

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6011 HOUSE RESOURCES

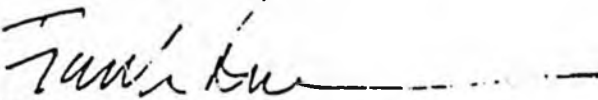
415

March 21, 1989

Although we have concerns about the potential impacts of mineral exploration and mining for the remainder of the project area, offshore of Goodnews Bay, we believe that these impacts can be mitigated if the DOM and other applicable regulatory agencies (i.e., the Department of Environmental Conservation and the Environmental Protection Agency) enforce measures that require the operator, among other things, to meet state water quality standards, to conduct biological monitoring, and to restore the seabed to a condition that will allow for productive regrowth of marine life.

The department intends to provide detailed recommendations to DOM concerning tract deletions and permit stipulations in our response to the Preliminary Best Interests Finding and Proposed Coastal Consistency Determination. We will provide Cenaliulriit with a copy of our response. Thank you for sharing your comments with us.

Sincerely,



Frank Rue
Director
Habitat Division

cc: Norman A. Cohen
Jerry Gallagher

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KUITSARAK, INC.
P. O. Box 10
Goodnews Bay, AK 99589

January 12, 1990

JAN 18 1990

Senator John Binkley
P.O. Box V
Juneau, AK 99811

Re: HB No. 332, SB 318 "Critical Habitat" Bills

Dear Senator Binkley:

Thank-you for your consideration. Since the corporation has become directly involved in matters relating to the prevention of mining in and offshore of Goodnews Bay, it would be a good idea to let you know we will fully support your efforts all the way. We would like to see the preservation of Goodnews Bay and offshore continue indefinitely, not only for the sake of the local people, but for the people of the region.

We know for a fact, almost unanimously the people of Goodnews Bay and Platinum, strongly oppose any attempts by the state, and the mining companies, to come into the pristine environment for purposes of offshore dredging. There are still many questions that need to be answered. Not only do the people of Goodnews Bay and Platinum depend on the Bay and offshore for their living (subsistence and commercial), but villages in the Kuskokwim region extending north of Goodnews Bay also. The Bay is an estuary, and it supports a wide variety of marine inhabitants. It has a history of use by a maritime culture, mainly that of the coastal Yup'ik Eskimos.

We know that the Division of Mining (DOM), under the Department of Natural Resources, has submitted a proposal to allow outside mining companies to come in and "dispose" of the non-renewable resources (if any) for a time span of approximately ten years. After that, just what are the Natives in the area going to do, when the Bay and offshore areas they depend on are destroyed? DOM's proposal has been found to be, and still remains, questionable.

Senator Binkley, Pg. 2

Consequently, we feel it is absolutely imperative HB 332, and SB 318, successfully passes through the Resources Committees of the House and Senate, and all the way onto being signed into law. We applaud you and Representative Hoffman's efforts, on responding to our concerns by submitting similar bills proposing to create the Goodnews Bay area as "critical habitat."

We would appreciate it if we could be informed as soon as possible, after the date becomes known when the "critical habitat" bills are up for consideration by the appropriate Resources Committee.

If there is anything we can do to help, please do not hesitate to call 967-8428, or write to the above address.

Thank-you for your time.

Sincerely,

Vern Bavilla

Vernon Bavilla
Director

cc:

Gov. Cowper

Representative Hoffman ✓

House Resources Committee Member, Representative George Jacko

Senate Resources Committee Member, Senator Fred Zharoff

Cenaluiit

Nunam Kitlutsisti

Traditional/IRA Village Councils; Goodnews, Platinum, Quinhagak, Eek, Tuntutuliak, Kwigillingok, Kongiganak, Atmauthluak, Akiachuk, Kwethluk

ANCSA Corporations; Platinum, Quinhagak, Eek, Tuntutuliak, Kwigillingok, Kongiganak, Atmauthluak, Akiachuk, Kwethluk
City Councils, Goodnews, Platinum, Quinhagak, Eek, Tuntutuliak, Kwigillingok, Kongiganak, Atmauthluak, Kwethluk.

NUNAM KITLUTSISTI

Protectors of the Land, Inc.

P.O. Box 2068 • Bethel, Alaska 99559

907/543-2856

January 17, 1990

Representative Lyman Hoffman
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Ak. 99811

Dear Lyman:

Regarding upcoming deliberations on HB #332 which you co-sponsored and its companion SB #318 establishing a Goodnews Bay Critical Habitat Area, be assured that Nunam Kitlutsisti and its Board of Directors wholeheartedly support the intent and purpose of these two bills. Too often in the past we have seen the disruption and devastation resulting from dependance on presumptive management principles where substantial and/or irreversible damage has occurred prior to responsible protective measures being adopted. These concerns were presented in detail through our own and many other responses to the proposed activity so we will not reiterate those many pages of concerned analyses again here.

It is clear from the majority of responses to the preliminary best interest finding by objective and partisan interests alike that it would be extremely difficult, if not practically impossible, for the proposed activity to prevent serious detrimental impacts to the existing renewable resources of this already fully utilized and highly sensitive area. It is of critical importance not only to the migratory and resident populations of marine life and waterfowl populations which are dependant on the area's productivity for their very existence, but to the people who rely on these same populations for their basic sustenance and survival throughout their annual cycles.

It is totally unacceptable to allow this (or any other) development to occur for the possible lucrative pocket lining of a select few, at the risk and expense of a highly developed ecosystem which already supports healthy populations of many species and a people's ability to sustain their own livelihood.

We urge all involved to support HB 332 & SB 318 to the best of their ability throughout the legislative process. If we may be of any service in the duration please don't hesitate to contact us at the above address.

Regards,



Greg Roczicka
Resource Coordinator N/K

cc:

Gov. Steve Cowper
Sen. John Binkley
Sen. Fred Zharoff
Rep. George Jacko
Kuitsarak Inc.
Platinum IRA Council
Quinhagak IRA Council
Eek IRA Council
Kwigillingok IRA Council
Kongiganak IRA Council
AVCP Inc.
RARA



JAN 19 1990

Cenaliulriit

Coastal
Management
District

For the Yukon-Kuskokwim Coastal Resource Service Area
P.O. Box 1169 • Bethel, Alaska 99559 • 907/543-2243

January 15, 1989

Representative Lyman Hoffman
P.O. Box V
Juneau, Alaska 99811

Subject: House Bill 332

Representative Lyman Hoffman:

House Bill 332 reaffirms Cenaliulriit's position on the Goodnews Bay Offshore Mining in and around the bay area. This bill presents the need to preserve important fish and wildlife resources, sensitive habitats, the significance of commercial and subsistence harvesting to villagers, and the need to prevent some probable adverse impacts of exploration and mining.

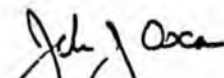
Only a few Natives from Goodnews Bay and Platinum will benefit over a short period, at the price of an essential ecosystem and impacts to the values, traditions and lifestyles; while monetary and economic gains flow elsewhere. The majority of those employed will come from outside the Yukon and Kuskokwim regions, while a majority of subsistence and commercial users suffer along the bay area and estuarine sanctuaries. Quinhagak, Eek, Tuntutuliak, Kwigillingok, Kongiganak and some Kuskokwim fishermen also use that area.

The area is important for essential fish and wildlife habitats such as marine mammal haul outs, herring concentration and migration areas, capeline and smelt spawning areas, clam and mussel beds. Frank Rue, Director of Habitat Division with the Alaska Department of Fish and Game said, "even with seasonal restrictions on mining, it would be difficult to protect the area effectively."

Cenaliulriit endorses the passage of House Bill 332, "An Act establishing the Goodnews Bay Critical Habitat Area; and providing for an effective date."

Thank you for the opportunity to comment.

Qu'yana,
CENALIULRIIT COASTAL MANAGEMENT DISTRICT
Paul Chimiugak, Chairman


John J. Oscar
Coordinator

Cenaliukit Distribution

cc: Representative Sam Cotten, Speaker of the House
Senator John Binkley
Senator Al Adams
Representative Mike Davis
Representative Richard Foster
Representative George G. Jacko, Jr.
Representative Loren Lemar
Representative Eileen Panigeo
Representative Mike Navarre
Representative Swackhammer
Representative Kay Wallis
Bob Polasky, Rural Cap
Joe Chimeralrea, Nunam Kitlutsisti
Vernon Bavilla, Kuitsarak, Inc.
Arviq, Inc., Platinum

Bob - Good News!



INLET SALMON

A DIVISION OF INLET FISHERIES, INC.

P.O. Box 530
Kenai, Ak 99611
(907) 283-9275
(FAX) 283-4097

JAN 15 1990

P.O. Box 690
Kasilof, AK 99610
(907) 262-4730
(FAX) 262-3962

January 11, 1990

Representative Lyman Hoffman
P.O. Box V
Juneau, Alaska 99811

Dear Representative Hoffman,

Inlet Salmon would like to go on record as supporting House Bill # 332. We are very hopeful that your colleagues in the House and Senate will understand how critical it is that this area be set aside for the people that live there and will not be swayed by the short term revenue gains. The Goodnews Bay Critical Habitat Area must be established in order to provide a stable environment for the local residents to survive.

I have included a copy of a letter that I wrote to Kerwin Krause in the Department of Natural Resources detailing our objections to the proposed mining leases in the Goodnews area.

You and Senator Binkley are to be commended for your efforts to protect your constituents way of life. If we can be of any assistance, please let me know. Thank you for your time.

Sincerely,

Scott Earsley
Scott Earsley

Inlet Fisheries, Inc.



INLET SALMON

A DIVISION OF INLET FISHERIES, INC.

P.O. Box 530
Kenai, Ak 99611
(907) 283-9275
(FAX) 283-4097

P.O. Box 690
Kasilof, AK 99610
(907) 262-4730
(FAX) 262-3962

April 30, 1989

State of Alaska
Department of Natural Resources
ATTN: Kerwin Krause
Division of Mining
P.O. Box 107016
Anchorage, Alaska 99510

RE: Issuance of Offshore Prospecting Permits for the Goodnews Bay Area

Mr. Krause,

Inlet Salmon would like to go on record as not supporting any offshore prospecting or mining in any of the tracts in the Goodnews Bay Disposal Project Area.

We support resolutions passed by the Pitlum Traditional Council, Goodnews Bay Traditional Council, Goodnews Bay, Inc., Quinhagak IRA Council and the Rural Alaska Resource Association that opposed any offshore prospecting or mining because of the possible negative impacts to their subsistence lifestyle. These people subsist primarily from food harvested from the sea, their way of life should not be jeopardized by any development.

The Goodnews Bay area has been nominated as an Area Meriting Special Attention in the Canaliurrit Coastal Management Program. However, the issues addressed in the Consistency Analysis for this lease program are just the general standards for the whole Canaliurrit Coastal Management Program. Since the standards for a Consistency Review for this AMSA will be in greater detail, there should be no further development or leases until all the issues for that area have been identified and addressed.

Unless the proposed prospecting leases can enlist the support of the people that inhabit the area, we do not think that this program should go forward as planned.

Sincerely,
Scott Earsley
Scott Earsley
Secretary
Inlet Fisheries, Inc.

DEAN

NUNAM KITLUTSISTI

Protectors of the Land, Inc.
P.O. Box 2088 • Bethel, Alaska 99559
907/543-2856

April 26, 1989

Mr. Kerwin Krause
Dept. of Natural Resources
Division of Mining
P.O. Box 107016
Anchorage, Ak. 99510

Dear Mr. Krause;

This is in response to the Preliminary Best Interest Finding and Proposed Consistency Determination regarding the issuance of Offshore Prospecting Permits (OPP) in and around the Goodnews Bay area. After thorough review of the document's content and appended studies, we cannot agree with Mr. Gallegher's conclusion that the finding is in the state's best interest. We feel that it is at best a premature decision and inconsistent with approved Cenaliulriit Coastal Management Program standards. (See Attachment A)

At the public meetings which were held in May of 1988 and February 1989, people were given informal information of the Division's and industry's interests. However this is the first actual document we have seen which fully outlines the scope of the proposed activities. It provided an initial 5 week comment period (which was graciously extended) and stated a final decision forthcoming on May 15, 1989. We find it somewhat alarming that the Division stands ready to make a final determination so soon, with no further public input into an issue which could so dramatically affect the area under consideration.

This in itself constitutes a gross presumption that no further substantial research would be necessary after receiving public comments. By moving ahead so quickly, this also places the Division and the public in a reactionary response mode, rather than operating under sound management and planning principles.

Unacceptable as well, is what appears to be a predetermination by the Finding that OPP's will be issued regardless of the level or content of public comment received. This perception is bolstered by the attached reports which go into extensive detail on how mining activities will be carried out. It is true that disclaimers are present at intro and conclusion, but the prevalent tone throughout the document is that the decision has already been made.

Overall, the Finding's review of potential affects to existing resources is incomplete and needs much more in-depth study. The mitigation requirement of restricted seasonal operations is a good start. There is however, not a bit of substantiating data or assurance that residual effects from the proposed activities

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would not "winter over" or remain hidden and cause major problems the following spring or in subsequent seasons.

Is the offshore area a settling point for crab and halibut larvae brought north by Bering Sea currents? How extensively might offshore dredging affect inter and sub-tidal zones used for spawning by herring, smelt and capelin? Do the juvenile halibut and razor clam population harvested by locals originate directly out of Goodnews Bay? Might the activities raise the already high turbidity and siltation levels within Goodnews Bay to the point where Eelgrass would begin to die out? How finely balanced is the eco-system within the Bay regarding turbidity and siltation through tidal influence?

The only answer to the above questions that can be derived from the Finding and attached reports is that "it is unknown at this time".

Phrases such as "cannot be determined" or "unknown at this time" are evident throughout the support documentation to the Finding. The doubts and questions raised need to be answered BEFORE exploration and development is allowed to occur.

The issue of sedimentation and turbidity alone is deserving of much more intense consideration than it was given. The attached biological report states clearly the high levels which already exist naturally, and that they may occasionally limit light penetration causing negative survival impacts to the Eelgrass beds. We cannot afford to take the chance of adding to natural levels until we first get a definite determination of what the current situation is, and what mining impacts might be.

Further, siltation in the Finding addresses only the materials which are actually removed from the bottom during dredging operations. What of the disturbed material that is left behind? The attached reports state that the exceptionally strong tidal flows would clear away some of these churned spoils, but neglect to mention or do not know (more likely the latter) where it will eventually end up being deposited. Perhaps from one side of the Bay to the other. It is highly likely that the strong onshore and tidal currents which are recognized as being responsible for some of the existing siltation, will escalate these levels. Again we must stress that the added load and redistribution of these sediments may well be of critical importance, and could potentially destroy what is now a delicately balanced and highly productive eco-system.

Another question unanswered (indeed not even addressed) by the Finding is the potential for heavy metals such as arsenic and mercury to be present in the spoils. Freeing these and other toxic elements into the water columns could have devastating effects on plant and animal life through current and tidal actions both offshore and within Goodnews Bay. Again, another unknown which deserves full-scale investigation prior to any exploration or development.

