

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004

8672

11284 SENATE RESOURCES

necessary. A quorum is a majority of the voting members of the board. The votes of the board members shall be recorded. Effective action to carry out the powers granted under this chapter requires the affirmative vote of a majority of the board members. A board member may not, with respect to a matter before the board, vote for or on behalf of another member of the board.

(b) A member of the board may not act upon a matter in which the relationship of a member of the board with any person creates a conflict of interest. A board member may not have an official connection with or hold stock or securities in, or have a pecuniary interest in, a corporation, company, or association engaged in the production or transportation of oil or gas.

Sec. 38.06.040. Powers and duties of the board.

(a) The board shall

(1) in accordance with the criteria set out in AS 38.06.070, develop a plan for the wise development of the state's oil and gas royalty interests; the plan of development shall be consistent with

(A) growth of the private sector of the economy;

(B) environmental standards required by law; and

(C) public fiscal stability;

(2) hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070 ;

(3) examine proposed sales, exchanges, or other disposal of, and recommend to the legislature that it approve or disapprove a proposed sale, exchange, or other disposal of

(A) the oil or gas that is obtained by the state as royalty under AS 38.05.182; or

(B) the rights to receive future oil or gas production under state leases; and

(4) recommend to the commissioner of natural resources the conditions relating to the sale, delivery, transportation, refining, or processing of oil or gas which the commissioner may include in the offer and sale of oil or gas obtained by the state as royalty under AS 38.05.182.

(b) The board may

(1) direct the commissioner of natural resources to solicit development plans or bids consistent with the criteria set out in AS 38.06.070 for

(A) the sale, exchange, or other disposal of oil or gas obtained by the state as royalty under AS 38.05.182; or

(B) the sale, exchange, or other disposal of all or a portion of the rights to receive future oil or gas production under a state lease;

(2) employ an executive director, and contract for the services of professionals, persons with knowledge

of economics and other disciplines, and persons with technical skills who may be necessary to assist the board in the exercise of its powers and duties; and

(3) adopt regulations under the Administrative Procedure Act (AS 44.62) that are necessary for the exercise of its powers and duties.

Sec. 38.06.050. Board review and recommendation required.

(a) If legislative approval is required by AS 38.06.055, a sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may not be made by the commissioner of natural resources under AS 38.05.183 without prior review of the proposed sale, exchange, encumbrance, or other disposition by the board. A written recommendation of the board on the proposed sale, exchange, encumbrance, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas shall be submitted to the legislature at the time a bill approving the proposed sale, exchange, encumbrance, or other disposition is introduced in the legislature.

(b) Bids or applications for the purchase of royalty oil or gas may be rejected by the commissioner of natural resources if prior written notice of the proposed disapproval is given to the board.

(c) Competitive bidding in a sale, exchange, or other disposition described in (a) of this section may not be waived by the commissioner of natural resources under AS 38.05.183 unless prior written notice of proposed waiver is given to the board.

(d) *[Repealed, Sec. 5 ch 112 SLA 1980].*

Sec. 38.06.055. Legislative approval.

(a) In addition to the recommendation by the board required under AS 38.06.050, the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature. The legislature may approve a sale, exchange, or other disposition of oil or gas or of the rights or of a waiver of the rights to receive future production of royalty oil or gas only by enacting legislation.

(b) The provisions of (a) of this section do not apply to

(1) the sale, exchange, or other disposition of oil or gas for one year or less if the sale, exchange, or other disposition is entered into to relieve storage or market conditions;

(2) contracts for the sale of state-owned royalty gas or oil that specify the sale and delivery of not more than

(A) 400 barrels of crude oil per day;

(B) 460 barrels of natural gas liquids per day; and

(C) 2,400 Mcf of natural gas per day.

(c) A sale, exchange, or other disposition of oil or gas under (b)(1) of this section may not be continued after the end of one year or renewed with the same party without the prior approval of the legislature under (a) of this section. This subsection does not apply to a sequential competitively bid sale of oil or gas made with the same party under (b)(1) of this section.

Sec. 38.06.060. Confidentiality.

Notwithstanding AS 40.25.110 - 40.25.120, the board may provide by regulation for the confidentiality of those documents and records in its possession or control which contain confidential business or marketing information the protection of which is essential to the person who has submitted them to the board or in the judgment of the board is essential to the best interest of the state. Such confidentiality, however, shall not preclude the proper review by the legislature.

Sec. 38.06.070. Criteria.

(a) In the exercise of its powers under AS 38.06.040 (a) and 38.06.050 the board shall consider

(1) the revenue needs and projected fiscal condition of the state;

(2) the existence and extent of present and projected local and regional needs for oil and gas products and by-products, the effect of state or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;

(3) the desirability of localized capital investment, increased payroll, secondary development and other possible effects of the sale, exchange, or other disposition of oil and gas or both;

(4) the projected social impacts of the transaction;

(5) the projected additional costs and responsibilities which could be imposed upon the state and affected political subdivisions by development related to the transaction;

(6) the existence of specific local or regional labor or consumption markets or both which should be met by the transaction;

(7) the projected positive and negative environmental effects related to the transaction; and

(8) the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

(b) When it is economically feasible and in the public interest, the board may recommend to the commissioner of natural resources, as a condition of the sale of oil or gas obtained by the state as royalty, that

(1) the oil or gas be refined or processed in the state;

(2) the purchaser be a refiner who supplies products to the Alaska market with price or supply benefits to state citizens; or

(3) the purchaser construct a processing or refining facility in the state.

(c) The board shall make a full report to the legislature on each criterion specified in (a) or (b) of this section for any disposition of royalty oil or gas that requires legislative approval. The board's report shall be submitted for legislative review at the time a bill for legislative approval of a proposed disposition of royalty oil or gas is introduced in the legislature.

Sec. 38.06.080. Definitions.

In this chapter,

(1) "board" means the Alaska Royalty Oil and Gas Development Advisory Board;

(2) "state lease" means an oil and gas lease on state land.

Chapter 38.07. CLEARING AND DRAINING OF AGRICULTURAL LAND

Sec. 38.07.010. Selection and lease.

(a) The commissioner may select areas of state land classified as agricultural and contract for the land to be cleared or drained or both at state expense. In this selection and contracting, the commissioner shall be guided by the recommendations of the U.S. Soil Conservation Service.

(b) The land that is cleared or drained under (a) of this section shall be put up for competitive lease in lots of not less than 320 acres each. Lease payments shall be separately accounted for and may be appropriated to the agricultural revolving loan fund (AS 03.10.040).

Sec. 38.07.020. Provisions of lease.

(a) A lease under AS 38.07.010 (b) shall be for 10 years with an option for a five-year renewal.

(b) Before a lessee can apply for ownership of the land, the lessee must crop the land for at least seven years. If a lessee does not crop the land for at least seven years during the lease, the land shall be open again for competitive lease.

(c) All rent the lessee has paid on the lease less interest on appraised value is to be applied toward the purchase price.

(d) There shall be included in the lease agreement a provision prohibiting more than one farm unit on each half section of land.

Sec. 38.07.030. Owners and lessees included.

(a) An owner of agricultural land, or a lessee from the state of agricultural land, in the general vicinity of the land to be cleared or drained under AS 38.07.010 (a) may apply to the commissioner to have the land cleared or drained or both along with the state land. The applicant's land shall be included in the contract of land to be cleared or drained if, in the discretion of the commissioner, the inclusion is feasible and furthers the agricultural policies of the division of agriculture.

(b) The cost of clearing privately-owned land shall be borne by the landowner. For this purpose, the landowner may borrow money according to the requirements and provisions of AS 03.10 (Alaska Agricultural

**CONFIRM:**

**DEC**

**COMMIS-**

**SIONER,**

**2/5/03**

# Alaska State Legislature

## Senate Resources Committee

Senator Scott Ogan, Chair

Senator Fred Dyson  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Ralph Seekins  
Senator Ben Stevens  
Senator Tom Wagoner



State Capitol, Room 103  
Juneau, AK. 99801-1182  
Phone: (907) 465-4907  
Fax: (907) 465-3265

### REPORT ON CONFIRMATION OF APPOINTMENTS

February 5, 2003

The Honorable Gene Therriault  
President of the Senate  
State Capitol  
Juneau, Alaska 99801-1182

Dear President Therriault:

In accordance with AS 39.05.080, the Senate Resources Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration

Commissioner, Department of Environmental Conservation – Ernesta Ballard

There were no stated objections to the confirmation of the named individual by committee members. This does not reflect an intent by any of the members to vote for or against the individual during any further sessions.

Respectfully,

Handwritten signature of Senator Scott Ogan.

Senator Scott Ogan, Chair

Handwritten signature of Senator Fred Dyson.

Senator Fred Dyson

Handwritten signature of Senator Ben Stevens.

Senator Ben Stevens

Handwritten signature of Senator Kim Elton.

Senator Kim Elton

Handwritten signature of Senator Tom Wagoner.

Senator Tom Wagoner

Handwritten signature of Senator Ralph Seekins.

Senator Ralph Seekins

Handwritten signature of Senator Georgianna Lincoln.

Senator Georgianna Lincoln



OFFICIAL BUSINESS

# Alaska State Legislature

## Senate

STATE CAPITOL, ROOM 213  
JUNEAU, ALASKA 99801-1182  
(907) 465-3701  
FAX 465-2832  
EMAIL senate\_secretary@legis.state.ak.us

January 22, 2003

### MEMORANDUM

TO: Senator Ogan, Chair  
Resources Committee

FROM: Kirsten Waid *KW*  
Acting Secretary of the Senate

SUBJECT: Governor's Confirmations

Pursuant to Article III, Section 25 of the Alaska Constitution, President Therriault has referred the following names for legislative confirmation to your committee for a hearing, recommendation and report:

**Commissioner - Department of Environmental Conservation**

Ernesta Ballard  
Appointed: 12/09/2002

**Commissioner - Department of Natural Resources**

Tom Irwin  
Appointed: 01/17/2003

*POSTPONED*

KW/lc  
Resumes attached

**Ernesta Ballard**  
705 Main St.  
Ketchikan, Alaska 99901  
907 247 9806  
fax 907 247 0872

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**Ballard & Associates 1995-**

Ketchikan, Alaska  
PRINCIPAL

Ballard & Associates provides services to clients throughout Alaska and the Pacific Northwest in: strategic planning with a special emphasis on complex regulatory problems; dispute resolution and meeting facilitation; developing plans and management systems which will achieve desired results; corporate reorganization, asset sales, mergers and acquisitions; and training public and private sector policy boards in effective planning and evaluation.

**United States Postal Service 1997 -**

MEMBER, BOARD OF GOVERNORS

Appointed by President Clinton with the advice and consent of the United States Senate to a nine year term on the Board of Governors of the United States Postal Service. Governors are chosen to represent to public interest. The Board directs the exercise of the statutory powers of the Postal Service, directs and controls its expenditures, and sets policies on all postal matters.

**Cape Fox Corporation 1989 - 1994**

Ketchikan, Alaska  
CHIEF EXECUTIVE OFFICER

Reported to Board of Directors and directed all daily operations including: Finance and Accounting - full P & L; Strategic Planning; Sales & Marketing; Risk Management; Legal Affairs; Land Management Operations; Tourism Operation; Title Insurance Operations; Oversight of subsidiary investments and all other aspects of Native Corporation business. Supervised management of corporate investment portfolio.

**United States Environmental Protection Agency 1983 - 1986**

Seattle, Washington  
REGIONAL ADMINISTRATOR, REGION 10

Reported to the Administrator of EPA and directed all daily operations in Region 10, consisting of Alaska, Idaho, Washington and Oregon; operations included implementation of federal laws pertaining to air and water quality, wetland preservation, hazardous materials management, hazardous waste clean up and chemical and toxic substances regulation; enforcement using both administrative and judicial procedures.

**Seattle Trust and Savings Bank 1978 - 1983**

Seattle, Washington  
SENIOR VICE PRESIDENT AND MANAGER, RETAIL BANKING

Directly managed \$300 million asset Retail Banking Division consisting of thirty two branches, credit card department, dealer flooring, business and consumer credit. Directed bank retail marketing and sales.

**Previous Employment 1970 - 1978**

Previous jobs include service at the University of Washington as Budget director reporting to the Vice President for Finance, and at the Municipality of Metropolitan Seattle as

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Director of Public Services, including labor relations, personnel, grant and contract administration, records management, and government relations.

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## PROFESSIONAL ACHIEVEMENTS

### **National Academy of Sciences**

MEMBER, COMMITTEE ON RISK PERCEPTION AND COMMUNICATIONS

Committee was responsible to two major units of the National Research Council, the Commission on Physical Sciences, Mathematics, and Resources and the Commission on Behavioral and Social Sciences and Education. The committee's charge was to offer knowledge-based advice to governments, private and nonprofit organizations and concerned citizens about the process of, and ways to improve risk communication. The committee's report, "Improving Risk Communication" was published by the National Research Council in 1989.

### **Alaska Forest Association**

MEMBER, BOARD OF DIRECTORS 1992 - PRESENT  
ELECTED TREASURER, 1996

### **Ketchikan General Hospital**

MEMBER, BOARD OF DIRECTORS 1993 - PRESENT

### **Ketchikan Humane Society**

FOUNDING MEMBER AND DIRECTOR 2000 - PRESENT

### **Resource Development Council, Alaska**

MEMBER, BOARD OF DIRECTORS 1993 - PRESENT

### **LifeCenter Northwest - Regional Organ Procurement**

FOUNDING MEMBER, 1997; CHAIR BOARD OF DIRECTORS, 2001 - PRESENT

### **Alaska State Board of Forestry**

MEMBER, BOARD OF DIRECTORS 1992-1995

### **University of Washington Hospital**

FOUNDING MEMBER, BOARD OF DIRECTORS 1978-1990, CHAIRMAN 1987 - 1990

### **Sound Savings & Loan, Inc.**

FOUNDING MEMBER, BOARD OF DIRECTORS 1972-1980

Sound Savings, a guaranty stock savings bank owned and operated by women was sold to Washington Mutual Savings Bank in 1990.

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## E D U C A T I O N

University of Pennsylvania, 1967 Bachelor of Arts

Oxford University, 1967 - 1968 John Thouron Scholar

Harvard University, 1970 Master of Business Administration

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**CONFIRM:**

**DNR**

**COMMIS-**

**SIONER,**

**2/12/03**

# Alaska State Legislature

## Senate Resources Committee

Senator Scott Ogan, Chair

Senator Fred Dyson  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Ralph Seekins  
Senator Ben Stevens  
Senator Tom Wagoner



State Capitol, Room 103  
Juneau, AK. 99801-1182  
Phone: (907) 465-4907  
Fax: (907) 465-3265

### REPORT ON CONFIRMATION OF APPOINTMENTS

February 12, 2003

The Honorable Gene Therriault  
President of the Senate  
State Capitol  
Juneau, Alaska 99801-1182

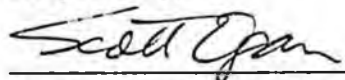
Dear President Therriault:

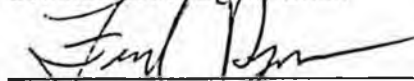
In accordance with AS 39.05.080, the Senate Resources Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration


Commissioner, Department of Natural Resources – Thomas E. Irwin


This does not reflect an intent by any of the members to vote for or against the individual during any further sessions.

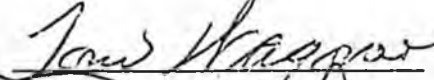
Respectfully,

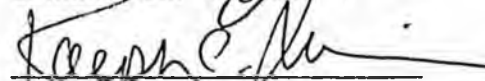
  
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Senator Scott Ogan, Chair


  
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Senator Fred Dyson

  
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Senator Ben Stevens

  
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Senator Kim Elton

  
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Senator Tom Wagoner

  
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Senator Ralph Seekins

  
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Senator Georgianna Lincoln

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
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THOMAS E. IRWIN

436 Forest Hills  
Fairbanks, Alaska 99709  
Home (907) 479-2283  
Work (907) 490-2201  
Cell (907) 322-1901

**Summary**

Over thirty years of experience in the natural resource industry - evaluating, designing, permitting, and operating properties for mining and milling of gold, silver, molybdenum, copper, tungsten, and tin ores. This includes an in depth knowledge of large, cold weather operations and a comprehensive understanding and appreciation of management, safety, employee relations, financial, and environmental aspects of a property.

