



ALASKA MINERS ASSOCIATION, INC.

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March 3, 2010

Ms. Kaja Brix
Assistant Regional Administrator
Protected Resource Division, NMFS
Attention: Ellen Sebastian
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Re: RIN 0648-XT72 – Critical Habitat Designation for Cook Inlet Beluga Whales

Thank you for the opportunity to comment on the NMFS proposed rule to designate critical habitat for the Cook Inlet beluga whales. **The Alaska Miners Association does not support the proposal as it designates much too large of an area as critical habitat and will foster additional legal and financial barriers to responsible development in the region.**

The Alaska Miners Association is a non-profit membership organization established in 1939 to represent Alaska's mining industry. The AMA is composed of over 1100 individual prospectors, geologists and engineers, vendors, small family miners, junior mining companies, and major mining companies. Our members look for and produce gold, silver, platinum, diamonds, lead, zinc, copper, coal, limestone, sand and gravel, crushed stone, armor rock, etc. Our members live and work throughout Alaska and include numerous companies and individuals who will be directly impacted by any activities that would affect resource development and shipping in South-central Alaska. The Alaska Miners Association believes that the listing of the Cook Inlet Beluga whale as an endangered species was premature as evidence suggests that the whale population is recovering in response to existing environmental controls and cessation of subsistence hunting. We also strongly disagree that all of the 3000 square miles proposed as designated critical habitat is necessary to ensure survival of the species.

The Alaska Miners Association opposes the excessive areal extent of the critical habitat being proposed by NMFS. Factors that must now be considered by NMFS include the following:

Designation of such a large area of critical habitat is unnecessary to protect Cook Inlet Beluga whales. Belugas in Cook Inlet have demonstrated an amazing ability to adapt to man's activities, which have included commercial and sport fishing, oil and gas exploration and development, and shipping, over the past 100 years. The sole factor causing the decline of the beluga population was subsistence overhunting. The focus should be on the continuation of the policy to eliminate man's predation on the whales until the population can be demonstrated to have achieved a healthy level that will sustain harvest by local residents.

Additional research is needed to determine what specific areas are truly critical to preservation of the species. Critical habitat designation should be restricted to areas that are

absolutely necessary [that is the reason for use of the word “critical”] for conservation of the species. However, the entire range of the species has not been justified as critical.

Existing environmental regulations are adequate to protect the beluga population. NMFS has previously stated: “No information exists that beluga habitat has been modified or curtailed to an extent that it is likely to have caused the population declines observed within Cook Inlet”. Therefore, existing facilities such as ports (Anchorage, Point McKenzie, Nikiski, Homer, etc.), military bases, oil and gas infrastructure (Trading Bay, Nikiski, Oil and gas platforms, etc.), and permitted utilities (AWWU, Eagle River, etc.) should be specifically excluded from critical habitat designations. Project sites including the proposed port facilities at Ladd Landing, Tyonek, Iniskin Bay, etc. that are needed to service resource development projects in the region should also be excluded from critical habitat.

National Security could be affected by additional restrictions resulting from critical habitat designation. Vessel delays could compromise military activities and national security as well as increase operational costs to all American taxpayers.

Potential investors may withdraw their support for projects in the Cook Inlet region because of increased project costs. The proposed critical habitat seeks to designate the entire coast line including locations that will be crucial for future development of natural resources in the region. The designation of critical habitat will greatly increase the costs to develop projects in the region. These additional costs include: **compliance costs, litigation costs** related to suits initiated by NGOs, and perhaps the greatest of all, **lost opportunity costs** resulting from loss of investment. The evaluation of the economic costs of critical habitat must include a complete evaluation of these factors by independent investigators from outside the agencies involved in the listing and habitat designation process.

The public has a right to know what the real cost will be of designating critical habitat for the Cook Inlet beluga population. NMFS economic analysis of the costs (\$600,000) of establishing critical habitat on local communities and existing and proposed projects does not pass the red face test. These costs will not likely cover the additional Federal costs of administering the critical habitat let alone the costs to the public. Governor Sheffield reported at the February 18, 2010 breakfast meeting of the Resource Development Council in Anchorage that the Anchorage Port currently spends \$10-15 million/year on their beluga program. This translates to higher shipping costs for most Alaska residents. Municipal utilities such as the Anchorage Wastewater Utility will likely need to spend 100s of millions of dollars to improve treatment of wastewater to achieve new standards resulting from the endangerment status of the Cook Inlet beluga whale.

A credible (unbiased) independent economic impact analysis is needed to assess the financial impacts. This evaluation of the economic costs must include a complete evaluation **by independent investigators from the agencies involved in the listing and habitat designation process.**

Economic analysis of critical habitat designation **must include impacts to sport and commercial fishing, fish processing, etc.**

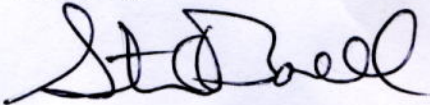
The specific projects and categories of projects that must be included in the cost evaluation must include:

- New and replacement gas & oil pipelines and associated facilities.
- New off-shore drill platforms.
- Pipelines for distribution of fuel products, petrochemicals and CO₂ from coal liquefaction and gasification facilities.
- Chuitna coal mine and port facilities for shipping coal and receiving equipment, supplies, fuel, etc.
- CIRC In-Situ coal gasification.
- Port of Anchorage Expansion.
- Port of Anchorage ship traffic and operations.
- Port of Anchorage dredging.
- Utility upgrades (including AWWU).
- New and replacement sewage facilities for all communities on Cook Inlet.
- Knik Arm Bridge construction and use.
- McKenzie Port, Alaska Railroad Intertie and the associated ship traffic.
- Military base maintenance and expansion.
- Commercial, private and military aircraft operations.
- Pebble project port facilities for shipping concentrates and receiving of equipment, supplies, fuel, etc.
- Ports for shipping gravel from Tyonek, Anchorage, Point McKenzie, etc. and the associated vessel traffic.
- Cook Inlet Ferry ports and traffic between Anchorage, Point McKenzie, Ladd Landing, Tyonek, Nikiski, Kenai, Homer, Iniskin Bay, etc.

The overall economic impacts on industries such as oil and gas, mining, tourism, transportation, and fishing and the impacts on jobs and the general public must be fully evaluated. Collectively the impacts have the potential to exceed billions of dollars.

Thank you for the opportunity to comment on this issue.

Sincerely,



Steven C. Borell, P.E.
Executive Director

Cc: Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young
Governor Sean Parnell