The question of the state assigning priority over the opposing interests presents no difficulty whatsoever with a little reasonable deliberation. To postpone further action until more of these concerns are answered means that a private venture may have to wait some years before capitalizing on the area. On the other hand, if damage to the aquatic environment is a result, it may

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take generations to recover. According to the geological reports these mineral deposits were placed somewhere around 100 million years ago. It is extremely doubtful that they will go anywhere in the foreseeable future. Developing first without knowing or understanding the consequences is an inequitable and irresponsible trade-off.

The people of Platinum and Goodnews Bay have ardently voiced their concerns on many of the issues presented above. Their greatest fear is losing the environment and resources which provide for their livelihood to a short-term capital gain activity. Renewable resources are the only long term value that supports self-sufficiency in their area.

To their perspective, someone from Anchorage came out from Anchorage last year and informed them that offshore mining of the area was being looked into. Someone showed up again a couple of months ago to say that plans were in the works, but as yet nothing had been developed that was ready for review. One month later the Preliminary Finding appeared in the mail, containing proposals directly within and around areas which they had identified earlier as critical to the local subsistence economy.


We are sure the Division of Mining was being up-front and operating in good faith under its own standards. The rural perspective however, is that something to which they have had minimal input and voiced a strong concern and opposition the two times they were consulted, is being shoved down their throats...

We are asked to review this document as a Preliminary Finding only. As we all know exploration and development go hand in hand. If economically recoverable deposits are located, they will be pursued vigorously and to the fullest extent; And the deplorable fact is, money talks louder than people. Let's get our priorities in the right order this time. A full assessment and understanding of negative impacts MUST come first before any exploration or development is allowed to take place.

Offshore development in this area should hinge on the existence of a cooperative relationship between the affected villages, regulatory agencies, and developmental interests. Without this status their will continue to be distrust and misunderstanding at the local level, substantial non-compliance with consistency determinations at the administrative level, and increased operational costs to the industry. Difficulties with upland disposal areas, disruptive cultural contact, increased pressure, competition, and threats to existing renewable resource levels, name only a few.

In all fairness and equity to the area with its diverse and productive environments, exploration and development should be postponed indefinitely in the Goodnews Bay area. Until, at a minimum, substantiated information is available to ascertain the full effects of any proposed mining activities on the area's renewable resources.

Regards,


Greg Roczicka
Resource Coordinator N/K

NUNAM KITLUTSISTI

cc - Cenallulriit
Rep. Lyman Hoffman
City of Goodnews Bay
City of Platinum
RARA
AVCP

NUNAM KITLUTSISTIAttachment A

The following standards from the Cenaliulriit Coastal Management Program, though given some recognition by the Preliminary Finding, are still far from being adequately addressed. Too many short and long term questions raised by the proposed action remain unanswered. Only the first few steps have been taken in determining the resultant consequences of the proposed activities. There exists significant cause for concern due to the high degree of potential conflicts and degradation to the renewable resources of the area. The Preliminary Finding as it now stands cannot be considered to be in compliance with Cenaliulriit standards.

Issue 5. Subsistence

Standard:

5.1 Possible adverse impacts of the action on subsistence must be analyzed and safeguards provided to assure subsistence use.

Response: The analyses and safeguards provided are based on incomplete information.

5.2 The action will not curtail the age-old hunter/gatherer culture of the Yup'ik.

Response: The action could have severe implications on the culture through degradation of primary habitats and the attendant increase in human population inherent to the proposed activities.

5.3 The action will not remove indispensable fish or game habitat from use by the age-old hunter-gatherer culture of the Yup'ik.

Response: There is likely to be significant removal of fish and game habitat as a result of the proposed action.

5.6 The project will not cause a decrease in the range or extent of diversity within the local ecology that the village depends on for food.

Response: The action has high potential to cause a decrease in the range and diversity of plant and animal populations within the local ecology.

Issue 6. Environmental Management

Standard:

6.1 The action will not damage the fragile ecosystem of the area to the extent that species cannot recover to previous levels of abundance.

Response: The action could result in significant damage to the local ecosystem, causing extreme difficulties for species to maintain or return to previous population levels. Arguments to the contrary are based on unknowns.

NUNAM KITLUTSISTI

Attachment A cont.

Issue 7. Development In General

Standard:

7.5 Mining and mineral processing will be regulated, designed, and conducted to be compatible with the standards of the Alaska Coastal Management Program, adjacent land uses, and state and national needs.

Response: The action could have severe negative impacts on adjacent land uses and is not compatible with the Alaska Coastal Management Program through Cenaliulriit standards.

Issue 8. Fish and Wildlife Habitats

Standard:

8.2 All essential habitat will be managed to maintain or enhance the biological, physical, and chemical characteristics that contribute to its capacity to support life.

Response: The proposed action has a high potential of negative impacts to essential habitat.

8.3 Essential offshore habitat will be managed as a fisheries conservation zone so as to maintain or enhance the state's sport, commercial, and subsistence fishery.

Response: The proposed has a high potential for degradation of the area's commercial and subsistence fisheries.

8.4 Essential estuary habitat will be managed to assure adequate water flow, natural circulation patterns, nutrients, and oxygen levels.

Response: The effect the proposed action would have on essential estuary habitat is an unknown quantity. Nutrients and oxygen levels could be severely impacted.

8.5 Essential wetland and tidal habitat will be managed to assure adequate water flow, nutrients, and oxygen levels and avoid adverse affects on natural drainage patterns.

Response: The effect of the proposed action on essential tidal habitat is an unknown quantity. Nutrients and oxygen levels could be severely impacted.

8.8 Essential high-energy coastal habitat will be managed to assure the adequate mix and transport of sediments and nutrients and avoid redirection of transport processes and wave energy.

Response: The proposed action has extremely high potential of causing severe negative impacts to the level and content of existing sediment and nutrient mix within the area.

KUITSARAK, INC.
P.O. BOX 10
GOODNEWS BAY, ALASKA 99589

April 29, 1989

Representative Lyman Hoffman
Pouch V
Juneau, Alaska 99811

**Re: Goodnews Bay Offshore Mining Disposal, as proposed by the
Division of Mining, Department of Natural Resources.**

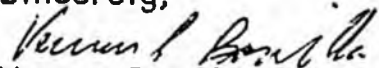
Dear Representative Hoffman:

Your constituents of Mumtrak (Goodnews Bay) are living a very fragile way of life in today's fast-paced world. And with the recent proposals by DNR, Mining Division, to open up Goodnews Bay and nearby waters for offshore mining, is placing our way of life, when considering our economic dependency on the Bay (based on renewable resources), in jeopardy.

The subsistence way of life, and the existing commercial dependency upon the bay, is the safest bet for the psychological well-being of the local people, some twenty or hundred years in the future. The locals surrounding the bay are not looking for some 50 jobs that will end in a "bust" cycle. Our Economic Base is growing, and we would like to see that continue. We do not want to witness the destruction of our foundation, especially by some "alien" company who will come in for his or her own economic gain, regardless of the consequences.

As constituents, we are asking for your support in our opposition to the proposal by the Division of Mining, DNR, to open up the Bay for mining purposes. Please consider the letter to the Director, Resolution 89-03-07, the newspaper article, and my testimony during the hearing held in Goodnews Bay on April 19, 1989. Thank-you for your consideration.

Sincerely,


Vernon Bavilla
President

cc: file

Attachments(4)

April 19 1989

To: Gerald Callagher, Director ENR Division of mining

After review of the preliminary "best interest finding" regarding the issuance of offshore prospecting permits in and near Goodnews Bay Alaska, we, the undersigned concerned residents of Platinum Alaska, respond.

Our findings of the proposed offshore prospecting permits show that the informational material as provided is rather slanted and downplayed in terms of its perspective towards the overall environmental and social-cultural impacts that this activity will generate.

We, the residents of Platinum, wish to maintain the quality of our lives, preserve its pristine ecosystem, and protect our community from unwanted population growth and the resultant social impacts it will most definitely have on our subsistence community.

Mr. Gallagher, we understand that under State law, that before issuing a permit you are required to prepare a written finding that the States interests will best be served by issuance of said permit. (AS 38.05.035 e) It must also document whether the plan is consistent with the Alaska Coastal Management program. What we seek to do here is state why we determine it is not at all acceptable and not in the best interests of State, Coastal Management, or the residents of Goodnews Bay and Platinum.

Biological resources are the mainstay of life here. Our most sensitive marine environment is a rich and tremendously valuable ecosystem, providing for its aboriginal peoples for centuries. It takes many years of intense observation for one to fully comprehend the wildlife values here, and interlocking relationships each species has critical to each other.

Our offshore areas are not renewable like a new mowed lawn. Capelin and smelt use the surfzone for spawning in Spring. All species use the offshore area as a migration corridor. Grey whales, an endangered species, Beluga and Bowhead whales Walrus and Sea Lion use this route predictably. Its disruption or loss would then dislocate these species. Their presence in the food chain is based on bottom food supplies.

A diverse array of organisms, clams, snails, crabs, fish and more live on the bottom. Crabs and clams are abundant. Nineteen species of marine mammals inhabit the nearshore area. Herring spawning areas are dependent upon the presence of eelgrass beds. Tens of thousands of Pelagic seabirds and migrating waterfowl use the shorelines, tidelands and Bay. Mr. Gallagher, in page 10 of your best interest finding, last sentence of the fifth paragraph you state : " In general, the offshore coastal areas are less environmentally sensitive and are utilized less than those areas within Goodnews Bay."

We feel that the statement is incorrect and misleading. On page 13 of your finding you also state that "with proper timing exploration activities will have negligible effects on fish migrations, fish spawning, marine mammals, clam beds or blue mussel beds." The Department's claims of "proper timing" are all too shallow and weak a defense when there is a tremendous and irreplaceable wildlife habitat at stake.

Of your report, on page B-14 of the biological resource assessment by Dames and Moore, the fourth paragraph states in reference to Grey Whales: " ..any major damage to their food chains would undoubtedly have a negative effect on their numbers.."

Can we assume then Mr. Gallagher, that one or more 100 foot bucketline dredge working 24 hours a day devastating a rich sea floor to cause such damage? In section B page 16 it addresses the subject of exploration impacts inside Goodnews Bay. In reference to bird nesting colonies and Eagle nests at Beluga hill it states: " These species could be threatened by potential fuel spill pollution during fuel transfer and handling on exploration vessels. Disturbance effects could also result from the combined effects of harassment by workers and vessel traffic..."

Of the same report, on page B-17 when considering mining impacts it states: " The swelling effect of Dredge spoil material could result in the creation of islands or increasingly shallow water.." Further it states: " Detailed impacts and constraints to marine reclamation cannot be determined..."

We must ask you Mr. Gallagher, did you actually read the biological impacts as written in the report for the OPP applicant and then in good conscience deem it to be of insignificant wildlife impact? The last sentence of the next page indicates further mitigation measures such as " Develop a fuel spill contingency plan and have a good supply of spill clean up equipment on site. " We all know how well such plans work now, do we not?

On page five of the summary as prepared by WGM Inc. it states that " ..impacts of exploration...are limited to fuel spills and increased ship traffic and noise that could cause their displacement.." This was in reference to local wildlife. As you probably had read but surely cannot fully embrace, is the fact that residents of this Bay area lead a subsistence lifestyle. As this is being typed boats of seal hunters float in the Bay hoping to bring home fresh meat.

Further of the same summary by WGM Inc. on page 5 it states; " biological activity will be lost.....longterm biological impacts could result if critical species such as eelgrass failed to recolonize..." In the next paragraph it speaks of turbidity as a result of exploration : " If this were to cause destruction of eelgrass beds, a decline in the commercial and subsistence fishery would probably result."

For these reasons and more to be discussed, we feel all plans of providing prospecting permits to be a long term monumental exercise in poor judgement tantamount to the Valdez incident, and obviously done without full regard to the environment whatsoever, or the residents indigenous to the area. Is that truly in the best interests of the state then ? Its residents ?

Under State law, (11 AAC 06.500) this area is open to prospecting permit applications unless the State finds that " mining would be incompatible with significant surface use..." Looking at the long term effects of exploration and eventual Dredging our area then, destroying our ecosystem, disrupting and damaging a wildlife migration corridor causing biological upheaval and relocation of myriad species, reducing the local fishery and disrupting the subsistence way of life, is that incompatible in your perspective ?

Mr. Gallagher, the mitigation alternatives as proposed are not at all substantial enough in terms of overall safeguards. They are shallow, contrived, and inadequate. Other perhaps less obvious impacts are at issue. The overall quality of life is at stake for the residents of the area. On page A-9 as written by Westervelt Engineering it states: " Two separate dredging systems may be required.... and as a result " a substantial ^{facility} would be established in the area..." (page A-10)

We ask, on Native land claims ? We absolutely do not want to see a sudden boom of activity and then find a mining camp in our midst, which would require a fuel storage facility, waste and refuse disposal. The other demands on community infrastructure would be only unhealthy.

An increase in population would impact the school creating unreasonable classroom conditions. There is a limited amount of supplies available, housing and services. The population here would double. Then we would have a situation where these outsiders would compete for our resources of fish and game recreationally, and we do not want that.

Many times over in the mining plan summary it indicates that local jobs would be generated. People here do well enough and do not need to work on or with such mineral activity. Local job offers is hardly equitable when weighing the overall upheaval of such a project. Further, we feel that few if any would actually take part in this proposed crime.

After the tragic incident at Valdez, we wish to protect our lands and our way of life. Your proposed best interest findings projects only the most negative and overwhelmingly detrimental impacts to this region. Be advised then we do not want this to occur now or in the future.

The City council of Platinum

<u>Joseph M. Ramirez</u>	Joseph M. Ramirez
<u>Phillip Solomon</u>	Phillip Solomon
<u>Anna M. Small</u>	Anna M. Small
<u>Linda Echuck</u>	Linda Echuck
<u>Paul Moses</u>	Paul Moses
<u>Margaret Echuck</u>	Margaret Echuck
<u>Absent</u>	Dave Gilbert

Goodnews City council
 Dept. of fish and game
 Dept. of fish and Wildlife
 Gov. Steve Cowper
 Greenpeace
 Tundra Drums
 Cenaliulriit

Kuitsarak, Inc:
P.O. Box 10
Goodnews Bay, AK 99589

March 20, 1989

Gerald Gallagher, Director
Dept. of Natural Resources,
Division of Mining
P.O. Box 107016
Anchorage, AK 99510

Re: Comments on Goodnews Bay (herein "Mumtrak") Offshore Mining
Proposal, by DNR, Mining Division

Dear Gerald:

Thank you for sending a copy of the "Preliminary finding of the director."
Please consider this letter before making any decisions that will affect
the people of Mumtrak adversely.

I am sure you are well aware of the local residents' opposition to any
move that will open up the Bay for poisoning, especially by outside
mining companies, who will come into the bay for their own gain,
regardless of the consequences. After reading an article on offshore
mining poisoning (see attachment), I strongly feel there is insufficient
studies done concerning the effects that offshore mining has on marine
life, and the people who eat them, while surrounding such operations. You
may also know that the Yup'ik residents of Mumtrak, and the surrounding
Native villages, are heavily dependent on the Bay and its resources for
their livelihood.