**Management Priorities**

Integrity - Communications - Leadership - Problem Solving - Motivating - Team Building - Loyalty

**Professional Experience**

August 2001 – Present *Vice-President Business Development, Fairbanks Gold Mining, Inc., Kinross Gold.* Responsible for new project permitting, business development, and governmental and public relations as related to Kinross activities in Alaska. The team successfully obtained the permits for expansion of the True North Mine. Initiated tourism and the rock business at Fort Knox.

October 1999 – August 2001 *General Manager, Fort Knox Mine, Kinross Gold.*

Responsible for permitting, construction, and start-up of the True North Mine and operation of the Fort Knox Mine. True North permits were received in less than one year. Mine start up, bridge construction, and 10-miles of road construction were completed on schedule and budget during the winter. First ore was hauled from True North to Fort Knox in 2.5-months after receipt of permits. The two mines achieved a new safety record of 1.25-million man-hours without a lost time accident, even with training 100-new employees. Gold production was on plan and operating costs were 10-percent below plan. The mill set new tonnage and world class run time records. Fort Knox and the Alaska Department of Fish and Game received the State of Alaska Reclamation Award in 2000 for reclamation in Fish Creek. Operating and reclamation success resulted from teamwork with emphasis on training and continuous improvement programs.

November 1996 – October 1999 *Operations Manager, Fort Knox Mine, Kinross Gold.*

Responsible for start-up and operation of the Fort Knox mine and mill. All goals were exceeded in start-up and the first year of operation. Gold production was 13-percent above plan and operating costs were 20-percent below plan with zero lost time accidents. This success resulted from building the proper management team for Fort Knox, selection and training of Fort Knox employees, and development and implementation of viable operating and maintenance programs.

April 1992 – November 1996 *Vice-President, Fairbanks Gold Mining, Inc.*

Responsible for technical aspects of the Fort Knox Project. This included the project footprint; project description; ore reserve evaluation; mine design; metallurgical testing; process design; technical support for permitting; and participation in engineering, construction, and pre-commissioning of the facilities. The project was successfully designed to operate in a sub-arctic environment and process up to 50,000 tons of ore per day.

October 1988 – April 1992 *General Manager, Sleeper Mine, Amax Gold Inc.*

Managed all activities at the Sleeper Mine. Sleeper was the "flagship" property of Amax Gold, Inc. Accomplishments included development of a new mine and expansion of the mill and heap leach facilities to yield an increase of 50,000 ounces of gold per year. Significant improvements were achieved in employee, community, and regulatory relations. Sleeper won AMAX Inc.'s Most Improved Safety Award in 1989 and Sentinel of Safety Award in 1990. Received recognition from the Nevada Department of Wildlife in 1992 for concern and care of Nevada's wildlife resources.

June 1988 – October 1988 *Assistant General Manager, Sleeper Mine.*

Managed operating functions of the property. Met or exceeded all production and operating goals.

September 1985 – June 1988 *Manager, Climax Mine, AMAX Inc.*

Responsible for the Climax Mine in a period of declining molybdenum product price and demand. Climax operations included an open pit and underground mines, five crushing plants, milling, a by-product plant, and a large tailing and water facility. Even with a production cap, efficiencies were improved and operating costs were reduced by 10-percent. This was obtained by optimizing operations and by working cooperatively with three labor unions to reduce restrictive work rules.

November 1982 – September 1985 *Mill Superintendent, Climax Mine.*

Responsible for operation and maintenance of all crushing, milling, and tailing facilities. Climax processed 50,000 tons of ore per day. Major accomplishments included development of a high grade product, product quality increased by 10-percent; improvements to the by-product plant, tungsten recovery increased by 4-percent; and design and construction of a waste water treatment and discharge facility, water treatment costs were reduced by 90-percent while water quality was improved and capacity was quadrupled to 9,000 gallons per minute. All production targets were met or exceeded. Also participated on an AMAX team to evaluate several other properties.

November 1976 – November 1982 *Chief Metallurgist/Crusher Foreman/Mill Foreman/Project Manager.*  
Each area provided additional responsibilities and training.

June 1976 – November 1976 *Consulting Mill Superintendent, Canada Tungsten Mining, Corp.*

On loan from Climax to work on serious metallurgical problems with the new underground ore. All issues successfully resolved leading to a profitable property. Recovery was increased by 40-percent and product quality by 15-percent.

January 1974 – June 1976 *Group Leader, AMAX Research and Development.*

Supervised several research programs relating to new equipment, process development, and operating improvements. Several projects were at Climax and Canada Tungsten.

October 1969 – January 1974 *Research Associate, AMAX Research and Development.*

Participated in numerous plant and pilot plant test programs.

April 1969 – October 1969 *Research Engineer, Hazen Research, Inc.*

Conducted laboratory and pilot plant leach tests.

June 1968 – April 1969 *Mill Engineer, Climax Mine.*

Performed engineering tests in the molybdenum oxide leach plant and front line supervision in the mill.

**Professional Affiliations**

Currently a member of the Alaska Minerals Commission; President of the Council of Alaska Producers; Board Member of the Alaska Miners Association; and member of the Executive Board, Board of Directors, and Co-Chairman of the Resource Committee for the Greater Fairbanks Chamber of Commerce. Also served on the Fairbanks North Star Borough Alternative Revenue Commission. Member of AIME and served as a member of the AIME Metallurgical Education Committee and the National Science Scholarship Nominating Committee. Previously a member of the Colorado and Nevada Mining Associations including four years on the NMA Board of Directors and one year as Chairman of the Board.

**Education**

BS Mineral Engineering – Chemistry, Colorado School of Mines, 1968.

Additional courses in management training, reagent chemistry and handling, economics and financial analyses, and personnel protection and safety.

**Personal Information**

Married 35 years, 2-grown children, 3-Alaska born grandchildren

Excellent health

Tom and Sharon, his wife, both enjoy flying, boating, snow machining, cross country skiing, hiking, photography, and the outdoors.

**Community Activities**

Involved with Village Ministry

Volunteer with Love Inc.'s Annual Creative Gift Bazaar

T-ball coach



OFFICIAL BUSINESS

# Alaska State Legislature

## Senate

STATE CAPITOL, ROOM 213  
JUNEAU, ALASKA 99801-1182  
(907) 465-3701  
FAX: 465-2832

EMAIL: senate\_secretary@legis.state.ak.us

January 22, 2003

### MEMORANDUM

TO: Senator Ogan, Chair  
Resources Committee

FROM: Kirsten Waid *KW*  
Acting Secretary of the Senate

SUBJECT: Governor's Confirmations

Pursuant to Article III, Section 25 of the Alaska Constitution, President Therriault has referred the following names for legislative confirmation to your committee for a hearing, recommendation and report:

**Commissioner - Department of Environmental Conservation**  
Ernesta Ballard  
Appointed: 12/09/2002

**Commissioner - Department of Natural Resources**  
Tom Irwin  
Appointed: 01/17/2003

KW/lc  
Resumes attached

**CONFIRM:**

**FISH &**

**GAME**

**COMMIS-**

**SIONER,**

**4/7/03**

# Alaska State Legislature

## Senate Resources Committee

Senator Scott Ogan, Chair

Senator Fred Dyson  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Ralph Seekins  
Senator Ben Stevens  
Senator Tom Wagoner



State Capitol, Room 103  
Juneau, AK. 99801-1182  
Phone: (907) 465-4907  
Fax: (907) 465-3265

### REPORT ON CONFIRMATION OF APPOINTMENTS

April 7, 2003

The Honorable Gene Therriault  
President of the Senate  
State Capitol  
Juneau, Alaska 99801-1182

Dear President Therriault:

In accordance with AS 39.05.080, the Senate Resources Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration

Commissioner, Department of Fish & Game -- Kevin Duffy

This does not reflect an intent by any of the members to vote for or against the individual during any further sessions.

Respectfully,

\_\_\_\_\_  
Senator Scott Ogan, Chair

\_\_\_\_\_  
Senator Fred Dyson

\_\_\_\_\_  
Senator Ben Stevens

\_\_\_\_\_  
Senator Kim Elton

\_\_\_\_\_  
Senator Tom Wagoner, Vice Chair

\_\_\_\_\_  
Senator Ralph Seekins

\_\_\_\_\_  
Senator Georgianna Lincoln



OFFICIAL BUSINESS

# Alaska State Legislature

## Senate

STATE CAPITOL, ROOM 213  
JUNEAU, ALASKA 99801-1182  
(907) 465-3701  
FAX 465-2832

EMAIL: senate\_secretary@legis.state.ak.us

March 24, 2003

### MEMORANDUM

**TO:** Senator Ogan, Chair  
Resources Committee

**FROM:** Kirsten Waid *KW*  
Secretary of the Senate

**SUBJECT:** Governor's Confirmations

Pursuant to Article III, Section 25 of the Alaska Constitution, President Therriault has referred the following name for legislative confirmation to your committee for a hearing, recommendation and report:

**Commissioner - Department of Fish and Game**  
Kevin Duffy  
Appointed 03/19/2003

KCW:sgf  
Resume attached

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

**KEVIN CHRISTOPHER DUFFY**  
4024 Ridge Way  
Juneau, AK 99801  
907-780-5244 (h)

**Employment History**

**Alaska Department of Fish and Game**

**October 1981-Present**

**Deputy Commissioner (Effective July, 2000)**  
Office of the Commissioner

Responsibilities: Performing as Commissioner for the State of Alaska on negotiation and implementation of the Pacific Salmon Treaty; lead State of Alaska representative on the North Pacific Fishery Management Council, overseeing state participation in the management and rationalization of groundfish and shellfish fisheries in the Bering Sea/Aleutian Islands and the Gulf of Alaska; coordination with the Attorney General's office on legal aspects of state participation in these national and international fishery forums; representing the State of Alaska in other international fishery negotiations, including, but not limited to: North Pacific Anadromous Fish Commission and U.S./Russian Intergovernmental Consultative Committee; coordination of Alaska Department of Fish and Game (ADF&G) annual federal budget requests, and oversight for implementation of fish and wildlife research and management programs supported with federal funds; representing ADF&G and the administration in coordination of all aspects of fishery management policy implementation with the Congressional delegation; representing ADF&G and the administration on budget oversight hearings and fisheries management and development legislative matters in the Alaska Legislature; maintaining liaison activities with other state, federal and local government agencies to assure effectiveness of departmental programs; resolving special interagency problems when assigned by the administration or Commissioner; and performance as ADF&G Commissioner under delegation of authority.

**Deputy Directory (Effective April, 1999)**  
Division of Commercial Fisheries

Responsibilities included: Direct supervision of the division's fisheries management process; coordination of commercial fisheries management actions with other state and federal agencies; analysis and recommendations for policy decisions for Commissioner and Governor; represent the department in the state legislature and in Congress; planning and supervision of the division's involvement in the Alaska Board of Fisheries process; provide the department, other agencies, and the public with other information on fisheries regulatory activities; evaluation and modification of emergency orders that open and close commercial, personal use, and subsistence fisheries; issue emergency orders with statewide application; supervise implementation of the division's regulatory program; supervise the activities of the fisheries information section, fish processors permitting activities, Extended Jurisdiction Coordinator, Planning Supervisor, and staff economist; and serve as Acting Director when necessary.

**Planning & Development Program Manager (Effective November, 1990)**  
Division of Commercial Fisheries

Coordination and implementation of Pacific Salmon Treaty negotiations for the Department as Chairman of the Northern Panel for the Pacific Salmon Commission, as well as the comprehensive salmon planning, strategic planning, and developing fisheries initiatives for the division on a statewide basis.

Previous responsibilities as a Planner IV (10/16/88-11/12/90), Planner III (2/16/84-10/15/88), and Project Assistant (10/16/81-2/15/84) within the FRED Division include:

Lead planner for: Implementation of the U.S./Canada Pacific Salmon Treaty enhancement program (\$4 million federal funding annually, total of \$20 million); regional comprehensive salmon planning efforts on a statewide basis; statewide mariculture program; implementation of developing fisheries program with the Southeast Alaska dive fishery association; and statewide public participation program.

Divisional headquarters liaison for contracts and cooperative agreements, rehabilitation and enhancement programs.

Administrator of: Fish Transport Permit system for the state, and review and approval process for scientific/educational permit system.

Facilitator for departmental project reviews, Alaska Coastal Zone Management Program.

**Alaska Vocational Education  
Planning Council  
Executive Director**

**November 1980-October 1981**

Planned, managed, and administered 16-member Council, appointed by the State Board of Education. Developed Five-year plan for Vocational Education in for FY 1983-87 and directed all Planning Council meetings.

**Miscellaneous**

**January 1976-November 1980**

**Education**

**Masters of Public Administration**

**March 1976**

**University of Washington**

**Bachelor of Arts in Political Science, cum laude**

**University of Washington**

**June 1974**

**Division Awards**

- ADF&G, FRED Division award for public involvement/citizen participation on departmental long-range planning efforts, 1986.
- ADF&G, FRED Division award for meritorious service as a Planner IV in 1988.

- ADF&G FRED Division award for extraordinary public service, 1989 Exxon-Valdez oil spill.

#### Acknowledgements

- Governor's Recognition Award for leadership in representing Alaskan fishermen and local communities during the 1999 Pacific Salmon Treaty negotiation process.
- Letter of acknowledgement from Governor Knowles for my role in the development of the Letter of Agreement among all U.S. parties for management of Chinook salmon in Southeast Alaska, July 1996.
- Letter from Alaska Troller's Association acknowledging my efforts on behalf of the industry in the Pacific Salmon Treaty negotiation process, June 1997.
- Friend of the Trollers award at Alaska Troller's Association meeting, spring 1998.

#### Additional Training

- "Improving Your Negotiating Skills" a two day course sponsored by Pacific Lutheran University Center for Executive Development, September 1985.
- "Introduction to Excel" sponsored by the Productivity Improvement Center, August 1994.
- Contract Law, Three credit course, University of Alaska, completed in June 1985.
- "Managing Multiple Demands" a seminar sponsored by the Institute for Applied Learning, January 1990.
- "Introduction to Supervision" a three day course sponsored by the State of Alaska, Productivity Improvement Center, August 1990.
- "Essentials of Negotiation" sponsored by the Institute for Applied Learning, September 1990.
- Cross Cultural Training Course sponsored by the University of Alaska Southeast, July 1991.

#### References

Jeffrey P. Koenings, Ph.D.  
Director  
Washington Department of Fish and Wildlife  
600 Capitol Way N.  
Olympia, WA 98501-1091  
Phone: (360) 902-2234  
FAX: (360) 902-2947  
E-mail: [director@dfw.wa.gov](mailto:director@dfw.wa.gov)

Mr. David Bedford  
Executive Director  
Southeast Alaska Seiners Association  
P.O. Box 23081  
Juneau, AK 99801  
Phone: (907) 463-5030  
FAX: (907) 463-5080  
E-mail: [seasjnu@ptialaska.net](mailto:seasjnu@ptialaska.net)

Mr. John Garner  
North Pacific Crab Association  
4335 Leary Way NW  
Seattle, WA 98107  
Phone: (206) 789-8522  
FAX: Same  
E-mail: [jgarner@norquest.com](mailto:jgarner@norquest.com)

**Additional references available upon request**

Copies of recent letters of support for Commissioner are provided in hard copy.

# Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /  
e-mail [cdfu@ptialaska.net](mailto:cdfu@ptialaska.net)

March 30, 2003

Senate Resources Committee  
c/o Senator Scott Ogan  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.3265

RE: SUPPORT FOR KEVIN DUFFY CONFIRMATION

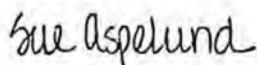
Dear Members,

Cordova District Fishermen United (CDFU) represents the commercial fishing families of Area E—the Copper River and Prince William Sound. We wholeheartedly recommend and support Kevin Duffy's confirmation as Commissioner of the Alaska Department of Fish and Game.

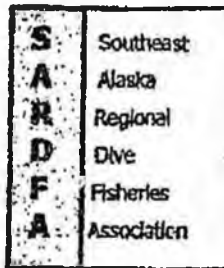
Mr. Duffy is a known professional with current experience and expertise on a wide variety of issues affecting fisheries resources in state, national and international venues. As Acting Commissioner for the past several months, Mr. Duffy has gained knowledge and experience in additional activities and issues within the Department. Mr. Duffy enjoys the confidence of his staff and of the public, and understands the importance of Alaska's fish and game resources to those who utilize them. He is not afraid to tackle tough issues and has proven success in getting divergent interests to the table for discussion and to work toward solutions.

CDFU enthusiastically supports Kevin Duffy's confirmation as the Commissioner of Fish and Game. His can-do leadership style and skills will move ADF&G and the State productively forward. We need Kevin Duffy as this State's next Commissioner of ADF&G!

Respectfully,



Sue Aspelund  
Executive Director



*Mission Statement: To develop, expand, and enhance new and existing dive fisheries in Southeast Alaska.*

Julie Decker, Executive Director  
 Box 2138, Wrangell, AK 99929  
 Ph: 907-874-3110; Fax: 907-874-4270  
 info@sardfa.org  
 www.sardfa.org

Chairman Scott Ogan, Senate Resources Committee  
 Fax: 907-465-3265

April 1, 2003

RE: Support Duffy for Commissioner of ADF&G

Dear Senator Ogan,

I am writing on behalf of the Southeast Alaska Regional Dive Fisheries Association, SARDFA. SARDFA strongly supports Mr. Kevin Duffy for the position of Commissioner of the Alaska Department of Fish and Game (ADF&G).

SARDFA experienced working with Mr. Duffy during the development of SARDFA. Working with Mr. Duffy was an excellent experience in industry and government working together to accomplish its goals.

Mr. Duffy is not only qualified in his experience to fill the position, but he also has a working style which is very "can-do". Mr. Duffy is a problem solver. He knows when to build consensus and when to make a decision. His type of leadership would be a benefit to the entire department.

Thank you for your consideration.

Sincerely,  
  
 Julie Decker, Executive Director

Members of:  
 Southeast Conference,  
 United Fishermen of Alaska, &  
 Alaska Fisheries Development Foundation



**United Southeast Alaska Gillnetters**

PO Box 23378 Ketchikan, AK 99901 (907) 247-2471 Fax (907) 225-0241 Email: usag@gci.net

April 2, 2003

The Honorable Scott Ogan  
The State Senate  
State Capitol - Room 103  
Juneau, AK 99801

Sent Via Fax To: 907 465-3265

Dear Senator Ogan:

The United Southeast Alaska Gillnetters Association would like to express to the Senate Resources Committee its support for the confirmation of Mr. Kevin Duffy as the commissioner of the Alaska Department of Fish and Game. We have worked with Mr. Duffy on many occasions in the past and found him to be very positive and proactive in working with us to resolve problems that have faced commercial fishermen. He is very knowledgeable of the resource issues that are facing the fishing industry and has the skills to move Alaska and the Department toward a better future.

Mr. Duffy has demonstrated strong administrative skills and a capability to build consensus between diverse groups. His extensive experience in working on complex issues with the Alaska Hatchery program, the Board of Fisheries, the US/Canada salmon treaty, and the North Pacific Fisheries Management Council make him well suited for this position. In short, we believe he will be an excellent commissioner.

Thank you for your consideration of this recommendation.

Yours truly,

Kenneth Duckett  
Executive Director

## CITY OF WRANGELL

RESOLUTION NO. 03-03-947

A RESOLUTION OF THE COUNCIL OF THE CITY OF WRANGELL, ALASKA, SUPPORTING THE APPOINTMENT OF KEVIN DUFFY TO SERVE AS THE ALASKA DEPARTMENT OF FISH AND GAME COMMISSIONER

WHEREAS, the people of the State of Alaska benefit from plentiful fish and game resources available for recreation, commercial use, personal use and subsistence; and

WHEREAS, wise stewardship and effective management is necessary to assure that Alaskans continue to secure the full benefit from the fish and game resources; and

WHEREAS, the Alaska Department of Fish and Game is charged with the conservation and management of Alaska's fish and game resources; and

WHEREAS, capable leadership in the Alaska Department of Fish and Game is prerequisite to effective management and wise stewardship; and

WHEREAS, Kevin Duffy has knowledge of the fishery resources and the fisheries from his service with the Department of Fish and Game, the North Pacific Fishery Management Council, and the Pacific Salmon Commission; and

WHEREAS, Kevin Duffy has proved himself an effective leader and resource manager in positions of great responsibility including service as the Deputy Commissioner of the Alaska Department of Fish and Game, Deputy Director of the Commercial Fisheries Division of the Alaska Department of Fish and Game, Alaska's representative to the North Pacific Fishery Management Council and Alaska's Commissioner to the Pacific Salmon Commission; and

WHEREAS, Kevin Duffy has sought to serve the interests of Alaskans in the sport and commercial fisheries as Deputy Commissioner of the Alaska Department of Fish and Game as well as in his service with the North Pacific Council and the Pacific Salmon Commission by developing management programs that fairly address the concerns of all resource users.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF WRANGELL, ALASKA, urges the Joint Board of Fisheries and Game and Governor Murkowski consider Kevin Duffy as highly qualified to serve as Commissioner of the Alaska Department of Fish and Game.

ADOPTED: March 11, 2003

Bruce E. Harding  
Bruce E. Harding, Mayor

ATTEST: Christie L. Jamieson  
Christie L. Jamieson, City Clerk



# UNITED FISHERMEN OF ALASKA

April 3, 2003

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

Senator Scott Ogan  
Chair  
Senate Resources Committee  
Alaska State Legislature

RE: Support for Kevin Duffy

Dear Senator Ogan,

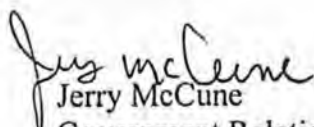
The United Fishermen of Alaska strongly supports Mr. Kevin Duffy as the next Commissioner of the Alaska Department of Fish and Game. There is no better choice for the management of Alaska's fish and game resources.

Mr. Duffy has a well-earned reputation as a natural resources administrator. Over the years he has dealt effectively with complex issues facing Alaska in many forums including the US/Canada salmon treaty, Board of Fisheries, and the North Pacific Fishery Management Council.

The most critical issues facing Alaska's commercial fishing industry include rebuilding the salmon community, Gulf groundfish rationalization, responding to the essential fish habitat lawsuit, and resolution of the Steller sea lion crisis. Mr. Duffy is knowledgeable on all of these issues, and more, and he is an effective consensus builder and strategist.

We need his services to get Alaska back on track and vigorously support his appointment as Commissioner.

Sincerely,

  
Jerry McCune  
Government Relations

Copy: Senator Ben Stevens  
Senator Tom Wagoner  
Senator Fred Dyson  
Senator Ralph Seekins  
Senator Kim Elton  
Senator Georgianna Lincoln

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve  
Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United  
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association  
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association  
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Puise Seine Vessel Owners Association • Seafood Producers Cooperative  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters • Western Gulf of Alaska Fishermen



Norquest Seafoods  
545 Railroad Ave.  
P.O. Box 260 Cordova AK 99574

PHONE: (907) 424-5390

FAX: (907) 424-5395

Dear Sir;

Kevin Duffy has proven himself to be a very good acting Commissioner during his interim and will continue to prove himself to one of the very best commissioners of ADF&G that the State of Alaska has ever had.

He is astute has a great deal of integrity and has a great deal of political awareness. This is a rare combination of talents, which he will use very productively. His deep understanding of the issues confronting the State both internationally and Federally will be invaluable in the years ahead. How these issues are negotiated will largely determine the parameters around which the States Fish and Game resources are allocated and harvested into the future, it is incredibly important that Kevin is appointed and allowed to continue to guide and shape the future of the Department into the future for the benefit of all Alaskans.

Sincerely

William S. Gilbert  
Norquest Seafoods  
Cordova, Alaska



Gulf of Alaska Coastal Communities Coalition (GOAC3)  
PO Box 201236, Anchorage Alaska 99520  
Phone: (866) 561-7633 or (907) 561-7633 Fax: (907)561-7634  
Web: [www.goac3.org](http://www.goac3.org) Email: [goaccc@alaska.net](mailto:goaccc@alaska.net)

April 4, 2003

APR 11 2003

House Resources Committee  
c/o Chairman Hugh "Bud" Fate  
VIA Fax: 907-465-3883  
VIA Email: [Representative\\_Hugh\\_Fate@legis.state.ak.us](mailto:Representative_Hugh_Fate@legis.state.ak.us)

Senate Resources Committee  
c/o Chairman Scott Ogan  
VIA Fax: 907-465-3265  
VIA Email: [Senator\\_Scott\\_Ogan@legis.state.ak.us](mailto:Senator_Scott_Ogan@legis.state.ak.us)


The Gulf of Alaska Coastal Communities Coalition is honored to support Kevin Duffy for position of Commissioner, Alaska Department of Fish and Game.

Mr. Duffy is very knowledgeable about issues facing our coastal communities. We urge the Alaska Legislature to confirm his appointment.

Thank you.

Sincerely,

  
Gale K. Vick, Executive Director, GOAC3

  
Freddie Christiansen, Chairman

**Subject: Please Support Duffy For Commissioner**

**Date: Thu, 3 Apr 2003 15:21:07 -0900**

**From: "Bob and Janice Martinson" <danse@mtaonline.net>**

**To: "Senator Scott Ogan" <Senator\_Scott\_Ogan@legis.state.ak.us>**

Dear Senator Ogan,

Kevin Duffy is a well-known professional with current experience and expertise on a wide variety of issues affecting fisheries resources in state, national and international venues. As Acting Commissioner for the past several months, Mr. Duffy has gained knowledge and experience in additional activities and issues within the Department. Mr. Duffy has the confidence of his staff and of the public and understands the importance of Alaska's fish and game resources to those who utilize them. He is not afraid to tackle tough issues and has proven success in getting divergent interests to the table for discussion and to work toward solutions. Your support of this appointment would be much appreciated. Thank you,

Robert A. Martinson  
900 Iroquois Drive  
Wasilla, AK 99654  
Phone: 907-373-2627  
Cell: 907-232-3246  
Email: <mailto:danse@mtaonline.net>  
Website: [AWESCMEALASKAPHOTOS.COM](http://AWESCMEALASKAPHOTOS.COM)

**Subject: Support Kevin Duffy for Commissioner of Fish & Game**

**Date:** Thu, 3 Apr 2003 15:55:54 -0900

**From:** "Ken Roemhildt" <ken@nppcdv.com>

**To:** <Senator\_Scott\_Ogan@legis.state.ak.us>

Senate Resources Committee

C/O Senator Scott Ogan

I would like to express my strong support for confirmation of Kevin Duffy as Commissioner of the Alaska Dept. of Fish & Game. Kevin is the kind of person that will do his best to manage a department that is facing a lot of tough issues. Please give him your support.

OKR

Ken Roemhildt, Supt

North Pacific Processors, Inc.

Box 1040

Cordova, AK. 99574

Phone 907 424 7111

Fax 907 424 5273

e-mail ken@nppcdv.com

**DEC  
OVER-  
VIEW,  
2/12/03**

# Seafood and Food Safety Laboratory

Division of Environmental Health, Department of Environmental Conservation

---

The lab will close without an appropriation to build a new one. *Here's how we got to this point:*

## 1997

- Department of Administration determines it can no longer allow long-term leases at the facility because statutory rent reduction requirements.

## 1998

- Department of Transportation and Public Facilities hires Livingston Slone to produce feasibility study that considers leasing versus owning, best location, and consolidation of the two labs the Department of Environmental Conservation operates.
- Legislature appropriated \$145.7 to evaluate replacement options.

## 1999

- Private contractor assessment concludes Seafood and Food Safety Lab cannot be co-located with Public Health Lab primarily because construction of the Public Health Lab is already under way and its lab activities are very different, requiring detached, separate labs.

## 2000

- Department of Environmental Conservation explores the possibility of housing its lab at Alaska Seafood International. However, according to Alaska Seafood International, its microbiological laboratory cannot fully meet the department's requirements. Alaska Seafood International lab space is 540 square feet and was never intended to be a broad-spectrum test facility. (The new Seafood and Food Safety lab is designed to be 19,312 square feet.)
- Department of Environmental Conservation selects site near Boniface and Tudor with Dept. of Transportation & Public Facilities oversight based on lab functions (proximity to major airport), cost of utilities, and access to Public Health lab. The Anchorage Planning and Zoning Commission approves the site selection report.
- Livingston Slone, hired by Dept. of Transportation & Public Facilities, determines that any existing market rental space would require a major renovation; and that building a new facility on state owned land is more cost effective than renovating an existing space or contracting for the construction of a leased facility.
- Legislature appropriates \$240.0 updating Livingston Slone's 1998 Feasibility Study to reflect the facility's being located on state land.

## 2001

- Dept. of Natural Resources initiates land exchange with Municipality of Anchorage to acquire parcel.
- Dept. of Transportation & Public Facilities develops a construction timeline and budget.
- Dept. of Transportation & Public Facilities selects Livingston Slone for the design and engineering work with an expected completion date of June 2003.
- Legislature appropriates \$1,300.0 to design the facility.

## 2002

- The design contractor, Livingston Slone, updates the construction cost estimate after completing the schematic design: \$14,085,200.
- Dept. of Administration approves extending the lease until December 2006 under the provision DEC actively pursue another option.
- A bond bill (HB51), designating lab construction funds, is introduced in the first session, but dies before final adjournment.

February 6, 2003

- Anchorage Assembly approves the land exchange and Dept. of Natural Resources completes an Interagency Land Management Agreement giving DEC the authority to manage the selected site adjacent to the Public Health Lab.

### **What the Seafood and Food Safety Lab does**

- Conducts product and water sampling required by the National Shellfish Sanitation Program so that bivalve shellfish can be commercially marketed.
- Routinely tests commercial bivalve shellfish for marine toxins responsible for paralytic shellfish poisoning and domoic acid poisoning.
- Is analyzing over 600 samples of salmon (all five species), halibut, pacific cod, sablefish, black rockfish, lingcod and pollock for heavy metals (methyl mercury, lead, and cadmium).
- Conducts on-site evaluations of, and certifies drinking water laboratories and water system operators for bacteriological monitoring as required by Safe Drinking Water Act.
- Works with commercial industries to develop safe, ready-to-eat food products to make sure the water activity, water phase salt, and salt moisture of their products are within acceptable levels.
- Evaluates raw and finished dairy products for bacterial contamination, antibiotics, butter fat content, and effectiveness of pasteurization.
- Performs animal testing to maintain USDA brucellosis- and TB-free certification, which is required for interstate and international shipment of cattle.
- Tests for equine infectious anemia in horses intended for interstate shipment or that will be entered in state fairs or other special events.

- 
- **No other lab in Alaska tests for PSP (paralytic shellfish poisoning).**
  - **A lab does not currently exist within the State of Alaska with the authority to test food or water that's been potentially poisoned with highly dangerous contaminants.**
  - **To be sold in international markets, Alaska's food products must be tested for compliance with federal food standards.**
  - **The shellfish industry depends on the Food Safety Lab to quickly test for marine toxins so they can sell their products in interstate commerce.**
  - **The Food lab is the only lab in the state that is permitted by the Food and Drug Administration to evaluate dairy products.**

For more information, please contact Kristin Ryan at 907-269-7644

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION OVERVIEW

"It is the policy of the state to conserve, improve, and protect its natural resources and environment and control water, land, and air pollution, in order to enhance the health, safety, and welfare of the people of the state and their overall economic and social well being." (AS 46.03.010).

