ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6485 SENATE RESOURCES

889

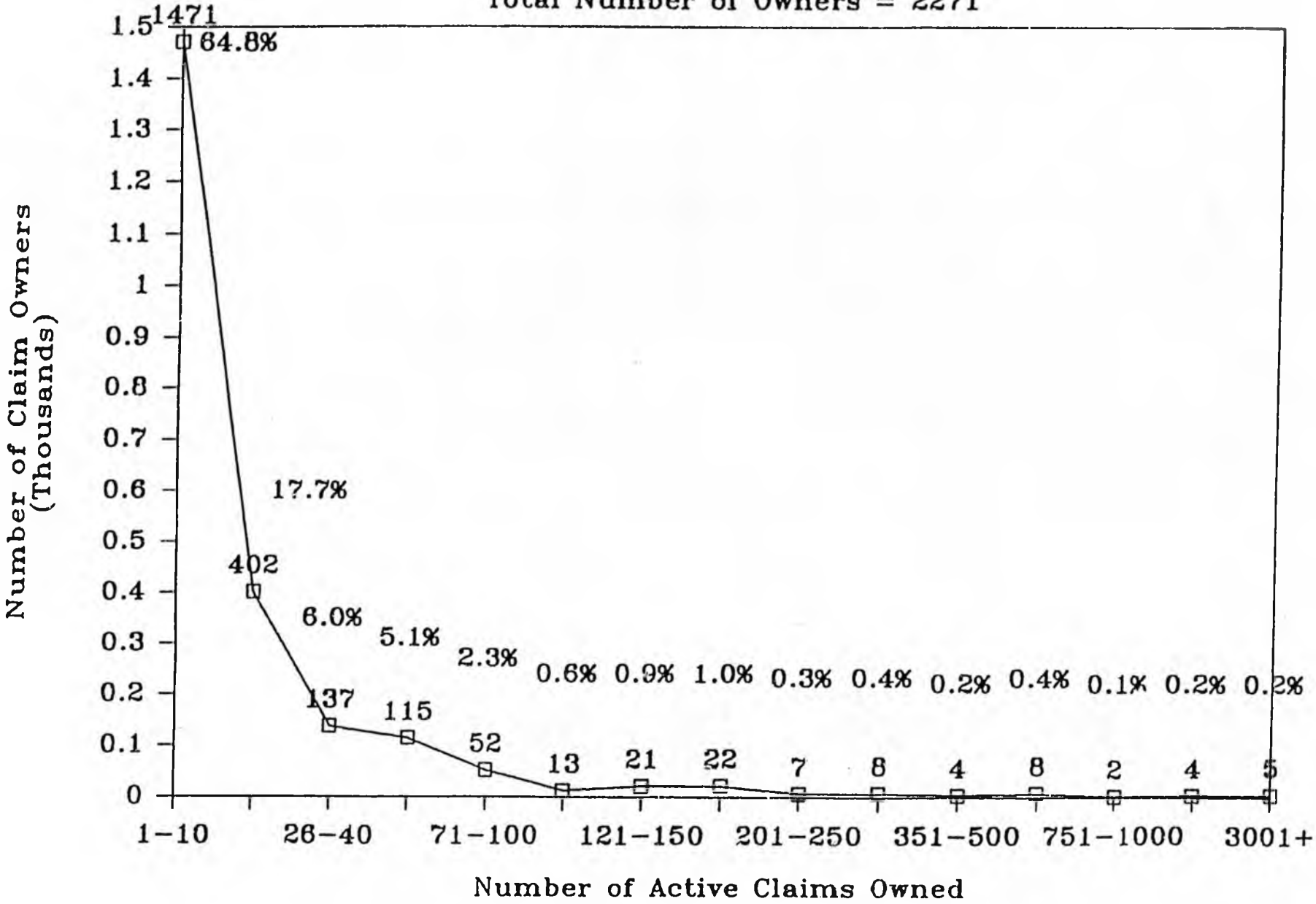
the opposite. We feel D.O.M. should provide the committee and the public with such information as a detailed list of the kinds of "exemptions" which will constitute the difference between net versus gross royalty basis. Will miners be able to write off losses on one claim against others? What kind of reporting problems have the Department of Revenue and D.O.M. had with the mining community and how do these very real problems factor into the equation? What Royalties are charged other extractive industries in our state?, in other states?

Lastly we are still unsure of the loophole accorded off-shore operations under AS 38.05.250 and feel the D.O.M owes the public a fuller explanation in terms of foregone revenues of this aspect of the equation.

Thank you for this opportunity to testify.

OWNERS OF ACTIVE CLAIMS

Total Number of Owners = 2271



Trustees for ALASKA

TESTIMONY OF RANDALL M. WEINER
EXECUTIVE DIRECTOR OF TRUSTEES FOR ALASKA

BEFORE THE SENATE RESOURCES COMMITTEE

ON LEGISLATION PROVIDING FOR RENT AND ROYALTY PAYMENTS FOR MINING CLAIMS, LEASEHOLD LOCATIONS, OR MINING LEASES.

SENATE BILL No. 129

JANUARY 30, 1989 1:30pm

I. Introduction.

Trustees for Alaska commends the state for moving responsibly in drafting legislation required by court order in a case which was brought by Trustees for Alaska, Nunam Kitlutsisti, Dinyea Corporation, Village of Minto, Alaska Independent Fishermen's Marketing Association, Alaska Center for the Environment, Southeast Alaska Conservation Council, and Friends of the Earth. After three years, the courts ultimately ruled that a system which permits the extraction of hard-rock minerals while failing to collect rents and royalties therefrom violates Section 6(i) of the Alaska Statehood Act.

The legislation now being considered is appropriate because it requires that rents and royalties will be paid for a mining claim, leasehold location, or mining lease on all state lands. As I will be discussing, this will protect the state from needless litigation with the parties in the original lawsuit and remove the potential for the forfeiture of state lands by the federal government. It is insufficient, however, because it fails to include a provision for reclamation of mining sites when operations have ceased, thereby significantly diminishing the availability of that land for other purposes in a state whose Constitution and Supreme Court require common use of the state's natural resources.

II. Reasons for Lawsuit.

The so-called "6(i) lawsuit" was originally brought to assure that the State of Alaska would not continue to hemorrhage away revenues under an improper leasing system for gold, silver and other hardrock minerals. It was clear to the unprecedented and diverse coalition of environmental, fishing and Native rights groups and villages that a mineral leasing system in Alaska must be fair to

725 Christensen Drive, Suite 4 Anchorage, Alaska 99501 (907) 276-4244

all interested parties -- the miners, the other concurrent and future users of the land and water affected by the mining operations, and the citizens of Alaska whose resources are being acquired by a select few.

Those plaintiffs insisted that the State meet the conditions under which it was granted statehood. Section 6(i) expressly enabled the State to obtain title to mineral lands it selected after statehood, but prohibited the disposal of such land except under lease. The purpose of this leasing requirement was to enable the State to derive revenues from its mineral lands on a long-term basis, since many in Congress were concerned that the State could ill afford the costs of statehood. Assuring the State an adequate source of revenue went a long way towards alleviating Congressional concern and guaranteeing that Alaska would become the nation's 49th State.

The Supreme Court of Alaska agreed with the environmental, fishing, Native rights groups and villages, and as a result, the case was remanded to Judge Douglas Serdahely in the Superior Court who declared that the state's present mineral extraction system "violates Section 6(i) of the Alaska Statehood Act because it does not require the payment of rents or royalties from state lands."

III. Injunction.

On remand, the plaintiffs asked the Superior Court to enjoin the State from allowing the extraction of any mineral deposits from state lands after May 15, 1988 if a leasing system conforming to the Supreme Court's interpretation of Section 6(i) had not been adopted. The Superior Court decided that the issuance of such an injunction would be premature until the Alaska Legislature had been given the opportunity to enact an appropriate leasing system during the next (this) legislative session. As Judge Serdahely wrote, "The Court thus declines to issue any injunctive relief in connection with the instant declaratory judgment. Should the State and/or Legislature fail to adopt an appropriate leading system by the time the next mining season is about to commence, any party is free to return to this Court with a proper application for injunctive relief at such time." The Superior Court could not be clearer; the Legislature must enact this legislation in this session.

IV. Federal Enforcement.

There are other compelling reasons why this legislation must be enacted. When some of the parties to the lawsuit were seeking a hearing before the U.S. Supreme Court, the U.S. Solicitor General, the third highest ranking law enforcement officer in the country, analyzed Section 6(i) of the Statehood Act and submitted a brief

on behalf of the United States. He pointed out that because the issues primarily involved an interpretation of a federal law -- the Alaska Statehood Act -- any party was free to relitigate the issue in federal court. As stated by the Solicitor General in his brief, "[i]n any future suit in federal court -- including a forfeiture action brought by the Attorney General of the United States -- both petitioners and respondents presumably would be free to relitigate the issues of federal law that were addressed by the Alaska Supreme Court in this case, since the district court in any such suit could not accept a proceeding in state court that did not constitute a case or controversy 'as the basis for conclusive disposition of an issue of federal law' (citation omitted)." [Solicitor General brief at 17.]

Thus, if the Legislature doesn't act, parties may seek an interpretation of Section 6(i) in federal court. Moreover, the environmental, fishing, and Native rights groups and villages know that in federal court the Solicitor General, representing the U.S. Government, will likely continue to disapprove of the current mineral leasing system and continue to disapprove of any new leasing system that does not apply to all state lands. [Solicitor General brief at 28.]

Not only can a party seek and injunction in state court or relitigate these issues in federal court if not adequately resolved by the Legislature, but the Solicitor General alluded to his ultimate auth ity to seek a forfeiture of state land as provided for in Sectio. 6(i). As he states, "Nor does private litigation -- and especially a declaratory judgment action -- interfere with the Attorney General's enforcement authority under Section 6(i)... Forfeiture under Section 6(i) obviously was intended as an ultimate sanction to protect the interests of the United States if the restrictions it imposed are violated; respondents, by contrast, [meaning the environmental, fishing, and Native rights groups and villages] seek to prevent a violation of those restrictions from occurring and thereby to avoid any occasion for forfeiture, so that the land may be preserved for the State and its citizens, as Congress intended." [Solicitor General brief at 23.]

Injunctive relief, federal enforcement, and forfeiture. These are strong incentives for this Legislature to act. But it must nonetheless act correctly. Since it is clear in court decisions and the opinion of the Solicitor General that Section 6(i) was intended to provide Alaska with sufficient compensation for its mineral resources, the amount charged cannot be too low. It cannot provide only nominal revenue. Although the rents needn't reflect fair market value for the minerals, they should reflect a reasonable rate sufficient to compensate Alaska's citizens for the loss of resources that are their heritage. And doesn't that make sense in this current economy? Other speakers will address whether the rents suggested are too low, and whether a royalty fee relying in large part on "net" income provides too many opportunities for

liberal deductions and fails to provide Alaska and Alaska's citizens with an adequate return.

V. Reclamation.

But by far the most serious deficiency in this legislation is its failure, so far, to include a provision requiring the reclamation of land when mining operations have terminated. Reclamation has become the accepted procedure across the nation for the past few decades. Federal law requires that every coal mine operation be restored so that the land affected is capable of supporting the uses it was capable of supporting prior to any mining, or higher or better uses of which there is a reasonable likelihood. What applies to coal mines should applies equally to other operations, especially in a state that constitutionally requires that leases be "subject to reasonable concurrent use" [Art. VIII, Sec. 8], that its forests, wildlife, grasslands, and other replenishable resources be managed on a sustained yield basis [Art. VIII, Sec. 4], and that legislation governing development and conservation of natural resources provide for the maximum benefit of its people [Art. VIII, Sec. 2].

Reclamation is the only way to apply a multiple and common use framework to development of Alaska's resources. Reclamation is not only constitutionally supported, it's not only fair, but recent Supreme Court cases suggest that the common use concept is expanding. In the recent case of Owsichek v. Alaska, ruling on the constitutionality of exclusive guiding areas, the Supreme Court held that the common use provision of the State Constitution strongly protected public access to natural resources. This case is rapidly becoming a landmark case. It noted the importance of the common use clause of the Alaska Constitution, and, citing the Alaska Constitutional Convention Papers, it pointed out that the term "for common use" implies that resources are not to be subject to exclusive grants or special privilege.

Without reclamation, there can be no common use. The environmental, fishing and Native rights groups and villages who brought the 6(i) lawsuit know that reclamation is the only way that they will get their own opportunity to utilize the resources after the mining operations are terminated. Common use would be an empty term if there is no guarantee that topsoil will be returned to promote natural revegetation, that settling ponds will be drained, that stream channels will be reestablished to allow unobstructed flow, and that equipment and debris will be removed from the mine site when operations have terminated. Reclamation allows for different interests to co-exist in this State, and provides for the common, and efficient, use of resources.

The reclamation requirement will not present a hardship to miners. Many of them already reclaim their sites when operations have concluded, and mining representatives suggest that most miners

could comply with reasonable reclamation requirements without difficulty. Indeed, the mining industry has modernized, and most miners are becoming more responsible in their use of settling ponds, recirculation of waste water, and reclamation.

VI. Conclusion.

Thus, to conclude, the Legislature should pass this rent and royalty legislation, after the Department of Mining has determined the costs involved in various rent and royalty scenarios, and only if the failure to include provisions for reclamation is corrected. The 6(i) lawsuit, the Alaska Constitution, the unappealing prospect of federal enforcement and forfeiture actions, and the evolving common use doctrine, all compel this Legislature to move forcefully in passing an appropriate bill that, in the end, will bring Alaska much needed revenue while ensuring the wise management of its resources for all its citizens.

FAHRENKAMP

TELECOPY COVER SHEET

Fairbanks Legislative Information Office

Office - (907) 452-4448 Fax - (907) 456-3346

TO: Jim FAX: PHONE:

FROM: Roger Burggraf PHONE:

INSTRUCTIONS: For Senate + House Resources: Written Testimony

Motion: Fahrenkamp, Kerttula, Elkason, Frank, Halford, Stoltze, Zharoff

No: Davidson, Meyerand, Jacko, M. Davis, Foster, Navarre, Furnace, Hudson, Sharp

RECEIVED: Date Time

SENT: Date Time

DISPOSAL OF ORIGINAL: Discard Hold for Pickup

NUMBER OF PAGES: 4 (Not counting cover sheet)

SENT BY: Annie

TESTIMONY 6-1 SENATE RESOURCES COMMITTEE - SB-129
January 30, 1989

STATE HOUSE RESOURCES COMMITTEE-HB 99
February 3, 1989

Mr. and Madam Chairpersons:

I appreciate the opportunity to testify on the above bill today. I am Roger C. Burggraf, Mine property owner, mining consultant and miner, 830 Sheep Creek Rd., Fairbanks, AK 99709

1. I agree with the comments submitted by Earl Beistline, Chairman of the Minerals Commission.
2. Paul Glavinovich representing the Alaska Miners Associates, Inc.
3. Kevin Adler

SENATE BILL 129 and HB 9 represent a good stab at trying to work up legislation to resolve the court mandated decision. We in the industry have appreciated the opportunity to give input to the Division of Mining in its effort to develop legislation.

The basic approach taken by HB 99 has merit, but there are areas in the bill that I, as a mine property owner, and mining consultant disagree with.

The state's approach in the bill will tend to discourage mineral development on state land rather than encourage exploration and development on properties which will lead to production.

The point that the environmental community knows full well and the administration has not taken into consideration is that economics will dictate when a mine will go into production. The high rental rates and high royalties, combined with the existing mining license tax, will stop mining on state lands dead in its tracks if HB 99 is approved in its existing form. Some world class mines located on state land might be able

to operate under the high rentals and royalties proposed. Not all are world class mines, but can be productive, extracting minerals, providing needed jobs, taxes for the borough, the state and nation. Mining is a labor intensive industry which provides resources and jobs benefiting society. The margin of profit in the mining industry cannot be compared to the petroleum industry, and should not be.

Senator Fahrenkamp made the right observation when she was quoted in a Fairbanks Daily News-Miner editorial recently. She said that too high a rents and royalties will force mining companies who have state mining claim holdings to drop them and look elsewhere in Alaska on Federal or Native lands.