Mr. Gallagher, when a state system intends to deprive its Yup'ik citizens of
their cultural way of life, all for its own economic gain, does it not sound
like economic genocide being placed against the affected people, namely,
the people of Mumtrak? I would say so. If the state does allow the mining
companies to proceed with prospecting and leasing, then it is allowing for
the persecution of the people in the surrounding Bay to begin. Therefore,
it is a violation of our human rights. History has shown the U.S. to be
notorious for their human rights violations against the original
inhabitants. If you decide in favor of the mining companies,


Page 2
Mr. Gallagher:

I won't be surprised at all. History is trying to repeat itself here. The system you represent can become the perpetrator. You are making the choice.

In this modern day, I hear a lot about four worlds - Western Civilization being the 1st. The Soviet Union being the 2nd. Then there are the "Third World" countries. I supposedly belong to the "Fourth World," a makeup of Indigenous groups throughout the globe. Only throughout history, Forth World people have been, and still continue to be, persecuted by state systems. We just want to be left alone, yet your system has forced its way into our lives. In this day and age, nothing is impossible. The people look forward to the day when persecutions against them will exist only in the past.

Let this letter spark some thought.

Sincerely,


Vernon Bavilla
Chairman

Enclosures

cc:Gov. Steve Cowper
Sen. John Binkley
Rep. Lyman Hoffman
Attorney David S. Case
Director, Division of Governmental Coordination
Editor, Tundra Drums

State to warn western towns of mercury risk

By PATTI EPLER
Daily News reporter

Mercury poisoning may be threatening the health of western Alaska residents who eat large amounts of seafood, state and federal officials say.

Concerns over mercury also could derail a proposed federal mining lease sale off the coast of Nome, because officials are worried that dredging for gold stirs up already high levels of mercury in the sea floor and spreads the contaminant to fish and other marine creatures eaten by people.

A letter signed by state and federal officials will be sent soon to health organizations in the Norton Sound area suggesting tests be conducted of coastal residents to determine current mercury levels in people, according to Patty Bielawski of the state Division of Governmental Coordination and Alan Powers of the federal Minerals Management Service.

Mercury in some forms is known to have striking effects on the nervous system, ranging from emotional problems like anxiety and depression to speech disorders and loss of motor control. The expression "mad as a hatter" refers to mercury poisoning that afflicted hatters who used the substance to soften the felt in hats and frequently became mentally ill after years in the profession, according to a health handbook.

The issue of mercury poisoning among coastal people has been raised by scientists

Please see Back Page, MERCURY

Anchorage Daily News
March 15, 1989

MERCURY: State recommends testing

Continued from Page A-1

with the Minerals Management Service who are identifying environmental impacts that could occur if the federal government allows offshore gold mining in Norton Sound near Nome.

The government is considering holding a lease sale in January. Western Gold Exploration and Mining Co., or WestGold, now operates the world's largest offshore dredge to scrape gold from the sea floor on state leases.

In 1987, WestGold asked that it be allowed to move to federal waters. Since then, two other companies have expressed an interest in such a sale.

The state is involved in the sale through a joint state-federal coordination team that is reviewing issues associated with the sale.

"I think what has caused the concern is it's pretty well known... that folks who eat a lot of fish and organs of marine mammals ingest more mercury than those who don't," said Powers. "That translates generally to Native populations along the Bering Sea."

Bielawski and Powers say no one knows for sure whether mining aggravates a natural mercury problem. It's also not known whether the form of mercury found in the Norton Sound area is highly toxic to humans, they said.

Studies of WestGold's dredging operation have reported elevated levels of mercury in the water but the state thinks the studies are inconclusive, Bielawski said.

And Power said the studies, conducted by the Environmental Protection Agency and the state Department of Environmental Conservation, seem to be using flawed testing methods that are picking up other metals in the water but reporting it all as mercury.

Still, a draft environmental impact statement recently released by MMS says the proposed mining program could have a major impact on human health. The draft includes a chapter devoted to health effects which says mercury contamination of food sources "could pose a serious health threat to Nome residents harvesting seals, walrus, fish, shellfish and birds."

The draft report says a 1976 study of Yupik mothers with infants in the Yukon-Kuskokwim Delta showed mercury levels up to five times higher than Anchorage mothers, because the Yupik women frequently ate seal and fish while the Anchorage women did not. The draft report said it's likely mercury levels in Nome residents would be comparable to those in the delta area.

Bielawski did not know if any more recent studies of mercury had been done or if the state had taken steps after the 1978 study to alert health officials to potential mercury problems.

In November, the coordination team brought experts on mercury to Anchorage for a three-day workshop. One noted physician, Dr. David Marsh, suggested that mercury levels in coastal communities, particularly Nome, may already be dangerously high, to the point of affecting developing fetuses.

Marsh, reached at his New York home, declined to talk about the mercury issue on Tuesday. "I couldn't possibly talk about it over the phone," he said. "It's much too complicated."

At the conference, according to people who attended, Marsh urged that residents be tested to see what level of mercury already existed, then monitored to see if the contamination increased over time.

The coordination team is passing that recommendation along to Nome-area public health agencies. Powers didn't know what other communities would receive the letter and Bielawski wasn't sure if it would be distributed along the Bering Sea coast, although, she said, "it's a potential issue for any of the coastal populations."

Who would pay for the tests has not been resolved, Bielawski said.

When tests would be conducted also is unclear, and neither Bielawski nor Powers could say that mercury levels in Nome residents would be determined before they decide to proceed with the sale.

Powers said the sale might be delayed until tests are conducted. But he emphasized that a clear link between offshore mining and mercury in residents has not been established.

"I don't know that there's a mercury problem and I don't know that mining is going to create a mercury problem," he said. "We want to be careful not to raise a big scare about this."

Kristine Benson of the Alaska Center for the Environment attended the mercury workshop last fall. "It left you shaking your head," Benson said, "over why there seems to be a move to go ahead with the leasing when there are so many unanswered questions."

"I think the next step is to test the population that's at risk," she said, suggesting companies interested in mining pay for the tests. "They shouldn't be putting these women at risk for their own profits."

KUITSARAK, INC.
P.O. BOX 10
GOODNEWS BAY, ALASKA 99589

April 29, 1989

Representative Lyman Hoffman
Pouch V
Juneau, Alaska 99811

**Re: Goodnews Bay Offshore Mining Disposal, as proposed by the
Division of Mining, Department of Natural Resources.**

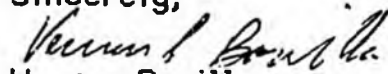
Dear Representative Hoffman:

Your constituents of Mumtrak (Goodnews Bay) are living a very fragile way of life in today's fast-paced world. And with the recent proposals by DNR, Mining Division, to open up Goodnews Bay and nearby waters for offshore mining, is placing our way of life, when considering our economic dependency on the Bay (based on renewable resources), in jeopardy.

The subsistence way of life, and the existing commercial dependency upon the bay, is the safest bet for the psychological well-being of the local people, some twenty or hundred years in the future. The locals surrounding the bay are not looking for some 50 jobs that will end in a "bust" cycle. Our Economic Base is growing, and we would like to see that continue. We do not want to witness the destruction of our foundation, especially by some "alien" company who will come in for his or her own economic gain, regardless of the consequences.

As constituents, we are asking for your support in our opposition to the proposal by the Division of Mining, DNR, to open up the Bay for mining purposes. Please consider the letter to the Director, Resolution 89-03-07, the newspaper article, and my testimony during the hearing held in Goodnews Bay on April 19, 1989. Thank-you for your consideration.

Sincerely,


Vernon Bavilla
President

cc: file
Attachments(4)

8

QANIRTUUQ, INCORPORATED

QUINHAGAK, ALASKA 99655

PHONE NO. (907)-556-8211

RESOLUTION 90-01

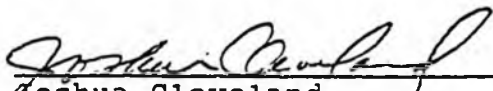
A RESOLUTION OF QANIRTUUQ, INC. SUPPORTING HOUSE BILL #332, AN ACT ESTABLISHING GOODNEWS BAY CRITICAL HABITAT AREA AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The Goodnews Bay area is utilized by villages in their commercial fishing efforts for their economic well being, and;

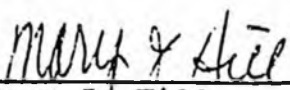
WHEREAS, The area is also utilized for subsistence hunting and fishing.

THEREFORE BE IT RESOLVED THAT, Qanirtuug, Inc. supports H.B.#332 an act establishing Goodnews Bay critical habitat area and providing for an effective date.

PASSED AND APPROVED this 11 day of January, 1990, by the Board of Directors of Qanirtuug, Inc..



Joshua Cleveland
Chairman of the Board



Mary J Hill
Secretary

TO REPRESENTATIVE LYMAN HOFFMAN
POUCH V
JUNEAU, AK 99811

F
R
O
M

JAN 19 1990
QANIRTUQA, INC
PO. BOX 69
QUINHAKIC, AK 99655

↓ SUBJECT _____ DATE / /

MESSAGE ENCLOSED IS A RESOLUTION PASSED BY THE BOARD
OF DIRECTORS IN SUPPORT OF HOUSE BILL #332. THE
BOARD OF DIRECTORS AND QANIRTUQA INC WISHES YOU A
HAPPY ^{NEW} YEAR. THANK-YOU.

SIGNED *George J. Small / President*

REPLY

SIGNED _____ DATE / /

REDIFORM 45 472

SEND PARTS 1 AND 3 INTACT - PART 3 WILL BE RETURNED WITH REPLY. CARBONLESS POLY PAK (50 SETS) 4P472

PLATINUM TRADITIONAL VILLAGE
PLATINUM TRADITIONAL COUNCIL
BOX 19

PLATINUM, ALASKA 99651

Resolution opposing Platinum Mining Proposal in the Good-
news Bay, Chagvan Waters.

Whereas; The Village of Platinum is an Alaska Native
village traditionally organized and recognized
by the United States thru the Secretary of the
Interior; and

Whereas; The Platinum Traditional Council is the tribal
governing body of the village of Platinum; and

Whereas; Local residents rely heavily in the subsistence
resources from its waters; and

Whereas; The local residents money resources comes from
its commercial fisheries; and

Now Therefore Be It Resolved that the Platinum Traditional
Village, Platinum Traditional Council strongly opposes
Platinum Mining Proposal in the Goodnews Bay and Chagvan
Waters.

Adopted this 18 Day of April, 1989,

Quorum Constituted by 5 For 5 Against 0

Moses Kilbuck
Traditional Council President

James T. Kaszubic
Attest: Secretary

cc: Files

Resolution No. 89-Offshore

A Resolution of Concurrence with Entities that oppose the State of Alaska's proposal to open up the Goodnews Bay, Alaska Offshore Area to mining activities.

Whereas: The City Council of Goodnews Bay, Alaska is the local governing body, and

Whereas: The State of Alaska through the Department of Natural Resources, Mining Division is in the process of hearings for it's proposal to open up the Goodnews Bay offshore Area to mining, and

Whereas: The proposed area is used by renewable subsistence resources and commercial fishery resources that would suffer in detrimental ways as a result of proposed mining activities, and

Whereas: The now infamous Prince Williams Sound Oil Spill will effect the amount of fish and other foodstuffs that are used by Alaskans for sustenance, now

Therefore Be It Resolved that the City Council of Goodnews Bay, Alaska joins Entities in opposing the State of Alaska, Department of Natural Resources, Mining Division proposal to open up the Goodnews Bay Offshore area to exploration and mining activities.

By Quorum of the City Council of Goodnews Bay, Alaska this 12th day of April, 1989.

Mayor Lua S. Small
Donathy D. Kulis
America. Henok
William Walter

Bessie A. Galia
Henry Chinglit
D. Wall
Attest: City Clerk

copy/file

Dept. of Natural Resources
Division of Mining
Attn: Kerwin Krause
P.O. Box 107016
Anchorage, Alaska 99510

April 5, 1989

Hello Mr. Krause;

First of all I want to thank you and your colleagues for giving the public a chance to see if we can stop this proposal before it kills off unlimited number of coastal animals, fishes, shelled beings and plants where living coastal resources and humans survive using. If the Division of mining is not going to replace the income of the fishermen of GoodNews, Platinum, Yukon and Kuskokwim receives, why try and destroy the economic provider which like I mentioned, your office will not be able to provide on a long term bases? Everybody understands that the state of Alaska is going broke and its pushing for development to keep alive. But to destroy living creature which you can not reproduce or recreate is not a way to do it. There is an example here in our region, its' Tuluksak River mining activity. What its doing is that it is poisoning the river year round. Arsenic material deeps on running down river, and water can not be consumed. Same results will occur even on the coastal region where tides and current never ever stops. Conserving our valuable resources should be supported and be held on to instead of wasting it. The beauty of Creation is the gift to Mankind from God himself to be enjoyed as food or as some food along the chain of variety of food sources of the living resources. And mankind's got the ability to destroy everything in a single day. This proposal is just going to get few people rich, why let them take advantage of the Natives food which they will never pay for or replace?

cc; Office files
Cenaliulriit-Bethel
Yupit Nation

In Peace;

Fritz George
Fritz George
Land Manager

Native Village of Kwinhagak

Quinhagak IRA Council
Quinhagak, Alaska 99655
Phone: (907) 556-8449
RESOLUTION 89-01

RESOLUTION OPPOSING PLATINUM MINING PROPOSAL IN THE GOODNEWS BAY WATERS AND CHAGVAN WATERS.

- WHEREAS, The Native Village of Kwinhagak, Quinhagak I.R.A. Council is recognized by the United States Government Organized through the Department of Interior, and
- WHEREAS, The residents of Quinhagak go to Goodnews Bay and Platinum to Commercial Fish for salmon and herring during the Commercial Fishing seasons, and
- WHEREAS, The Quinhagak residents basically are subsistence people and are highly dependent on the natural resources of the Goodnews Bay and Platinum area, and
- WHEREAS, The Native Village of Kwinhagak, Quinhagak I.R.A. Council strongly opposes Platinum Mining Proposal in the Goodnews Bay waters and Chagvan waters, and
- WHEREAS, Cenaliurrit resolved to oppose the proposed Platinum Mining in the Goodnews Bay Waters and Chagvan Waters presented by the Division of Mining Department of Natural Resource State of Alaska, and
- WHEREAS, The Native Village of Kwinhagak Supports Cenaliurrit Resolution 89-02-01 and
- NOW THEREFORE BE IT RESOLVED THAT The Native Village of Kwinhagak, Quinhagak I.R.A. Council support Cenaliurrit Resolution 89-02-01.

ADOPTED THIS 4th DAY OF April 1989,

QUORUM CONSTITUTED BY 5
5 FOR
AGAINST

John O. Nash
I.R.A. COUNCIL PRESIDENT

[Signature]
ATTEST: SECRETARY/

cc; files

Dept. of Natural Resources, Division of Mining - Anchorage
Cenaliurrit, Nunam Kitlutsisti, Platinum Council, Goodnews Bay Council
Tulak Councils

AKIACHAK NATIVE COMMUNITY
Akiachak Indian Reorganization Act Council
Post Office Box 70
Akiachak, Alaska 99551
(907)825-4626

APR 10 1989

April 6, 1989

To Whom It May Concern:

Enclosed is the Resolution 89-03-02 of the Akiachak IRA Council opposing Goodnews Bay Offshore Mining Project. The resolution is self-explanatory and any questions should be addressed to the signatory below at the above phone number.