The mission of the Department of Environmental Conservation is to protect human health and the environment. The department's duties as defined by the legislature are to adopt and enforce regulations setting standards for the prevention and abatement of all water, land, subsurface land, and air pollution, and the regulation of sanitation and sanitary practices in the interest of public health (AS 44.46.020).

Alaska's citizens and regulated industries must have confidence that the department has credible standards and monitoring systems in place to verify compliance with requirements to protect human health and the environment. Confidence in the department is achieved when its performance is timely, predictable, rational, based on facts. The department's credibility suffers when its actions appear to be based on generalized concerns or personal values unrelated to legislative goals.

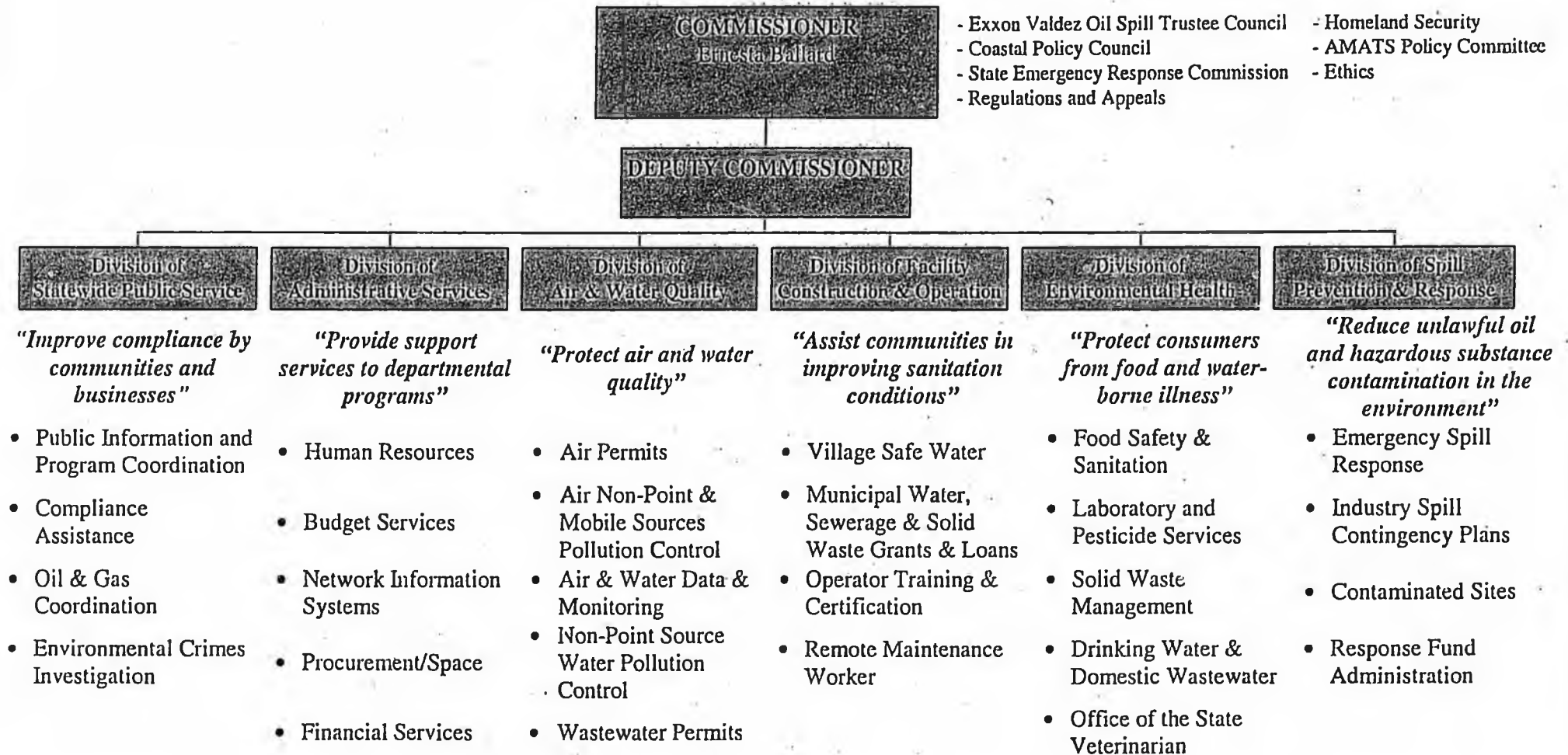
The industries operating in Alaska have both the will and technical ability to comply with human health and environmental protection standards. The goal of the department is to monitor and verify compliance with state standards. It is not the goal of the department to dictate how compliance must be achieved.

The Department has approximately 504 budgeted positions in its 6 divisions including Administrative Services, Statewide Public Service, Air and Water Quality, Environmental Health, Facility Construction and Operation, and Spill Prevention and Response. The department maintains 16 offices located in 14 different Alaska communities with the main presence in Anchorage, Juneau and Fairbanks. The department's functional organization chart, legislated policy, duties and division program services follow.

# DEPARTMENT OF ENVIRONMENTAL CONSERVATION

*"PROTECT HUMAN HEALTH AND THE ENVIRONMENT"*

## ORGANIZATION - MISSIONS AND FUNCTIONS



## DEPARTMENT OF ENVIRONMENTAL CONSERVATION

### AS 46.03.010 - Declaration of Policy

It is the policy of the state to conserve, improve, and protect its natural resources and environment and control water, land, and air pollution, in order to enhance the health, safety, and welfare of the people of the state and their overall economic and social well being.

It is the policy of the state to improve and coordinate the environmental plans, functions, powers, and programs of the state, in cooperation with the federal government, regions, local governments, other public and private organizations, and concerned individuals, and to develop and manage the basic resources of water, land, and air to the end that the state may fulfill its responsibility as trustee of the environment for the present and future generations.

### AS 44.46.020 - Duties of department

- (a) The Department of Environmental Conservation shall
- (1) have primary responsibility for coordination and development of policies, programs, and planning related to the environment of the state and of the various regions of the state;
  - (2) have primary responsibility for the adoption and enforcement of regulations setting standards for the prevention and abatement of all water, land, subsurface land, and air pollution, and other sources or potential sources of pollution of the environment, including by way of example only, petroleum and natural gas pipelines;
  - (3) promote and develop programs for the protection and control of the environment of the state;
  - (4) take actions that are necessary and proper to further the policy declared in AS 46.03.010;
  - (5) adopt regulations for
    - (A) the prevention and control of public health nuisances;
    - (B) the regulation of sanitation and sanitary practices in the interest of public health;
    - (C) standards of cleanliness and sanitation in connection with the construction, operation, and maintenance of a camp, cannery, food handling establishment, food manufacturing plant, mattress manufacturing establishment, industrial plant, school, barbershop, hairdressing, manicuring, esthetics, tattooing and permanent cosmetic coloring, body piercing, or ear piercing establishment, soft drink establishment, beer and wine dispensaries, and for other similar establishments in which lack of sanitation may create a condition that causes disease;
    - (D) the regulation of quality and purity of commercially compressed air sold for human respiration.
- (b) The department's regulations for tattooing and permanent cosmetic coloring shops and for body piercing shops must include requirements that
- (1) the shop be equipped with appropriate sterilizing equipment, with availability of hot and cold running water, and with an appropriate waste receptacle;
  - (2) the owner of the shop is responsible for ensuring that case history cards are kept for each client for a period of three years after the client's most recent tattooing and permanent cosmetic coloring or body piercing;
  - (3) a practitioner in the shop may use only instruments for tattooing and permanent cosmetic coloring or body piercing that have been sterilized in accordance with methods approved by the department.

## DIVISION OF AIR AND WATER QUALITY PROGRAM SERVICES

### Air Permit Program

- Issue operating permits to existing major facilities incorporating all applicable requirements.
- Issue construction permits to new large facilities and for expansions of existing facilities.
- Issue general operating permits for small facilities.
- Monitor compliance with regulations and air quality standards through annual inspections and uniform enforcement procedures.
- Maintain Alaska's air quality management regulations.
- Certify and train air inspectors.
- Monitor suspected emission releases to support investigations.

### Air Non-Point & Mobile Sources Program

- Maintain air quality plans to comply with health standards for carbon monoxide and particulate matter.
- Oversee the implementation of the vehicle inspection and maintenance (I/M) programs by the municipalities of Anchorage and Fairbanks.
- Implement the Matanuska-Susitna Valley commuter I/M program.
- Ensure fuel distributors provide ethanol-blended fuels in Anchorage during the winter months.
- Conduct studies to develop Alaskan solutions to air quality problems resulting from motor vehicle emissions.
- Ensure municipal "conformity" agreements comply with federal requirements.
- Develop State Improvement Plans for regional haze in four Alaskan Class I areas including Denali National Park & Preserve
- Evaluate the public health threat of toxic air pollutants to Alaska citizens.
- Provide oversight of the Department of Energy's environmental assessment and monitoring at the Amchitka former nuclear weapons test site.
- Monitor for radioactive fallout from nuclear accidents within or near the arctic.

### Air and Water Data and Monitoring Program

- Maintain air and water quality databases and information management systems.
- Install and maintain air and water quality monitoring systems.
- Award financial assistance grants and provide technical assistance for community monitoring of local air and water quality.
- Maintain Water Quality Standards that incorporate state-specific considerations.

### Non-Point Source Pollution Control Program

- Set priorities to preserve and improve water quality.
- Develop, and implement water recovery plans for polluted water.
- Award financial assistance grants to municipalities, local groups, and other state agencies involved in water quality projects.
- Review timber harvest plans and perform field inspections to ensure that best management practices are used during logging operations.
- Certify and inspect stormwater discharge plans for highway projects and development projects greater than five acres in size.
- Certify dredge and fill projects that require the approval of the Corps of Engineers.
- Develop methods for assessing wetland functions, providing a scientific foundation for wetlands planning and permitting decisions.

### Wastewater Discharge Program

- Issue permits for smaller-volume sewage treatment plants and small industrial discharges.
- Certify larger-volume discharges of facilities that require the approval of the federal Environmental Protection Agency.
- Monitor and inspect permitted wastewater discharges.
- Register, monitor and inspect discharges from cruise ships under the Commercial Passenger Vessel Environmental Compliance Program established by State law in 2001.

## DIVISION OF ENVIRONMENTAL HEALTH PROGRAM SERVICES

### Drinking Water and Domestic Wastewater Program

- Establish design, construction, and operation standards for public water systems and on-site domestic wastewater treatment disposal systems.
- Review and approve public water systems and on-site domestic wastewater system operation and construction plans.
- Review financial, managerial, and technical capacity for all public water systems.
- Review laboratory monitoring of the water provided by public water systems.
- Oversee inspections and sanitary surveys of public water systems.
- Work with public water system owners to protect drinking water sources by assessing how vulnerable water sources are to contamination.

### Food Safety and Sanitation Program

- Establish design, construction, and operation standards for retail food, food processors, hair and body art facilities, child and adult care facilities, pools and spas, and public toilets, showers and laundromats.
- Approve food safety and sanitation plans for most regulated facilities.
- Approve shellfish growing areas and implement the National Shellfish Sanitation Program.
- Inspect and permit most regulated food and public facilities.
- Participate in food safety recalls.
- Investigate reports of foodborne and waterborne illnesses.

### Office of the State Veterinarian

- Establish criteria for livestock imports and care.
- Conduct surveillance of livestock and other animals for emerging diseases such as chronic wasting disease.
- Oversee the implementation of the Pasteurized Milk Ordinance.
- Inspect and approve commercial dairy farms and processors.

### Laboratory Services Program

- Conduct laboratory testing of commercial food products processed in Alaska, including testing of shellfish for PSP.
- Certify or accredit commercial laboratories to conduct analysis of public drinking water systems, as well as underground storage tank and contaminated site remediation.
- Monitor Alaska's seafood for methyl mercury and other pollutants.
- Conduct analysis of animals such as reindeer for brucellosis and tuberculosis
- Conduct pesticide marketplace inspections
- Issue state required pesticide permits for application by or for a government entity, projects that will affect land owned separately by two or more people, and any aerial or water applications.
- Train and certify pesticide applicators.
- Register pesticides that are sold in Alaska.

### Solid Waste Management Program

- Establish design, construction, and operation standards.
- Establish criteria for closing solid waste disposal sites.
- Conduct inspections.
- Issue solid waste permits.
- Work with rural communities on alternatives to permitting.

## DIVISION OF SPILL PREVENTION AND RESPONSE PROGRAM SERVICES

### Prevention and Emergency Response Program

- Lead the state's response to spills of oil and hazardous substances using area response teams in Anchorage, Fairbanks, and Juneau who can work as one team under the Incident Command System for large events.
- Oversee spill cleanup by the responsible party or take over cleanup when a responsible party is not found or is incapable.
- Evaluate spill impact, ensures containment and cleanup.
- Recover cleanup and restoration costs from the responsible party.
- Develop and coordinate an in-state hazardous materials response capability.
- Serve as state contact for the federal Community Right-to-Know program.
- Participate in government and industry response drills and exercises.
- Maintain the Alaska Federal/State Unified Plan and the ten Subarea/Regional Contingency Plans.
- Develop spill reporting and notification procedures.
- Manage term contracts with spill response organizations.
- Integrate Alaska communities into a statewide response system through local response agreements.
- Train local personnel in at-risk areas throughout the state.
- Keep timely and accurate spill information.
- Enforce statutes and regulations relating to oil and hazardous substance spill reporting, cleanup and restoration of the environment.

### Industry Preparedness Program

- Assist regulated operators in spill prevention.
- Review and approve about 140 oil discharge prevention and contingency plans for installations or operations across the state.
- Inspect regulated operators to provide assistance and ensure compliance with requirements.
- Conduct oil spill drills with regulated operators to exercise and demonstrate response readiness.
- Administer the statewide Financial Responsibility Program to ensure that regulated operators maintain the financial resources to respond to any spill and mitigate environmental damage.
- Register primary response action contractors.
- Ensure that regulated operators employ the best available technology for spill prevention and response.
- Register primary response action contractors.

### Contaminated Sites Program

- Identify and assess sites contaminated with oil or hazardous substances for potential threat to public health and the environment.
- Ensure that contaminated sites undergo investigation and cleanup in a priority order, based on threat.
- Use term contractors and the Oil and Hazardous Substance Release Prevention and Response Fund to clean up high priority sites when the responsible party is unknown or unable to perform cleanup.
- Recover state costs for oversight or cleanup from responsible parties.
- Negotiate cooperative funding agreements with federal agencies to enable staff oversight of federal sites.
- Coordinate the cleanup of state owned contaminated sites.

- Provide response and technical assistance for underground tank spills, and financial assistance to upgrade, close or clean up leaking USTs.
- Oversee the third-party inspection program for underground storage tanks.

#### Response Fund Administration

- Provide accurate three-year projections of the Response Fund balance and accurate and timely expenditure and revenue reporting.
- Target budget requests to limit annual funding requests to revenue available from the prevention account surcharge.
- Develop a long-term strategy for maintaining core spill prevention and response program with available revenue.
- Process grants and loans for underground storage tank cleanup and CIP expenditures for cleanup at state owned facilities.
- Track all state spill response expenditures and initiate timely billings to responsible parties to ensure maximum recovery of state costs.
- Identify and pursue other cost recovery sources such as the Federal Oil Spill Liability Trust Fund and participates in the settlement of cost recovery claims with the Department of Law.
- Manage and maintain contracts with private firms engaged in cleanup and remediation work for the Department.
- Prepare biennial Response Fund and annual Underground Storage Tank Revolving Loan Fund reports.
- In the case of a major spill response, support the Finance Section within the Incident Command System.