The bill, the way it is now, is a disincentive for developing state mining lands. If you want to stop mining on state lands, SB 129/HB 99 in its present form will do so. The 6-1 court decision has given the state an opportunity to send the right signals to the world and its people that it favors mineral development. The 6-1 issue is not one of the state demanding maximum revenues or adding on a whole Christmas tree of new rules and regulations which further discourage the development of our resources on state lands. The court ruled that the state did not have a leasing system in place. It did not say how much should be charged for rents or royalties or say that reclamation should be included in any legislation proposed to comply with the directives of the court.

The rental rates are too high as proposed. The escalating rents as proposed take monies that would be better invested in exploration and development on state lands. The state should be doing things to encourage mining on its lands so that its people can have jobs.

The royalty provisions penalize the mine operator for trying to develop a mine. A new mine operation that employs people and has high capital costs resulting in low profitability will be forced to pay royalties based on gross income. The clause could cause existing mines to close down and stop new mines from going into production. Is the state's policy to maximize revenues to support its bureaucracy or to encourage the development of private industry that puts people to work and produces wealth?

A small mom and pop operation may be able to make it for a few years on 40 acres, but any operation must have sufficient reserves, acreage, and claim blocks in the same area to justify the investment of equipment to operate. The cost to move an operation, which includes logistics and permitting, is high and contributes to instability.

Larger companies will not move into an area unless there is a sufficient land position to justify an investment of time, money and labor to develop a mine.

Fairbanks has a potential of 3 or 4 large mining ventures. The Grant Mine operation would not have developed if they had not been able to pull a large block of claims together. If the land position had been split up, no development would have occurred.

Cleary Hill, Pedro Dome, Gilmore Dome, the Scrafford Mine off the old Murphy Dome Rd., all have a potential. The development of these areas for hard rock is contingent upon large blocks of land being made available for consolidation by a larger company if the opportunities appear right. High rents will discourage claim blocks from being maintained and will further hinder the larger companies from pulling claim blocks together to develop mines.

If the intent of this bill is to stop mining on state lands and put existing mining operations out of business, then I recommend you approve SB 129/HB99 as written.

Recommendations:

1. MINING LICENSE TAX: This should stay in place. It provides revenues from Federal, private and Native lands.
2. RENTS: These should be scaled down and not escalated to encourage investment in development of property.
3. ROYALTIES: The royalty on gross revenues should be deleted.
4. 6-I: This should not apply to lands which were not mineral in character at the time of selection, as directed by the court decision, and should only address the 6-I issue, which is the state's failure to have a leasing system in effect.

I realize that legislation needs to be passed. We want reasonable rents or royalties. You can act and fulfill the court decision. You do not have to enact confiscatory legislation. If you do, it will deny the orderly development of Alaska's mineral resources.

Who wins or loses if SB 129/HB99 is enacted as is? The environmentalists win. The miners lose, and the state, its people and the nation will lose, and many needed jobs in the State of Alaska will be lost.

Roger C. Burgraf

1-30-89
Date

April 1, 1989

My name is Rosalyn Stowell, my address is 177 Simpson Way, Fairbanks, Alaska 99712. I would like to submit the following testimony on the proposed 61 legislation.

As a small scale miner, I am probably one of the smallest scale. My husband died Dec. 28, 1988, my partner is 87 years old and refuses to get near the machinery, let alone operate it. I am the sole worker on the claims we hold.

The land I am working has all been worked in earlier years & I only recover what was missed by the early day (1898-1912) miners. I refuse to go into debt to upgrade my equipment, given recent developements brought about by litigation by various preservationist entities.

I believe the present system of location & annual labor meets the intent of the originators of our Statehood Commission. If they had desired otherwise, they would have said so, in plain English. If you must require a rent, $1.00 per claim, with no escalation clause should be sufficient, from date of Bill passage. All claims filed & legally held before Bill passage should continue on location/annual labor system.

Without actually mining of the ground, there are no sure-fire methods of proving

mineral reserves of most areas. The Eureka area near Manley Hot Springs is notoriously spotty ground. Drilling may hit a hot spot or miss altogether. I mine systematically and am able to pay all my expenses & even once in a while have a wee bit left over. If I am required to start paying an extra cash amount escalating each year, to the State of Alaska, I would be amoung the statistics of cases closed.

Through hard work, I am able to remain an independent individual. I do not wish to join the ranks of persons seeking work & taking jobs away from less motivated individuals that would then go on Welfare.

Miners do not, as a rule, accept Public Assistance (Welfare) but the people replaced by us in the workforce-do.

As for Paul G. speaking for me.... Well, as long as he does not vary from my position on this issue, yes. I am not an A.M.A member & consider most of them too wishy-washy to be of much consequence. I am State-wide Secretary of the Alaska Independence Party, so you should know where I stand.

Thank you for coming to our Conference, I appreciate it.

I do agree with Rose Rybachek's testimony.

Rosalyn Stowell
456-5832

unrelated subject, but it is not turbid water, it's nutrient enriched. Fish can not live in sterile water.

The area I mine in, has some characteristics not found in many areas. There are no fish in my small stream, the stream isn't large enough or deep enough & freezes solid each Winter. The stream then sinks into the flats and never joins another stream. The only uses on this stream is mining, yet I must go to total recycle, with no discharge. If I do not release my water, the Miners below me will not have water. I hold 1st Water Right on the stream.

The State should manage our water resources and aggressively uphold our right to our land, water & in the future, air.

Sorry, your 25¢ is up & I don't have any change either.

Feb. 2, 1989

House Resource Committee
Pouch V Juneau

Re: HB-99

Mr Chairman/ Resource Committee,

After waiting two days in the LAO office to testify on this bill it became apparent that time was running out on me again. So was requested by their staff to submit this in writing.

My name is Del Ackels, PO Bx 2151 Fairbanks, Alaska 99707. I would like this read into the record.

There are several points in this bill that I can not support. First I would like to point out that the reason the House and Senate was directed by Federal Court action to prepare this bill was because of the 6I issue. No where in this or the Senate version is 6I even mentioned. This should be corrected.

The State in this action spent a lot of money and time defending what it thought was it's States rights in this issue and in the end won some points and lost some points. In the end the Fed. Courts found that the State did indeed have some lands subject to location but also had some lands subject to 6I which had special qualifications which the court directed the State to identify. The qualification for these special 6I lands were they had to be **KNOWN** to be mineral in character at time of selection, and such lands were subject to Rents **and/or** Royalties. The Plaintiffs (Trustees for Alaska) in this case against the State, lost some on both these points. They wanted All lands to be included and both Rents and Royalties paid.

At this point I became a little confused because both these Bill's address the Plaintiffs point of view and not what the State fought so hard for and won in court. Is it because the State cannot identify these lands? Or is it because the State Feels it doesn't have money or time to do this? If this is the case this State may lose a tremendous amount of future revenues over the long run in development spin-offs by pushing this development on to more favorable lands and should reconsider it's position in this Bill. If not the question should be asked, Why did the State fight this in the first place?

Let's now look at what will happen if the Plaintiffs

point of view is taken, as both these bills suggest. Alaska will now have 104 million acres of land that is automatically more expensive to develop then it's adjacent lands. These other lands are Native Lands, Private Lands, and Fed. Lands as you know. If a average size Co. is on these other lands and enjoying a 15% net profit over the long run of 10 years or so, this Co. would be an exception to the rule and above average. If it was subject to 6I fees that were either to high or that would escalate over time, this mine life would be limited if on State land. If this same mine was located on State lands subject to location, the mine life would be the same as other lands and would produce more income to the State over the long haul in taxation and spin offs.

How does this affect me? My wife and I are what you have been hearing as Mom and Pop type of business. We located 200 State mining claims in the Circle area in 1983. In the last 6 years we have put all our savings and what moneys we could save out of our budget to develop this prospect. This prospect has a strong promise to be a large mine in this area which would provide a badly needed income base for this part a Alaska. These claims were not on lands at the time of State selection that were known to be mineral in character. I found this mineral discovery through hard persistent work on lands open to location that were not subject to sales, grants, deeds, or patents.

Since H.B. 99 or S.B. 129 assumes there are for some reason no longer any location lands on State lands, where does this leave my wife and myself? Come this fall we will be assessed over $4,000.00 that we don't have (if we did we would have put it into more exploration) and will most likely have to let this deposit drop from lack of funds. This would be a tremendous let down for us. Even if we could come up with this rent money there is no where in either one of these bills a provision that even would suggest once productions begins the rent would be dropped. One sad thing for us in this bill is there is already enough information known about our deposit that when we are force to drop it, a larger out of State Co. would be there to grab it. This would be a bitter blow to us.

I believe it is important that when you folks are forced to make a rushed, major decision such as this, that care be taken to view the overall picture. 6I should apply only to those State lands that qualified, that rents or royalties be charged. I know that extra moneys are hard to come by for you to spend in Juneau, but you have to keep in mind that 81% of all Federal Lands in this State are forever closed to mineral development, and this State will never develop revenues from. 17% of State lands are now closed to

mineral development, and what this State ended up with after ANLCA as far as mineral selection, is considered by your own departments (DNR and DDGS) as "DOG MEAT".

So it is important that you don't hinder what is left for a buck. That when you do put this in statute, it is as good as you can achieve. I would hate to be sitting in your chair when Gas and oil runs out. Right now only 9% of your current revenues would be covered with what is left. Who knows what it would be then? And where would you turn?

As a parting note, I saw a very appropriate bumper sticker on me way to the LAO office.....

IF DOLLY PARTON WAS AN ALASKA MINER
SHE WOULD BE FLAT BUSTED.

Sincerely,

Del Ackels

cc; Senate Resource Committee

THE FOLLOWING DOCUMENT MAY NOT FILM LEGIBLY BECAUSE OF THE POOR QUALITY OF THE ORIGINAL

Madam Chairman, my name is Carl M[illegible], I am [illegible] Vice President [illegible] Region for [illegible]. I [illegible] [illegible] opportunity to provide to this distinguished group our comments on the pending [illegible] bill legislation. [illegible] of State mining claims [illegible] in Alaska, we [illegible] proposed by the [illegible] Committee for the [illegible] Senate Bill 129 [illegible] and equitable solution to the [illegible]. However, we do have several comments and recommendations [illegible] and clarification of the proposed legislation.

Before I provide my comments on Senate Bill 129, I would like to state for the record that we are strongly opposed to the type of [illegible] mining claims that have been proposed in the House version of this bill. [illegible] this is a major [illegible] to the development of [illegible] resources and is very short sighted.

As to Senate Bill 129 we recommend the elimination of any royalty [illegible] gross income. We suggest a straight 3% royalty [illegible]. Under either scenario, a clear and precise definition of net income [illegible] incorporated into this legislation. Specifically, all allowable deductions [illegible] used in determining net income need to be defined either in this [illegible] legislation or referenced to existing statutes. For example, [illegible] deductions under the Mining License Tax Chapter 43.[illegible] [illegible] the direct and indirect mining expenses and costs necessary for the [illegible] of the mined [illegible]. Examples of these [illegible] [illegible] equipment [illegible], supplies, other royalties [illegible] interest [illegible] [illegible] and transportation [illegible]

Examples of indirect costs include insurance, general administrative, employee benefits, and other taxes. At the very least, the legislation should include a clarifying statement to the effect that net income is that income, less allowable deductions, derived from the sale of minerals produced from State mining claims, leasehold locations or mining leases.

Strong consideration should also be given to including the expenditures for annual assessments and rental payments made to the State as valid deductions for the purposes of determining net income.

In this same vein, a clear definition of the term "production" should be included in Section 38.05.212 of this bill. Currently the only reference to production appears under the statutes of the Department of Revenue at AS 43.65.060(5) where it infers that production is "the shipment of products from mining operations". A precise definition of production will help clarify whether it is the intent of this legislation to impose a royalty on production or a royalty on the income derived from the sale of that production.

We also recommend that Section 38.05.212 Subsection (C) of this bill be revised to exclude any royalty on production that is not sold during a calendar year. We have no quarrel with the language ensuring that the State receives a royalty based on the fair market value of the production. However, the State should not receive a royalty on minerals produced until that production has been sold. Royalties should not be paid based on production, (however that is defined), but on the income derived from the sale of that production. To do otherwise will adversely impact mining production across the State during times of poor or marginal market conditions. For example, if a miner produces gold and the

market price declines, he normally would not sell his product until the market improved. He receives no income from the production that year, yet under the proposed legislation he must still pay the State a fair market value royalty on what he produced. This is unfair. This would make many otherwise economically viable mining operations unfeasible which is certainly not in the best interest of the State, if it intends to receive revenues from mining operations on State lands.

On a technical point, if Senate Bill 129 is passed, Section 43.65.010 Subsection (c) of the Mining License Tax would need to be revised to exclude from the gross income an amount equal to the rents and royalties paid by the taxpayer with respect to the property when figuring the depletion allowance. This subsection currently reads rents or royalties for calculation of the applicable depletion allowance.

Finally, with regards to the topic of reclamation, we recommend that language be incorporated into this legislation to the effect that reclamation shall be addressed by existing Federal and State statutes and regulations. This bill is no place for establishing the intent to create new reclamation regulations to govern the mining industry. However, a statement acknowledging that the activities associated with this bill will be in compliance with Federal and State statutes and regulations for reclamation should not be too onerous to live with.

Thank you for the opportunity to present our views on this important piece of legislation.

Good Day!

BC/slb:584:67

CCIN

COOK INLET REGION, INC.

TELECOPIER COVER LETTER
(RICOH -- RAPICOM 120)

TELEPHONE: (907) 274-8531
TELECOPIER: (907) 279-8831

TO: SENATOR BETTYE FAHRENKAMP
CHAIRMAN RESOURCES COMMITTEE
STATE CAPITOL RM 125
JUNEAU, ALASKA 9981

~~456-3700~~
463-4867

FROM: CARL H. MARRS SR.
COOK INLET REGION INC
2525 C ST
ANCHORAGE, ALASKA 99503

Secretary/Contact Name for Above

SPECIAL INSTRUCTIONS

THE FAX MA'AM AND NOTHING BUT THE FAX.

Senator: Attached is the draft testimony I intend to give at your 6(i) hearing on the 17th. If you have any problems or comments pls give me a call.

SENDING INSTRUCTIONS

DATE: MARCH 15, 1989

OPERATOR NAME: [illegible]

* NUMBER OF PAGES: 3

TOTAL WITH COVER PAGE: 4

* If you do not receive all the pages indicated above, please give us a call as soon as possible.

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CIRI BUILDING [illegible] STREET P.O. BOX [illegible] ANCHORAGE, ALASKA [illegible]
[illegible] TELEPHONE [illegible] TELEX [illegible]

Alaska Environmental Lobby 463-3366

Section 38.05.213. Reclamation. (a) All mining claims, leasehold locations, and mining leases shall, at a minimum, be restored so that the land (including waters of the state) affected is capable of supporting all the uses it was capable of supporting prior to any mining, or all higher or better uses of which there is a reasonable likelihood, consistent with all applicable laws and the Alaska Constitution.

Equal or better standard.