AKIACHAK NATIVE COMMUNITY
Akiachak IRA Council



Willie Kasayulie
Chairman and Chief Executive Officer

cc: Office of the Governor
DCRA Commissioner
DNR Commissioner
Senator John Binkley
Representative Lyman Hoffman
AVCP, Incorporated
Cenaliulriit
Goodnews Bay Traditional Council
Kuitsarak, Incorporated
City of Goodnews Bay
files

AKIACHAK NATIVE COMMUNITY
Akiachak Indian Reorganization Act Council
Post Office Box 70
Akiachak, Alaska 99551
(907)825-4626

Resolution Opposing Goodnews Bay Offshore Mining Project

Resolution 89-03-02

WHEREAS, The Akiachak IRA Council is the governing authority for the Akiachak Native Community; and

WHEREAS, The Council has become aware of mineral mining proposals in the vicinity of the Mumtrak (Goodnews Bay) homelands and water-ways; and

WHEREAS, The Mumtrak residents share the cultural identity of the residents of Akiacuar (Akiachak) through dependence of subsistence caught resources from land and sea throughout countless generations; and

WHEREAS, No evidence exists of the effects the off-shore mining activity will have on the resources in Goodnews and Kuskokwim Bays to substantiate off-shore mineral activity.

NOW THEREFORE BE IT RESOLVED THAT:

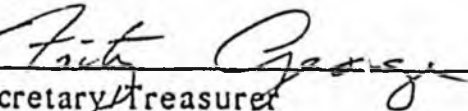
1. The Akiachak IRA Council hereby opposes the proposed mineral off-shore mining in the Goodnews Bay and Chagvan waters;
2. The emotional, cultural and physical well-being of the Mumtrak people should be given primary consideration; and
3. The existing and future subsistence and commercial uses of renewable resources be given the highest priority when any decision is to be made concerning the Goodnews Bay Offshore Mining Proposal.

Passed and approved this 29th day of March 1989.



Chairman

Attested by:



Secretary/Treasurer

Traditional Village Council
P.O. Box 58
Goodnews Bay, Alaska 99589
March 25, 1989

RECEIVED
MAR 30 1989

Governor Steve Cowper
State of Alaska
P.O. Box A
Juneau, Ak. 99811-0101
RE: Opposing Offshore mining

GOVERNOR'S OFFICE

Dear Governor Cowper,

At the joint meeting of the TVC, City Councils, and the Health Board held in Goodnews Bay Comm. hall March 24, 1989, the enclosed resolution opposing the Goodnews Bay Offshore Project was approved and adopted.

In our communication between the leader to leader, lets keep in mind that our residents major money resource producer is in it's fisheries.

Lets support the developement of the Fisheries, rather than endangering by mining or drilling, which can be destructive to the water Life.

Thank you for considering our concerns and your time.

Sincerely,

James M. Smith


TVC President

Enclosures

cc: file

Governor Cowper, City, and Trad. Councils of Togiak, Trad. council of Platinum, IRA Council of Akiachuk, AVCP Bethel, Senator Binkley, Representative Hoffman, Senator Adams, Rural Alaska Resources Assn., Cenaliulriit, Yukon/Kuskokwim Fisheries Task Force, D.G. Hoffman Commissioner Department of Comm. & Regional Affairs

Resolution 89-Mining-01

A Resolution opposing the Offshore Mining in Goodnews Bay Area and other Fishing Region Waters.

Whereas, the Goodnews Bay Traditional Village Council is recognized by the Department of the Interior through it's Secretary, and

Whereas, the Traditional Village Council represents it's residents in Social, Health, and Economic interests, and

Whereas, local residents rely heavily in the Subsistence resources from it's Waters, and

Whereas, the local residents money resources comes from it's Fisheries, and

Whereas, Residents knew that the past drilling in the Goodnews Bay effected a decline in fish, and other water life, and

Whereas, the residents opposed the Goodnews Bay Offshore mining.


Now Therefore Be It Resolved that the Goodnews Bay Traditional Village Council rejects the Goodnews Bay Offshore mining project proposed by the Department of the Natural Resources, Mining Division, and

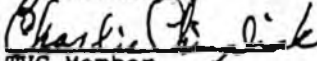
Be It Further Resolved that this resolution supports the Fishing Organizations, Traditional, and City Councils, Corporations, and other organized groups opposing the Offshore mining and drilling in the subsistence and commercial fishing area waters.

Duly adopted by the quorum on this 24th day of March, 1989.


Traditional Village Council, President

TVC Member


TVC Member


TVC Member


TVC Member

cc: file
City and Trad. Councils of Togiak
Traditional Village Council of Platinum
IRA Council of Akiachuk
AVCP Bethel
Gov. Steve Cowper
Senator Binkley
Representative Hoffman
Senator Adams
Rural Alaska Resources Assn.
Cenaliurrit
Yukon/Kuskokwim Fisheries Task Force

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 21, 1989

APR 25 1989

Mr. James M. Smith
President
Traditional Village Council
P.O. Box 58
Goodnews Bay, AK 99589

Dear Mr. Smith:

Thanks for providing me with a copy of the Traditional Village Council's resolution opposing offshore mining in Goodnews Bay. I appreciate your sharing your comments with me and have taken them into consideration.

I have also sent copies of your letter and resolution to my Commissioners of the Departments of Environmental Conservation, Fish and Game, Natural Resources, and to the Director of the Division of Governmental Coordination for their consideration.

Again, thanks for taking the time to write.

Sincerely,

S/S Steve Cowper

Steve Cowper
Governor

cc/enc: Commissioner Dennis Kelso
Commissioner Don Collinsworth
Commissioner Lennie Gorsuch
Bob Grogan

Resolution 89-Mining-01

A Resolution opposing the Offshore Mining in Goodnews Bay Area and other Fishing Region Waters.

Whereas, the Goodnews Bay Traditional Village Council is recognized by the Department of the Interior through it's Secretary, and

Whereas, the Traditional Village Council represents it's residents in Social, Health, and Economic interests, and

Whereas, local residents rely heavily in the Subsistence resources from it's Waters, and

Whereas, the local residents money resources comes from it's Fisheries, and

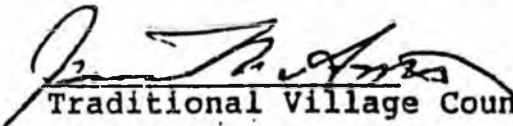
Whereas, Residents knew that the past drilling in the Goodnews Bay effected a decline in fish, and other water life, and

Whereas, the residents opposed the Goodnews Bay Offshore mining.

Now Therefore Be It Resolved that the Goodnews Bay Traditional Village Council rejects the Goodnews Bay Offshore mining project proposed by the Department of the Natural Resources, Mining Division, and

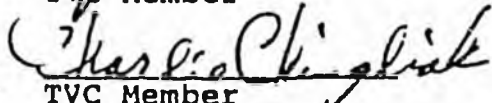
Be It Further Resolved that this resolution supports the Fishing Organizations, Traditional, and City Councils, Corporations, and other organized groups opposing the Offshore mining and drilling in the subsistence and commercial fishing area waters.

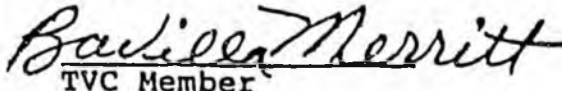
Duly adopted by the quorum on this 21th day of March, 1989.


Traditional Village Council, President

TVC Member


TVC Member


TVC Member


TVC Member

KUITSARAK. INCORPORATED

RESOLUTION NO. 89-C3-07

TO OPPOSE THE GOODNEWS OFFSHORE MINING PROJECT PROPOSAL AND LEASE SALE BY THE STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES, MINING DIVISION (DNR).

WHEREAS, Kuitsarak Incorporated, is a corporation established under the Alaska Native Claims Settlement Act of 1971, for the best interest of the people of Mumtrak (Goodnews Bay), and

WHEREAS, the people of Mumtrak, since prehistory have always subsisted, and still do, for their main diet of fish and mammals from the renewable resources of Goodnews Bay, and nearby waters, and

WHEREAS, the commercial fishing industry in Goodnews Bay is the only income for the majority of the residents of Mumtrak, and,

WHEREAS, the State of Alaska, through DNR, Mining Division, is considering a proposal to open up the Bay and nearby waters for offshore dredge mining to private mining companies, and

WHEREAS, the consequences of such a move would only benefit the outside companies and would result in a "Boom/Bust" form of economic development at the expense of the established economy based on renewable resources.

WHEREAS, standard or modified buckline dredge mining of the Bay would increase turbidity, destroy existing marine habitat and wildlife dependent on the bottom of the bay and would poison the Bay with minerals, and

WHEREAS, the results of such an action would only be detrimental for the health and well-being of the people who depend on the very Bay and its' life for their survival.

NOW THEREFORE BE IT RESOLVED THAT:

1. Kuitsarak, Inc., opposes any decision to open up Goodnews Bay and nearby waters for mining purposes, and
2. The State of Alaska, through the Department of Natural Resources, Mining Division, should halt all lease sales to private companies and deny any proposal to open up Goodnews Bay and nearby waters for prospecting or mining purposes.
3. The emotional, cultural, and physical well-being of the people of Mumtrak, Alaska, should be given primary consideration before any action is taken, and

4. Existing and future subsistence and commercial uses of renewable resources should be given the highest priority when any decision is to be made concerning the Goodnews Bay Offshore Mining Proposal.

5. Kuitsarak, Inc. requests support from Native organizations, conservation advocates and other interested parties for this position.

Adopted by quorum on this 7th day of March 1987, by the Board of Directors.

Vernon J. Bonilla

Chairman

ATTEST:

Maggie K. Scholtz
Secretary/Treasurer



Cenaliulriit

Coastal
Management
District

For the Yukon-Kuskokwim Coastal Resource Service Area
P.O. Box 1169 • Bethel, Alaska 99559 • 907/543-2243

February 27, 1989

Dear Traditional Council:

Attached is a resolution Cenaliulriit Board of Directors passed during the board meeting, February 23, 1989 in Bethel.

The resolution is opposing offshore mining in Goodnews Bay and outside the Bay. Your support is needed to oppose this project. Sometime in mid March Department of Natural Resources (DNR) will held a public hearing in Goodnews Bay, Platinum and Bethel. We will inform you when the exact date is set for public hearing.

Enclose is the study of offshore mining in Goodnews Bay by DNR.

Sincerely,

A handwritten signature in cursive script that reads "Anna Phillip".

Anna Phillip
Coordinator

enclosures

cc: Files
Cenaliulriit Board of Directors
Ms. Estus, DGC
Mr. Duffy, DCRA



Cenaliulriit

Coastal
Management
District

For the Yukon-Kuskokwim Coastal Resource Service Area
P.O. Box 1169, Bethel, Alaska 99559 907/543-2243
RESOLUTION 89-02-01

RESOLUTION OPPOSING PLATINUM MINING PROPOSAL IN THE GOODNEWS BAY WATERS AND CHAGVAN WATERS.

- WHEREAS, Cenaliulriit Coastal Management District represents 43 villages as a Coastal Resource Service Area under the authority of Section 46.40.110-180 of the Alaska Coastal Management Act; and
- WHEREAS, The seven member elected Board of Directors has the right and obligation to oversee the performance of the staff and the working of the district; and
- WHEREAS, The Cenaliulriit Board of Directors has become aware of Platinum mining proposal in the Goodnews Bay waters and outside the Goodnews Bay waters, and
- WHEREAS, In the past, when drilling was done in the Goodnews Bay waters, the people in the area began seeing dead Smelt and Herring Fish, and
- WHEREAS, The residents of Goodnews Bay and Platinum have already expressed opposition to Platinum mining in the Goodnews Bay waters and Outside the Goodnews Bay waters, and
- WHEREAS, The area residents basically are subsistence people and therefore are highly dependent on the natural resources of the Goodnews Bay area, and
- WHEREAS, The area residents get their very important meager cash income for the year from commercial fishing for Herring and Salmon Fish, and
- WHEREAS, The sound and clean environment is very important to continuing presence of the natural resources, and
- WHEREAS, One of Cenaliulriit's objectives is to look after a sound and clean environment in the district.

NOW THEREFORE BE IT RESOLVED that the Cenaliulriit Board of Directors expresses its opposition to the proposed Platinum mining in the Goodnews Bay waters and Chagvan waters, and

BE IT FURTHER RESOLVED that copies of this resolution be send to Governor Steve Cowper, Division of Mining DNR, Senator Binkley, Senator Adams, Representative Hoffman, Representative Wallis, Representative Foster, Alaska Department of Fish and Game Habitat Division, Subsistence Division, AVCP, Nunam Kitlutsisti, Fish and Game Advisory Board, Yukon/Kuskokwim Fisheries Task Force and Village IRA and Traditional Councils.

ADPOTED THIS 23rd DAY OF February 1989, BY THE
CENALIULRIIT BOARD OF DIRECTORS AT THE CENALIULRIIT BOARD MEETING
BETHEL, ALASKA.

Paul Chimiugak
Paul Chimiugak, Chairman

Peter Black
Attested By: Peter Black, Secretary/Treasurer

of Jerry G

RURAL ALASKA RESOURCES ASSOCIATION

P.O. Box 200908
Anchorage, Alaska 99520
(907) 279-2511

March 16, 1989

MEMBERS:

Aleutian/Pribilof
Islands Association, Inc.

Bristol Bay Native
Association

Central Council,
Tlingit & Haida

Copper River Native
Association

Kawerak, Inc.

Kodiak Area Native
Association

Maniilaq Association

The North Pacific Rim

North Slope Borough

Nunam
Kitlutsisti

Tanana Chiefs
Conference, Inc.

Tyonek,
Native Village of

ASSOCIATE MEMBERS:

Koyukon
Development Corporation

Bering Sea
Fishermen's Association

RURAL CAP STAFF:

Bob Polasky

Governor Steve Cowper
State of Alaska
P.O. Box A
Juneau, AK 99811-0101

DEPARTMENT OF
NATURAL RESOURCES

Dear Governor Cowper:

MAR 20 1989

At a meeting of the Rural Alaska Resources Association (RARA) held in Juneau February 20-21, 1989, the enclosed resolution opposing the Goodnews Bay Offshore Project was unanimously adopted.

RARA believes there is insufficient information on the effect of the proposal on fish, marine mammals, waterfowl and other renewable resources. We understand the project is currently being considered by the Department of Natural Resources.

We believe that rural Alaskans must be assured that the renewable resources that sustain their livelihood are adequately protected before a major development project, such as the Goodnews Offshore Project, proceeds.

Thank you for hearing our concern in this matter.

