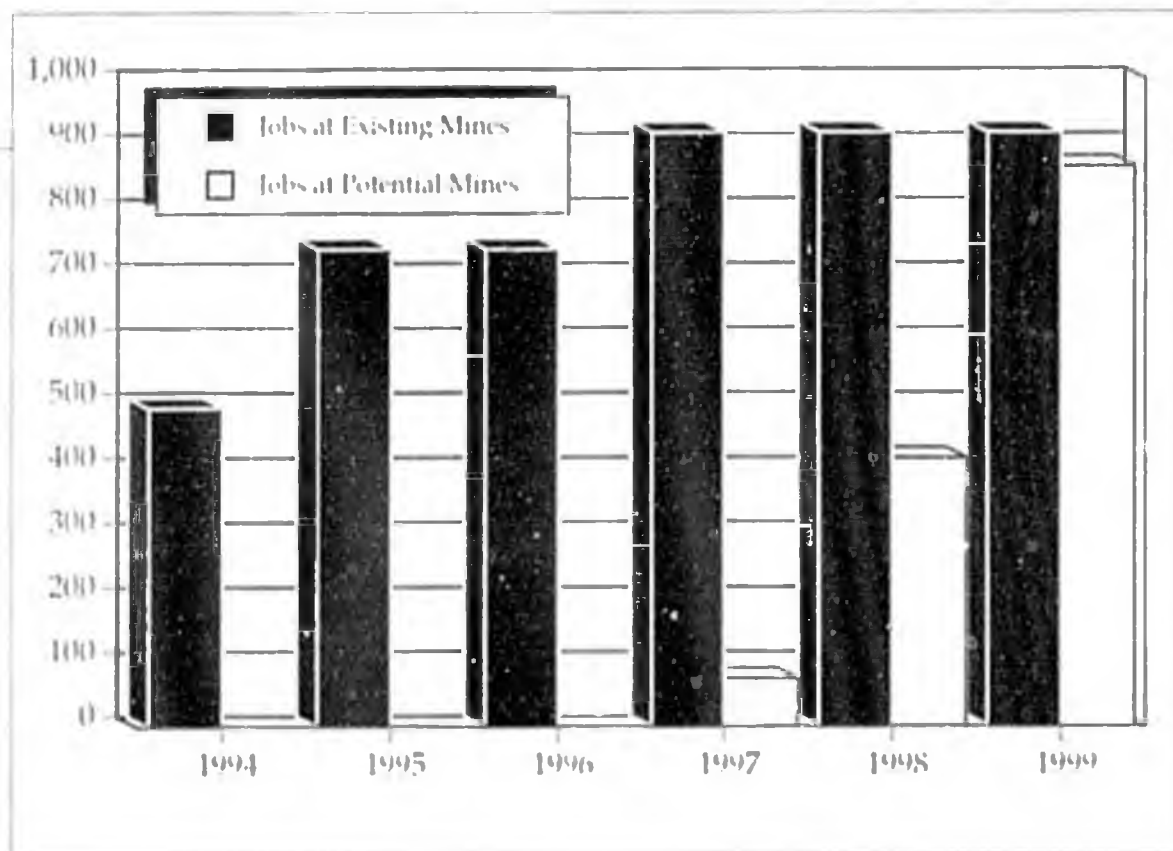
COMMISSION RECOMMENDATIONS

- 18** *A Legislative Resolce and an Executive Order by the Governor should be enacted to vigorously and resolutely oppose the creation of any International Park, World Heritage Site or International Marine Biosphere Reserve in Alaska or in the waters adjacent to Alaska*