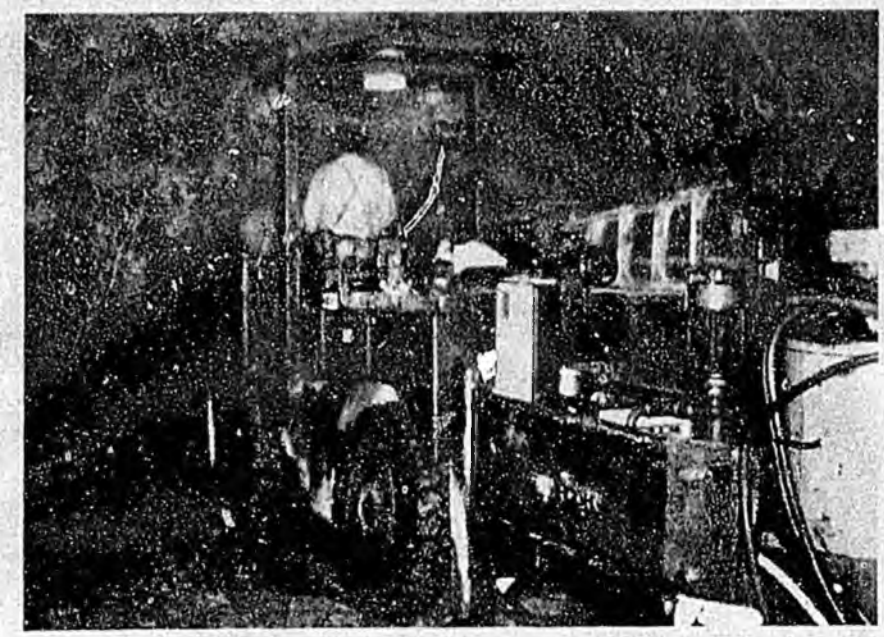
****STATEWIDE****	INITIAL ALLOCATION	P/Y UNDERPMTS.	NET
MISCELLANEOUS AID SHARING:	$11,126,544	$0	$11,126,544
TAX EQUALIZATION:	$21,492,176	$0	$21,492,176
HOSPITAL CONSTRUCTION:	$0	$0	$0
TOTAL:	$32,618,720	$0	$32,618,720

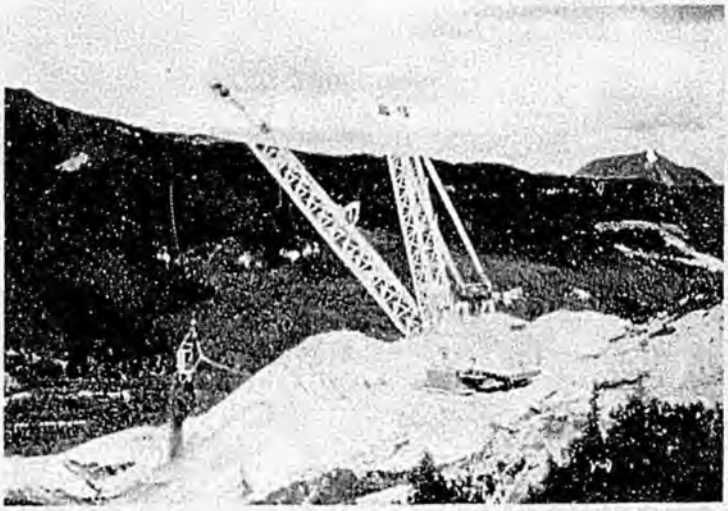
MISC. SHARING PRORATION FACTOR = .44775451956209
TAX EQUALIZATION PRORATION FACTOR= 2.22263057579 7
MINIMUM ENT. PRORATION FACTOR = .92473765063983
HOSPITAL CONST. PRORATION FACTOR = .00000000000000

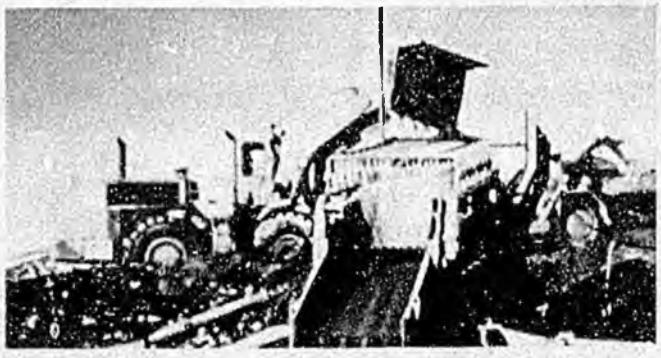
NAME	POP.	MILL RATE EQV.	PRIOR YEAR ADJUSTMENT	MISCELLANEOUS ENTITLEMENT	TAX EQUALIZATION ENTITLEMENT	MINIMUM ENTITLEMENT ADD ON	HOSPITAL CONSTRUCTION ENTITLEMENT	TOTAL FY ENTITLEMENT
MUNICIPALITIES								
PLATINUM								
PLATINUM	62	0.00	($966)	$13,825	$0	$18,251	$0	$31,110
TOTALS	62	0.00	$966	$13,825	$0	$18,251	$0	$31,110
POINT HOPE								
POINT HOPE	600	18.17	$642	$0	$22,469	$9,730	$0	$32,841
TOTALS	600	0.00	$642	$0	$22,469	$9,730	$0	$32,841
PORT ALEXANDER								
PORT ALEXANDER	128	0.58	$478	$0	$154	$23,830	$0	$24,462
TOTALS	128	0.00	$478	$0	$154	$23,830	$0	$24,462
PORT HEIDEN								
PORT HEIDEN	114	0.07	$885	$44,320	$18	$0	$0	$45,223
TOTALS	114	0.00	$885	$44,320	$18	$0	$0	$45,223
PORT LIONS								
PORT LIONS	296	11.19	$504	$5,168	$6,831	$13,274	$0	$25,777
TOTALS	296	0.00	$504	$5,168	$6,831	$13,274	$0	$25,777
QUINHAGAK								
QUINHAGAK	511	8.26	$634	$9,707	$8,702	$13,356	$0	$32,399
TOTALS	511	0.00	$634	$9,707	$8,702	$13,356	$0	$32,399

Report of the

Alaska Minerals Commission







January 1989

Report of the

ALASKA MINERALS COMMISSION

to

Governor Steve Cowper

and the

Alaska Legislature

January 1989

FOREWORD

The Alaska Minerals Commission was created by the 14th Legislature and signed into law on June 6, 1986, through the enactment of Chapter 98 of the 1986 Session Laws of Alaska.

The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate the constraints, including governmental constraints, on the development of minerals, including coal, in the state. The Commission's Statement of Purpose can be found in Appendix A.

The Commission presented its inital report to the Governor and the Legislature in January 1987, presented its interim report in January 1988, and was charged with making a final report to the first session of the 16th Legislature in January 1989 after which the Commission was to expire. However, during the second session of the 15th Legislature, House Bill 561 was enacted. The bill amended the enabling legislation by extending the Commission's charter through January 1994 and by providing that one member reside in a rural community (Appendix B).

Commission members are appointed by the Governor, the President of the Senate and the Speaker of the House. The current members include representatives of the placer, hard rock and coal mining industries and come from diverse areas of the state. Administrative and staff support to the Commission is provided by the Division of Business Development, Department of Commerce and Economic Development.

I would like to thank all members of the Commission, staff and those members of the public who have provided their comments and worked on committees for their contributions in preparing this report. I would also like to thank Governor Cowper and the Alaska Legislature for the support they have provided the Commission.

Earl H. Beistline
Chairman

ALASKA MINERALS COMMISSION

Chairman

Earl Beistline
Mining Consultant
Fairbanks, Alaska

Vice Chairman
Joseph E. Usibelli, Chairman
Usibelli Coal Mine, Inc.
Healy, Alaska

Del Ackels, Owner-Operator
Goldust Mines
Fairbanks, Alaska

Irene Anderson, Land Planner
Sitnasuak Native Corporation
Nome, Alaska
(Appointed September 1988)

G.G. (Jerry) Booth
Manager, Alaska Exploration
Cominco Alaska Exploration, Inc.
Anchorage, Alaska

Roger Burggraf, Owner
Grant Mine
Fairbanks, Alaska

Tom Crafford, Mine Geologist
Greens Creek Mining Company
Juneau, Alaska
(Appointed December 1988)

Don Finney, Ketchikan Manager
U.S. Borax and Chemical Corp.
Ketchikan, Alaska

Karl Hanneman, President
Alaska Placer Development, Inc.
Fairbanks, Alaska

Jenny Hawley, Vice President
Hawley Resource Group, Inc.
Anchorage, Alaska
(Resigned, December, 1988)

Ron C. Sheardown, President
Greatland Exploration, Ltd.
Anchorage, Alaska
(Appointed, May 1988)

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Report of the

ALASKA MINERALS COMMISSION

January 1989

CONTENTS

INTRODUCTION

In its initial report to the Governor and Legislature in January 1987, the Alaska Minerals Commission presented findings and recommendations addressing the range of fundamental issues critical to Alaska's mineral industry. The Commission would like to refer interested readers to that report and would like to express continued support for the comprehensive recommendations made in it. In this report, as in the January 1988 report, the Commission has chosen to focus and to present recommendations on those issues of the most timely importance.

In 1988, a rebound in the production of gold and in expenditures made on Alaska exploration programs highlighted renewed interest in Alaska's precious metals. Additionally, Alaska continued its unique exports of subbituminous coal to Pacific Rim countries. In 1989, the Greens Creek mine and the Red Dog mine are scheduled to begin production, establishing the state as an international supplier of silver, zinc and lead.

During 1988, the Legislature and the administration took several positive steps to address regulatory and policy issues of importance to the industry. An Alaska Mineral Policy Act encouraging the development of the state's abundant mineral resources was passed by the Legislature and signed into law by Governor Steve Cowper on June 8, 1988. The Department of Environmental Conservation promulgated new mixing zone regulations for water discharges that are to be implemented during the 1989 season and has begun work on new regulations for start-up variances.

These positive developments, both in industry and government, have come at an opportune time. The international market forces which have brought new investment in Alaska's minerals and the willingness of the Legislature and administration to address legitimate concerns of the industry have helped to promote economic growth and diversification at a time when the state must begin to overcome its economic dependency on oil field development and oil production revenues.

Additional issues will challenge the continued growth of Alaska's mining industry in 1989 and beyond. Of primary concern is the legislative implementation of the Alaska Supreme Court's decision on a lawsuit regarding the interpretation of section 6(i) of the Alaska Statehood Act. Certain state laws governing the location of mining claims must be amended during the 1989 legislative session to reflect the court's directives.

A workable and reasonable legislative implementation of the Court's 6(i) decision has been identified as the highest priority of the Alaska Minerals Commission's subcommittees for hard rock mining, placer mining, coal mining and industrial minerals. The Commission's recommendations for the implementation of the 6(i) decision are found under the Legislative Priorities section of the report.

Additional recommendations in the legislative priorities section, as well as those under other section headings, represent other actions that the Commission feels will demonstrate the state's desire to expand its mineral industry and to provide a reasonable regulatory and tax climate for business. These actions will do much to attract exploration and development in the short-term, and in turn, will provide widespread economic benefits for the state and its residents over the long-term.

RECOMMENDATIONS OF THE ALASKA MINERALS COMMISSION

I. LEGISLATIVE PRIORITIES

Implementation of the 6(i) Court Decision

- The highest priority of the Alaska Minerals Commission is the fair and equitable implementation of the Alaska Supreme Court's interpretation of section 6(i) of the Alaska Statehood Act. (For a summary of the 6(i) issues and lawsuit, see Appendix C.)

  The Commission supports the positions of both the Alaska Miners Association[1] and Governor Steve Cowper[2] on the following three critical aspects of any legislation to be enacted.

  1. The traditional discovery, location and recordation system recognizes the unique nature of mineral resource development as well as the needs of individuals and companies carrying out mineral exploration and development. The right of self-initiation is guaranteed by the Alaska Constitution and no fundamental changes should be made in the way preferential minerals rights are initiated on state land.

  2. Because of the long lead time commonly required between the discovery of a deposit and its initial production, there should be no arbitrary time limits placed upon the tenure of a mining claimant on state lands. This is especially important in Alaska where the need to construct basic infrastructure and to await financial and market "windows" will often result in longer development lead times than in more developed states and countries.

  3. The setting of rental and/or royalty fees for mining claims on subject state lands should neither penalize claimants nor create disincentives for individuals or companies doing mineral exploration. In Alaska, exploration, development, capital and operating costs are commonly higher than in more developed states and countries. Alaska's cumulative mineral tax schedule, including existing corporate income taxes, mining license taxes and new rental and/or royalty fees should not unduly burden the small miner nor increase total development costs to the point where diminished economic feasibility precludes mine development or mineral exploration on subject state lands.

  A fourth aspect of the implementation of the 6(i) court decision is the definition of lands to which the new legislative provisions will apply. The Commission agrees with Governor Cowper that it is in the interests of both the state and the mining industry that this aspect be resolved in a manner that minimizes the risk of lengthy and expensive litigation. As the Alaska Supreme Court ruled that the 6(i) provisions are applicable only to those state lands "known to be mineral in character at the time of state selection," the Commission also recommends that a clear definition of such lands be developed, and that workable and expeditious procedures be developed to allow timely classification of lands and claims subject to 6(i).

  Finally, the Commission strongly recommends that proposed legislation implementing the 6(i) court decision be limited to only those issues specifically required by the court.

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[1] *Communication from Richard A. Hughes, President, Alaska Miners Association to Governor Steve Cowper, September 9, 1988.*

[2] *Communication from Governor Steve Cowper to Richard A. Hughes, President, Alaska Miners Association, October 19, 1988.*

Allowance for Flexible Work Weeks

- The passage of legislation allowing work schedules to be set on the basis of project specific considerations will allow for more efficient use of labor and provide more desirable time-off patterns for employees. This will be particularly significant for mines in remote locations with employees who reside in communities distant from the work site.

Extension of Underground Work Hours

- Legislation is required to amend current statutes limiting shifts at the work face of underground mines from the current maximum of eight hours to a maximum of ten hours. The antiquated statute presently in effect does not recognize the implementation of modern safety programs and penalizes mine efficiency and employee time-off schedules on remote mining projects.

Multiple Use of State Lands

- The Commission would like to reemphasize four recommendations made in the Commission's 1987 report regarding the management of state lands.

  1. Alaska Statute 38.05.300 should be amended as follows:

     Classification of lands. (a) The commissioner shall, where considered necessary and proper, classify land for surface use. This section does not prevent reclassification of land, where the public interest warrants reclassification, nor does it preclude multiple use of land whenever different uses are compatible. State land, water, or land and water area may not, except by act of the state legislature, be closed to multiple use or to mineral entry if the area involved contains more than 640 acres.

  2. The Legislature should redefine, to conform with constitutional intent, the various definitions of "multiple use" in the Alaska Statutes to require the management of state lands for the use of all resources rather than allocating or selectively denying resource use.

  3. The Legislature should only make closures of land to mineral entry where documented and demonstrated incompatible use is proven and only when preceded by a mineral assessment.

  4. The Legislature and Governor should periodically review lands closed to mineral entry to assess the need for continued closure and, if there is no longer a compelling need for closure, return the land to multiple-use designation.

Amending the Reporting Requirements of the Minerals Policy Act.

- Sec. 44.99.110(2) should be amended to require each department, board, commission, or agency, including the University of Alaska, to fulfill its reporting requirements as set out in this section on an annual basis through 1994 rather than once only in 1989.

Industrial Minerals Inventory

- The Legislature should reintroduce and enact legislation similar to SB 71 (or companion legislation HB 69), Senate Concurrent Resolution 4 and House Concurrent Resolution 5 as introduced during the Second Session of the 15th Legislature. These bills and resolutions address the need for systematic identification, inventory and reserve of sand and gravel resources to meet the present and future needs of transportation systems, populated areas and large-scale developments within the state and Pacific Rim.

II. ADMINISTRATIVE PRIORITIES

Public Information on Water Quality Progress

- Increased public awareness of the progress being made on improving water quality will assist in providing support for the administrative actions needed to provide for greater flexibility in the state's water quality regulations. To follow up on his March 1987 placer mining directive[3], the Governor should instruct his agencies to make a special effort to inform other water user groups and the general public on the progress that has been made by miners on improving water quality.

Improve Flexibility of Water Quality Regulations

- The Department of Environmental Conservation should aggressively pursue implementation of the six areas identified by the Water Quality Task Force as having the potential to increase regulatory flexibility while complying with the Clean Water Act and protecting downstream users. These include the use of mixing zones and start-up variences, the reclassification of drainages, the restructuring of water uses, the revision of water quality criteria and the assumption of the NPDES program.

  For there to be significant progress toward the objective of having flexible water quality management, the rate of progress on these issues should be accelerated to the point where each tool can be used appropriately and collectively to solve the problem. The recently completed Tolovana reclassification study is of minimal practical value and is an example of the time and expense that will be wasted unless these various tools are used in a concerted approach to a solution. Similarly, until a water quality criteria review is conducted and the 5 NTU drinking water standard is changed to 25 NTU, the new mixing zone regulations may not provide meaningful relief as the existing standards may still be unattainable. These tools must be used collectively to reach a solution and to date this is not being done.