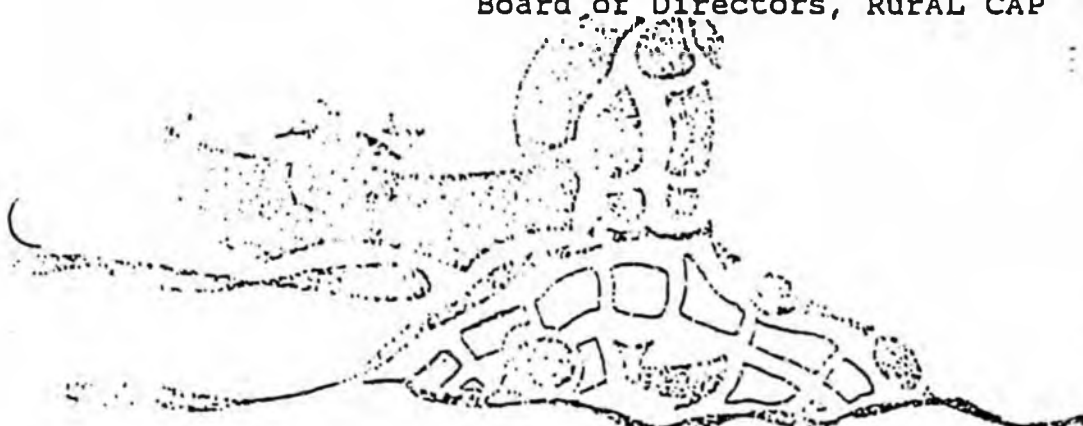
Sincerely,

Arnold Melsheimer

Arnold Melsheimer, Acting Chairman
RURAL ALASKA RESOURCES ASSOCIATION

Enclosure: Resolution 89-5

cc: Lennie Boston-Gorsuch, Commissioner, Dept. of
Natural Resources
Nunam Kitlutsisti
Traditional Council, Goodnews Bay
Board of Directors, RURAL CAP



RURAL ALASKA RESOURCES ASSOCIATION

P.O. Box 200908
Anchorage, Alaska 99520
(907) 279-2511

MEMBERS:

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Tanana Chiefs
Conference, Inc.

Tyonek,
Native Village of

ASSOCIATE MEMBERS:

Koyukon
Development Corporation

Bering Sea
Fishermen's Association

RURAL CAP STAFF:

Bob Polasky

RESOLUTION 89-5

ENTITLED: TO SUPPORT GOODNEWS BAY (MUMTRAK) IN ITS
OPPOSITION TO THE GOODNEWS OFFSHORE PROJECT.

WHEREAS, the Rural Alaska Resources Association
(RARA) is reliably informed that the people
of Goodnews Bay oppose the Goodnews Offshore
Project now being considered by the
Department of Natural Resources (DNR), Mining
Division; and

WHEREAS, the proposal to open up Goodnews Bay and
nearby waters for offshore dredge mining to
private mining companies is likely to have an
adverse impact on subsistence and commercial
use of renewable resources and to otherwise
adversely affect the environment; and

WHEREAS, there is insufficient information on the
effect of the proposal on fish, marine
mammals, waterfowl, and other renewable
resources;

NOW, THEREFORE, BE IT RESOLVED

that the Rural Alaska Resources Association
supports the community of Goodnews Bay
(Mumtrak) in their opposition to the DNR
Goodnews Offshore Project proposal.

ADOPTED unanimously in Juneau, Alaska on February 21,
1989 by members of the Rural Alaska Resources Association.

Arnold Melsheimer

Arnold Melsheimer, Actg. Chairman
RURAL ALASKA RESOURCES ASSN.

February 21, 1989

Date. *[Signature]*

[Signature]
[Signature]



9

April 19, 1989

Department of Natural Resources
Division of Mining
ATTN: Kerwin Krause
P.O. Box 107016
Anchorage, Alaska 99510
Telephone: 762-2162

Karin Sheardown
3512 Campbell Airstrip Rd.
Anchorage, Alaska 99504

HAND DELIVERED

Dear Mr. Krause:

I have reviewed the Preliminary Best Interest Finding and Proposed Consistency Determination regarding the issuance of offshore prospecting permits in and near Goodnews Bay, Alaska. Please accept this letter as my comments.

I don't think that the State should reject any OPP's unless it can be shown that prospecting will have an extreme adverse effect. The Preliminary Best Interest Finding of the Director says:

"Extreme adverse effects created by a disposal will be avoided by deletion of certain areas from that disposal."

These potential 'extreme adverse effects' don't relate to prospecting at all, they relate to mining. I'm not applying for a mining permit. If we're successful in discovering valuable platinum deposits, then we can weigh the costs, benefits, and 'extreme adverse effects'.

By the time a platinum discovery is made, platinum may be considered so precious that it takes precedence over other competing resources. For example the new platinum-dependent cold nuclear fusion process may prove to be a boon to mankind and tremendous benefit to the U.S.A.

New technologies with their marvelous benefits bring with them a price. They compete with the old methods and eventually replace the outdated and inefficient. In the best situations we may find areas where diverse resources such as fish and minerals can be harvested without competing with each other, but most of the time we must compromise. Sometimes we need to make a hard decision and choose one very important resource to the detriment of another very important resource.

In the preliminary best interest finding, the State is saying that it will never be in the State's best interest to choose the platinum over the herring. My logic tells me otherwise. Platinum deposits are severely restricted in their distribution, if we can't mine them where they are, then we have no other choice. We have to do without platinum. There's no other place in the U.S.A. with a similar platinum potential to the one at, in and near Goodnews Bay. On the other hand,

Goodnews Bay isn't even the best place in the State to get herring. I believe that if we only knew whether or not the platinum was there and how much was there, we would then be in a position to decide which was more important--the herring or the platinum. I think that at some concentration of platinum, it must be in the State's best interest to choose the platinum over the herring.

The State can't make a truly informed choice unless it knows where the platinum is, how much of it is there, and whether or not it can be successfully extracted. If the State grants the prospecting permits, it will allow us to find those answers. What justifiable reason could the State use to prevent us from gaining this information?

The preliminary finding admits,

"Exploration activities in the portions of the bay containing eelgrass would have very little impact upon the biological productivity associated with the eelgrass..."

The preliminary finding goes on to say that upon mining, the eelgrass would be destroyed so let's reject the OPP's. The point I'm trying to make is that if exploration is not going to cost the State anything or cause any harm, then why won't the State allow us to complete the prospecting? I think it would make sense for the State to have this information before making so important a decision to lock up our precious resources.

According to the Preliminary Best Interest Finding, Inlet Oil Corp. converted a portion of three Goodnews Bay OPP's into a lease after showing working platinum deposits off of Beluga Mountain. They lost the lease for failure to pay rent. What were the 'extreme adverse effects' of Inlet Oil's activities? What would have happened if they had continued to pay their rent? Is it fair for me to be locked out of the old lease area and not even be given the opportunity to see if there is a workable deposit? I don't think it's fair at all.

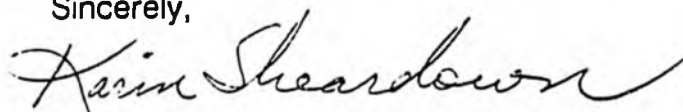
There is an important point to consider if the State decides to prohibit prospecting over parts of the offshore area. It will be unfair to me to flatly reject my applications, because if the State later changes its mind, I won't get any benefit. Suppose that I'm successful in outlining some very valuable ores and right next to me is part of an ore deposit on ground the State has rejected. Then seeing the value of these resources, the State may reappraise its best interest and decide to reopen these valuable tracts for someone else. If the State decides to prohibit prospecting on some or parts of my OPP applications, then to be fair to me, my applications should be put on hold again rather than rejected.

Another point should be considered if the State decides to prohibit exploration. With a couple of exceptions, the State proposes to reject certain applications in total.

Surely the arbitrary boundaries of these applications cannot coincide exactly with sensitive areas. Are there not some parts of these applications less sensitive or nonsensitive? Particularly within Goodnews Bay, it appears that entire OPP's are recommended for rejection even though they are not entirely over sensitive ground.

Thank you for considering my comments.

Sincerely,

A handwritten signature in cursive script that reads "Karin Sheardown". The signature is fluid and connects the letters together.

Karin Sheardown

GOODNEWS RESOURCES INC.

935 Marine Building, 355 Burrard Street, Vancouver, BC V6C 2G8
Telephone: (604) 687-7169 Telecopy: (604) 682-4033

VIA COURIER

April 17, 1989

Mr. Gerald Gallagher
Director, Division of Mining
Alaska Department of Natural Resources
Suite 880
3601 C Street
Anchorage, Alaska 99503

Re: Goodnews Bay Offshore Project

Dear Mr. Gallagher:

As you are aware, Neptune Resources Inc. is interested in participating in the mineral exploration and development of the offshore lands near Goodnews Bay, Alaska. This letter sets forth our comments on the Preliminary Finding of the Director and Coastal Consistency Determination Regarding Issuance of Offshore Prospecting Permits in and near Goodnews Bay, Alaska, dated March 9, 1989.

Within Goodnews Bay

As explained in the resource assessment report and preliminary best interest finding, the ecological, environmental and subsistence characteristics of the Goodnews Bay estuary are unique. Your decision to reject certain of the applications in the Bay is therefore understandable, although we request that you carefully review the rejections in order to see if there are certain additional lands which might be issued to the applicant.

Outside of Goodnews Bay

Outside of Goodnews Bay the potential for the discovery of significant mineral resources is quite high while the potential for conflict with non-mineral resources and subsistence activities is much less than in the Bay. We therefore submit that it is not appropriate to reject any of the applications outside of the Bay, but rather that it is more appropriate to issue all such applications with specific conditional time closures and other stipulations designed to protect the non-mineral resources. This will allow the State to limit operations in sensitive areas while still permitting mineral exploration.

.... /2

After the sensitive areas have been explored and the mineral potential determined, the State will be in a much better position to balance the competing mineral and non-mineral resource interests. If the applications are rejected at this early stage before there is a chance to obtain information as to the mineral resources, the State will be foreclosing an opportunity to develop what may be a very important resource. In addition, it is unfair to the applicant (who now has a priority right) to reject certain lands now which at some later time the State may decide to open up to mineral exploration and development.

As a member of the mining industry, we want to express our appreciation to the Division of Mining for committing the time and effort necessary to conduct the Goodnews Bay offshore lands disposal. We look forward to participating in mineral exploration and development in this and other areas of the State.

Yours very truly,

GOODNEWS RESOURCES INC.

A handwritten signature in cursive script, appearing to read "Harris Saxon". The signature is written in dark ink and is positioned above the printed name and title.

Harris Saxon
Executive Vice President

/mw.H335

10

district in which the prospecting

licated scale of 1:63,360 (1 inch = 1 mile) which shows the boundaries of the site, the physical features of the land, the lines surrounding the prospecting site, the locator's knowledge, the relationship of the site to adjacent and contiguous mining and prospecting sites; and

range, meridian, section, and township in which the prospecting site is located.

certificate of location within 90 days after the date of abandonment of all rights in the site.

After abandonment the site becomes public land. If another person relocates that site within 90 days after the date of abandonment, that locator's successor in interest is not entitled to the site if it had never been located.

1/82, Register 84; am 5/30/85, Register 94

TERMINATION OF SALE, LEASE, OR OTHER INTEREST

Repealed 5/30/85.

EXTENSION OF PERMIT. (a) Within one year after the expiration of a permit, a notice for a prospecting site, and a fee of \$5 per acre for the area enclosed by the permit must be performed. The amount of the first extension is also \$5; but the amount of work required during the first extension is \$10 per acre.

acceptable for holding prospecting

geochemical work by persons qualified to do so, Register 51; am 5/30/85, Register 94

11 AAC 86.430. EXTENSION. (a) A request for extension of a permit must be filed in writing with the division before the permit expires.

The request for extension must contain the name and current mailing address of the locator; the name and any serial number assigned by the division to the prospecting site; the reasons why an extension is needed; and the signature of the owner or the owner's agent.

The locator will, in his or her discretion, request that additional information be supplied to support the request for extension.

If an extension is granted, the prospecting site locator shall, within 30 days after receiving the notice of extension, record the notice in the recording district in which the site is located. (Eff. 9/5/74, Register 94; am 5/30/85, Register 94)

AS 05.020
AS 05.245

11 AAC 86.435. STAKING CLAIMS ON EXPIRED PERMITS.

The expiration of a permit does not prevent the locator or his successor from staking a mining claim or leasehold location in the area formerly covered by his prospecting site location if no intervening locations have been made by others. (Eff. 9/5/74, Register 94)

AS 05.020

Article 5. Offshore Permits and Leases

Section	
540. Lease rental	
545. Leases granted by competitive bidding	
550. (Repealed)	
555. (Repealed)	
560. (Repealed)	
561. Surrender	
565. Land in terminated permits and leases	
570. (Repealed)	
575. Production and lease extension	
580. Suspension	

11 AAC 86.500. PERMIT APPLICATIONS. (a) The procedures of 11 AAC 82.105, 11 AAC 82.110, 11 AAC 82.200, 11 AAC 82.205, 11 AAC 82.300, 11 AAC 82.305, and 11 AAC 82.500 — 11 AAC 82.540 apply to offshore prospecting permits.

(b) An applicant may file for and be granted an offshore prospecting permit only on tide and submerged land that has been opened for offshore prospecting permits.

(c) Notwithstanding (a) and (b) of this section and 11 AAC 86.500, all prospecting permit applications pending as of January 2, 1983, shall be adjudicated without regard to whether the area applied for was open to filing at the time of application. This action is intended to preserve priority rights established by the applications' order of filing. The commissioner is exercising his authority under AS 38.05.020 and AS 38.05.035(b)(2) to grant and preserve these priority rights in order to avoid inequitable detriment to diligent applicants due to situations over which the applicants had no control. The commissioner finds that this exercise of this authority under AS 38.05.035(b)(2) is in the best interests of the state.

(d) No person may file offshore prospecting permit applications that exceed, in the aggregate or in combination with offshore prospecting permits already held by that person, 300,000 acres.

(e) Notwithstanding (d) of this section, any person who, as of January 2, 1983, has pending prospecting permit applications that exceed 100,000 acres, shall, within 24 months after January 1, 1983, reduce the acreage under prospecting permit application to 300,000 acres or less. The department will adjudicate and issue up to 100,000 acres of offshore prospecting permits according to a priority list established by the applicant to the extent administratively practicable. If excess applications are not relinquished, adjudication of pending applications will take place in an order determined by the department.

(f) All tide and submerged land will be opened for offshore prospecting permit applications on June 30, 1984, unless the department finds that

(1) the land contains known mineral deposits that will be offered by competitive leasing;

(2) mining would be incompatible with significant surface uses, or

(3) adequate funding has not been appropriated for disposal of these minerals under the procedures provided by law.

(g) Issuance of an offshore prospecting permit is subject to requirements of AS 38.05.035(e), 38.05.830, 38.05.945, and 38.05.946.

(h) The filing of an application for an offshore prospecting permit does not vest a property right but merely creates a priority right to any permit that may be issued. The filing of an application segregates the locatable minerals in that tract. Until the application is adjudicated, those minerals are unavailable for location under AS 38.05.180 — 38.05.275. Prospecting permit applications filed will be shown as soon as possible on the department's land records and will immediately be entered on a list available by mail from the division. (Eff. 9/5/74, Register 51; am 1/1/83, Register 85; am 5/30/85, Register 84)

Authority: AS 38.05.020
AS 38.05.035
AS 38.05.250

11 AAC 86.505. EFFECTIVE DATE
of lease is as provided by 11 AAC 82

Authority: AS 38.05.020

11 AAC 86.510. ACCEPTABLE P
and labor on land covered by th
the opinion of the commissioner devel
acceptable. The work must add to the l
within the limits of the permit or perm
acquisition of such information. Cre
limited to, sampling and geolog
economic and feasibility studie
structures on adjacent upland, ar
reasonably necessary by the comm
permit or group of permits. Work
in one year may be cred
(Eff. 9/5/74, Register 51; am 1/

Authority: AS 38.05.020
AS 38.05.250

11 AAC 86.515. COMPLIANCE
REQUIREMENT. (a) On or before th
anniversary date of the offshore pros
shall pay rental, submit an affidavit c
or submit a combination of a p
affidavit of work creditable against re
affidavit of work must be filed with the
affidavit constitutes certification that, t
the work, or that portion of work
previous year, has not been previously
requirement.