## DIVISION OF ADMINISTRATIVE SERVICES PROGRAM SERVICES

### Human Resources

- Provide leadership, advice, solutions and support in all areas of human resources.
- Record employee timesheets and manage payroll.
- Provide orientation training to all new employees and specialized training to employees in recruitment, leadership and mentoring, labor/management relations, EEO/Affirmative Action, ADA and workers compensation, classification, conflict resolution, workforce planning and organizational design.

### Budget Services

- Provide leadership, training and technical support for statewide staff in the development and submission of the department's annual operating, capital, and loan budgets.
- Manage and operate the electronic budget systems and serve as the central contact for responses to requests for department budget information from the legislature, other state or federal agencies, and the general public.

### Information Systems

- Provide planning and technical support to the department on centralized information systems, data management, network services, software and hardware, documentation standardization, and software licensing.

### Procurement/Space

- Provide support in the areas of procurement and space/facility management.

### Financial Services

Provide support in all areas of financial management including accounts payables and receivables, fund accounting, audit coordination, federal and state grants, management of the departmental billing system and the departmental indirect cost allocation plan.

## DIVISION OF FACILITY CONSTRUCTION AND OPERATION PROGRAM SERVICES

### Village Safe Water Program

- Secure federal grant funds with state matching funds.
- Provide grants to small communities for water, sewerage and solid waste studies and projects.
- Assign an engineer to each project to assist communities with planning facility design options and addressing regulatory issues.
- Ensure appropriate and effective use of grant funds by contracting for project-specific accounting services and disbursing funds to communities as progress payments after review of invoices.

### Municipal Loans

- Secure Federal grant funds with State matching funds to further capitalize the Alaska Clean Water and Alaska Drinking Water Loan Funds.
- Provide low-interest loans to eligible systems for drinking water and wastewater projects.
- Assign an engineer to each project to assist eligible systems with project planning, design, construction, and addressing regulatory issues.
- Ensure appropriate and effective use of loan funds by disbursing funds to eligible systems as progress payments after review of invoices.

### Municipal Water, Sewerage, and Solid Waste Grant Program

- Secure federal grant funds with State matching funds.
- Provide grants with a 50 to 15 percent local match requirement to larger communities for water, sewerage and solid waste projects.
- Assign an engineer to each project to assist communities with planning, developing facility design options and selection, and addressing regulatory issues.
- Ensure appropriate and effective use of grant funds by disbursing funds to communities as progress payments after review of invoices.

### Operator Training and Certification Program

- Develop training curricula, correspondence courses, certification standards, and examination materials for over 1,100 certified drinking water and wastewater system operators.
- Coordinate and notify operators of training opportunities.
- Staff and work with the Alaska Water and Wastewater Advisory Board to establish standards for certifying operators and to adjudicate certification actions.
- Each year, arrange for and grade more than 20 special entry-level training courses for small community operators.
- Maintain a lending library of reference and training materials.

### Remote Maintenance Worker Program

- Over-the-shoulder training and technical assistance to local water and sewer operators in over 170 rural communities through a circuit rider program.
- Immediate response to emergency situations that threaten or impact community water and sewerage facilities.
- Provide regional classroom training for area utility operators.
- Maintain an inventory of emergency repair equipment for loan to communities.

## DIVISION OF STATEWIDE PUBLIC SERVICE PROGRAM SERVICES

### Compliance Assistance Program

- "Enforcement Free" regulatory compliance assistance.
- On-site environmental compliance assessments, upon request.
- Training and Workshops on compliance and pollution prevention.
- Permitting Assistance related to compliance and pollution prevention.
- Pollution Prevention Planning.
- Facilitate Household hazardous waste collections and used oil management in regions around the State.
- "7 Generations" training and assistance to rural communities and Alaska Native Tribes.
- Establish partnerships with communities and businesses for pollution prevention work.
- Coordinate environmental leadership/beyond compliance projects.
- Coordinate department relationships with Alaska Native tribal governments.

### Information, Coordination, and Education

- Assist the public, businesses and small communities navigate through the department's programs and its permitting and approval processes.
- Provide guidance and technical assistance on permitting options that do not require department permits.
- Department-wide disaster planning to ensure all agency programs are prepared to act when Alaskan citizens are in need during emergencies.
- Serve as the "one-stop-shopping" information center on department programs and services.
- Provide the public with efficient, easy to use tools to access department information.
- Serve as an independent third party to help resolve compliance problems related to inadequate information.
- Ensure fair, consistent, and proper handling of concerns and complaints.
- Coordinate major department projects involving several department programs.

### Environmental Crimes Unit

- Investigate significant threats of harm to public health or the environment.
- Prepare evidence and present court testimony.
- Prevent unfair economic advantage by violators who try to avoid regulatory requirements.
- Identify those responsible for costs of environmental cleanups.

### Oil and Gas Coordination

- Monitor Valdez Marine Terminal operations to ensure it is operated in a safe and environmentally sound manner.
- Coordinate department program work with the Joint Pipeline Office.
- Consult with oil and gas project proponents and other industry stakeholders, in advance of proposed projects.
- Ensure timely environmental reviews of oil and gas projects, coordinated within ADEC.
- Identify, evaluate, and take actions to streamline the ADEC permitting and approvals for oil and gas activities, while protecting human health and the environment.

**MINING**

**OVER-**

**VIEWS,**

**2004**

# Alaska State Legislature

## Senate Resources Committee

Senator Scott Ogan, Chair

Senator Fred Dyson  
Senator Kim Elton  
Senator Georgianna Lincoln  
Senator Ralph Seekins  
Senator Ben Stevens  
Senator Tom Wagoner



State Capitol, Room 103  
Juneau, AK. 99801-1182  
Phone: (907) 465-4907  
Fax: (907) 465-3265

### Memorandum

DATE: February 9, 2004  
TO: All Legislators  
FROM: Senator Scott Ogan  
Chairman, Senate Resources Committee  
RE: Mining Industry Overview

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On Wednesday, February 11th, the Senate and House Resources Committees will hold a joint hearing for an overview of the mining industry. The meeting will take place in Senate Finance, Room 532, from noon to 2:00 p.m.

This presentation is an annual event and represents an excellent opportunity for all legislators to become familiar with the mineral industry and the opportunities that exist in our state for development of these resources.

Participants will include the Alaska Miners Association, Usibelli Coal, Greens Creek, Red Dog, Fort Knox, True North, Pogo, Donlin Creek, Pebble, Rock Creek and Kensington Mines

While many of you will have the opportunity to meet individually with these mining representatives, the overview will be the best opportunity to assess the significance of this industry statewide.

I am aware that many legislators have conflicting committee schedules. Please feel free to sit in for any portion of the meeting. My office will have copies of handouts provided following the meeting.

Joint Senate/House Resources Committees  
Annual Mining Industry Briefing

Wednesday, February 11, 2004, 12 noon

AGENDA

1. Overview – Steve Borell

Development and Exploration Projects

2. Pogo – Karl Hanneman
3. Kensington – Rick Richins
4. Rock Creek – Doug Nicholson
5. Donlin Creek – Gregg Bush
6. Pebble – Bruce Youngman

Operating Mines

7. Fairbanks Gold Mining Inc. (Fort Knox & True North) – Lorna Shaw
8. Greens Creek – Rich Heig
9. Red Dog – Karl Hanneman
10. Usibelli Coal Mine – Steve Denton

sgan

## Alaska Mining Industry

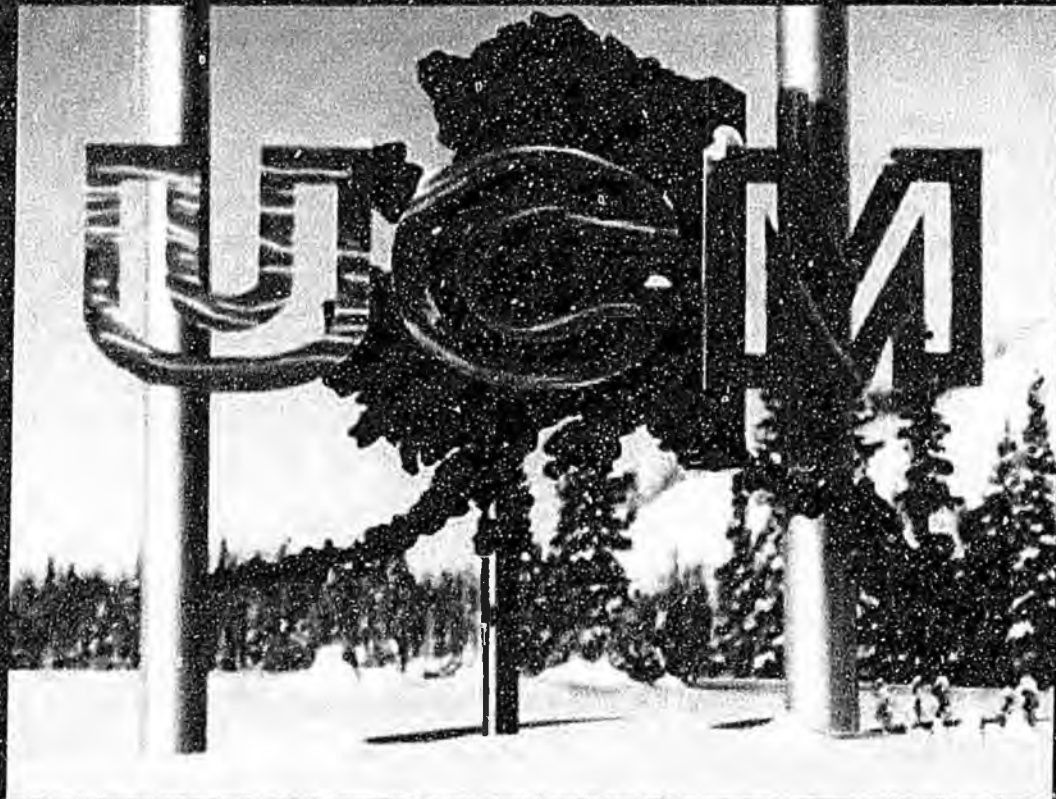
### Alaska State Legislature

#### Joint Briefing to Senate and House Resources Committee

##### Overview:

- **Steve Borell, Executive Director, Alaska Miners Association**
- **Red Dog Mine – Charlotte MacCay, Environmental Permitting for Red Dog**
- **Greens Creek Mine – Rich Heig, General Manager**
- **Fort Knox & True North Mines – Rick Dye, General Manager, Fairbanks Gold Mining Inc.**
- **Usibelli – Keith Walter, General Manager**
- **Pogo Mine – Karl Hanneman, Alaska Regional Manager, Teck Pogo**  
*Kensington - Rick Rickins*
- **Donlin Creek – Rick Van Nieuwenhuysse, President Nova gold**
- **Curt Freeman, President of Avalon Development**  
**“Perception is the Reality from Outside Alaska”**

# USIBELLI COAL MINE



### Northern Alaska Basin

Hypothetical Resource (10 <sup>6</sup> tonnes)	Identified Resource (10 <sup>6</sup> tonnes)	Measured Reserves (10 <sup>6</sup> tonnes)
3,630,000	136,100	73

### Nenana Province

Hypothetical Resource (10 <sup>6</sup> tonnes)	Identified Resource (10 <sup>6</sup> tonnes)	Measured Reserves (10 <sup>6</sup> tonnes)
13,320	7,800	227

#### Key to Coal Rank

	Bituminous
	Subbituminous
	Lignite

Major Basin Margins

ARCTIC OCEAN

Deadfall Syncline

BERING SEA

CANADA

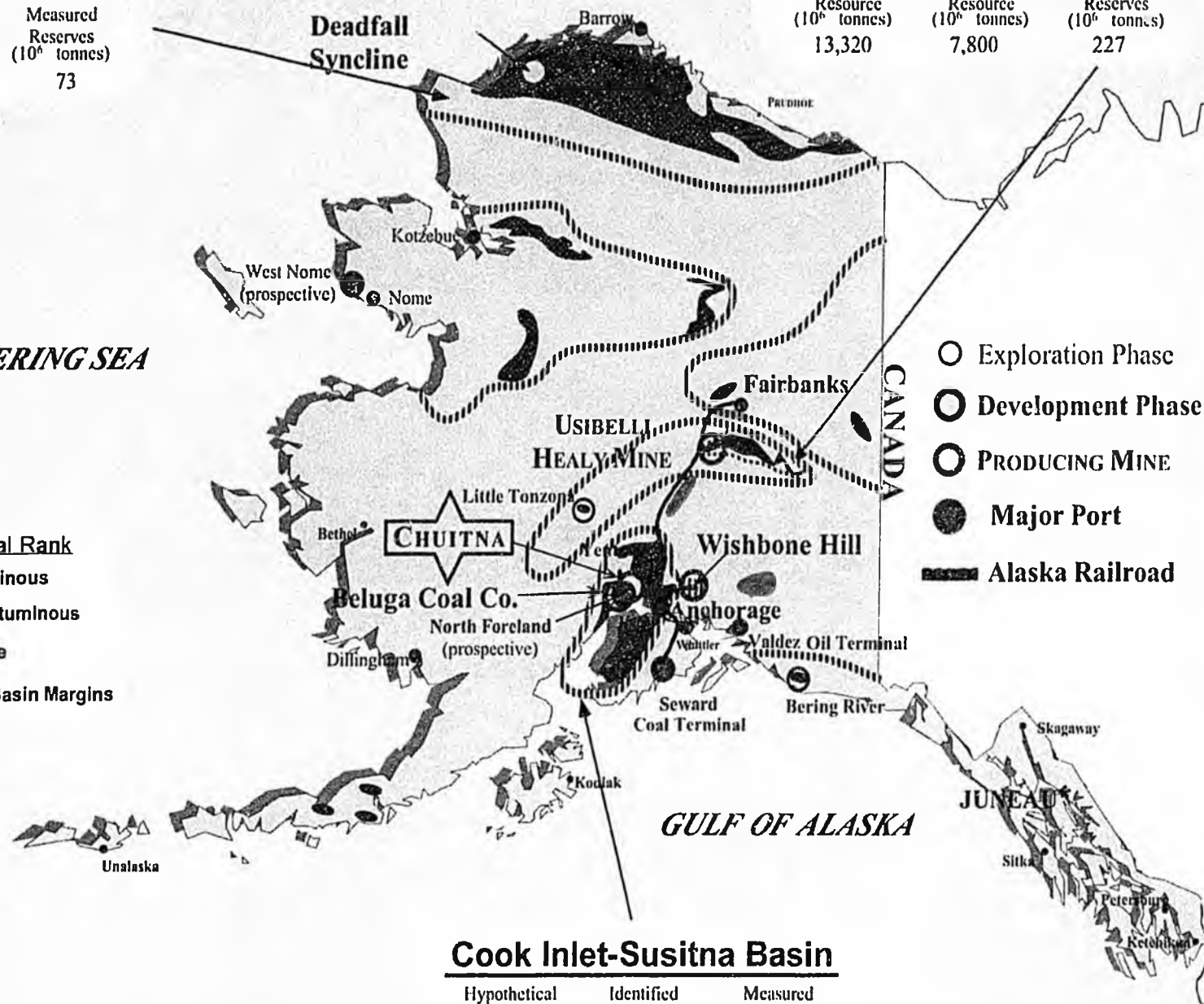
GULF OF ALASKA

### Cook Inlet-Susitna Basin

Hypothetical Resource (10 <sup>6</sup> tonnes)	Identified Resource (10 <sup>6</sup> tonnes)	Measured Reserves (10 <sup>6</sup> tonnes)
64,230	10,550	1,400