  The new mixing zone regulations that became effective September 15, 1988 must be implemented to achieve the objectives outlined in the Governor's March 1987 directive: maximize flexibility under the law while protecting downstream users. The Department of Environmental Conservation is currently making progress toward this end, and the Governor should direct the Alaska Department of Fish and Game, Habitat Division to contribute workable solutions to the implementation of mixing zones.

Reclassification of Drainages

- The Tolovana reclassification study did not seek to utilize the maximum flexibility available. For example, sampling on the Tolovana River and Livengood Creek both showed that existing natural bacterial contamination justified eliminating the 5 NTU drinking water turbidity standard. However, instead of using this data to appropriately and legally justify relief from the most stringent turbidity standards, the Department of Environmental Conservation chose to discount the data. In the future, the department must undertake reclassification studies with the objective of using all valid regulatory means to grant relief when conditions justify reclassification and downstream users remain protected. To date this is not being done.

---

[3] *Memorandum from Governor Steve Cowper to Department Commissioners Judith Brady, Don Collinsworth and Dennis Kelso, March 30, 1987.*

Offshore Dredging

- The following three recommendations have the objectives of stimulating new offshore mining activity and resolving current regulatory issues concerning the analysis and permitting of offshore mining operations.

  1. The Governor should direct the Division of Mining to work closely with industry to develop workable offshore applications and leasing procedures in state waters, and to begin processing offshore applications and leases under those procedures.

  2. The Governor should encourage the Environmental Protection Agency and the Army Corps of Engineers to develop a Memorandum of Understanding that would classify material discharged from offshore dredges as dredged material regulated under Section 404 of the Clean Water Act, rather than as industrial waste under Section 402 as currently classified.

  3. The Office of the Governor should ensure that future coordinating groups, such as the Norton Sound Federal/State Task Force, be organized so as to provide greater accountability by the sponsoring agency to the participating groups. Some participants in the Norton Sound task force have been critical of the failure of the sponsoring agency to specifically respond to comments made by reviewing groups.

Resource Development in National Petroleum Reserve Alaska

- The Governor should urge the opening of the federal National Petroleum Reserve Alaska to coal and mineral development.

Transportation and Infrastructure

- The lack of an established transportation system and associated infrastructure is a primary impediment to mineral development in Alaska. While there have been many discoveries of world class deposits made in Alaska over the last two decades, lack of access has delayed or will definitely postpone their development.

  1. The Governor should reaffirm Alaska's rights of access as provided by RS 2477 and assert several pivotal rights-of-way which are vital for access to Alaska's remote mineralized areas.

  2. The Governor should adopt and implement a statewide infrastructure and transportation plan which includes the identification and development of access corridors within the state.

Coal Development Policy

- The appropriate state agencies, in consultation with the Legislature and the coal industry, should undertake a broad based review of coal development issues, including tax reform and unitary tax repeal, royalty and rental schedules, coal leasing programs, coal mining and reclamation programs, and future domestic energy demands. The objective of the review should be the establishment of a state coal development policy that will provide direction for the expansion of Alaska's coal industry and will provide guidance for policy decisions concerning future energy sources and international coal exports.

Clean Coal Technology

- The state should support appropriate research and development on clean coal technology that will benefit domestic power generation and the export of high-value coal through support of the newly created Alaska Science Foundation and through cooperative, political initiatives on behalf of the administration, Legislature, and congressional delegation to secure research and development funding and demonstration project grants from the federal Department of Energy Clean Coal Technology Program.

III. SUPPORT FOR MINERAL PROGRAMS AND SERVICES

Mineral Resource Education

- The Legislature and the Governor have continued to demonstrate support for the "Alaska Resources Kit: Minerals" by establishing a position in the Department of Education to oversee and implement the mineral resource curriculum that was jointly developed and funded by industry and by the state. Private industry, through the Alaska Mineral and Energy Resource Education Fund, shares in the annual cost of the newly created position and provides the annual costs of producing, maintaining and updating the educational kits. The Department of Education should be granted incremental funding to equally share as a full partner with industry in the cost of this educational program.

Professional and Technical Training

- To maximize job opportunities for residents and improve public acceptance of the industry, the professional education, vocational, and technical training services within the state should be strongly supported including enhancement of the School of Mineral Engineering at the University of Alaska Fairbanks.

  The Commission specifically recommends that the Governor and the Legislature support the budgets set forth by the Board of Regents for the University of Alaska Southeast and for the Mining and Petroleum Training Service (MAPTS) to allow these institutions to continue the entry level training program for underground mining and milling employees. The initial training programs have been highly successful at placing graduates into jobs at the Greens Creek Mine and an expanded program is needed to train additional residents for new mining jobs in Alaska. The direct support for the University of Alaska Southeast program will allow MAPTS to be more effective in its ongoing training programs in other areas of the state.

State Mineral Programs

- Geological mapping, geologic surveys, mineral assessments and the publication of geologic reports are critical to the state's ability to maintain and expand its mining industry as well as providing for the health and benefit of the residents of the state. The Division of Geological and Geophysical Surveys should be funded at a level sufficient to allow its existing professional staff to work on a full-time basis and to provide operating funds for field mapping projects, including the continuation of the five-year sand and gravel inventory program, quadrangle mapping, and other essential services.

- The basic level of services provided by the Division of Mining should be supported, and budgetary increments be provided to review and rewrite (if necessary), and to implement the state's offshore mineral leasing program.

- The mineral services and functions within the Department of Commerce and Economic Development, Division of Business Development, should be supported. Incremental funding should be provided to allow the division to conduct research and publish a report on potential export markets for Alaska industrial minerals and products, and on the availability of industrial mineral resources in Alaska.

Appendix A.

ALASKA MINERALS COMMISSION
STATEMENT OF PURPOSE

The Alaska Minerals Commission was created by the 14th Legislature in Chapter 98 of the Session Laws of 1986 and was established to make recommendations to the Governor and to the Legislature on ways to mitigate constraints on the development of minerals in the State.

The minerals industry offers the greatest potential of any Alaska industry for expanding and diversifying the State's economic base; for increasing Statewide employment; and for generating new wealth to create businesses and provide revenues for State and local governments.

However, Alaska has a complex pattern of land ownership and management; has overlapping and uncertain regulatory requirements; has unique geographic, geologic and climatic conditions; and has an underdeveloped transportation system.

To attract the capital necessary for the exploration and development of new mines; to ensure that mines can be developed feasibly and in timely fashion; and to ensure that producing mines remain viable—constraints on the industry must be mitigated.

The Alaska Minerals Commission will prepare annual reports recommending to the Governor and to the Legislature the adoption of legislation and the implementation of administrative policy that will best accomplish the statement of policy found in Article VIII, of the Constitution of Alaska:

> "It is the policy of the State to encourage the settlement of its land and development of its resources by making them available for maximum use consistent with the public interest."

and the statement of policy found in the President's National Materials and Minerals Report to Congress of April 5, 1982:

> "It is the policy of this Administration to decrease America's mineral vulnerability by taking positive action that will promote our national security, help ensure a healthy and vigorous economy, create American jobs, and protect America's national resources and environment."

The goals of the recommendations of the Alaska Minerals Commission are to assure that the Legislature and the state administration encourage and promote development of a viable mining industry in the state.

Appendix B.

Chapter 98
Session Laws of Alaska, 1986
As Amended by
Chapter 71
Session Laws of Alaska, 1988

AN ACT

Relating to the Alaska minerals commission; and providing for an effective date.

Section 1. (a) The legislature finds that the minerals industries, including metallic minerals, industrial minerals, and hydrocarbons, have been traditionally and continue to be the major source of wealth and income in the state.

(b) The legislature further finds that there are major constraints on the continued development of a diverse mineral industry in the state, including the Environmental Protection Agency's effluent guidelines, state water quality standards and improperly classified streams and rivers, restrictions on surface access, complex and numerous permitting requirements, and limited access to minerals through mineral closing orders and restrictions on multiple use through state and federal land use plans.

Sec. 2. ALASKA MINERALS COMMISSION ESTABLISHED. (a) The Alaska Minerals Commission is established in the Department of Commerce and Economic Development.

(b) The commission is composed of 11 members. The commission shall be composed of individuals who have at least five years' experience in the various aspects of the minerals industries in the state. The governor shall appoint five members of the commission, one of whom must reside in a rural community. The President of the Senate shall appoint three members of the commission. The speaker of the House of Representatives shall appoint three members of the commission. Each member serves at the pleasure of the appointing authority.

(c) The commission shall make recommendations to the governor and to the legislature on ways to mitigate the constraints, including governmental constraints, on development of minerals, including coal, in the state.

(d) The commission shall report its recommendations each year to the governor and the legislature during the first 10 days of the regular session of the legislature.

Sec. 3. This Act is repealed February 1, 1994.

Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).

Appendix C.

Summary of the 6(i) Lawsuit *

Section 6(i) of the Statehood Act (P.L. 85-508) provides:

> All grants made or confirmed under this Act shall include mineral deposits. The grants of mineral lands to the State of Alaska under subsections (a) and (b) of this section are made upon the express condition that all sales, grants, deeds, or patents for any of the mineral lands so granted shall be subject to and contain a reservation to the State of all of the minerals in the lands so sold, granted, deeded, or patented, together with the right to prospect for, mine, and remove the same. Mineral deposits in such lands shall be subject to lease by the State as the State legislature may direct: Provided, that any lands or minerals hereafter disposed of contrary to the provisions of this section shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in the United States District Court for the District of Alaska.

The state and the Legislature have, since 1980, been aware that the state's mining laws (AS 38.05.185—.275) may not fully comply with section 6(i). In 1982, the Legislature adopted AS 38.05.207, creating the requirement for a miner to apply for a "Production License" prior to the commercial production of minerals. This license requires a public notice and was enacted in hopes of curing the 6(i) deficiencies.

In 1983, a coalition of environmental, Native and fishing groups challenged in State Court that Alaska's mining laws were not in compliance with section 6(i). On May 1, 1987, the Alaska Supreme Court found that:

- Alaska's mining leasing system violates section 6(i) because it does not require the payment of cash rents or royalties; and

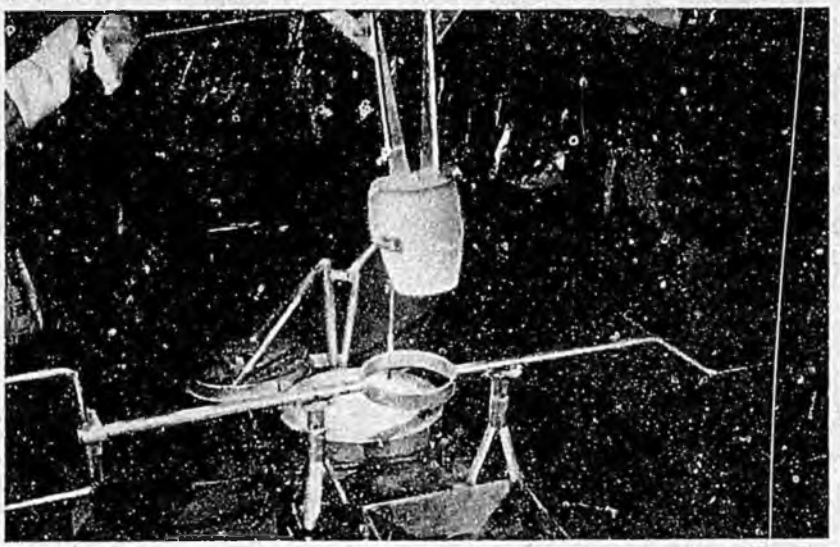
- Section 6(i) applies only to lands known to have been mineral-in-character at the time of state selection. (The Supreme Court specifically avoided the issue of what constitutes state selection and the meaning of the term mineral-in-character.)

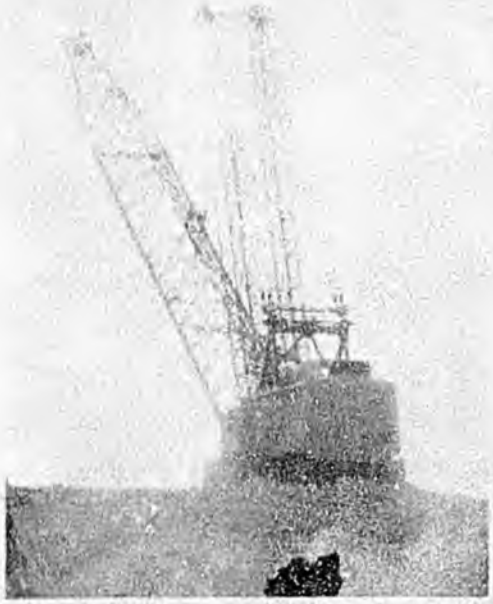
All parties asked the U.S. Supreme Court to review the Alaska Supreme Court's decision. The state argued primarily that the state court should not have allowed these private interest groups standing to argue the case. The Trustees for Alaska, on behalf of the conservation groups, argued primarily that the term "mineral lands" refers to all state land. The U.S. Department of Justice submitted a brief which argued that 1) the Alaska Supreme Court erred in limiting the 6(i) lease requirement to lands that were known to be mineral-in-character at the time of state selection, and 2) that the Alaska court decision was advisory and final resolution could occur only in the federal courts. On May 1, 1988, the U.S. Supreme Court declined to consider this case.

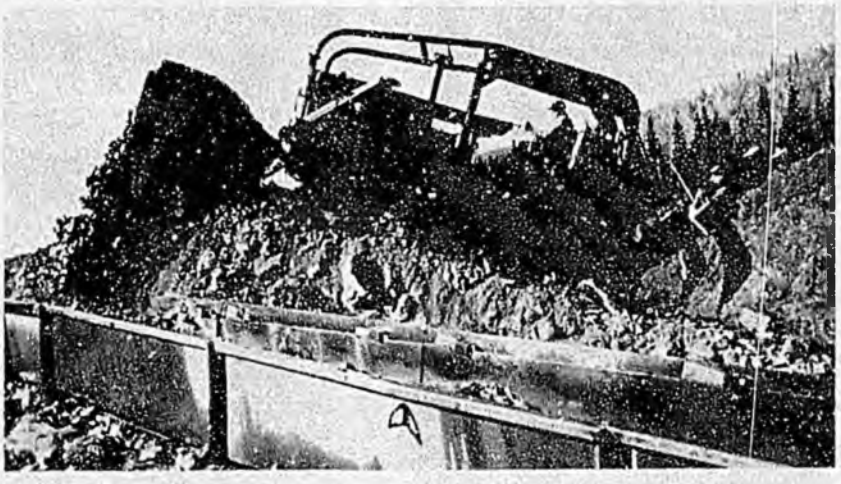
Legislative action will be necessary to cure this defect. The significant questions to be addressed are:

1. Should the proposal include only "mineral lands" or all state land?
2. Should the proposal include rent, or royalty, or both?
3. What are the appropriate levels of rent and/or royalty?

* Prepared by the Department of Natural Resources, Division of Mining, September 1, 1988.







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Alaska Environmental Lobby, Inc.
P.O. Box 22151 Juneau, Alaska 99802 907-586-2345

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SB 129 6(i) Rents and Royalties on Mining Lands

A combination of legal decisions on both the state and federal level have determined that the state of Alaska must collect rents and royalties from mining claims on state land under 6(i) of the Alaska Statehood Act. The intent of Section 6(i) was to guarantee some revenue for the operation of the new state. Other extractors of non-renewable resources, namely the oil and gas and the coal industries, are required to pay rents and royalties to the state.

SB 129 would require both rents and royalties be paid for mining activity on state lands, inlcuding submerged lands. These revenues would help defray the cumulative costs to the state of managing its mineral resources. However, there are some unanswered questions. The Division of Mining has stated that the yearly rental will help discourage speculation on mining claims. However, the majority of miners on state land hold less than ten claims. Would $20.00/claim/year really be a discouragement to speculation? It seems minimum rents could be raised without undue economic hardship on most miners. Royalties based on either net or gross income have been introduced. Net income calculations are subject to numerous deductions. Miners can even charge expenses of one claim to another, perhaps more profitable claim. Minimum royalties based on gross income will most likely be used the most. Are the ones outlined in SB 129 equitable and do they help the state realize a return for the extraction of its resources?