The affidavit must be supported l
be required by the commissione

- (1) the location of the work perform
- (2) the nature, extent and cost of
- (3) the general findings from the
- (4) the name, address, and profess
conducting the work.

Failure to timely submit a renta
an offshore prospecting permit is

38.05.265 and automatically terminates the offshore prospecting permit without prior notice.

(d) If any rental payment in combination with any work credits against rental is less than the amount due, the permittee will be granted 30 days after receipt of a notice from the director to submit the additional rental due. If the permittee does not correct the default within the time allowed in the notice, the offshore prospecting permit automatically terminates without further notice. (Eff. 9/5/74, Register 51; am 1/1/83, Register 85; am 5/30/85, Register 94)

Authority: AS 38.05.020 AS 38.05.250
AS 38.05.035 AS 38.05.265

11 AAC 86.520. GROUPING OF PERMITS. Contiguous permits may be grouped for work requirement purposes if it is shown to the satisfaction of the commissioner on or before the time provided in 11 AAC 86.515 that the permits are and were held under common ownership or assignment. For purposes of grouping permits, affidavits must be filed on a group basis and in accordance with 11 AAC 86.515. (Eff. 9/5/74, Register 51; am 1/1/83, Register 85)

Authority: AS 38.05.020
AS 38.06.250(a)

11 AAC 86.525. FAILURE TO COMPLY. Repealed 5/30/85

11 AAC 86.528. PERMIT EXTENSION. An offshore prospecting permit will not be extended or renewed. (Eff. 5/30/85, Register 94)

Authority: AS 38.05.020
AS 38.05.250

11 AAC 86.530. CONVERSION OF AN OFFSHORE PROSPECTING PERMIT TO A MINING LEASE. (a) At any time while an offshore prospecting permit is in effect, the permittee is entitled to a noncompetitive mining lease on that part of the permit area that has been shown to the satisfaction of the director to contain workable mineral deposits. The leased land will be described by legal survey or by a map approved by the Bureau of Land Management or the Department of Natural Resources.

(b) An application to convert a permit to a noncompetitive mining lease must be filed in accordance with 11 AAC 88.105. If the application is filed before the permit expires, the permit's expiration is postponed while the application is being processed. Until processing is completed, the permittee retains all rights specified in the permit until otherwise notified by the department, and the locatable minerals

in the land described in the conversion application. There is no further rental for the land under other offshore prospecting locations. A decision denying conversion shall be accompanied by a written explanation of the reasons therefor. A permittee applying to convert the permit has the burden of demonstrating that each of the requirements for the issuance of a mining lease shall provide sufficiently reliable and detailed geologic, and engineering data to enable the commissioner to make a knowledgeable decision. The following information shall be provided in support of the lease application:

(1) an estimate of reserves, including a statement of how reserves are measured, indicated, and estimated; sufficient geologic, geophysical, and engineering data to support the reserve estimates;

(2) the average grade of recoverable reserves, the sample density, sample collection methods, and analytical testing methods used;

(3) topographic, geologic, or ocean floor data showing the location of all samples, trenches, drift, and the outline of the ore body;

(4) a description of the probable mineral deposit and an economic appraisal of the proposed development and of extracting, processing, and marketing the ore;

(5) an evaluation of toxic materials that may be present in the proposed mining area and proposed methods of handling such materials;

(6) any additional documentation required for evaluating the conversion of a prospecting permit to a mining lease. Any financial information and geologic, and cost data supplied by the applicant will be kept confidential at the application, but shall be clearly identified by the applicant as not qualifying as confidential.

(7) In this section, "workable mineral deposit" means a mineral deposit that has been shown by the permittee to have the prospect of developing into a successful mining operation of one or more locatable minerals under present conditions. (Eff. 9/5/74, Register 51; am 5/30/85, Register 94)

Authority: AS 38.05.020

Authority: AS 38.05.020

tically terminates the offshore prospecting permit. If the permittee does not correct the error in the notice, the offshore prospecting permit expires without further notice. (Eff. 9/5/74, Register 85; am 5/30/85, Register 94)

AS 38.05.250
AS 38.05.265

GROUPING OF PERMITS. Contiguous work requirement purposes if it is approved by the commissioner on or before the time provided for in the permits are and were held under the same permit. For purposes of grouping permits, a group basis and in accordance with 11 AAC 88.105, Register 51; am 1/1/83, Register 85

PERMIT TO COMPLY. Repealed 5/30/85

PERMIT EXTENSION. An offshore prospecting permit may be extended or renewed. (Eff. 5/30/85, Register 94)

CONVERSION OF AN OFFSHORE PROSPECTING PERMIT TO A MINING LEASE. (a) At any time when a prospecting permit is in effect, the permittee is entitled to convert the permit to a mining lease on that part of the permit area that has been shown to contain workable mineral deposits by the action of the director to contain workable mineral deposits. The location of the director to contain workable mineral deposits and land will be described by legal subdivision, a geological survey or to the official protraction map of the Bureau of Land Management or the Department of Natural Resources.

(b) To convert a permit to a noncompetitive mining lease in accordance with 11 AAC 88.105. If the application expires, the permit's expiration is postponed until processing is being processed. Until processing is completed, the permittee retains all rights specified in the permit, including the right to prospect, and the locatable minerals

and described in the conversion application remain segregated from other offshore prospecting permit applications or as provided in the conversion application. There is no further rental obligation after the original expiration date. A decision denying conversion to a lease will be accompanied by a written explanation of the grounds for the denial. The permittee applying to convert the permit to an offshore mining lease has the burden of demonstrating to the director's satisfaction that all the requirements for the issuance of a lease have been met, and shall provide sufficiently reliable and detailed economic, geophysical, geologic, and engineering data to enable the director to make a reasonable decision. The following information must be submitted in support of the lease application:

1. An estimate of reserves, including a statement of whether the reserves are measured, indicated, or inferred, together with sufficient geologic, geophysical, and engineering data to substantiate the reserve estimates;
2. The average grade of recoverable reserves, including a discussion of the sample density, sample collection technique, sample preparation, and analytical testing methods;
3. Topographic, geologic, or ocean floor maps that clearly show the location of all samples, trenches, drill holes, and geophysical surveys, and the outline of the ore body;
4. A description of the probable mining and recovery methods;
5. An economic appraisal of the proposed mining operation that estimates both the revenue from the sale of the ore and the costs of lease development and of extracting, milling, transporting, and marketing the ore;
6. An evaluation of toxic materials that naturally occur in the proposed mining area and proposed methods to control the release of these materials;
7. Any additional documentation required by the director to assist in evaluating the conversion of a prospecting permit to a lease.
8. Any financial information and geological, geophysical, engineering, and cost data supplied by the applicant as part of the application shall be kept confidential at the applicant's request. Such data must be clearly identified by the applicant and separated from information not qualifying as confidential.
9. In this section, "workable mineral deposit" means a locatable mineral deposit that has been shown by the applicant to have a reasonable prospect of developing into a successful mine, based on the presence of one or more locatable minerals of sufficient value and quantity to induce a prudent operator to pursue development under present conditions. (Eff. 9/5/74, Register 51; am 1/1/83, Register 85; am 5/30/85, Register 94)

Authority: AS 38.05.020

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TUMPA DUMMS
4-27-89

After review of the preliminary "best interest finding" regarding the issuance of offshore prospecting permits in and near Goodnews Bay Alaska, we, the undersigned concerned residents of Platinum Alaska, respond.

Our findings of the proposed offshore prospecting permits show that the informational material as provided is rather slanted and downplayed in terms of its perspective towards the

Biological resources are the mainstay of life here. Our most sensitive marine environment is a rich and tremendously valuable ecosystem, providing for its aboriginal peoples for centuries. It takes many years of intense observation for one to fully comprehend the wildlife values here, and interlocking relationships each species has critical to each other.

Our offshore areas are not renewable like a new mowed

ly sensitive and are utilized less than those areas within Goodnews Bay."

We feel that the statement is incorrect and misleading. On page 13 of you finding you also state that "with proper timing exploration activities will have negligible effects on fish migrations, fish spawning, marine mammals, clam beds or blue mussel beds." The Department's claims of "proper timing" are all too shallow and weak a defense when

Offshore mining project overwhelmingly detrimental to area

by The Platinum City Council

overall environmental and social-cultural impacts that this activity will generate.

We, the residents of Platinum, wish to maintain the quality of our lives, preserve its pristine ecosystem, and protect our community from unwanted population growth and the resultant social impacts it will most definitely have on our subsistence community.

Mr. Gallagher, we understand that under State law, that before issuing a permit you are required to prepare a written finding that the States interests will best be served by issuance of said permit. (AS 38.05.035 e) It must also document whether the plan is consistent with the Alaska Coastal Management program. What we seek to do here is state why we determine it is not at all acceptable and not in the best interests of State, Coastal Management, or the residents of Goodnews Bay and Platinum.

lawn. Caplin and smelt use the surfzone for spawning in Spring. All species use the offshore area as a migration corridor. Grey whales, an endangered species, Beluga and Bowhead whales Walrus and Sea Lion use this route predictably. Its disruption or loss would then dislocate these species. Their presence in the food chain is based on bottom food supplies.

A diverse array of organisms; clams, snails, crabs, fish and more live on the bottom. Crabs and clams are abundant. Nineteen species of marine mammals inhabit the nearshore area. Herring spawning areas are dependant upon the presence of eelgrass beds. Tens of thousands of Pelagic seabirds and migrating waterfowl use the shorelines, tidelands and Bay, Mr. Gallagher, in page 10 of your best interest finding, last sentence of the fifth paragraph you state: "In general, the offshore coastal areas are less environmental.

there is a tremendous and irreplaceable wildlife habitat at stake.

Of your report, on page B-14 of the biological resource assessment by Dames and Morre, the fourth paragraph states in reference to Grey Whales: "any major damage to their food chains would undoubtedly have a negative effect on their numbers."

Can we assume then Mr. Gallagher, that one or more 100 foot bucketline dredge working 24 hours a day devastating a rich sea floor to cause such damage? In section B page 16 it addresses the subject of exploration impacts inside Goodnews Bay. In reference to bird nesting colonies and Eagle nests at Beluga hill it states: "These species could be threatened by potential fuel spill pollution during fuel transfer and handling on exploration vessels. Disturb-

See OP-ED page 33

from the combination effects of harassment by workers and vessel traffic."

Of the same report, on page E-17 when considering mining impacts it states: "The swelling effect of Dredge spoil material could result in the creation of islands or increasingly shallow water..." Further it states: "Detailed impacts and constraints to marine reclamation cannot be determined..."

We must ask you Mr. Gallagher, did you actually read the biological impacts as written in the report for the OPP applicant and then in good conscience deem it of insignificant wildlife impact? The last sentence of the next page indicated further mitigation measures such as "Develop a fuel spill contingency plan and have a good supply of spill clean up equipment on site." We all know how well such plans work now, do we not?

On page five of the summary as prepared by WGM Inc. it states that "impacts of exploration... are limited to fuel spills and increased ship traffic and noise that could cause their displacement..." This was in reference to local wildlife. As you probably had read but surely cannot fully embrace, is the fact that residents of this Bay area lead a subsistence lifestyle. As this is being typed boats of seal hunters float in the Bay hoping to bring home fresh meat.

Further of the same summary by WGM Inc. on page 5 it states; "biological activity will be lost... longterm biological impacts could result if critical species such as eelgrass failed to recolonize..." In the next paragraph it speaks of turbidity as a result of exploration: "If this were to cause destruction of eelgrass beds, a decline in the commercial and subsistence fishery would probably result."

For these reasons and more to be discussed, we feel all plans of providing prospecting permits to be a long term monumental exercise in poor judgment tantamount to the Valdez incident, and obviously done without full regard to the environment whatsoever, or the residents indigenous of the area. Is that truly in the best interests of the state then? Its residents?

Under State law, (11 AAC 86.500) this area is open to prospecting permit applications unless the State funds

compatible with significant surface use..." Looking at the long term effect of exploration and eventual Dredging our area then, destroying our ecosystem, disrupting the subsistence way of life, is that incompatible in your perspective?

Mr. Gallager, the mitigation alternatives as proposed are not at all substantial enough in terms of overall safeguards. They are shallow, contrived, and inadequate. Other perhaps less obvious impacts are at issue. The overall quality of life is at stake for the residents of the area. On page A-9 as written by Westervelt Engineering it states: "Two separate dredging systems may be required...and as a result a substantial facility would be established in the area..." (page A-10).

We ask, on Native land claims? We absolutely do not want to see a sudden boom of activity and then find a mining camp in our midst, which would require a fuel storage facility, waste and refuse disposal. The other demands on community infrastructure would be only unhealthy.

An increase in population would impact the school creating unreasonable classroom conditions. There is a limited amount of supplies available, housing and services. The population here would double. Then we would have a situation where these outsiders would compete for our resources of fish and game recreationally, and we so want that.

Many times over in the mining plan summary it indicates that local jobs would be generated. People here do well enough and do not need to work on or with such mineral activity. Local job offers is hardly equitable when weighing the overall upheaval of such a project. Further, we feel that few if any would actually take part in this proposed crime.

After the tragic incident at Valdez, we wish to protect our lands and our way of life. Your proposed best interest findings projects only the most negative and overwhelming detrimental impacts to this region. Be advised then we do not want this to occur now or in the future.

*The City Council of Platin-
um; Joseph M. Ramirez,
Phillip Solomon, Anna M.
Small, Linda Echuck, Paul
Moses, Margaret Echuck,
Dave Gilbert.*

Bruce Baker
Deputy Director
Habitat Division
Department of Fish and Game

February 5, 1990

267-2342

Heavy Metals -
Goodnews Bay

Kim Sundberg
Habitat Biologist
Region II
Habitat Division
Department of Fish and Game

The following is some information concerning the potential for mercury, cadmium, and arsenic contamination related to possible offshore platinum dredging in the Goodnews Bay area. Concerns about this issue were raised during review of the Division of Mining's preliminary best interests finding for pending Offshore Prospecting Permit applications by Karin Sheardown and associates and more recently during House Resources consideration of HB332 creating the Goodnews Bay Critical Habitat Area.

Dredging

Marine dredging including offshore mining can release trapped minerals and mineral compounds containing mercury, cadmium, and arsenic. These substances can enter the food web and impact marine animals and people who consume marine animals. Mercury, cadmium, and arsenic frequently occur in sediments contaminated by industrial wastes (including agricultural and urban wastes) and may be present in sediments in non-industrialized areas such as the Goodnews Bay region, as naturally occurring minerals. In general, dredging in industrialized areas has proven to be a greater problem with releasing mercury, cadmium, and arsenic to the environment than dredging in non-industrialized areas because the concentrations of these substances are usually higher in waste contaminated sediments and they occur in molecular forms that can more readily enter the food web.