### All Other Areas

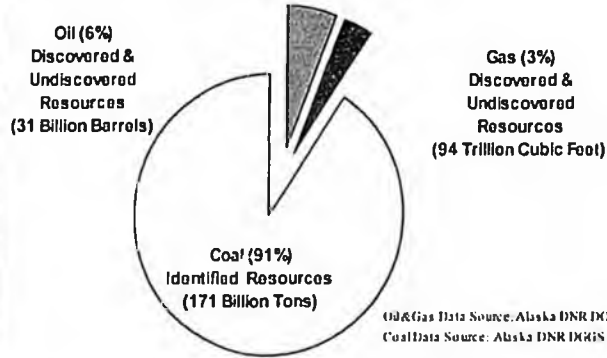
Hypothetical Resource (10 <sup>6</sup> tonnes)	Identified Resource (10 <sup>6</sup> tonnes)	Measured Reserves (10 <sup>6</sup> tonnes)
8,660	520	0



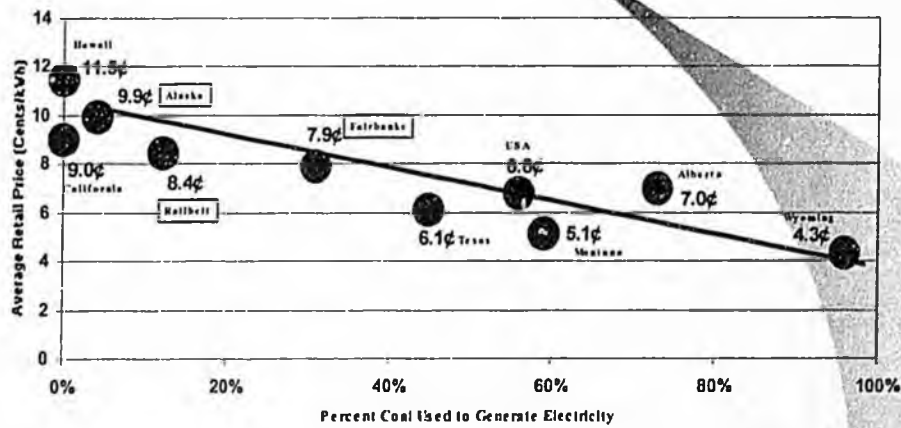
- Exploration Phase
- Development Phase
- PRODUCING MINE
- Major Port
- Alaska Railroad

# Alaska's Energy Resources

**Alaska Fossil Fuel Energy Resources**  
(Based on contained energy)



## Effect of Coal on Electricity Price

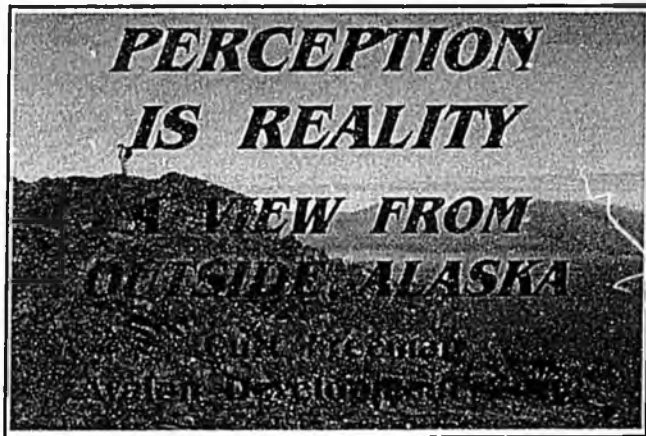





**PERCEPTION  
IS REALITY**

**A VIEW FROM  
OUTSIDE ALASKA**

**Curt Freeman  
Avalon Development Corp.**



**AVALON**



**DEVELOPMENT CORPORATION**

**ACKNOWLEDGMENTS**  
Office of the Governor  
ADGGS, ADCED  
and ADLWM  
Alaska Miners Assoc.  
Alaska Producers  
Council  
Juneau Econ. Dev.  
Council

**ALASKA MINING INDUSTRY  
REPORT CARD**

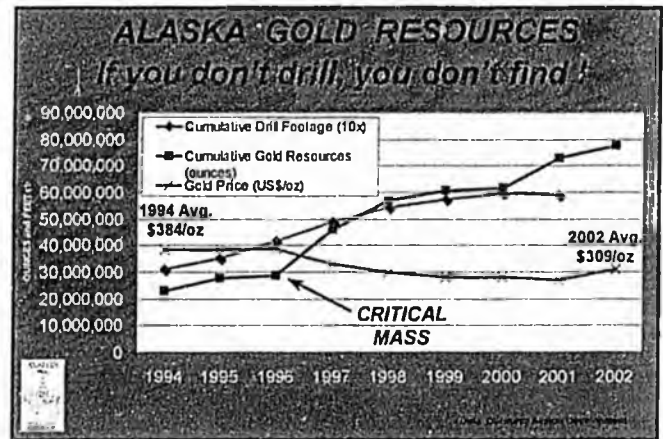
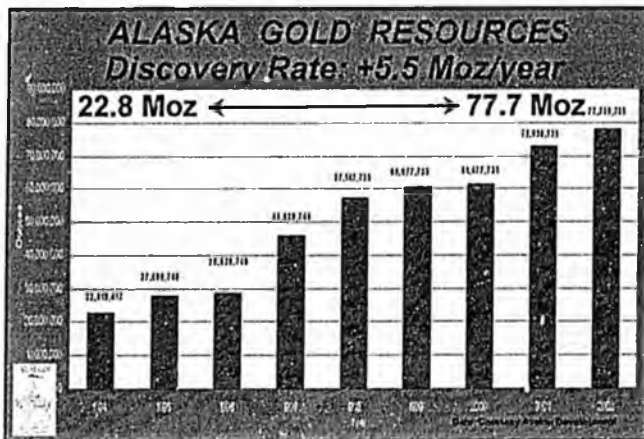
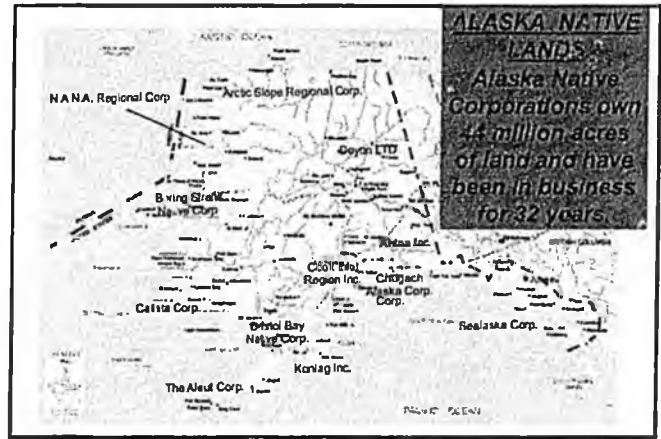
- ▶ **WHAT ARE WE DOING RIGHT?**
- ▶ **WHAT ARE WE DOING WRONG?**
- ▶ **WHAT CAN WE DO TO IMPROVE?**

**WHY ALASKA....WHY NOW?**

- ▶ **Proven "Elephant" Country**
- ▶ **Highly Under-prospected**
- ▶ **Experienced Labor Force**
- ▶ **Abundant Stable Land**
- ▶ **Acceptable Tax Regime**
- ▶ **Pro-Development Government**

### HOW BIG IS ALASKA?

- ▶ Total land mass = 365 million acres (148 million hectares)
- ▶ 190 million acres available to mineral entry - an area as large as Chile and twice the size of Nevada
- ▶ More land open to mineral entry in Alaska than in the other 49 United States combined





## WHY ALASKA....WHY NOW?

- ▶ *Proven "Elephant" Country*
- ▶ *Highly Under-prospected*
- ▶ *Experienced Labor Force*
- ▶ *Abundant Stable Land*
- ▶ *Acceptable Tax Regime*
- ▶ *Pro-Development Government*



## TECK COMINGO'S RED DOG MINE



THE WORLDS  
LARGEST ZINC  
DEPOSIT



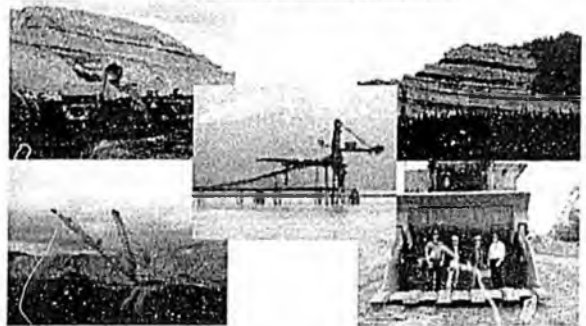
## KINROSS GOLD'S FORT KNOX MINE

2001 Production:  
411,221 ounces at  
cash cost of \$207/oz

2002 Production:  
410,520 ounces at  
\$232/oz



## USIBELLI COAL'S HEALY COAL MINE



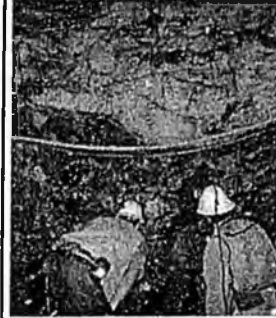
**KENNECOTT - HECLA'S  
GREENS CREEK MINE**

2002 costs are \$1.93  
per ounce silver  
(not including  
capitalized costs)



2002 production expected to  
exceed 10 Million ounces of silver

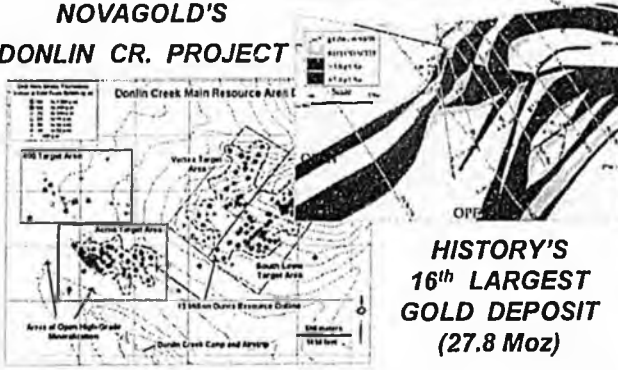
**TECK COMINCO - SUMITOMO'S  
POGO DEPOSIT**



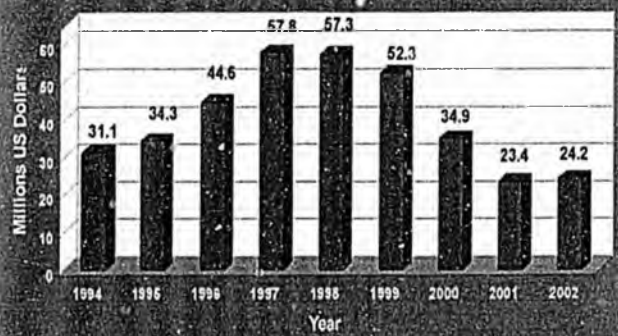
- > EPA is lead agency, State has been supportive during permitting
- > NEPA process is lengthy: two recent Nevada permits took +5 years to complete
- > Pogo should complete process in 4 years
- > Perception that State has hindered Pogo is incorrect

**PLACER DOME -  
NOVAGOLD'S  
DONLIN CR. PROJECT**

ACMA - Cross Section Looking Northwest



**EXPLORATION EXPENDITURES**



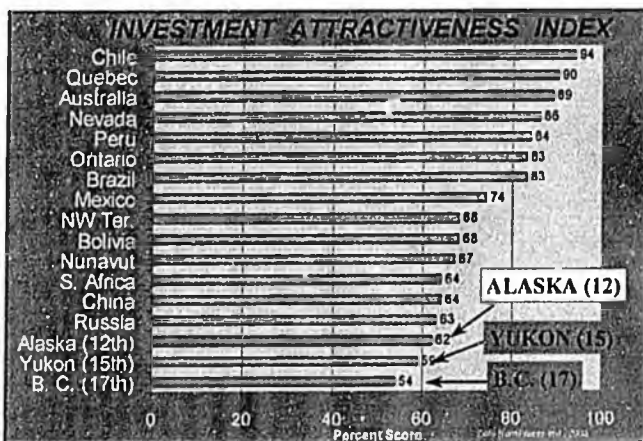
## ALASKA LABOR

- ▶ About 75% of state/local jobs are paid by the petroleum industry
- ▶ 1 in 7 of Alaska's jobs are private sector while the U.S. average is 1 in 3
- ▶ In 1980 Alaska per capita income (PCI) was 45% higher than U.S. average. In 1990 Alaska PCI was only 16% higher
- ▶ In 2002 Alaska PCI = U.S., yet the cost of living remains above the U.S. average

Data from Juneau Econ Dev Council

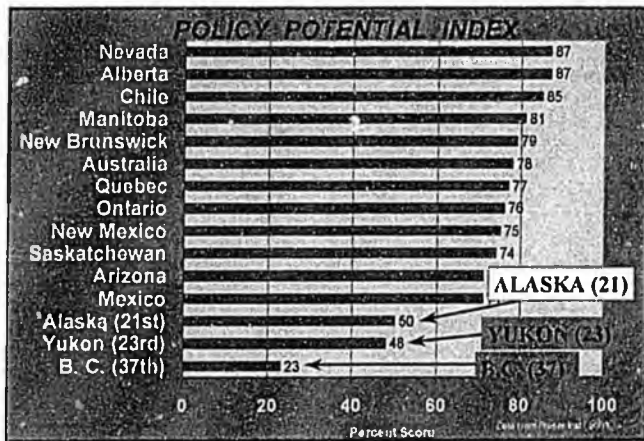
## WHAT IS THE FRASER SURVEY?

- ▶ Canadian survey covers 131 junior and 27 senior mining companies
- ▶ Survey is intended to gauge mineral investment attractiveness
- ▶ Survey covers 47 political jurisdictions around the world
- ▶ Companies in survey responsible for \$480 million in expenditures



## INVESTMENT REPORT CARD

- ▶ Alaska ranked #7 in Investment Attractiveness in 2001
- ▶ Alaska ranks #12 in Investment Attractiveness in 2002
- ▶ Conclusion: Industry perceives that Alaska's mining investment climate has degraded

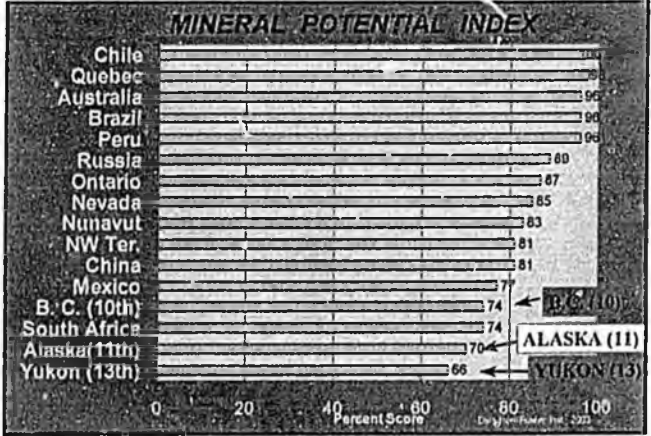


**POLICY REPORT CARD**

- ▶ Alaska is #3 of 47 jurisdictions if land use policies are ignored
- ▶ Alaska is #21 of 47 jurisdictions using current land use policies
- ▶ Conclusion: environmental and land use policies are major deterrent to mineral investment in Alaska

**WHAT IS IT THEY DON'T LIKE?**

- ▶ 4 of 10 companies think Alaska environmental policies are a strong deterrent to investment
- ▶ 4 of 10 companies think Alaska land status uncertainties are a strong deterrent to investment
- ▶ Almost 4 of 10 companies think Alaska's lack of roads/power is a strong deterrent to investment



### **POTENTIAL REPORT CARD**

- ▶ *Alaska ranked #4 in Mineral Potential in 2001*
- ▶ *Alaska ranks #11 in Mineral Potential in 2002*
- ▶ *Conclusion: if you can't be with the one you love, love the one you're with!*

### **WHAT ARE WE DOING RIGHT?**

- ▶ *We have proven the potential of our mineral endowment with numerous recent discoveries*
- ▶ *We addressed our First Nations issues over 30 years ago*
- ▶ *We have increased the mineral industry's value to \$1 billion/year*

### **WHAT ARE WE DOING RIGHT?**

- ▶ *For the last 11 years we have conducted high quality airborne geophysical surveys by DGGS*
- ▶ *We have lowered the discovery cost by implementing new technologies*
- ▶ *We have brought experienced industry professionals inside state government*

### **WHAT ARE WE DOING WRONG?**

- ▶ *We have built virtually no new rural roads or power facilities in recent years*
- ▶ *We have not convinced others of the stable nature of Alaskan lands*
- ▶ *State and Federal mine permitting is not coordinated to the extent it should be*

### **WHAT ARE WE DOING WRONG?**

- ▶ *We have not removed the inequities in the wetlands and coastal zone issues*
- ▶ *We haven't followed recommendations of the Alaska Minerals Commission*
- ▶ *We have under-estimated the ability of our competition to attract capital*

### **HOW CAN WE SOLVE OUR PROBLEMS?**

- ▶ *Continue streamlining permitting process*
- ▶ *Eliminate "zero liability" legal challenges*
- ▶ *Design and build rural roads and power facilities*
- ▶ *Expand the airborne geophysical coverage of Alaska's mining districts*

### **HOW CAN WE SOLVE OUR PROBLEMS?**

- ▶ *Continue to require science-based air and water quality regulations*
- ▶ *Regain regulatory control of Alaska's waters and coastlines*
- ▶ *Aggressively market Alaska's mineral industry worldwide*

**YOU CAN'T STEAL  
SECOND BASE AND KEEP  
ONE FOOT ON FIRST**

**60 YEAR-OLD JUNIOR EXEC.**

## QUESTIONS?



Avalon Development Corp.  
P.O. Box 30268  
Fairbanks, AK 99708  
Phone 907-457-6158  
Fax 907-455-3053  
Email: [avalon@alaska.net](mailto:avalon@alaska.net)  
Website: [www.avalonalaska.com](http://www.avalonalaska.com)

## POGO PROJECT UPDATE

Karl Hanneman, Alaska Regional Manager, Teck-Pogo, Inc.