SB 129 does not require any reclamation. Mining without reclamation destroys the value of the land for other uses and users. When the state commits land held in the public trust to a single use, statutory reclamation requirements would guarantee that the land will retain its multiple use capacity after mining is complete.

Our position is that all miners on all state lands should make substantial payments towards use of public lands and that miners should be required to reclaim the land before they return it to the people of Alaska.

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Miners point out [illegible] of sorts in the form of [illegible] corporate income tax and mining license tax. A sharp increase in state charges will stifle gold production, they say.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

90 0759SH

Date of 5-DAY NOTICE 1/19/89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER FINANCE

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 4/11/89

1/19/89

Mr. President:

RESOURCES Committee considered SB 129 providing for rent and royalty payments for a mining claim, leasehold location, or mining lease; relating to annual labor requirements for, and abandonment of, a mining claim, leasehold location, or mining lease; relating to mining license tax information; efd

and recommended:

[ ] replace with CS SB 129 (Resources) [] same title [X] new title

[ ] attached amendment(s) and

[ ] _____ letter of intent adopted

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to _____

CS FN Coming

FISCAL NOTE(S) attached [ ] zero [✓] fiscal impact
[ ] appropriation no FN attached [ ] Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS	OTHER RECOMMENDATIONS
Rick Halford	
[illegible]	
[illegible]	
Calvin Hungelborg	

Chairman signature and recommendation

[ ] Committee backup attached

Anchorage Daily News/Ron Engstrom

debris for an hour and terrifying the others.

Residents of the village of Aleknagik used shovels to dig 11-year-old Shelly Aloysius from under a pile of snow, wooden beams and crumpled roofing materials — and said they were astonished to find her not critically injured. She suffered a broken jaw, a couple of missing teeth and bruises, but was out of a Dillingham hospital and back in the village by Thursday afternoon.

The five other girls and an adult supervisor, who happened to be standing near a wall that didn't collapse, were able to run away from the falling roof. Several of

Please see Back Page, **GYM COLLAPSE**

Poll finds public wants both wilderness and oil

By PATTI EPLER
Daily News reporter

The American public wants to protect unspoiled wilderness areas but would back responsible oil development in the Arctic National Wildlife Refuge to prevent an energy crisis, according to a nationwide poll.

The poll was conducted a year ago for Arco by Peter D. Hart Research Associates Inc., a well-known Washington, D.C.-based pollster. A copy recently was obtained by the Daily News.

Environmentalists say the poll shows the public agrees with the main point they've been making — that some places should remain wilderness simply for wilderness' sake.

But the oil company's poll, conducted at a time when oil tankers were dodging missiles in the Persian Gulf, also indicates that people believe the United States is too dependent on foreign oil and would support environmentally sound ANWR development.

Please see Back Page, **POLL**

Skier Paul Milloy waits on the Knik Lake ice Thursday for back. Milloy was one of 22 skiers who started the 210-mile

Soviet magazine rips the party, Gorbachev

By BILL KELLER
The New York Times

MOSCOW — A Soviet magazine has broken another taboo by publishing a scathing attack on the Communist Party, including the first irreverent barbs directed at Mikhail Gorbachev.

The article, in the Leningrad literary and political monthly Neva, asserted that the party had ignored the interests of the public to become the instrument of a powerful "new class" of managerial bureaucrats.

WEATHER

Mostly cloudy today with light winds. High ranging into the low 30s. Chance of snow tonight. Low in the mid-20s. Outlook for Saturday: Mostly sunny. High again in the low 30s.

High Thursday	33
Low Thursday morning	26
9 p.m. temperature	28

INDEX

He said the ... Pentagon spending was con- like Reagan before ...

POLL: Arco finds concern for wilderness, oil supply

Continued from Page A-1

The poll shows "U.S. voters far from decided about opening the Arctic National Wildlife Refuge to energy exploration and development," analyst Jack Pfisterer wrote in a summary memo to Bill Duke, Arco public affairs manager. "The survey did find substantial public concern with the U.S. energy situation and at least some favorable disposition toward ANWR development, despite broad public sentiment for preservation of wilderness areas."

The survey, which took respondents about 30 minutes to complete, asked 1,507 people a series of questions designed to check their knowledge of and support for oil industry operations in the Arctic, specifically the arctic refuge issue.

"I really wanted to find out what was going on in the public," Duke said Thursday from Los Angeles. "But I really wouldn't want to hang my hat on any of that stuff precisely."

Duke said the survey was intended to be for Arco's use only, and he was surprised to learn that others outside the firm had copies.

In an internal Arco memo dated Feb. 26, 1988, Duke said pollster Hart "suggested we have two basic arguments that will 'move' the number of people necessary: America needs more control over its energy future and ANWR is one way to do it, and we can have energy development in ANWR and protect the environment at the same time."

While 57 percent of those surveyed thought protection of Alaska wilderness was important, even more — 69 percent — believed it important to develop resources in wilderness areas if the oil is needed to prevent an energy shortage, Pfisterer said.

Asked specifically about the arctic refuge, about half the public favored development while 40 percent opposed it.

But, Pfisterer said, "while voters generally favor preservation of wilderness areas, the issue doesn't seem to command strong voter commitment. They place wilderness protection far below water pollution, toxic waste cleanup and air pollution in assessing the importance of current environmental issues."

Environmentalists who are lobbying Congress to keep the arctic refuge off limits to the oil industry were pleased with the poll's findings.

"I thought it was pretty useful information," said Tim Mahoney, chairman of the pro-wilderness Alaska Coalition. "I was impressed that the poll showed pretty clearly that the argument that the Alaska Coalition groups have raised first and foremost — wilderness conservation — is supported by the public."

The survey shows that the energy security issue is the oil industry's "strongest trump card," he said. "The peace in the Middle East is hurting their efforts. It takes away their principal scare tactics."

Mahoney noted that several things have changed in the year since the poll was taken that may have strengthened people's commitment to wilderness. Besides the easing of tensions in the Middle East, environmental issues like global warming and the greenhouse effect have gotten widespread attention in the media and in Congress, he said.

"The public has learned about global warming and seen it's all tied in to the same energy conservation policies that would make destruction of an arctic wilderness unnecessary," he said. "That new awareness has been reflected in the 1988 election and in a new sense of consciousness in the public and the Congress that isn't reflected in the poll."

SOUTH AFRICA: Hunger strikers test detentions policy

Continued from Page A-1

Some detainees are said to have lost as much as 30 pounds. Seven were hospitalized Wednesday night. The government declined to say whether it was considering force-feeding the strikers. Vlok said that the authorities were committed to dealing with the fast "in a humane and civilized manner as prescribed by international norms."

Forty-three lawyers in Johannesburg representing more than 100 of the striking detainees began a two-day sympathy fast Thursday, saying they had run out of legal options.

Under the state of emergency, police may arrest and hold indefinitely anyone the minister of law and order believes is a threat to public safety or the maintenance of public order. No detention order has been overturned in court.

Audrey Coleman, a human rights activist who works with the families of detainees, said that the protest grew out of frustration.

"They are totally desperate, and they don't know how to get the government to pay attention to their problem," Coleman said in an interview. "They've done everything they can to say: 'Charge us if we have broken the law or release us.'"

Human rights organizations in South Africa contend that the government uses detentions to silence its critics, and many of those now in detention belong to anti-apartheid organizations opposed to violence.

But Vlok said that all the detainees were "being held in prison for good reason."

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OIL COLLAPSE: Cause not yet known; villagers amazed no one was

WILDERNESS: HOW MUCH IS ENOUGH?

*Notes: *The following wilderness information was compiled from figures obtained directly from these sources. (1) U.S. Geological Survey (Reston VA & Denver, CO); (2) The Wilderness Institute (Missoula, MT); (3) U.S. Dept. of the Interior (Wash. D.C.); (4) U.S. Forest Service (Wash., D.C.); (5) U.S. Fish & Wildlife Service (Wash., D.C.); (6) National Park Service (Wash., D.C.); (7) U.S. Congress (Wash., D.C.); and (8) U.S. Bureau of Land Management (Wash., D.C. & Reno, NV). Land data and statistics were obtained from the U.S. Dept. of the Interior, the General Services Administration, U.S. Geological Survey, U.S. Bureau of Land Management and the U.S. Bureau of the Census, U.S. Dept. of Commerce.*

*** Every effort has been made to ensure the accuracy and completeness of this report. Several discrepancies and errors in the available data were noted and corrected, but a small margin of error remained in the totals - about two-thousandths of one percent (.000025) or 2,245 acres in the total national wilderness acreage. The margin of error for each individual state acreage figure (wilderness and federal land) came to less than one percent, and the overall totals and percentages were accurate to within one-tenth of one percent. However, inland water acreage was not included in the federal acreage data and some wilderness acreages probably include inland waters. It should also be noted that land classifications are continually being changed, but the figures given herein are among the most accurate available at this time.*

THE CURRENT WILDERNESS SITUATION

As of January 1, 1989, more than 86,474,870 acres in the eleven Western states and Alaska had been designated as wilderness. This figure represents 12.8 percent of the total federal lands in these 12 states and 95.2 percent of the total acreage in the National Wilderness Preservation System - which contains 90,804,328 acreas or 4 percent of the nation's total land area. This "system" now covered over 12.48% of all the federally-owned lands in the United States! And this is just the tip of the iceberg.

Federal agencies alone have already recommended another 20,256,760 acres for designation as wilderness, and the agencies are still conducting "studies" on another 133,653,459 acres for possible inclusion in the system. In addition, there are the numerous proposals being advanced by the various "environmental protection" groups, and the Bureau of Land Management wilderness recommendations are still to come within the next 2-3 years.

Please note that these figures only represent current wilderness withdrawals (either de jure or de facto) that cover 33.65% of the country's total Federal lands, and they do not include the numerous other types of land withdrawals (i.e. Wild & Scenic Rivers, National Parks, National Monuments, National Wildlife Refuges, National Recreation Areas, Department of Defense, Bureau of Reclamation, De-

Continued on page 15

From the ALASKA Miner
Feb. 1989

...WILDERNESS

Continued from page 14

partment of Energy, Bureau of Indian Affairs and many others).

This, briefly, is the current situation, and it obviously raises the question, "How much wilderness is enough?"

THE HARD FACTS

In order to provide a more complete picture of the wilderness issue, the revelant data has been compiled into the tables below:

withdrawal for many years to come. During this time, various groups will be pressuring legislatures for additional bills to create more wilderness areas.

It should also be noted that all wilderness study areas are managed as if they were, in fact, designated as wilderness, until the time that the legislative process is fully completed.

VIEWING WILDERNESS IN THE PROPER CONTEXT

We are concerned here with the most beneficial public and economic uses of the public domain lands in the United States. As a result, it is important that all issues affecting the public lands should be considered on the basis of their individual impacts upon the availability and use of these lands. Any figures and percentages that are based upon the total of all the lands in a state or the nation can be deliberately misleading. It is, therefore, appropriate to define the country's overall land status in order to place the wilderness issue in its proper perspective.

SUMMERY OF U.S. LAND STATUS

Total land area of the U.S.	=	2,271,343,360 acres
Total acreage in private ownership (67.99%)	=	1,544,230,384 acres
Approx. inland water area in U.S.	=	50,867,840 acres
Total federal lands (32.01%)	=	727,112,975 acres
Acquired federal lands (non-public)	=	64,407,835 acres
Total public domain lands in U.S. (29.17%)	=	662,705,140 acres
Current acreage in designated wilderness	=	90,804,328 acres
Total wilderness percent of public lands	=	13.70%
Wilderness withdrawal of public domain land	=	36.92%
Potential multiple use lands impacted	=	55.14%

NATIONAL SUMMARY OF DESIGNATED WILDERNESS (a/o Jan. 1, 1989)

Agency	No. Areas	Wilderness Acres
1) National Park Service:	39	38,510,222
2) U.S. Forest Service:	337	32,510,949
3) U.S. Fish & Wildlife:	71	19,332,897
4) Bureau of Land Mangement:	25	450,260
Total Designated Wilderness:	472	90,804,328 acres

PENDING AGENCY WILDERNESS RECOMMENDATIONS

1) National Park Service:	7,042,663
2) U.S. Forest Service:	9,776,918
3) U.S. Fish & Wildlife:	3,437,199
Total Recommended Wilderness:	20,256,780 acres

APPROXIMATE WILDERNESS STUDY AREAS (IN PROGRESS)

1) U.S. Fish & Wildlife:	60,000,000
2) National Park Service:	31,618,115
3) Bureau of Land Management:	24,777,589
4) U.S. Forest Service:	17,257,755
Total Wilderness Studies:	133,653,459 acres

TOTAL IMPACT OF WILDERNESS PROCESS

1) Existing wilderness:	=	90,804,328
2) Recommended wilderness:	=	20,256,780
3) Wilderness studies:	=	133,653,459
Total Potential Wilderness:	=	244,714,567 acres

It should be kept in mind that the preceding data reflects only federal agency wilderness acreages and it does not include other types of wilderness proposals currently being promoted by certain legislators, environmental groups and other organizations. The total figures also do not include buffer zones, special-use lands or acreages having land-use restrictions. In many cases, final wilderness legislation by Congress exceeds the acreage recommended by the particular agency involved and buffer zone are either specified or "tacked on" at a later date.

In addition, the wilderness issue has evolved into an ongoing process. It is never finished. Just as soon as Congressional legislation is enacted to designate specific areas of wilderness, further efforts are then made to prevent the release of those areas not included in the legislation back into a multiple use classification. Civil litigation is also used to prevent the release of those lands found unsuitable for wilderness designation during the study process. As a result, most of these lands will be in de facto

Continued on page 18

...WILDERNESS

Continued from page 15

Much of the federal land area of the U.S. is not suitable for either multiple use or natural resource development. Most of the nation's available natural resources and potential multiple use lands lie in hilly and mountainous terrain, and it is this area that is targeted for almost all of the present and future wilderness withdrawals. So, there is a definite bias towards removing access to the nation's natural resources that is not apparent in the general land classification data. In addition, the bulk of the country's federal lands are located on our most productive natural resource areas, and these regions are the ones being targeted for the most massive wilderness withdrawals. In order to better illustrate the problem, the following list of the individual states shows the existing acreage in designated wilderness as compared to the total federal lands available.

EXISTING WILDERNESS IN EACH STATE (a/o Jan. 1, 1989)

State:	Wilderness Acreage	Federal Land Acreage	Percent in Wilderness	State:	Wilderness Acreage	Federal Land Acreage	Percent in Wilderness
Alabama	33.396	1.131.564	2.95%	Montana	3.442.048	28.236.114	12.19
Alaska	56.484.676	318.356.732	18.00%	Nebraska	12.735	714.186	1.78
Arizona	2.031.877	31.672.884	6.42%	Nevada	64.677	59.911.285	0.11
Arkansas	128.478	3.399.410	3.78%	New Hampshire	102.932	740.420	13.90
California	5.925.441	46.822.958	12.79%	New Jersey	10.341	150.973	6.85
Colorado	2.641.092	24.188.875	10.92%	New Mexico	1.595.751	25.870.579	6.17
Connecticut	-0-	13.806	-0-	New York	1.363	1.459.700	0.09
Delaware	-0-	30.357	-0-	North Carolina	109.003	2.218.702	4.91
Dist. Columbia	-0-	10.852	-0-	North Dakota	39.652	1.942.214	2.04
Florida	1.420.353	4.279.982	33.19%	Ohio	77	322.486	0.02
Georgia	460.215	2.298.681	20.02%	Oklahoma	22.570	867.380	2.60
Hawaii	142.370	687.041	20.72%	Oregon	2.094.836	30.031.220	6.97
Idaho	4.001.401	33.759.327	11.85%	Pennsylvania	9.705	638.790	1.52
Illinois	4.050	499.830	0.81%	Rhode Island	-0-	4.794	-0-
Indiana	12.935	437.215	2.96%	South Carolina	67.029	1.169.109	5.73
Iowa	-0-	160.308	-0-	South Dakota	74.074	2.733.176	2.71
Kansas	-0-	581.099	-0-	Tennessee	66.714	1.988.154	3.35
Kentucky	18.056	1.400.801	1.29%	Texas	82.263	3.335.478	2.46
Louisiana	17.046	1.181.474	1.44%	Utah	802.238	33.568.979	2.39
Maine	7.392	150.303	4.92%	Vermont	59.448	321.942	18.46
Maryland	-0-	197.123	-0-	Virginia	171.953	2.455.076	7.00
Massachusetts	2.420	82.926	2.92%	Washington	4.305.900	12.459.161	34.56
Michigan	116.934	3.529.235	3.31%	West Virginia	78.131	1.165.040	6.71
Minnesota	936.518	3.459.744	27.07%	Wisconsin	43.988	1.889.677	2.33
Mississippi	8.702	1.678.473	0.52%	Wyoming	3.084.933	31.431.416	9.81
Missouri	70.860	2.072.406	3.42%				

**Total federal land acreages for each state obtained from the most current data available from the General Services Administration, but the acreages do not include inland waters. However, two-thirds of the nation's inland waters (33,738,880 of the total 50,867,840 acres) is in twelve mainly coastal and Great Lake states; Alaska, California, Florida, Louisiana, Maine, Michigan, Minnesota, New York, North Carolina, Texas, Washington, and Wisconsin. Alaska alone accounts for 25.38% of the nation's inland water acreage.