Surficial sediment data for the Goodnews Bay area (Barker and Lamal, 1988) indicate that cinnabar (the mineral form of mercury) is present in some of the marine sediments tested in the Goodnews Bay region. Cinnabar was found at about six sample sites that were correlated with glacial deposits offshore of Flat Cape that may constitute overburden over placer deposits of platinum group metals (PGM). Pyrite, which is a mineral carrier of arsenic was found in some of the samples. The tests did not reveal mineral forms of cadmium at any of the sites although the analysis did not look specifically for this element (Jim Barker, pers.

comm.). Presently, there is insufficient data to determine whether mercury, cadmium, or arsenic occur in concentrations or molecular compounds that could cause problems for marine animals and humans if they were disturbed by dredging.

Westgold

Westgold has operated an offshore gold dredge in the Nome area since 1985. Cinnabar is present in significant concentrations in marine sediments in the Nome area and monitoring of mercury and other priority pollutants including cadmium and arsenic has been a requirement of Westgold's EPA/DEC waste discharge permit since the beginning of the project. Monitoring of disturbed sediments, water, king crab, and other benthic invertebrate tissue has been accomplished. Recently, caged blue mussels have been added to the monitoring program because of their ability to serve as bioindicators of pollution. Preliminary data do not indicate a significant increase in either mercury or cadmium in the environment resulting from Westgold's operations (Bob MacLean, pers. comm.). Occasional increases in arsenic have been detected but the source of arsenic has not been isolated.

Biological Concerns With Mercury (taken from Eisler, 1987)

- * Mercury and its compounds have no biological function, and the presence of the metal in the cells of living organisms is undesirable and potentially hazardous.
- * Forms of mercury with relatively low toxicity can be transformed into forms of high toxicity, such as methylmercury, through biological and other processes.
- * Mercury can be bioconcentrated in organisms and biomagnified through food chains.
- * Mercury is a mutagen, teratogen, and a carcinogen, and causes embryocidal, cytochemical, and histopathological effects.
- * Some species of fish and wildlife contain high concentrations of mercury that are not attributable to human activities.
- * Anthropogenic use of mercury should be curtailed, as the difference between tolerable natural background levels of mercury and harmful effects in the environment is exceptionally small.

It should be noted that persons who consume large amounts of seafood, including residents of Western Alaska have been found to contain high levels of mercury relative to persons

Bruce Baker

-3-

February 5, 1990

who eat less seafood and have not been exposed to other forms of mercury contamination. Marine mammals in the Bering Sea such as seals have also been found to contain significant amounts of mercury. These high levels have been attributed to bioaccumulation of naturally occurring mercury in the Bering Sea. The presence of mercury in marine animals and in coastal residents argues for prudent regulation and continued monitoring of activities which could potentially contribute to increased mercury levels in the environment. At present, it appears that more detailed analysis of sediments and indigenous bioindicator organisms such as blue mussels in the Goodnews Bay area could provide meaningful indications of background levels and whether problems are likely to occur as a result of offshore mining. At any rate, monitoring for priority pollutants including the use of bioindicator organisms should be one of the requirements for offshore mining in this area.

Literature cited

Barker, J.C. and K. Lamal. 1988. Placer platinum-group metals offshore of the Goodnews Bay Ultramafic Complex, Southwest Alaska. OFR 53-88. U.S. Department of Interior, Bureau of Mines. 60 pp.

Eisler, R. 1987. Mercury hazards to fish, wildlife, and invertebrates: a synoptic review. Biological Report 85(1.10), Contaminate Hazard Reviews Report No. 10. U.S. Department of Interior, Fish and Wildlife Service. 90 pp.

cc: Lance Trasky
Debby Clausen
John Oscar
Bob MacLean

PHIL R. HOLDSWORTH, P.E.
CONSULTING ENGINEER & LEGISLATIVE COUNSEL
MINING — GEOLOGY — LANDS

PHONE 907-586-1383

326 FOURTH STREET, No. 1009
JUNEAU, ALASKA 99801

January 30, 1990

Comments on SSHB 332 and SB 318
"An Act establishing the Goodnews Bay Critical Habitat Area;
and providing for an effective date."

The following comments are presented on behalf of the Alaska Miners Association. The Goodnews Bay Mining District has provided the only platinum produced in the United States, beginning in 1916 with the annual production increasing to 37,000 ounces in a six-month's operation in 1938 - from a single operator. Production continued until 1975, and all production was from uplands.

Platinum is a critical/strategic metal and 93% of the nation's requirements are imported - from South Africa, the United Kingdom, and Russia. Renewed production from Alaska would certainly reduce the present imbalance of payments in international trade. The U.S. Bureau of Mines and the U.S. Geological Survey have conducted extensive surveys in this mining district in recent years indicating potential reserves, and have published their findings. These reserves are indicated both on-shore and off-shore lands. Renewed interest has been shown by the mining industry in this mining district.

An example of present-day mining technology practiced by the industry is best described by the Bima dredging operation of Westgold off-shore of Nome. Production has been on-going for the past three seasons and has had no adverse effects on the fishery. Environmental consequences of Westgold's Nome Offshore Placer Project after four years of study include:

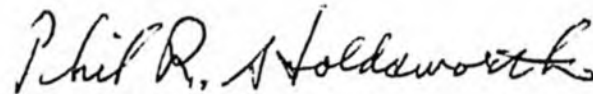
1. After two to three years, substrate types occur in the same proportion as surrounding areas.
2. No change in oxygen concentration in water column.
3. No change in trace metal concentrations of eight priority metals.
4. Within three years recolonization community structure is similar to control areas; community appears to be moving through successional maturation process.
5. No avoidance of mined areas by King Crab.
6. No trace metals being concentrated in king crab, fish or king crab food items.
7. Community recovery based on existing database is estimated at less than five years for sand substrate and seven years for cobble substrates.

January 30, 1990

It should be pointed out that platinum metal does not amalgamate with mercury. Its recovery is simply a gravity concentration process with the concentrates shipped to a refinery.

The Alaska Miners Association is opposed to this type of legislation which, by creating a "Critical Habitat Area" and "closed to mineral entry and mineral leasing", would prevent the production of a critical/strategic metal such as platinum. This is not in the best interest of the state and nation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Phil R. Holdsworth". The signature is written in dark ink and is positioned centrally below the typed name.

Phil R. Holdsworth

C. L. B. & W. ALASKA

COPELAND, LANDYE, BENNETT AND WOLF

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

550 WEST SEVENTH AVENUE SUITE 350

ANCHORAGE, ALASKA 99501

(907) 276-2152

FACSIMILE (907) 276-2433

OREGON OFFICE

3500 FIRST INTERSTATE TOWER
PORTLAND OREGON 97201
(503) 224-4100

MARK O COPELAND, P.C.** ROBERT H. FUME, JR., INC.**
THOMAS W. LANDYE, P.C. MITCHEL A. COHEN, P.C.
J. DAVID BENNETT, P.C. DAVID L. BLOWNT
DAVID P. WOLF, INC.* DAVID S. CASE, P.C.*
ROBERT B. HOPKINS, P.C. DAVID N. GOULDER*
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JAMES S. CRANE, INC.* MARGOT POZNANSKI

**ALASKA STATE BAR

**ALASKA STATE AND OREGON STATE BARS

**WASHINGTON STATE AND OREGON STATE BARS

**OTHER OREGON STATE BAR ONLY

January 29, 1990

BY TELEFAX

The Honorable Cliff Davidson, Chairman
House Resources Committee
Alaska Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Davidson:

RE: HB 332 (Goodnews Bay and Vicinity Critical Habitat)

I am writing at the request of Representative Lyman Hoffman's office regarding your committee's review of HB 332, a bill to establish "critical habitat" in the vicinity of Goodnews Bay. The bill was introduced last year in response to a proposal from the Department of Natural Resources ("DNR") to dispose of submerged lands in the vicinity of Goodnews Bay for platinum exploration and possible offshore mining. I am the attorney for Kuitsarak, Inc. the ANCSA village corporation for Goodnews Bay, and submitted extensive comments about the proposal last year to DNR on behalf of Kuitsarak, Inc. See my letter of May 8, 1989 to Kerwin Krause.

HB 332 would establish the Goodnews Bay Critical Habitat Area under A.S. 16.20.500 et seq. The area to be designated as "critical habitat" under the bill would include all the submerged lands which are now under consideration for disposal by DNR for offshore platinum exploration and mining. Kuitsarak, Inc. supports HB 332, not because the corporation is opposed to development in the vicinity of Goodnews Bay, but because it supports the current development of Goodnews Bay based on sport, commercial and subsistence uses of renewable fish and wildlife resources. Pursuant to A.S. 16.20.500, HB 332 would:

protect and preserve habitat areas especially crucial to the perpetuation of fish and wildlife, and to restrict all other uses not compatible with that primary purpose.

COPELAND, LANDYE, BENNETT AND WOLF

The Honorable Cliff Davidson
Page 2
January 29, 1990

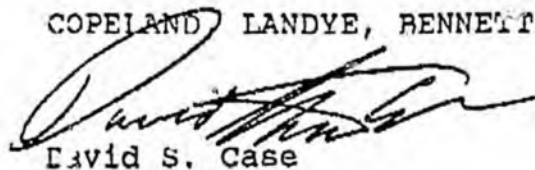
Goodnews Bay and the offshore vicinity to be included as critical habitat under HB332 also meet the criteria for "essential habitat" under the Cenaliulriit Coastal Management Program ("CCMP") as described at pages 16 and 17 of my May 8, 1989 letter. Moreover, the CCMP specifically describes the vicinity of Goodnews Bay and Platinum as "special areas" requiring "careful planning and management." See CCMP at p. 7-5. Among other things, the CCMP requires that:

Essential offshore habitat will be managed as a fisheries conservation zone so as to maintain or enhance the state's sport, commercial, and subsistence fishery. Id. at 6-24.

That is precisely what HB 332 would require as a matter of state law. See A.S. 16.20.510 - .530. Moreover, HB 332 would close the proposed Goodnews Bay critical habitat to mineral entry, and thereby assure that the existing and growing sport, commercial and subsistence renewable resource economy will never again be jeopardized by offshore mining within state waters. For the reasons stated in my May 8, 1989 letter, Kuitsarak, Inc. can conceive of no circumstances under which offshore mining in the vicinity of Goodnews Bay would be compatible with the existing economy of the area. Moreover, the already established economy ought to be protected and supported as a matter of state law from future similar threats. HB 332 would further all of these goals.

Sincerely,

COPELAND, LANDYE, BENNETT and WOLF



David S. Case

cc: Kuitsarak, Inc.
Cenaliulriit
Lyman Hoffman (By Telefax)

FINAL

TESTIMONY OF TONY SMITH
January 30, 1990
Before the House Resources Committee
HB 332, SB 318
Goodnews Bay Offshore Platinum Deposit

I am Tony Smith, a partner in Davis Wright Tremaine. I am representing Goodnews Resources, Inc. Goodnews Resources, Inc. is an Alaska corporation involved in the exploration and hopeful development of platinum prospects in and around Goodnews Bay and Platinum, Alaska. I appear before you today to urge you to reject HB 332.

Title 38 sets up a statutory and regulatory process for the exploration and development of resources in the State of Alaska. It is a balancing of various interests, ensuring input from all parties so that the best interest of the state can be realized. The Department of Natural Resources (DNR) is required to conduct their analyses and decision-making on the basis of that input. This procedure is working as designed. There has been extensive analyses and comment by Alaska Department of Fish & Game (ADF&G), the Department of Environmental Conservation (DEC) as well as local groups, industry groups and others.

The issue presented by this Bill is whether the legislature will politically overturn the statutory process and scientific and technical evaluations. The result will prevent the exploration and development of America's only viable platinum prospects.

GENERAL BACKGROUND.

The area in question, including the Salmon River platinum deposit, is one of only two platinum prospects in the United States. Platinum is a strategic metal which presently the United States imports from other countries. The major importation is from the Republic of South Africa. It should be noted that platinum is exempted from sanctions.

The platinum resource in Goodnews Bay and Platinum, Alaska, has been mined since 1935. In excess of 500,000 ounces of platinum has been taken from this geological formation since 1935. The U. S. Bureau of Mines identifies the areas in question as one of two highly prospective platinum deposit in the United States.

Platinum is a required ingredient in automotive catalytic converters. Each catalytic converter requires 1/20 of an ounce of platinum in order for it work. Thus, you need an ounce of platinum for each twenty cars manufactured in the United States.

The acceleration of world demand for platinum resulted from the Clean Air Act which turned platinum from a precious metal into an industrial metal. Thus a vote to shut down America's platinum prospect is hardly an environmental vote. The contrary is the case.

According to the latest Bureau of Mines Yearbook, the United States imported 3.8 million ounces of platinum in 1987. Approximately 1.8 million ounces was imported from the Republic of

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South Africa. Approximately 400,000 ounces was imported from the U. S. S. R., and 500,000 from the United Kingdom. The balance came from Canada, Australia and some other countries. In imposing sanctions on the Republic of South Africa, Congress recognized that our air pollution effort required their platinum. Platinum was exempted from the sanctions. Once again this simple bill creates some interesting moral dilemmas.

The prospects are offshore. Thus the mining would be by dredging. This is the same process used by the "Bima" offshore at Nome. More important, dredging for platinum or gold is not any different than dredging the entrance of the Dillingham, Kodiak, Nome or Anchorage harbors. We are dredging all over the state to aid navigation, and the risks are the same.

Another issue raised has been whether dredging creates risks of high levels of mercury contamination. Recent study results developed by the Mineral Management Service (MMS), Norton Sound Health Corporation and the Indian Health Service (IHS) demonstrate that any perceived threat of mercury contamination from dredging and offshore mining is not there. You should note that it's the dredging, not the mining, which creates the perceived risk. Fortunately, that risk is not there.

The experience in the state with offshore mining has been excellent. In Nome the dredging operation has produced a number of seasonal and year-round jobs. In addition, the constant

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monitoring has allowed the state to understand and document any adverse effects. On balance the risks are minimal when compared to the economic benefits to the local, regional and state economies. In our situation we have the nation's only viable prospect for a strategic mineral.

PROCEDURAL BACKGROUND.

In 1970 an offshore mining lease was issued in Goodnews Bay for the platinum prospects. In 1976 that lease lapsed. In 1982 22 "offshore prospecting permit applications" were filed for Goodnews Bay and adjacent seas for platinum prospects. The total acreage involved is 52,878 acres.

Commencing in 1982 to date the various departments and agencies began to process the applications, with DNR as the lead agency. In 1989 this process reached a point where DNR was ready to go forward with a Best-Interest Finding. The result was the publishing of the draft BIF in accordance with the statutes.

It is more appropriate that the Department of Natural Resources, as lead agency, detail the long involved process which has transpired in this particular case. Suffice to say that there have been meetings, comments from all affected agencies and departments, hearings in the affected communities, and ultimately a draft Best-Interest Finding. The Alaska Department of Fish & Game, the U. S. Bureau of Mines, the respective Coastal Zone Districts, and all affected groups have had an opportunity to

Testimony of Tony Smith
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appear, comment, and participate in the process. It is now time for the issuance of a final Best-Interest Finding which will govern how we proceed.