APPENDIX:
GRAPHS SHOWING CURRENT STATUS AND
EXPECTED TRENDS IN ALASKA HARDROCK MINING

NUMBER OF JOBS IN HARD ROCK MINES*

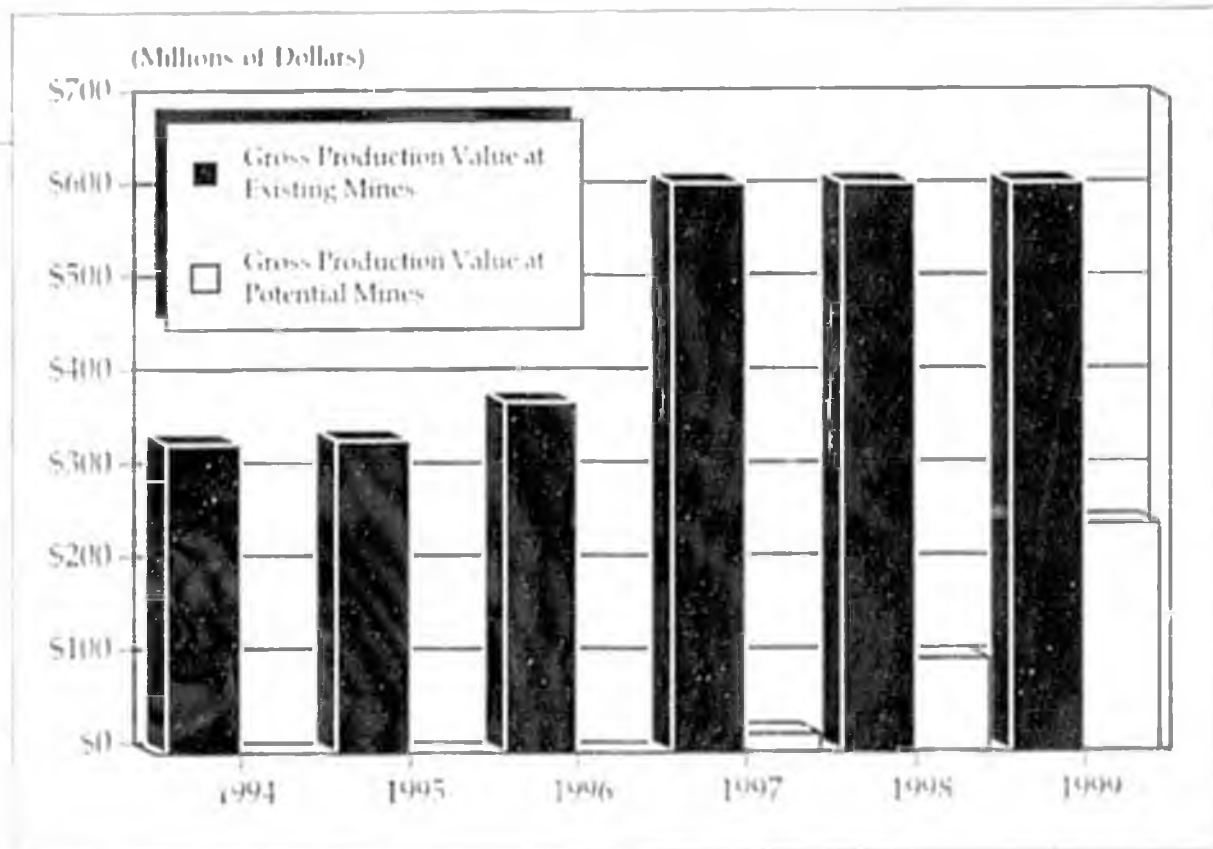
| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|------------------------|------------|------------|------------|------------|--------------|--------------|
| Existing Mines | | | | | | |
| Red Dog | 393 | 393 | 393 | 393 | 393 | 393 |
| Greens Creek | 70 | 70 | 70 | 250 | 250 | 250 |
| Nixon Fork | 10 | 45 | 45 | 45 | 45 | 45 |
| Fort Knox | 20 | 230 | 230 | 230 | 230 | 230 |
| Subtotal | 493 | 738 | 738 | 918 | 918 | 918 |
| Potential Mines | | | | | | |
| Illinois Creek | - | - | - | 75 | 75 | 75 |
| Kensington | - | - | - | - | 340 | 340 |
| A-J | - | - | - | - | - | 450 |
| Subtotal | | | | 75 | 415 | 865 |
| Total | 493 | 738 | 738 | 993 | 1,333 | 1,783 |



* Based on the assumption that these projects are permitted in a rational and timely manner

GROSS VALUE OF HARD ROCK MINERAL PRODUCTION (\$ Millions)*

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Existing Mines | | | | | | |
| Red Dog | 332 | 332 | 332 | 332 | 332 | 332 |
| Greens Creek | - | - | - | 114 | 114 | 114 |
| Nixon Fork | - | 4 | 20 | 20 | 20 | 20 |
| Fort Knox | - | - | 24 | 144 | 144 | 144 |
| Subtotal | 332 | 336 | 376 | 610 | 610 | 610 |
| Potential Mines | | | | | | |
| Illinois Creek | - | - | - | 20 | 20 | 20 |
| Kensington | - | - | - | - | 80 | 80 |
| A-J | - | - | - | - | - | 144 |
| Subtotal | - | - | - | 20 | 100 | 244 |
| Total | 332 | 336 | 376 | 630 | 710 | 854 |



* Based on the assumption that these projects are permitted in a rational and timely manner.