(to be concluded next month)

...ASSAY

Continued from page 12

prove your product is truly unique and that its uniqueness is reflected in the market price it can command. You should seek independent legal advice from your attorney concerning how to protect your rights to the deposit while you are doing all this work. Even common varieties can be uncommonly confusing. However, the right deposit in the right place at the right time could yield rewarding results, because to this writer's knowledge not many prospectors have focused their attention on Alaskan building stone, either for use here in Alaska or for export.

Best wishes for a happy, healthy and profitable 1989.

LEGISLATIVE TELECONFERENCE NETWORK

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SIGN-IN SHEET

SPONSOR: _____

SUBJECT: _____

START/END TIME: _____ DATE: _____

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	ZIP	PHONE#	TESTIFY	OBSERVE	BILL #
1	Debbie Dale / D+K Mining	3104 Dyke Rd NP.	99705	488-1717	✓	✓	6I
2	Richard Davenport / "	"	"	"		✓	6I
3	Andy Mirnovich	Box 1489 FBKI	99707	456-6107	✓	✓	6I
4	Gerald Knapman	P.O. Box 1273 FBKK	99907	455-6365	✓		6I
5	Jim D Wilkins	P.O. Box 9702 Fairbanks	99707	389 2109			
6	Joe Voglox	Box 40 FBKS AK	99707	479-7344	✓		
7	Joseph Fisher	P.O. Box 640 Nome AK	99762	443-5272			
8	Barbara Maxwell	3910 Lore Sault Anch.	99516	345-2059		✓	6I
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LEGISLATIVE TELECONFERENCE NETWORK

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SUBJECT: _____

START/END TIME: _____ DATE: _____

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	ZIP	PHONE#	TESTIFY	OBSERVE	BILL #
1	Rosalyn Stowell	177 Simpson Way FbksAK	99712	456-5832		✓	6-I
2	Jotti Blackwell / ENGELHARD	301 W No. Lites Blvd, Anch. AK	99503	274-7211		✓	6T
3	LELA Boutan	665 Farmer Lp FBKS	99712	4575077		✓	
4	Stu Ramstad	Box 10-1454 Anc	99510	277-3505		✓	
5	JOE RAMSTAD	" " " "	"	277-3564		✓	
6	Donald Gh	P.O. Box 73508 FBKS	99707	474-7135		✓	
7	Tom L. Pittman	173 Behrends Ave, Juneau, AK	99801	586-2718		✓	
8	Donald Stein	105 Dunbar Ave Fbks	99701	456-7642	✓	✓	
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LEGISLATIVE TELECONFERENCE NETWORK

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SUBJECT: _____

START/END TIME: _____ DATE: _____

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	ZIP	PHONE#	TESTIFY	OBSERVE	BILL #
1	Forest Hayden	3400 Rabbit Cr Rd	99571	345-1241		✓	
2	Stanley C. Rybachek	Box 55698 N Pole AK 99705		488-6453	✓		
3	Douglas J Colp	1101 Barnette St Fairbanks	99701	456-7002	✓	Cable Assoc.	Morley
4	Robert Casey	Box 106 Central Ak	99730	455-6364	✓	Cable	
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SUBJECT: _____

START/END TIME: _____ DATE: _____

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	ZIP	PHONE#	TESTIFY	OBSERVE	BILL #
1	Earl H. Beistline	PO Box 80148, Fbks AK 99708	99708	479-6240	X		
2	Forest Haden	3400 Rabbit Creek Rd	99511	345 1241		✓	
3	Randy K Kirby	PO. Box 82741 FBKS AK	99708			✓	
4	Glenn D Bouton	665 Farmers Loop	99712		X		
5	Rudy Vetter	PO Box 342	99707		X		
6	Roger C Burgess	830 Moose Creek RD FBKS	99708		X		
7	Leslie L Morrison	3910 Lochsmoot Anch 99516		345-2089	X		
8	Dic LOWER	Box 580 Palmer AK 99645	99645	745 8388		✓	
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LEGISLATIVE TELECONFERENCE NETWORK

(3)

SIGN-IN SHEET

SPONSOR: _____

SUBJECT: _____

START/END TIME: _____ DATE: _____

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	ZIP	PHONE#	TESTIFY	OBSERVE	BILL #
1	Rose Rybacheb	Box 55698, North Pole, AK	99705	488-6453	—		
2	John A. Miscovich	Gen. Del. Fbks, AK 99	99587	Robin only.		✓	
3	Kurt McVee	~~7601~~ 501 W. NORTHERN LIGHTS ANCHORAGE	99503	276-0347	✓		
4	Kevin Adler	11976 Wilderness Dr. Anchorage, AK 99576	99576	345-4815	✓	✗	Consulting Insurance
5	Dave Eberhardt	551 Eberhardt Rd Fbks 9	99712	488-3838	✓		
6	John Korobko Same as Dave	1967 Yankovich Fbks	99709	479-0471	✓		
7	Paul Rusanowski	4001 McMahon Ave Ave	99516	345-2539	✓	westgold	
8	Rich Hughes Valdez City Mining	c/o VCMC P.O. Box 110 Cordwell AK	99729	765-2561	✓	Pres AMA	
9	Paul Bateman	PO Box 10168 FAIRBANKS	99710	457-6927		✓	
10	Howard P Miscovich						
11	Norm Phillips, Jr	201 First Ave Fbk. 99701	99701	452-4853		✓	
12	Ellen M Franklin	1213 Coppet	99709	474-9475		✓	
13	[illegible]	402 Noyes St., Fbks	99701	456-5734			
14	Patricia L Franklin	1213 Coppet	99709	474-9475		✓	
15	Larry Miller	3/4 mi Van Horn Rd Fairbanks	99707	456-5061		✓	

f- 6(i) -

SB 129

STATE OF ALASKA

ANNUAL PLACER MINING APPLICATION
LAND USE AND WATER USE PERMITS AND MINING LICENSE

GENERAL INFORMATION

1. For most exploration and mining operations, the completion of this form should satisfy the application requirements for the following permits:
   - Wastewater Discharge Permit - Issued by the Department of Environmental Conservation
   - Habitat Protection Permit - Issued by the Department of Fish & Game
   - Miscellaneous Land Use Permit - Issued by the Department of Natural Resources
   - Water Use Permit - Issued by the Department of Natural Resources
   - Alaska Mining License - Issued by the Department of Revenue

   This form also will be accepted by Federal Agencies for the following requirements:
   - Annual Notice or Plan of operation - For the U.S. Bureau of Land Management
   - Annual Plan of Operation - For the U.S. Environmental Protection Agency
   - Notice of Intent and Plan of Operation - For the U.S. Forest Service

   If more detailed information is required, you will be contacted by the appropriate agency.

2. Applications should be submitted early to assure the issuance of permits before annual operations in the field begin. Only permitted operators should be working in the field.

3. The permits which are issued will authorize the work described in this application. Changes in your operation will require another application to describe the operation and may result in amended permits.

4. This application does not serve as the application for other permits which may be needed for your operation. Separate applications may be required by the U.S. Environmental Protection Agency (National Pollutant Discharge Elimination System -- NPDES Permit) and the U.S. Army Corps of Engineers.

5. If you do not intend to perform exploration or mining work at the claim or transport equipment to the claim do not file this application.

6. If any mining operations or access to the claims cross state park lands, please contact the Department of Natural Resources, Division of Parks, 3601 "C" Street, Anchorage, Alaska 99510; Telephone (907) 561-2020.

7. A $100 processing fee must accompany the application. Checks should be made out to the Alaska Department of Revenue.

INSTRUCTIONS

1. PLEASE TYPE OR PRINT RESPONSES IN BLACK INK. Answers to all of the questions are necessary to expedite processing of your permits. If a question does not apply to your operation, indicate with N/A.

2. If space provided on the form is not enough for your written response, please use an additional sheet of paper. Identify this sheet as part of the application by putting your name and the application number on the top on the sheet. (Additional space may be needed for listing claim names, ADL or BLM serial numbers.)

3. With this application form, attach a copy of the appropriate USGS 1:63360 Map. Please identify this map as part of the application by putting your name and the 5 digit application number on the top of the map.

4. On the USGS Map please provide the following information:
   - (a) The Claim name and the ADL or BLM serial number for all claims in this claim group. Each claim will be specifically noted on the water permit or certificate so it is important that the list is complete.
   - (b) The location of all claims
   - (c) The identification of those claims which will be worked this year
   - (d) The location of your camp
   - (e) The location of the access routes to your claims (include airstrips)

5. Submit this application, as well as attachments, to the office of the Department of Natural Resources, Division of Mining, which is nearest to the claim.

ANCHORAGE	FAIRBANKS	JUNEAU
(Mail Only) P.O. Box 107016 Anchorage, AK 99510	3700 Airport Way Fairbanks, AK 99709	State Office Building 400 Willoughby, Suite 400 Juneau, AK 99801-1000
3601 C Street, Suite 880 (Frontier Building)		
(907) 762-2518	(907) 451-2790	(907) 465-3400

STATE OF ALASKA
ANNUAL PLACER MINING APPLICATION
LAND USE AND WATER USE PERMITS AND MINING LICENSE No.

APPLICANT AND SITE INFORMATION

DO NOT MARK IN THIS SPACE	Do you plan to do the following work on the claim(s)? ☐ Explore ☐ Mine ☐ Transport Equipment	Coastal Zone ☐ Yes ☐ No	Are the mining claims: ☐ Federal ☐ State ☐ Private
	Check box(es) and list number(s) if you have had any of the following permits for these claims: ☐ DNR Land Use Permit No.: ☐ Fish & Game - Habitat Protection Permit No.: ☐ DNR - Water Use Permit ADL No.: ☐ DEC - Wastewater Discharge Permit No.: ☐ Revenue - Alaska Mining License No.: ☐ EPA-NPDES Wastewater Discharge Permit No.:	Check the mining district in which the claims are located: ☐ Circle ☐ Fairbanks ☐ Forty Mile ☐ Hot Springs ☐ Iditarod ☐ Innoko ☐ Koyukuk ☐ Kuskokwim ☐ Seward ☐ Seward Peninsula ☐ Other (Specify):	Check the box to indicate who controls the land on which the claim(s) are located and which is crossed for access: ☐ U.S. National Park Service ☐ U.S. Military ☐ U.S. Forest Service ☐ U.S. Bureau of Land Management ☐ U.S. Fish & Wildlife Service ☐ State of Alaska ☐ City (Specify): ☐ Borough (Specify): ☐ Native Corporation (Specify): ☐ Other (Specify):

Claim Owner's Full Legal Name		Street Address or P.O. Box		
City	State	Zip Code	Home Telephone	Office Telephone
Name of Lease Holder (if rights to claim are leased)		Street Address or P.O. Box		
City	State	Zip Code	Home Telephone	Office Telephone
Name of Operating Company or Authorized Representative in Field		Street Address or P.O. Box (Specify if Summer Address is different from Winter)		
City	State	Zip Code	Home Telephone	Office Telephone
Employer I.D./Social Security Number	Month/Day of Start Up This Year		Month/Day of Shut Down This Year	Number of People Working Claim
On what creek(s) are your claim(s) located?	Claim(s) Location: Township(s), Range(s), Section(s), Meridian(s):			USGS Quad Map

DESCRIPTION OF OPERATION

List type, size, purpose and number of pieces of equipment to be used on the claim.

Which equipment listed above is used for the removal of overburden?

Which equipment listed above will be used in the stream?

Beginning and ending dates for transportation of equipment across country TO a claim:	If using a hydraulic giant, list nozzle size, number of nozzles, feet of head and total amount of water CFS or GPD:
Beginning and ending dates for transportation of equipment across country FROM a claim:	
List type and amount of explosives to be used:	If explosives will be used in or near streams or other bodies of water, indicate when, where and why they will be used:

Type of overburden: (O.K. to check more than one) ☐ Rock ☐ Sand ☐ Silt ☐ Clay ☐ Organic Material ☐ Other (Specify):	Depth of Overburden	Amount of Area to be disturbed: Number of acres:

Form 00 001 (Rev 10 88)

No. _____

PLACER MINING METHOD

Check method of mining and processing: (O.K. to check more than one.)

☐ Suction Dredge Intake Size _____ (In.) Water Used _____ (GPM)

☐ Sluice Pump Intake Size _____ (In.) Water Used _____ (GPM)

☐ Bucket Line Dredge Size of Buckets _____ (cu. ft.)

☐ Washing Plant Type _____ Vol. Material Processed/hr. _____ (cu. yd.)

☐ Sluice Box Length ____ (ft.) Width ____ (In.)

Depth of Water in Box ____ (In.) Slope _____ (In./ft.)

☐ Chemical Treatment ☐ Mercury ☐ Cyanide ☐ Other

Describe process on a separate sheet.

Daily Volume of Material Processed: _____ (cu. yds.)

WATER SUPPLY

Type of Reservoir

☐ Earthfill Dam ☐ Settling Pond ☐ Sump ☐ Other _____

☐ Temporary ☐ On-stream

☐ Permanent ☐ Off-stream

Size of Dam (in feet)

Length Width at Crest Width at Base Height

Storage Capacity: (Indicate Length and Width of Area and Depth of Water)

Spillway Dimensions (in feet)

Depth Width at Base Side Slope

FUEL

Fuel Stored: (List type of fuel)

Amount of fuel stored:	Distance from stored fuel to nearest body of water:
Method of transporting fuel:	Amount of fuel transported per trip:

RECLAMATION

Indicate method of reclaiming area of operation.
(O.K. to check more than one)

☐ Level tailings piles ☐ Reestablish stream channels

☐ Regrade contours ☐ Spread fines on tailings

☐ Respread topsoil ☐ Other: (Specify)

☐ Natural Revegetation

WATER USAGE

What % of a natural stream is diverted for any reason: %	What % of diverted water is used for mining: %	Of water used for mining what % is recycled: %

Amt of water discharged Qty: ☐ GPM ☐ GPD ☐ CFS	Usage: Hours/Day	Usage: Days/Week
Date commenced operations: Month Year	Years needed to mine out claim:	
If water is not used for mining, is it routed around the treatment pond? ☐ YES ☐ NO	When wastewater is returned to a stream, is it treated? ☐ YES ☐ NO	

Condition of stream above claim, prior to discharge of wastewater:

☐ Clear ☐ Murky ☐ Muddy

If "muddy", is it: ☐ Natural ☐ Manmade

☐ Other: (Describe)

Method of taking water:

☐ Diversion Ditch ☐ Headgate ☐ Capacity _____ (GPM)

WASTE WATER TREATMENT

Capacity of Settling Pond(s): Indicate length and width of area and depth of water for each pond.

1. 2.

3. 4.

ACCESS ☐ EXISTING ☐ TO BE BUILT

Indicate type of access if being built: ☐ Road ☐ Airstrip

Length _____ ft. Width _____ ft. Depth _____

DRILLING

Estimated maximum depth: (ft.)	Number of holes drilled:
Diameter of holes drilled: (in.)	Type of drill used:

CLAIM LISTING (Indicate with an asterik (*) those claims to be worked this season)

Please list all claim names within this claim group. If claim numbers are not known, attach copies of location notices. Each claim will be specifically named on your water permit or certificate. You may use the number of each claim on your sketch and USGS map for convenience.