House/Senate Resource Committee

February 19, 2003

Pogo: Gold deposit containing 5 million ounces, gross value of \$1.5 billion.  
Owners: Sumitomo 60%, Teck-Cominco 40%  
Operator: Teck-Pogo, Inc.  
Location: On State land 35 miles northeast of Deita Junction.  
Status: Phase I. Surface Exploration, (*This phase began in 1981, drilling began in 1994, and is ongoing each summer season*).  
Phase II. Underground Exploration (*This phase began on March 5, 1999 and was completed in July, 2000*)  
Phase III. Environmental Assessment and Feasibility Study, 1-2 years (*This phase is underway*)  
Phase IV. Permitting, 1-2 years (*This phase is underway*)  
Phase V. Mine Construction, 1-2 years  
Phase VI. Operating Life of Mine, 10-15 years  
Phase VII. Reclamation

The EPA, together with the State of Alaska and the Corps of Engineers as cooperating agencies, began an Environmental Impact Statement for the Pogo Project in August, 2000. Public scoping meetings were held in Delta Junction and Fairbanks in September, 2000. The draft EIS is anticipated in March 2003 and public hearings will be held in Delta Junction and in Fairbanks this spring.

If the permitting process proceeds efficiently, construction could begin in the winter of 2003-2004. The infrastructure options available to support a future mining operation will have a critical impact on the economic viability of the operation. Access alternatives will be evaluated in the EIS. Teck-Pogo Inc. has proposed the following:

- to construct a 50 mile all-season road and an adjacent powerline
- to operate this road as a restricted use, industrial right-of-way
- to pay for all construction, maintenance, and reclamation
- road not opened to public during mine operation to reduce safety, liability, environmental, and subsistence issues
- existing public access to upper Goodpaster area via riverboat, snowmachine, and airplane to be protected
- limited other commercial use allowed on road such as:
  - timber harvest (in adjacent State Forest according to existing Forestry plan)
  - other major mines if/when found
- company will post bond for road and powerline reclamation at end of project

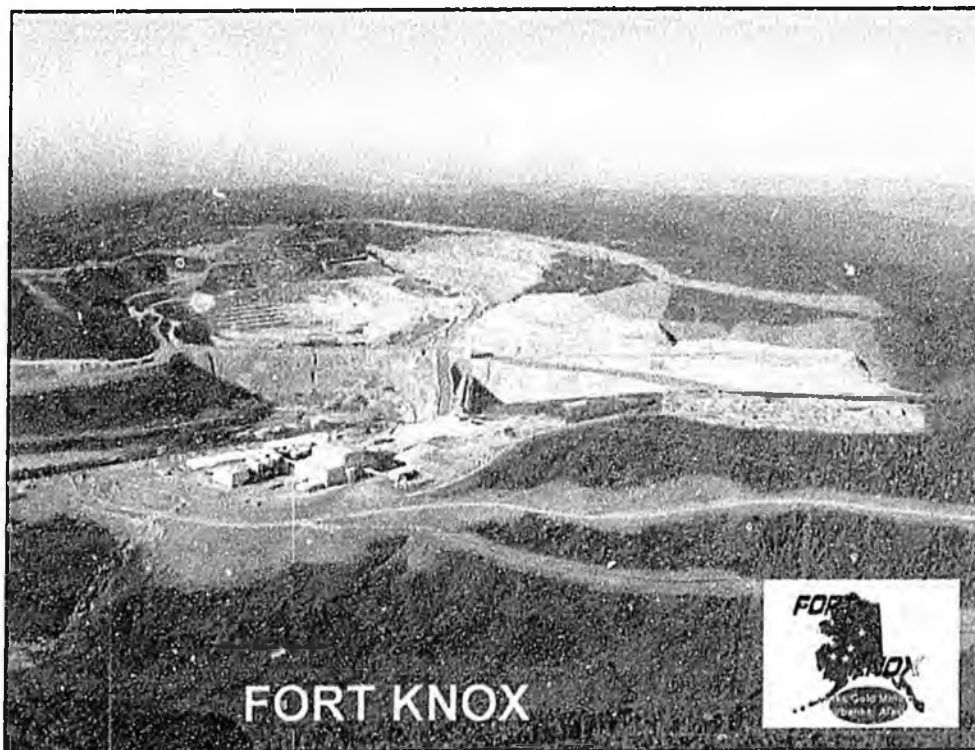
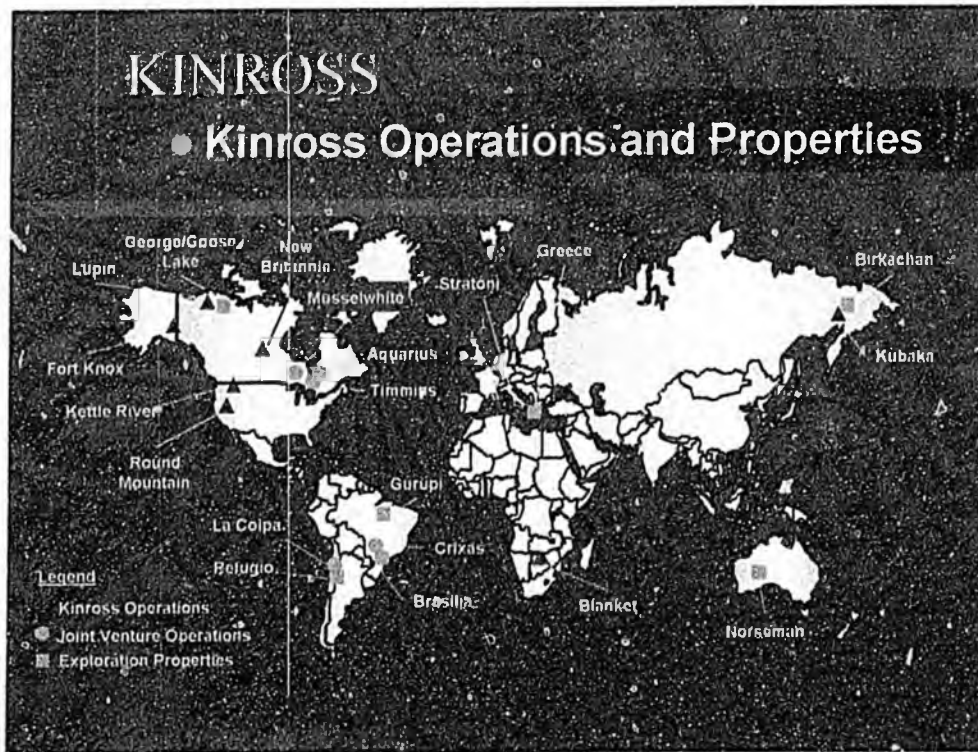
## POGO PROJECT POTENTIAL

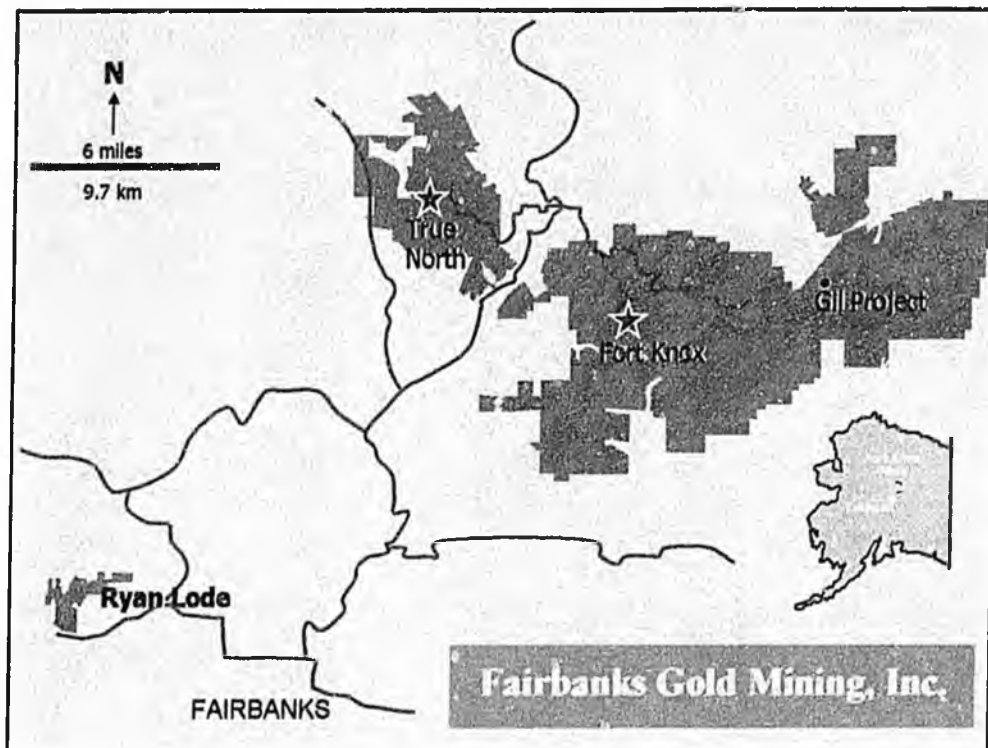
- \$250 million construction cost
- 500 construction jobs during peak of 2 year construction
- \$125 million annual production
- 10-15 year project life
- 200-300 year-round, high-quality, private sector jobs

## FAIRBANKS GOLD MINING

## Kinross Gold Corporation

- May 1993 – Company Formed
  - Initial Production 25,000 Ounces
- 1996 Production 525,000 Ounces
- 1998 Merged with Amax Gold
  - Production 1,200,000 Ounces
- January 2003 – Merged with TVX and Echo Bay
  - Production 2,000,000 Ounces





## Fairbanks Gold Mining, Inc.

1984	Visible gold discovered on Fort Knox Claims.
1987 – 1995	Exploration, environmental and feasibility studies.
1994	State and Federal environmental permits issued.
1995	Construction begins.
December 1996	First gold pour at Ft. Knox.
October 1999	One million ounces produced at Ft. Knox.
March 2001	True North Mine Begins.
May 2002	Two million ounces produced at Ft. Knox.

## Operation Update

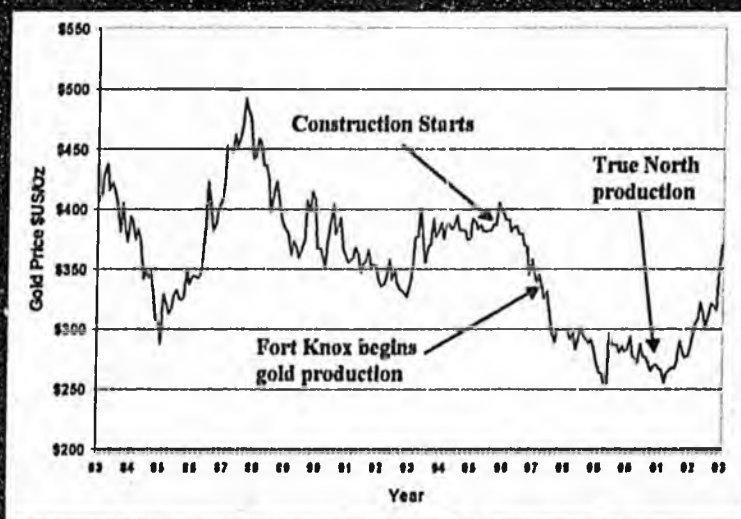
	<u>2002</u>	<u>2003</u>
Tons Mined	19,104,000	33,500,000
Ounces Produced	410,520	408,000
Operating & Capital	\$109,000,000	\$112,000,000
Personnel	388	425

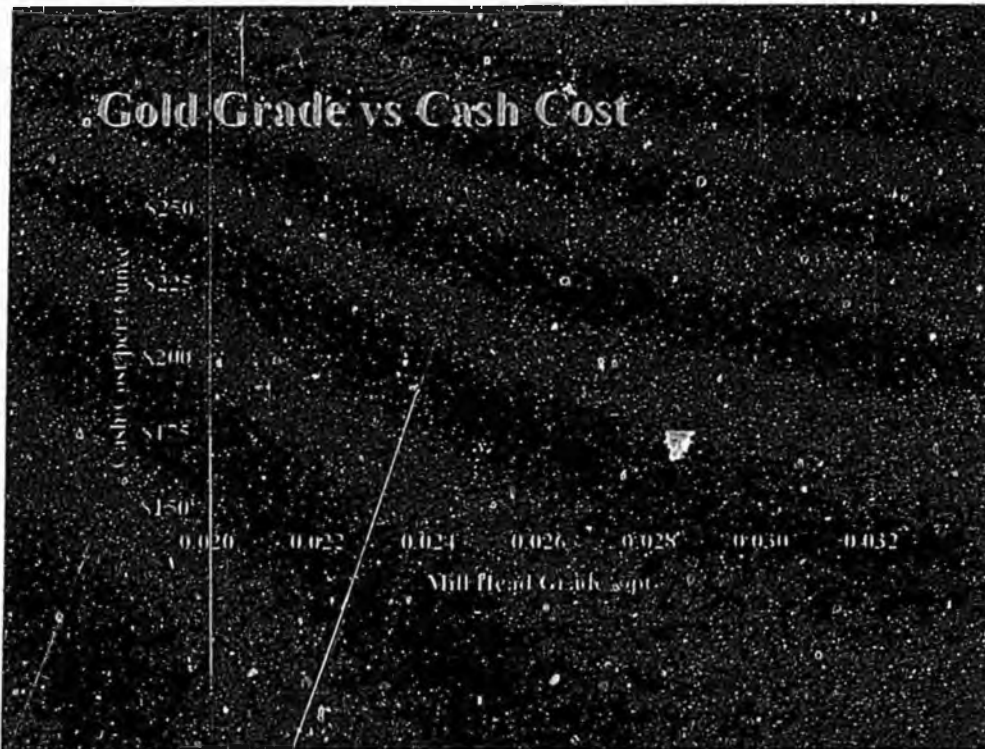
## Operation Update - Reserves

	<u>Reserve Ounces</u>
Starting 2002	2,858,000
Mined / Removed	(493,000)
Added	623,000
Closing	2,988,000