Of major significance we believe has been the actions of Goodnews Resources, Inc. Attached to my statement is a letter sent by Goodnews Resources, Inc. to the people of Goodnews Bay and Platinum. The response from the supporters of HB 332's attorney was that they were not interested in any discussions, input or positive involvement whatsoever. They were opposed to any exploration or development whatsoever, irrespective of the science, the environmental safeguards or the benefits to the locality, the region, the state or the nation.

In analyzing the facts it should be noted that while there has been opposition in the public hearings, this is not unique in similar situations. In 1984 there was near unanimous opposition to the development of the coal prospect at Wishbone Hill in the Mat Valley. Now the sentiment is quite different. The same is true of many other instances in Alaska. That is why public testimony is only one input.

It appears that the goal of the bill is not the development of Alaska's resources with full knowledge and sensitivity to the environment. Instead, it appears that we are looking at a political effort to shut down forever one of America's only deposit of this strategic mineral.

Testimony of Tony Smith
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THE INDUSTRY.

Alaska's mineral industry should be one of our principal economic sectors. The resources are here. In addition, there is enough known about Alaska's hardrock and precious metal reserves so that there should be a healthy mineral industry.

The problem has been that politically Alaska has discouraged investment in the development of our mineral industry. This is an international industry with a strong international network. When I was Commissioner of Commerce and Economic Development we found the executive offices and board rooms of our mineral companies looked at Alaska as a location of great potential, but with a political climate which dictated against investment. Since 1986 there has been a directed effort to remedy that, and the result has been a great deal of investment and development.

The proposed action before this Committee of creating a Critical Habitat overlay in the area of Goodnews Bay would be a strong signal that Alaska is opposed to the mineral industry for political rather than scientific reasons.

In 1986 Alaska was 46 out of the 50 states in mineral production. Across the board companies were choosing to not invest in Alaska. That's changed, but the enactment of this statute would send a strong signal to the mining industry that the pendulum is swinging back to opposition on political rather than environmental grounds.

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Let's look at the benefits to the state of a decent investment climate. In 1986 total exploration, development and production amounted to \$231,712,979. Only \$8.9 million of that was in exploration. There had been a steady decline in exploration expenditures in Alaska starting in 1979.

By 1988 total exploration, development and production in the state had increased to \$552,586,200. Importantly, exploration expenditures are up to \$45 million, and the steady downward trend over the last ten years has been reversed.

Mineral industry employment has increased substantially since 1986. In 1988 the mineral industry employed 4353 people, an increase of 32% over 1987. These jobs are high-paying, year-round jobs. For example, Green's Creek Mine has employed every graduate of the University of Alaska's Mine Training Program, and the salaries average from \$40 to \$50 thousand a year. If current prospects come on line, the mineral industry is rapidly becoming one of the major industries in the State of Alaska.

This Committee should take pride in the fact that over the last three years the mineral industry has been able to prosper while meeting the tough environmental requirements of our state regulations and statutes.

I submit that a political decision to mothball the United States' platinum prospect, contrary to the scientific and technical facts, will have a major impact on long-term investment in the

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mineral industry in Alaska. At a time when we finally have overcome the attitude that Alaska doesn't want mineral development, a decision to pass this bill will be a clear signal that Alaska is still a poor political risk.

CONCLUSION.

The Department of Natural Resources and Goodnews Resources, Inc. have done everything in accordance with the regulations and statutes. The data demonstrates that this prospect should be allowed to go forward in the normal course. The evidence does not support a political decision to terminate exploration and development of the subject offshore prospect permits.

A vote in favor of HB 332 is a statement of the Legislature that we don't want a mineral industry in the State of Alaska for political, rather than environmental or technical reasons. That's bad public policy. In addition, that ensures that we will not be able to diversify our economy.

As much of the investment in the mineral industry is international capital, it also sends a strong signal to the international financial market that Alaska is a bad place to do business.

I would be glad to answer any questions.

JAS/2820111\Testimony

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H B

346

HOUSE COMMITTEE REPORT

(9)
Date Referred: May 5, 1989

FURTHER REFERRALS:

Date of Committee Action: 4-10-90

The "RESOURCES" Committee considered:

HB 346

HOUSE BILL NO. 346 [YAKATAGA STATE GAME REFUGE ESTABLISHED]
"An Act establishing the Yakataga State Game Refuge; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 346 (RES) [] the same title
- [] have attached amendment(s) [] a new title
- do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact _____ [] fiscal note(s) _____
- zero fiscal note H. Res. [] zero fiscal note(s) _____
- [] zero with analysis _____ [] zero fn/analysis _____

SIGNING DO PASS:

[Signature] MENARD
[Signature] DAVIS
[Signature] NAVARRE

SIGNING:
(Check approp. column)

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> DAVIDSON	↓		
<u>[Signature]</u> SWARD	✓		

[Signature]
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: All Agencies
 Title: Yakataga State Game Refuge
 Established BRU: _____
 Sponsor: Resources Committee Components: _____
 Requestor: House Resources Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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)

Prepared by: House Resources Committee Phone: 465-4944
 Division: Representative Curt Menard Date: 4/10/90

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

6-0920H
Bradley
4/10/90

Original sponsor(s): Resources Committee

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 346 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Yakataga State Game Refuge;
7 relating to the management of state land within the
8 Yakataga area; and providing for an effective date."

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

10 * Section 1. AS 16.20 is amended by adding a new section to read:

11 Sec. 16.20.033. YAKATAGA STATE GAME REFUGE. (a) The following
12 state-owned land, including tide and submerged land, and all land,
13 including tide and submerged land, acquired in the future by the state
14 lying within the parcels described in this subsection are established
15 as the Yakataga State Game Refuge:

- 16 (1) Township 19 South, Range 9 East, Copper River Meridian
17 Sections 3 - 10
18 Sections 15 - 21
19 Sections 28 - 34
20 (2) Township 19 South, Range 13 East, Copper River Meridian
21 Section 13: S1/2
22 Sections 24 - 26
23 Sections 35 - 36
24 (3) Township 19 South, Range 14 East, Copper River Meridian
25 Section 3: SW1/4
26 Section 4: S1/2
27 Section 5
28 Section 10: N1/2
29 Section 11

1 Section 13: NW1/4

2 Section 14: N1/2

3 Sections 15 - 22

4 Section 24: SE1/4

5 Sections 25 - 36

6 (4) Township 19 South, Range 15 East, Copper River Meridian

7 Sections 9 - 15

8 Section 16: S1/2

9 Sections 21 - 29

10 Sections 31 - 33

11 Section 34: W1/2

12 (5) Township 19 South, Range 16 East, Copper River Meridian

13 Sections 7 - 8

14 Sections 9 - 10: S1/2

15 Sections 15 - 16: N1/2

16 Section 17: NW1/4

17 Section 18

18 Sections 28 - 29: S1/2

19 Section 30

20 Section 31: NE1/4

21 Section 32: N1/2

22 Section 33: NW1/4

23 (6) Township 19 South, Range 17 East, Copper River Meridian

24 Section 2

25 Section 10: E1/2

26 Section 11: W1/2

27 Section 13

28 Section 14: S1/2

29 Section 15

Section 16: SE1/4

Section 21

Section 22: E1/2

Section 23

Section 24

Sections 25 - 29

Section 30: SE1/4

Sections 31 - 34

Sections 35 - 36: N1/2

(7) Township 20 South, Range 9 East, Copper River Meridian

Sections 3 - 10

Sections 12 - 36

(8) Township 20 South, Range 10 East, Copper River Meridian

Sections 6 - 7

Sections 16 - 23

Section 24: W1/2

Sections 25 - 36

(9) Township 20 South, Range 11 East, Copper River Meridian

Sections 19 - 20

Section 21: S1/2

Sections 25 - 36

(10) Township 20 South, Range 11 1/2 East, Copper River Meridian

Section 19: S1/2

Sections 30 - 31

(11) Township 20 South, Range 13 East, Copper River Meridian

Section 1

Section 11: E1/2

Sections 12 - 15

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- Section 20: E1/2
- Sections 21 - 29
- Sections 32 - 36
- (12) Township 20 South, Range 14 East, Copper River Meridian
- (13) Township 20 South, Range 15 East, Copper River Meridian
 - Sections 3 - 11
 - Sections 15 - 36
- (14) Township 20 South, Range 16 East, Copper River Meridian
 - Section 1: E1/2
 - Section 2: S1/2
 - Sections 5 - 6: S1/2
 - Sections 7 - 8
 - Section 9: S1/2
 - Sections 10 - 11
 - Sections 15 - 20
 - Section 28: S1/2
 - Sections 29 - 36
- (15) Township 20 South, Range 17 East, Copper River Meridian
 - Section 4: W1/2
 - Sections 5 - 8
 - Section 9: W1/2
 - Section 16: W1/2
 - Sections 17 - 20
 - Section 21: W1/2
 - Section 24: S1/2
 - Section 25
 - Section 26: S1/2
 - Sections 27 - 36
- (16) Township 21 South, Range 9 East, Copper River Meridian

- 1 Sections 1 - 24
2 Sections 26 - 27: N1/2
3 Sections 28 - 32
4 Section 33: NW1/4
5 (17) Township 21 South, Range 10 East, Copper River Meridian
6 Sections 1 - 12
7 Sections 13 - 15: N1/2
8 Sections 16 - 18
9 Sections 19 - 20: N1/2
10 Section 18: N1/2
11 (18) Township 21 South, Range 11 East, Copper River Meridian
12 Sections 1 - 8
13 Sections 9 - 12: N1/2
14 Section 18: N1/2
15 (19) Township 21 South, Range 11 1/2 East, Copper River
16 Meridian
17 Section 6
18 Section 7: N1/2
19 (20) Township 21 South, Range 12 East, Copper River Meridian
20 Sections 1 - 2
21 Sections 11 - 14
22 Sections 23 - 24
23 (21) Township 21 South, Range 13 East, Copper River Meridian
24 Sections 1 - 20
25 Sections 21 - 24: N1/2
26 (22) Township 21 South, Range 14 East, Copper River Meridian
27 Sections 1 - 12
28 Sections 13 - 14: N1/2
29 Sections 15 - 18

1 parcels described in (a) of this section shall be allowed through
2 access corridors established through agreement between the department
3 and the private landowners involved.

4 (e) The establishment of the Yakataga State Game Refuge under
5 this section does not impair or alter existing rights of access to set
6 net sites.

7 (f) The department shall allow commercial, sport, and subsis-
8 tence fishing and hunting within the Yakataga State Game Refuge under
9 regulations of the Board of Fisheries and the Board of Game. The
10 department shall also permit associated support activities when neces-
11 sary to support fishing and hunting permitted under this section,
12 including fish buying operations, aircraft support including landing
13 strips, and off-road vehicle use.

14 (g) The department shall issue a permit to the owners on the
15 effective date of this Act of existing cabins or tent frames within
16 the Yakataga State Game Refuge. Each permit must permit the use of
17 the cabin or tent frame for a period of five years and is renewable.
18 The department shall also issue new permits for cabins or tent shel-
19 ters that are consistent with the purposes of the Yakataga State Game
20 Refuge.

21 (h) In this section, "private land" includes pending Native
22 allotments.

23 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
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FISCAL NOTE

REQUEST:

Revision Date: 3/15/90
 Title: Management of state land within the Yakataga area Agency Affected: Fish and Game
 BRU: Habitat
 Sponsor: Resources Committee
 Requestor: Governor Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	73.3	73.3	73.3			
TRAVEL	12.8	12.8	12.8			
CONTRACTUAL	5.9	5.9	5.9			
SUPPLIES	1.0	1.0	1.0			
EQUIPMENT	0	0	0			
LAND & STRUCTURES	0	0	0			
GRANTS, CLAIMS	0	0	0			
MISCELLANEOUS	0	0	0			
TOTAL OPERATING	93.0	93.0	93.0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

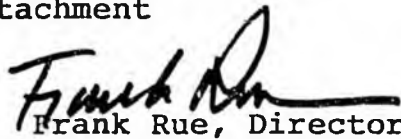
GENERAL FUND	93.0	93.0	93.0			
FEDERAL FUNDS						
OTHER						
TOTAL	93.0	93.0	93.0	0	0	0

POSITIONS:

FULL-TIME	1	1	1	0	0	0
PART-TIME	2	2	2	0	0	0
TEMPORARY						

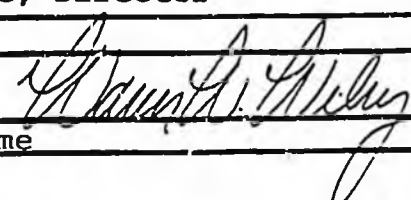
ANALYSIS : (Attach a separate page if necessary)

see attachment


Frank Rue, Director

Prepared by: _____
 Division: Habitat

Phone: 465-4105
 Date: _____

Approved by Commissioner: 
 Agency: Fish and Game

Date: 3/28/90

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Continuation Page for HB 583 Fiscal Note Analysis

The personal services covers:

4 months of Cartographer II
12 months of Habitat Biologist II
2 months of Habitat Biologist III

Travel includes cost of planning team meetings in Anchorage and public meetings in Seward, Cordova, and Yakutat.

Contractual services includes air charter costs to conduct annual aerial moose and goat surveys in the Yakataga-Cape Suckling area.

Yakataga State Game Refuge
HB 346

City of Yakutat

Cordova District Fishermen United

Southeast Regional Fish and Game Advisory Council

Sealaska Corporation

Yakutat Resource Council

Southeast Alaska Conservation Council

United Fishermen of Alaska

Alaska Discovery

Tongass Tourism and Recreation Business Association

Alaska Waveriders Association

Yakutat Fish & Game Advisory Committee

Alaska Center for the Environment

Northern Alaska Environmental Center

Alaska Wildlife Alliance

Gulf Coast Association

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

February 26, 1990

The Honorable Curt Menard
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Menard:

After the recent committee work session on timber harvest and wildlife issues in the Cape Yakataga area, you asked my staff to provide a budget estimate to conduct an area plan for state land near Cape Yakataga. I am pleased to provide this information.

In recent years, there has been a great deal of controversy in this region. I recognize the need for comprehensive planning for the region, and believe that an area plan would be an important step in resolving public controversy and providing for sustainable use of state land in that area.

The enclosed estimates include costs for both the Department of Natural Resources (DNR) and the Department of Fish and Game (DF&G). The estimates assume that the departments would use the standard three-year planning process with three sets of public meetings in at least Cordova, Seward, and Yakutat. The first set would be for issue identification; the second set, to consider alternatives; and the third, to gather comments on a draft plan. The estimates assume that DNR will hire two additional staff (project manager and natural resource officer), and that DF&G will hire one additional habitat biologist and require time from two other staff.

DNR will require \$134.0 the first year, \$119.3 the second year, and \$139.8 the third year. The yearly cost varies mostly because publication costs vary in different parts of the planning process. DF&G estimates a need for \$93.0 for each year of the plan. This estimate provides an inexpensive area-wide planning project with extensive public involvement.