No.	CLAIM NAME	ADL/BLM No. if known	No.	CLAIM NAME	ADL/BLM No. if known
1.			9.		
2.			10.		
3.			11.		
4.			12.		
5.			13.		
6.			14.		
-			15.		
8.			16.		

Signature of Applicant	Relationship to Claim(s): ☐ Owner ☐ Lessee ☐ Operator	Date

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No.

SKETCH SHEET In the area below sketch the area of operation; locate and label the following information.

- Camp site including all buildings and structures used for housing, operations, and storage.
- Access routes within area of claim(s).
- Natural waterways within claim(s).
- Name of creek.
- Water source.
- Any stream diversion.
- Point of withdrawal of water.
- Water ditches, pipelines, pumpsites, and discharge points.
- Settling ponds and water supply reservoirs.
- Where water is used.
- Sluice.
- Area to be mined this year.
- Overburden disposal site.
- Tailing disposal site.
- Other disposal sites. (Solid waste or hazardous materials or sanitary waste.)
- Fuel storage site.
- Airstrips

Name of USGS Map(s) Used:

SCALE: 1" =

Form 00 001 (Rev 10 88)

Public Notice

US Army Corps
of Engineers
Alaska District
Regulatory Branch
Post Office Box 898
Anchorage, Alaska 99506-0898

Date: 16 August 1988

Identification No 88-02

In reply refer to above Identification Number

EXPIRATION DATE: 01 September 1991

f 6(1)

SB 129

General Permit 88-02

Activities Associated with Placer Mining Within the State of Alaska

A General Permit (GP) has been issued under the authority of Section 404 of the Clean Water Act (33 U.S.C. 1344 et seq.) and Section 10 of the Rivers and Harbors Act of 1899, for the purposes of activities associated with placer mining located on Federal and State lands in Alaska.

In response to Special Public Notice 88-2, dated December 11, 1987, and December 17, 1987, proposed General Permit 88-02 was revised to reflect comments and address substantive concerns submitted by local, State and Federal agencies and the interested public. Informational copies of the revised General Permit 88-02 with its attendant Environmental Assessment were distributed to local, State and Federal agencies and interested parties on June 29, 1988. Based on a review of all pertinent information, including a prepared Environmental Assessment, I have concluded that the issuance of this permit will not have more than minimal adverse impact on the environment and is not contrary to the public interest.

All activities would be in accordance with the conditions of the General Permit, a copy of which is attached. Failure to comply with the terms and conditions of the permit could result in suspension, modification or revocation of the permit, and/or imposition of penalties as provided by law.

The attached terms and conditions of General Permit 88-02 outline the criteria which must be met in order for work to be accomplished under this General Permit. An individual wishing to perform work under General Permit 88-02 must review these terms and conditions carefully and submit an application for a Department of the Army permit to the Corps of Engineers (Corps) to receive confirmation that their work would be covered under this General Permit. No work can proceed without that confirmation. If the proposed work does not meet the requirements of the terms and conditions, the General Permit does not apply and the application would be processed under individual permit processing procedures.

General Permit 88-02 has been issued for a period of three years, effective the date of the signature shown on the last page of the permit. The Corps will conduct ongoing monitoring of activities authorized by this General Permit and before it would be re-issued will complete a follow-up report evaluating the General Permit and the projects authorized. The report will be scoped and prepared in consultation with interested resource agencies and will be coordinated with the public. The report will include, but is not limited to, the following: number and types of activities authorized; locations of activities authorized; number of non-compliance projects detected and resolved; effectiveness of compliance; total acres affected; acres of wetlands affected; river miles affected; cumulative impact of activities; and the amount, type, and success of restoration, including an analysis of successful revegetation techniques. At that time it will be decided whether or not this permit should be renewed. The District Engineer may, at any time during this three-year period, alter, modify, suspend, or revoke this permit, if he deems such action to be in the public interest.

Any questions or requests for additional information should be directed to: Alaska District, Corps of Engineers, Regulatory Branch, Post Office Box 898, Anchorage, Alaska 99506-0898, or telephone (907) 753-2712.

District Engineer
U.S. Army, Corps of Engineers

GENERAL PERMIT 88-02

Activities Associated with Placer Mining Within the State of Alaska

Upon the recommendation of the Chief of Engineers, and pursuant to Section 404 of the Clean Water Act (Public Law 95-217, 33 U.S.C. 1344 et seq.), and Section 10 of the Rivers and Harbors Act of 1899, the Secretary of the Army authorizes the general public to place fill material into waters of the United States, including wetlands, for the purposes of placer mining activities located on Federal and State lands in Alaska contingent on meeting the terms and conditions listed below. All miners planning to do work under this General Permit must submit an application to the Corps of Engineers (Corps) to receive confirmation that their work would be covered under this General Permit. No work can proceed without that confirmation. Placement of dredged or fill material associated with placer mining activities which do not fall within the scope of this General Permit, or which fail to meet the terms and conditions, are not authorized by this General Permit.

AUTHORIZED ACTIVITIES

Because of the linear nature of the disturbance area under Corps jurisdiction, the allowable disturbance shall not exceed five (5) acres of total impact (including streams, wetlands and uplands). Suction dredge operations in navigable waters (Section 10 waters) are acceptable so long as the intake diameter does not exceed four inches with a power source no greater than 16 horsepower. Disturbed areas reclaimed in accordance with a plan approved by a Federal or State Agency are not included in computing the area of disturbance. This General Permit authorizes the placement of dredged and/or fill material into waters of the United States, including wetlands, in association with construction of sedimentation basins, stream diversions, foundation pads, access roads and reclamation work; the stockpiling of overburden and placer bearing materials; and similar works. These works are also authorized when performed in association with recreational mining and with casual mining such as mining with pick and shovel and/or suction dredge.

This General Permit does not apply to marine or estuarine waters/wetlands, wetlands and/or waters used by anadromous fish, or spawning areas of resident game fish. This General Permit does not apply to placer mining activities within a National Wildlife Refuge, National Park or Monument, or Wild and Scenic River (existing or nominated), unless the activity is specifically authorized by the appropriate land management agency prior to initiating the work.

The lead role that Federal and State land management agencies have in identifying, evaluating and pursuing consultation on cultural resources is recognized. This consultation has a basis under 36 CFR 800 and any agency's cultural resources conservation implementing regulations. This General Permit does not apply to placer mining activities located in areas of known or high potential cultural resources as identified by the District Engineer.

Authorization granted under this General Permit applies only to work subject to the regulatory authority of the U.S. Army, Corps of Engineers. It does not obviate or affect in any manner the requirements or the need to meet any other required Federal, State or local governmental authorizations. If the proposed work authorized under this General Permit is subsequently modified by any other Federal, State, or local governmental authorization, a modification of the authorization to perform activities under this General Permit may need to be obtained from the Corps.

Further Information:

a. Limits of this Authorization.

(1) This permit does not grant any property rights or exclusive privileges.

(2) This permit does not authorize any injury to the property or rights of others.

(3) This permit does not authorize interference with any existing or proposed Federal Project.

b. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:

(1) Damages to the permitted project or uses thereof as a result of other permitted or unpermitted activities or from natural causes.

(2) Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.

(3) Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.

(4) Design or construction deficiencies associated with the permitted work.

(5) Damage claims associated with any future modification, suspension, or revocation of this permit.

c. Reevaluation of Permit Decision. This office may reevaluate its decision on this permit at any time the circumstances warrant. Circumstances that could require a reevaluation include, but are not limited to, the following:

(1) You fail to comply with the terms and conditions of this permit.

(2) Appropriate new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedures such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you to comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be required to pay for any corrective measures ordered by this office, and if you fail to comply with such directive, this office may in certain situations (such as those specified in 33 CFR 209.170) accomplish the corrective measures by contract or otherwise and bill you for the cost.

CONDITIONS OF THE GENERAL PERMIT

All activities identified and authorized by this General Permit shall be consistent with the following conditions:

1. The time limit for authorizing work under this GP ends September 1, 1991. Any activity authorized by this GP before the September 1, 1991, expiration date must be completed no later than November 1, 1991. If you find that you need more time to complete the authorized activity, submit your request for a time extension to this office for consideration at least one month before the September 1, 1991, expiration date.

2. You must maintain the lands and facilities subject to this General Permit in good condition and in conformance with the terms and conditions of this General Permit. You are not relieved of this requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with condition "4" below. Should you wish to cease to maintain the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain approval from this office, which may require restoration of the area.

3. If you discover any previously unknown historic or archeological remains while accomplishing the activity authorized by this General Permit, you must immediately notify this office, the State Historic Preservation Office, and the coastal district contact if within a coastal district, of what you have found. The District Engineer will initiate the Federal and State coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places. (If the activity occurs on Federal land, the Federal land manager is responsible for coordination.)

4. If you sell the property associated with an activity authorized by this General Permit, you must obtain the signature of the new owner, along with appropriate documentation to record the transaction, and submit them to this office to validate the transfer of the authorized activity.

5. You must allow the District Engineer, or his designated representatives, to inspect the authorized activity at any time deemed necessary to ensure that the work is being or has been accomplished in accordance with the terms and conditions of this General Permit.

6. That the proposed placer mining activity shall not affect the continued existence of a threatened or endangered species as identified in the Federal Register, Vol. 48, No. 17.11 and 17.12, April 10, 1987, "Endangered and Threatened Wildlife and Plants" and subsequent updates, or endanger the critical habitat of such species. The discovery of the presence of a threatened or endangered species which may be affected by a permitted action or related activities shall result in immediate suspension of the General Permit for the specific operation until Section 7 consultation required by the Endangered Species Act of 1973, as amended, is completed.

7. That the permittee shall locate and conduct all authorized activities in a manner that will mitigate any adverse impact on fish, fish harvest, wildlife, subsistence resources and their use, and the natural environmental and resource values.

8. That the permittee shall perform the work authorized in a manner so as to minimize any degredation of water quality, consistent with State of Alaska Department of Environmental Conservation regulations.

9. That the placer mining activity shall not be located in waters used by anadromous fish species or spawning areas of resident game fish.

10. That any stream diversion shall be limited to 1000 linear feet at any one time. In the event of active adjoining claims, stream diversion within each claim shall be limited to 500 feet. All restoration activities must be completed on the diversion prior to construction of a new diversion (see condition "28" below).

11. That any stream diversion activity provides for the free passage of fish with no barriers or entrapment.

12. That the placer mining activity shall not be located within one-quarter mile of an eagle nest site. The applicant has additional responsibilities to protect eagles under provisions of the Bald Eagle Protection Act.

13. That there shall be no discharges into migratory waterfowl breeding, nesting, or rearing areas. Activities that disrupt waterfowl breeding, rearing, and nesting areas shall not occur.

14. That there shall be no discharges authorized in a National Wildlife Refuge, existing or nominated Wild and Scenic River, or National Park, unless the activity is specifically authorized by the appropriate land management agency prior to initiating the work.

15. That there shall be no discharges authorized in designated State Critical Habitat Areas and Game Refuges and Sanctuaries, unless the activity is specifically authorized by the approporiate land management agency prior to initiating the work.

16. That the U.S. Environmental Protection Agency, Alaska Department of Environmental Conservation and Alaska Department of Fish & Game, have issued a NPDES, State Certification of Reasonable Assurance, and A.S. Title 16 permits for the placer mining operation, if required.

17. That the placer mining activity shall be in compliance with permits issued by the Environmental Protection Agency, Alaska Department of Environmental Conservation, and Alaska Department of Fish & Game.

18. That the placer mining activity shall not adversely affect a public drinking water intake facility or the water quality of a public drinking water source.

19. That the placement of dredged or fill material shall not occur within one mile of a peregrine falcon (Falco peregrinus) nest site.

20. That work proposed in areas other than those identified in conditions 14 & 15 above shall be approved by the appropriate Federal and State agencies having regulatory authority prior to performance of proposed work.

21. That failure to implement mitigation measures identified in any Federal or State authorization shall be grounds for suspending or revoking the permit.

22. That the permittee shall stabilize and maintain dredged and/or fill material in areas subject to Corps' jurisdiction to prevent leaching of harmful or toxic substances and so that erosion of sediment into adjacent waters or wetlands is minimized.

23. That dredged and/or fill material, including stockpiled overburden, shall be placed in upland areas or previously disturbed areas if practicable.

24. That work in waters of the United States shall be minimized to the maximum extent practicable.

25. That topsoil, including the organic layer, that is removed as part of land clearing, shall be stockpiled for eventual redistribution as part of reclamation. Reclamation may include reclamation directed by Federal or State agencies or that under condition "27" that follows. Stockpiled materials shall not be placed in stream channels nor wetlands, where uplands or previously disturbed areas are available.

26. That no settling pond shall be located in a flowing stream.

27. That upon completion of the placer mining activity, or when mined areas are not expected to be used during the next mining season, the area shall be stabilized to prevent erosion and siltation and to minimize impacts to surface waters. Recontouring of tailings to approximate pre-construction elevations shall be conducted to the maximum extent practicable and shall be conducted so as to avoid impacting undisturbed habitat. Part of the stabilization techniques to be used must include the respreading of topsoil and organics where these resources are available (Condition 25) to facilitate revegetation. It is intended that appropriate reclamation shall be ongoing annually and concurrently with other mining activities.

28. That diverted stream reaches shall be restored to a condition that approximates their preconstruction length, flow velocity, grade, and cross-sectional configuration. In the event that a stream segment is to remain in a diversion channel, the diversion channel shall approximate the length, grade, and cross-sectional configuration of the diverted stream segment.

29. That settling pond or stream diversion berms, workpads, or roads shall be designed and constructed to withstand high waters to preclude washouts and loss of materials to waters and wetlands.

REPORTING AND MONITORING

Individuals engaged in placer mining activities authorized under this General Permit shall prepare an annual report for review and approval by the District Engineer. The report, to be submitted by November 30th of each year, shall describe work performed during the mining season including a description of the location and size of areas filled, a description of the purpose and intended use of filled areas, and drawings indicating the location, size, and height of filled areas.

The reports shall be sent to: Chief, Compliance Section, Corps of Engineers, CENPA-CO-R-C, P.O. Box 898, Anchorage, Alaska 99506-0898. Non-compliance with reporting procedures may result in permit revocation, restoration of effected areas, and/or imposition of civil and criminal penalties.

INSPECTION

The District Engineer, or his designated representative, may inspect sites of authorized work to determine that the work is being, or has been, performed in conformance with the terms and conditions of this General Permit. In the event that work is being, or has been, performed in noncompliance with this General Permit, appropriate measures shall be taken to resolve the violation, including a requirement to obtain an individual permit, even though others in the same area are not required to do so.

PENALTIES FOR VIOLATIONS

All work performed shall be in compliance with the terms and conditions of this General Permit. Failure to comply with the terms and conditions of this General Permit may result in suspension of the work, revocation of the permit, removal of dredged and/or fill material or other structures, restoration of waters and/or wetlands, and/or imposition of penalties as provided by law.

The discharge of dredged and/or fill material not in accordance with the terms and conditions of this General Permit is a violation of Section 301 of the Clean Water Act (33 U.S.C. 1319), and upon conviction thereof is punishable, in accordance with Section 309 of the Clean Water Act (33 U.S.C. 1319), by a fine of not less than $2,500, nor more than $25,000, per day of violation, or by imprisonment of not more than one year, or both. That individual is also subject to a civil penalty not to exceed $25,000 per day of the violation.

EXTENSION, MODIFICATION AND REVOCATION OF GENERAL PERMIT

This General Permit may be revoked by issuance of a Public Notice at any time the District Engineer (DE) determines that the singular or cumulative effects of the activities authorized herein are having an unacceptable adverse effect upon the public interest. Following such revocation, all new applications will be processed under individual permit application review procedures and the DE would decide on a case-by-case basis if previously authorized activities should be revoked, suspended, or modified.

This General Permit will be effective for a period of three years. During that time, it may be modified by the DE if he determines that the singular or cumulative impacts of the activities authorized by this General Permit have an unacceptable adverse effect upon the public interest. During its third year, this General Permit and the work authorized under it shall be reviewed to determine if this General Permit should be modified, extended, or discontinued.

