



March 29, 2013

Don Kuhle, Regulatory Division  
U.S. Army Corps of Engineers  
P.O. Box 6898  
Joint Base Elmendorf Richardson, AK 99506-0898

**Via email attachment.**

Dear Mr. Kuhle,

This letter is responsive to the U.S. Army Corps of Engineers (“Corps”) request for comments, questions and suggestions on the Donlin Gold LLC project Environmental Impact Statement (“EIS”). Millrock Exploration Corporation is an Anchorage headquartered mineral exploration and development company that operates throughout the State of Alaska including southwest Alaska.

We urge the Corps, in the EIS process, to consider the substantial social and economic benefits that could come with a large mining operation at the Donlin gold project. Major social benefits include (but are not limited to: 1) reduction of energy costs in southwest Alaska, 2) employment for local residents and other Alaskans, 3) business opportunities for local existing and new businesses and for other Alaska businesses 4) tax revenues for the state and local boroughs and municipalities, 5) increased access and improvement to local health care, 6) increased quality of education, 7) increased health of local population through reduction of drug and alcohol abuse, 8) reversal of out-migration from the region, 9) generation of revenues for Calista Corporation which are shared with all Alaska Native corporations and 10) diversification of the Alaska economy away from near total reliance on petroleum revenues. More detail on each point follows:

- 1) High heating and electrical costs are major limiting factors on the ability of southwest Alaska to generate a viable, sustainable cash economy. Despite state-paid subsidies these costs dig deep into the pocketbooks of residents. High gasoline costs limit the ability of locals to partake in subsistence gathering activities that now require motor-powered vehicles such as boats and snow machines. Because a large mine requires large amounts of fuels, bulk fuel purchases and

transportation at greatly reduced cost and price will be realized for local people and local commercial enterprises such as fishing and construction. Availability of relatively inexpensive natural gas and/or electrical energy will reduce costs for businesses, stimulate other business development, and reduce living costs for local people.

- 2) The project will create an abundance of jobs during the construction and operating phases. This puts money into the pockets of Kuskokwim communities that can drive a local cash economy.
- 3) The project will create spin-off businesses that create yet more employment and economic benefit locally and state-wide.
- 4) Taxes, or negotiated payments in lieu of taxes, will be paid to local boroughs and municipalities, not just by the mining operation but by all the spin-off business created. This is to the great benefit of all Alaskans.
- 5) More funding and local demand will mean that the local healthcare system will be improved to meet the need and demand.
- 6) Similarly, schools will have more funding, better facilities and attract better teachers resulting in an improved education base.
- 7) Drug and alcohol abuse plagues southwest Alaska. The Donlin project has already begun to change attitudes and lifestyles. People that work at the site know that they must be sober in order to retain their employment. As more people are employed, healthier lifestyles will become more prevalent.
- 8) Southwest Alaska villages have been rapidly declining in population and many have been nearly or completely abandoned. Presently, the State of Alaska provides a school for a village if it has at least 10 students. If oil revenues decline through reduced North Slope production or oil price decrease the State's ability to provide this service will be severely curtailed. The Donlin project provides part of the solution. It will create the economy that allows former residents to move back and current residents to stay.
- 9) The land upon which the mine will be built is owned by Calista Native Corporation and The Kuskokwim Corporation. Calista will share its revenues with all other Alaska Native corporations. The scope of this project is similar to that of the Red Dog Mine that has provided very substantial sums to Alaska Native Corporations, which they have in turn leveraged to build other businesses. Donlin should provide similar economic benefit.
- 10) A mine a Donlin will provide economic benefit across the State of Alaska, and thereby diminish the reliance on oil revenues. Alaska is in a precarious position because of this reliance and declining oil production. Donlin can be part of the solution to this exceptional problem faced by the state.

Southwest Alaska is presently in a stressed economic condition due to long-term reduced fish returns and decreasing federal spending and subsidies. The region faces the possibility of catastrophic decline in the event the State of Alaska is unable to continue to provide subsidies, funding and government employment due to reduced oil revenue. The Donlin project has the ability to transform the entire region and create truly sustainable communities.

We urge the Corps to consider the great social and economic benefits for local and state-wide communities.

Yours truly on behalf of Millrock Exploration Corporation and myself as a private citizen,



Gregory A. Beischer

President & CEO