## OPERATING ISSUES

## Historical Gold Price

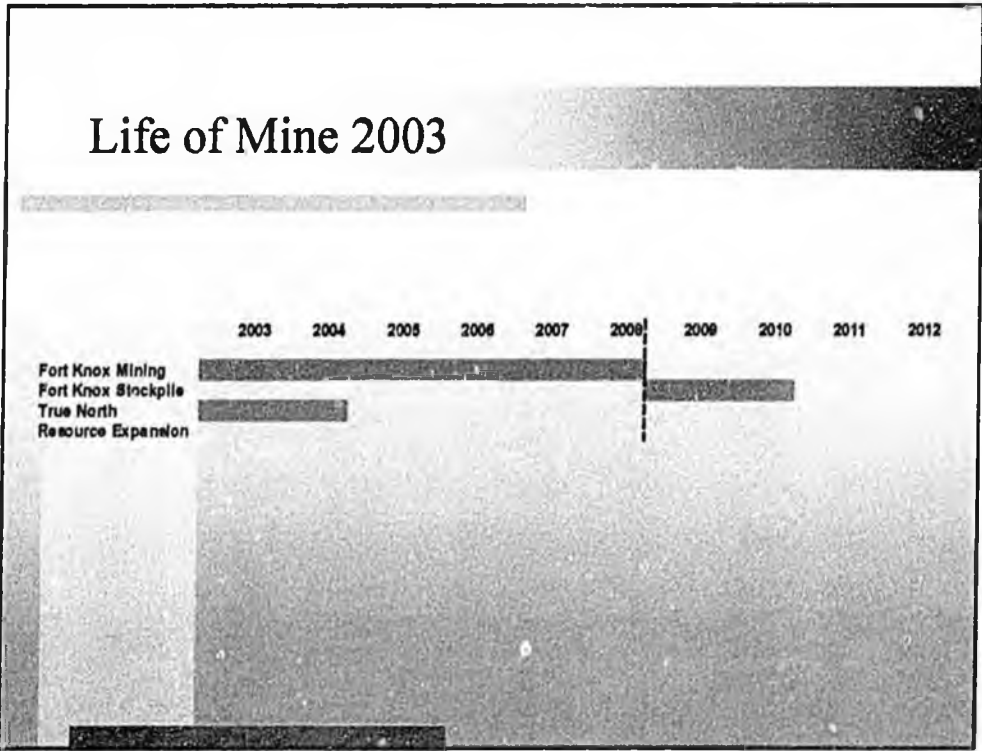
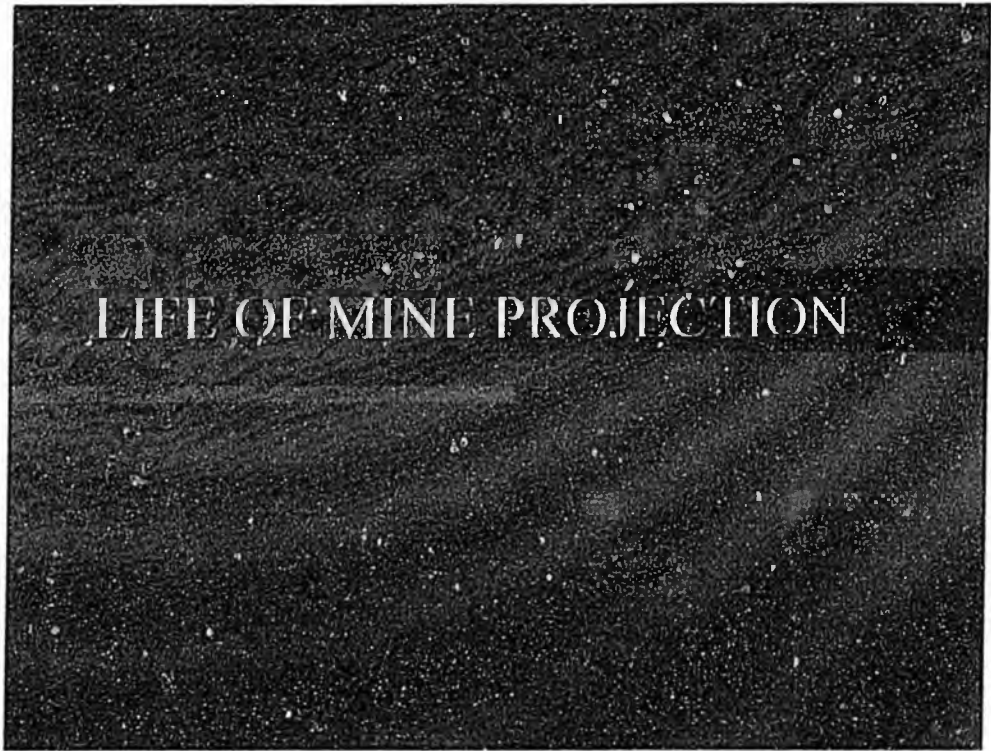




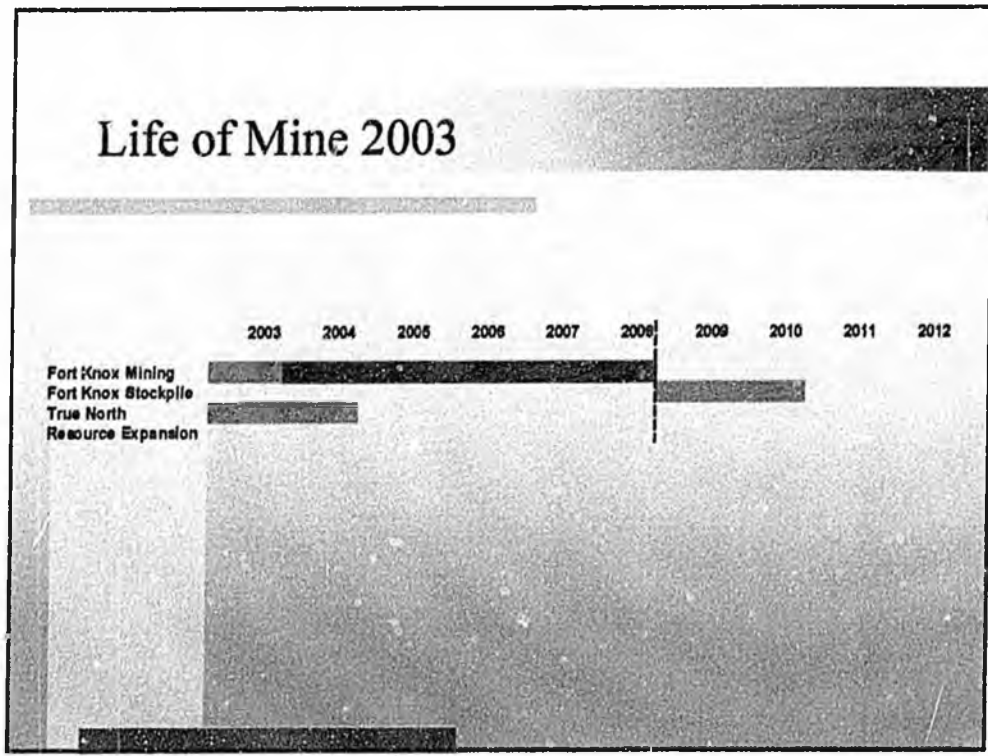
### Operating Issues

Reserve Addition

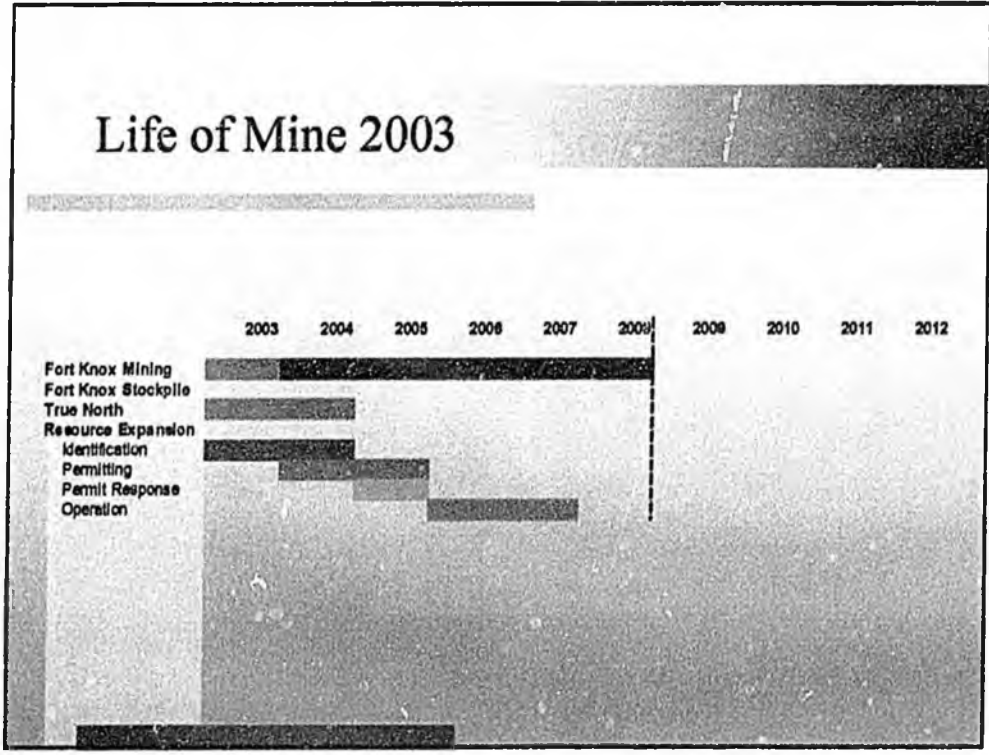
- Additional Expansion of Fort Knox Reserve
- Identification of Additional High Grade Ore Sources
  - Timely Project Identification and Permit Application
  - Timely Regulatory Permits



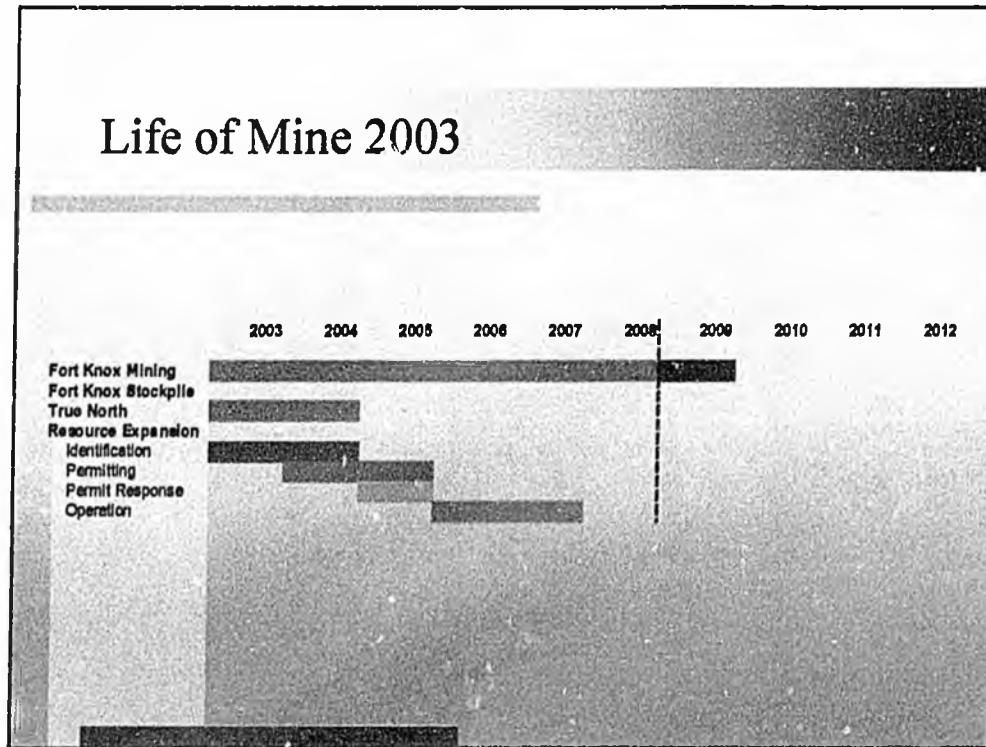
## Life of Mine 2003



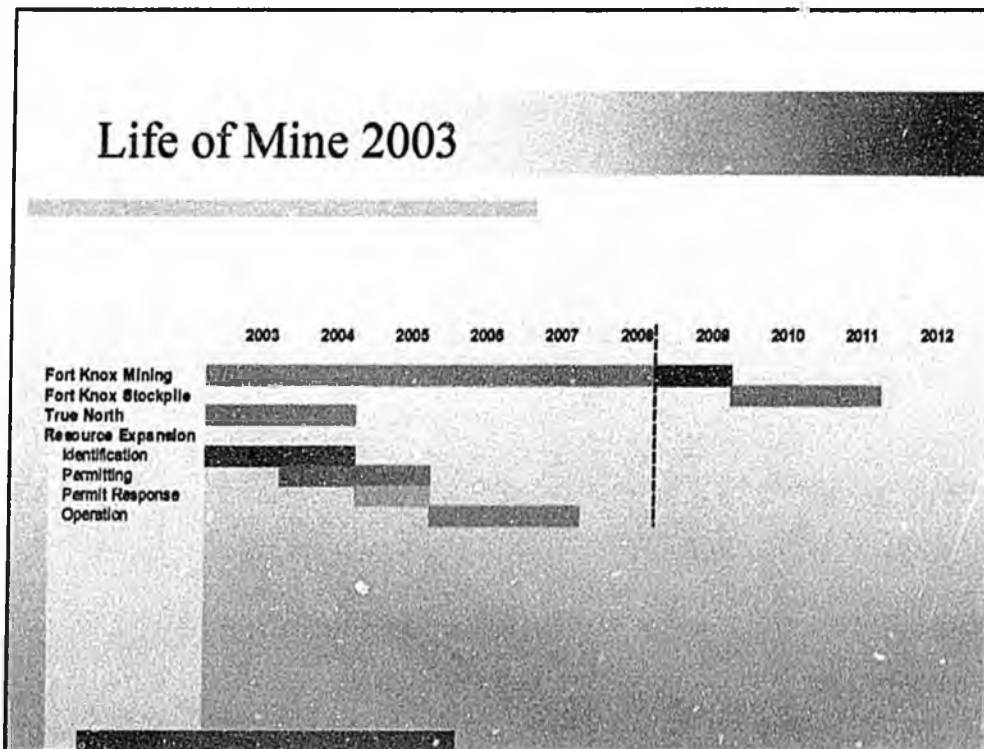
## Life of Mine 2003



## Life of Mine 2003



## Life of Mine 2003



## ECONOMIC BENEFITS

### Current Economic Benefits

- Fort Knox creates 425 direct and 510 indirect jobs in Fairbanks.
  - Direct annual payroll is \$20.9 million.
  - Average pay is 70% above borough average.
- Fort Knox spends \$52 million annually in local goods and services.
  - "Virtually all goods that are available locally are purchased locally."

## Current Economic Benefits

- Local power rates are lower due to Fort Knox
  - \$15.3 million in power represents 25% of all sold by GVEA
  - Savings of 7% to residential customers, 4% to small business and 10% to large commercial users
  - Total cost reduction is \$3.75 million to GVEA members
  - More reliable power

*Information Insights, McDowell Group, Feb. 1999  
McDowell Group Update, Jan. 2001*

## Current Economic Benefits

- Fairbanks North Star Borough (FNSB) receives \$4.4 million in mine-related revenues
  - Fort Knox pays \$3.9 million in property tax
  - 74% of employees own homes, paying \$300,000 in property taxes
  - Borough receives \$7,764 in tax revenue per job, compared to borough-wide average of \$975
  - The mine and mine-related population is 1.5% of the borough total but pays 9% of the taxes
- FGMI mine spending in 2000 will generate an estimated \$196 million annual impact on the borough economy.

*Information Insights, McDowell Group, Feb. 1999  
McDowell Group Update, Jan. 2001*