BY AUTHORITY OF THE SECRETARY OF THE ARMY:

16 AUG 1988
Date

William W. Kakel, Colonel
District Engineer
U.S. Army, Corps of Engineers

Reclamation information required by the Corps Engineers

PLAN VIEWS AND CROSS SECTIONS OF PROPOSED RECLAMATION

CHECKLIST

If you intend to perform reclamation during the next three mining seasons, the following information must be provided for your application to be considered complete. Use as many sheets of paper as necessary to completely identify proposed work.

1. Locations of areas to be reclaimed including their length, width, and height. Indicate areas from which material would be taken as well as areas into which material would be placed. Indicate, in relationship to existing, undisturbed, adjacent areas, the final contours of areas from which material would be taken. Indicate, in relationship to existing, undisturbed, adjacent areas, the final contours of areas into which material would be placed.

2. Locations, configurations, lengths, and depths of stream channel reconstruction. Indicate locations, types, and sizes of proposed habitat improvement features.

3. Location(s) and measures proposed to reclaim mine cuts, stream diversions, berms, water collection ditches, water diversion ditches, and similar works.

4. Measures proposed to abandon settling ponds.

5. Locations and measures proposed to reclaim roads, foundation pads, and airstrips.

6. Locations and measures proposed to reclaim areas used to stockpile overburden.

7. Identify areas in which seeding, replanting vegetation, redistributing the organic overburden, and similar measures to enhance vegetative growth would be performed.

NOTE: 1. Cross sections of reclaimed areas shall be provided.

2. A narrative description of measures taken to reclaim disturbed areas shall accompany drawings of proposed work.

3. A schedule of proposed reclamation activities shall be provided.

4. All disturbed areas that would not be reclaimed shall be identified.

Fairbanks Daily News-Miner, Fairbanks, Alaska, Wednesday, April 26, 1989—13

Mining rent bill said compromise to speed House passage

By SAM BISHOP
Staff Writer

JUNEAU—A Senate bill that would charge miners new rents and royalties on their claims is a negotiated compromise designed to obtain quick House approval, according to lawmakers.

"We are anticipating moving this bill through with minimal changes," said Rep. Curt Menard, D-Wasilla and co-chairman of the House Resources Committee. The bill, SB 129, passed the Senate Tuesday.

On each 40-acre state mining claim, the bill places a $20 annual rent, which will double after six years and rise to $100 after 11 years. A royalty of 3 percent of the mine's net income also would go to the state. The charges should bring the state $700,000 next fiscal year.

The bill also orders the state Department of Environmental Conservation to develop rules forcing miners to restore land they disturb, if the Legislature doesn't pass such rules next session.

"It was a negotiated piece that I think everybody can live with," said Sen. Bettye Fahrenkamp, D-Fairbanks.

Menard, although confident the bill will pass, said it has not gained the approval of the full House majority caucus. He will ask for the Democratic members' support soon.

"I plan on going before the caucus before I go to the floor," Menard said Tuesday.

Miners aren't entirely pleased with the bill, and they let Fahrenkamp know Tuesday night at the legislative teleconference.

Susan Knapman, president of the Circle Mining District, said she hadn't been informed of the deal.

Bob Cacy, a miner who works in that district, said he thinks the rent is too high. He suggested a $20 annual charge for the first 10 years.

He also objected to the entire idea of a cash rent. He said companies could pay the state the money rather than doing annual work, which employs people in outlying areas.

He also complained that the language directing DEC to create rules for repairing claims would prevent comments by miners.

Fahrenkamp, surprised because she thought miners had signed off on the compromise, defended the bill. She heads the Senate Resources Committee and was a principal author of the bill.

"We're advised by every lawyer we talk to down here that if we tried to lower that ($20 per claim) for the first five years that we'd be right back in court," Fahrenkamp said.

The bill responds to a 1987 Alaska Supreme Court decision, which said the Statehood Act requires the state to charge miners rents and royalties. The state now requires only annual work on claims. The lawsuit was brought by the Trustees for Alaska, an environmental group specializing in litigation.

When the bill was introduced by Gov. Steve Cowper this year, environmental groups asked lawmakers to tack on standards for mending mining claims, called reclamation.

Fahrenkamp also defended the compromise on that issue. The bill asks DEC to develop rules, but only if the Legislature doesn't do it first next year. Whether the rules are written by DEC or the Legislature, there will be plenty of opportunity to comment, Fahrenkamp said.

Sen. Jack Coghill, R-Nenana, voted for the bill Tuesday and said it was a compromise worth passing.

However, he is worried that it gives so-called "third parties," such as environmental groups, more ground to sue the state if they don't like the regulations it develops. Currently, reclamation standards are worked out on a case-by-case basis between the agency and miner.

Rep. Mike Davis, whose district covers much of the mining country north of Fairbanks, said "no bill" was not an option. Without a bill, a group such as Trustees could come back and ask for an injunction against all mining on state claims.

The bill covers claims on all state lands, including those offshore, rather than just those that are "mineral in character," as the Statehood Act specified. Identifying mineral land for the purpose of charging rent and royalty would have been too expensive and, ultimately, unfair to miners working such land, Fahrenkamp said.

THE FOLLOWING DOCUMENT HAS NOT BEEN FILMED BUT IS AVAILABLE IN THE ORIGINAL FILE

AOSTRA Advanced Oil Recovery Technologies

Leading the Way in Advanced Oil Recovery Technologies

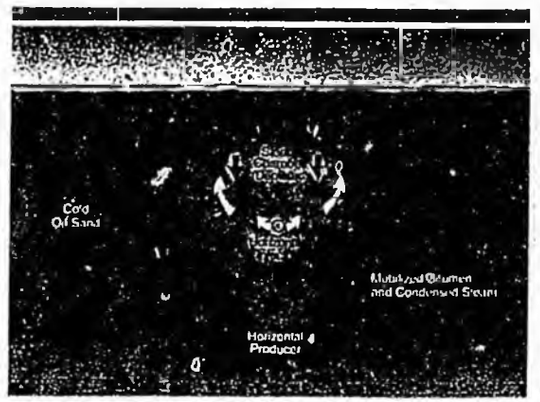
The Alberta Oil Sands Technology and Research Authority (AOSTRA), a provincial crown corporation established in 1974, has helped to make Alberta a world leader in oil recovery technologies.

AOSTRA participates directly with members of the oil industry in a variety of experimental pilot projects, and operates the multiuser Underground Test Facility (UTF). AOSTRA also sponsors and acts as a catalyst for research by universities and other research institutions.

As a result of the investment by AOSTRA and its industry partners in the research and development of Alberta's hydrocarbon resources, a $1-billion pool of technology is available for license from AOSTRA. AOSTRA has signed technology transfer agreements with government organizations in many nations plus numerous technology licensing agreements with industry.

Resources With a Future

There are about 1.7 billion barrels of bitumen in the oil sands and carbonate formations of Alberta plus about 8 billion barrels of heavy oil. Alberta has more than 40 percent of the bitumen in the world. Although supplies of low-cost light oil appear to be abundant and currently satisfy more than 90 percent of world demand for petroleum, they account for less than 25 percent of the remaining world petroleum reserves. As reserves of light oil are depleted and oil prices rise, the production of oils from the oil sands and heavy oil, and through enhanced oil recovery (EOR) from conventional sources, will assume increasing importance.



Steam-Assisted Gravity Drainage (SAGD)

Parallel horizontal wells are placed low in the reservoir. Steam is injected at the upper well, creating a steam chamber which grows as the steam condenses on the chamber walls and ceiling and releases heat. Heated bitumen and condensate drain by gravity into the lower production well.

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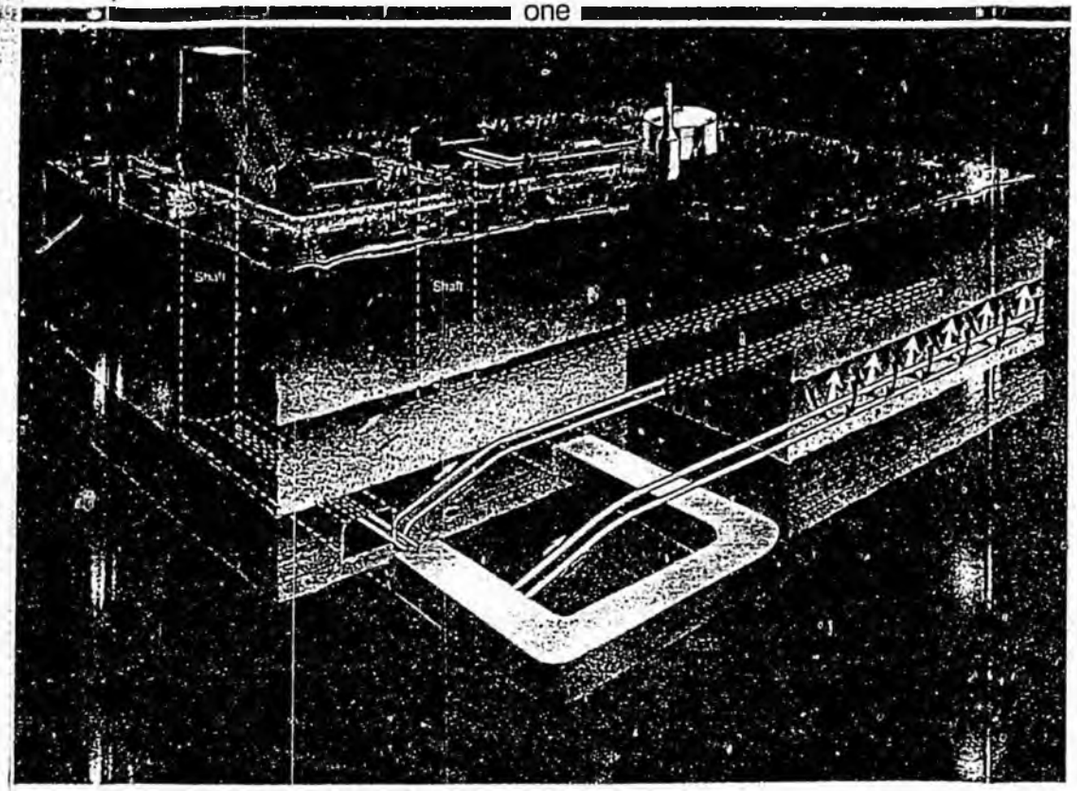


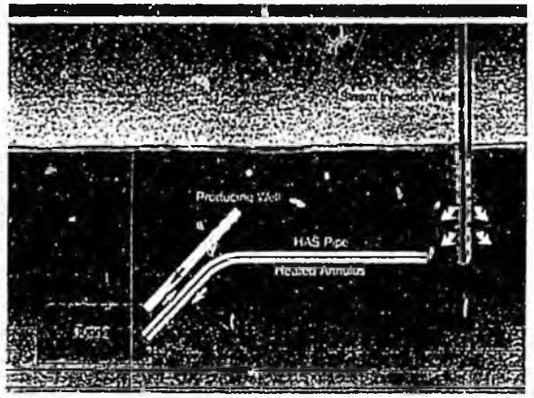
Underground Test Facility (UTF)

Underground access technology reduces the cost of placing horizontal wells in reservoirs and causes less environmental impact than surface in situ projects. AOSTRA'S UTF provides a facility for testing access technologies and a means of evaluating a variety of horizontal well recovery processes at a very low cost per well.

Technology Benefits

AOSTRA's billion-dollar pool of technology in the Alberta oil sands, heavy oil, and conventional oil resources means outstanding benefits for Alberta:

- Innovative oil recovery technology
- Research, development, and commercialization of in situ processes, heavy-oil upgrading, and bitumen extraction
- Assured hydrocarbon supply for Canada's domestic and export requirements
- Environmentally sound technology.



Heated Annulus Steam Drive (HASDrive)

Steam is circulated in a closed horizontal pipe placed in the pay zone. This heats a zone around the pipe, mobilizing bitumen and thus providing a path for steam flooding.

6(i) Briefing Book
Prepared For
Senate Resources Committee
by
Department of Natural Resources
Division of Mining
Gerald Gallagher, Director

EXECUTIVE SUMMARY
6(i) Mining Rent/Royalty Issues

Section 6(i) of the Statehood Act (P.L. 85-508) provides:

> All grants made or confirmed under the Act shall include mineral deposits. The grants of mineral lands to the State of Alaska under subsections (a) and (b) of this section are made upon the express condition that all sales, grants, deeds, or patents for any of the mineral lands so granted shall be subject to and contain a reservation to the State of all of the minerals in the lands so sold, granted, deeded, or patented, together with the right to prospect for, mine, and remove the same. Mineral deposits in such lands shall be subject to lease by the State as the State legislature may direct: Provided, that any lands or minerals hereafter disposed of contrary to the provisions of this section shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in the United States District Court for the District of Alaska.

The State and the legislature have since 1980 been aware that the State's mining laws (AS 38.05.185 - .275) may not fully comply with section 6(i). In 1982, the legislature adopted AS 38.05.207, creating the requirement for a miner to apply for a "Production License" prior to the commercial production of minerals. This license requires a public notice and was enacted in hopes of curing the 6(i) deficiencies.

In 1983, a coalition of environmental, Native and fishing groups challenged in State Court that Alaska's mining laws were not in compliance with section 6(i). On May 1, 1987, the Alaska Supreme Court found that:

* Alaska's mining leasing system violates section 6(i) because it does not require the payment of cash rents or royalties; and

* Section 6(i) applies only to lands known to have been mineral-in-character at the time of state selection. (The Supreme Court specifically avoided the issue of what constitutes state selection and the meaning of the term mineral-in-character.)

All parties asked the U.S. Supreme Court to review the Alaska Supreme Court's decision. The State argued primarily that the State court should not have allowed these private interest groups standing to argue the case. The Trustees for Alaska, on behalf of the conservation groups, argued primarily that the term "mineral lands" refers to all State land. The U.S. Department of Justice submitted a brief which argued that 1) the Alaska Supreme Court erred in limiting the 6(i) lease requirement to lands that were known to be mineral-in-character at the time of State selection, and 2) that the Alaska court decision was advisory and final resolution could occur only in the federal courts. On May 1, 1988, the U.S. Supreme Court declined to consider this case.

Legislative action will be necessary to cure this defect. The significant questions to be addressed are:

1. Should the proposal include only "mineral lands" or all state land?

2. Should the proposal include rent, or royalty, or both?

3. What are the appropriate levels of rent and/or royalty?

(Prepared by: DNR/DOM 9/1/88)

6(i) BRIEFING BOOK

Table of Contents

Constitution of Alaska
Art. VIII

Section 11. Mineral Rights. Discovery and appropriation shall be the basis for establishing a right in those minerals reserved to the State which, upon the date of ratification of this constitution by the people of Alaska, were subject to location under the federal mining laws. Prior discovery, location, and filing, as prescribed by law, shall establish a prior right to these minerals and also a prior right to permits, leases, and transferable licenses for their extraction. Continuation of these rights shall depend upon the performance of annual labor, or the payment of fees, rents, or royalties, or upon other requirements as may be prescribed by law. Surface uses of land by a mineral claimant shall be limited to those necessary for the extraction or basic processing of the mineral deposits, or for both. Discovery and appropriation shall initiate a right, subject to further requirements of law, to patent of mineral lands if authorized by the State and not prohibited by Congress. The provisions of this section shall apply to all other minerals reserved to the State which by law are declared subject to appropriation.

Alaska Statehood Act (P.L. 85-508)
Section 6(i)

(i) All grants made or confirmed under this Act shall include mineral deposits. The grants of mineral lands to the State of Alaska under subsections (a) and (b) of this section are made upon the express conditions that all sales, grants, deeds, or patents for any of the mineral lands so granted shall be subject to and contain a reservation to the State of all of the minerals in the lands so sold, granted, deeded, or patented, together with the right to prospect for, mine, and remove the same. Mineral deposits in such lands shall be subject to lease by the State as the State legislature may direct: *Provided*, That any lands or minerals hereafter disposed of contrary to the provisions of this section shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in the United States District Court for the District of Alaska.