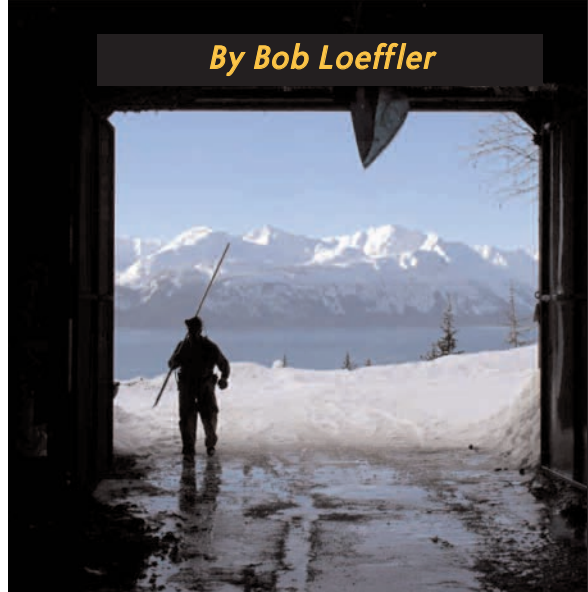




By Bob Loeffler



## INDUSTRY REVIVED

# ALASKA'S MINING RESURGENCE

Construction work is well underway at Coeur Alaska's Kensington Mine. Once in full production, the mine will net Juneau and Southeast Alaska 200-plus family-supporting jobs with \$16 million in annual payroll and benefits.

### The Place To Start: Exploration

**2005** is an expansion year for mining in Alaska. Exploration has recovered from previous lows to reach a 20-year high. Operating mines are doing well with good production, environmental stewardship and employment.

Two new mines are under construction and four more are collecting data to begin permitting. Usibelli Coal Mine has made its fourth shipment to Chile.

Communities near large mines are host to high-paying jobs and important property tax revenue, and mining's fiscal return to the state is up as well. The price of gold is hovering above \$450/oz. after a decade of low prices, and zinc and other metal prices are up.

Today's exploration is what the industry lives on tomorrow. Not surprisingly, it turns out that more exploration correlates with more discoveries. While very few exploratory drill holes result in significant discoveries, the more holes drilled, the more ore found.

A few years ago, the problem was gold prices. Gold was worth somewhat over \$400/oz. in 1995 when the price began dropping, bottoming out in 1999 at roughly \$250/oz. before starting to rebound. Junior mining companies, which conduct most of the grassroots exploration for the mining industry, were hit especially hard. With low prices severely limiting the amount of financing available, companies had to cut way

back on exploration. As late as 2003 the industry spent just \$28 million on exploration in Alaska. Last year, it spent three times that much, \$70.6 million, and I expect the 2005 total to be even higher. With luck (and good geologists), spending today will result in mines tomorrow, though that tomorrow can often be more than a decade away.

### Alaska's Large Mines: A Recent And Growing Industry

While mining issues make headlines, it is hard to remember that mining is actually a small industry. Although placer mines are important to Alaska's history and still provide jobs that support families in some communities, most of today's production and

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employment comes from the state's large mines. Alaska has only four such mines.

Alaska's oldest large mine, the Usibelli Coal Mine in Healy, has been supplying Alaska with coal since 1943. But the three hard rock mines are all recent additions to Alaska. In fact, the state had no hard rock mines from the closure of Juneau's A.J. Gold Mine in 1944 until 1989. That year the Greens Creek Silver Mine near Juneau and the Red Dog Lead-Zinc Mine north of Kotzebue began production. The Fort Knox Gold Mine in Fairbanks began eight years later in 1997. These last 15 years have seen a new industry grow in Alaska – the hard-rock mining industry. While it is a small industry – these three mines employ only 1,132 people – it is important to nearby communities and the state.

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### Resource Development Council

121 W. Fireweed, Suite 250  
 Anchorage, AK 99503  
 Phone: (907) 276-0700  
 Fax: (907) 276-3887  
 E-mail: [resources@akrdc.org](mailto:resources@akrdc.org)  
 Website: [www.akrdc.org](http://www.akrdc.org)

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 Writer & Editor Carl Portman

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Resource Review is the official periodic publication of the Resource Development Council (RDC), Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in a responsible manner and to create a broad-based, diversified economy while protecting and enhancing the environment.



## WHY CANADA MATTERS TO ALASKA

Alaska and its closest neighbor, Canada, share a 1,500-mile international border and a strong, historic relationship forged by the Klondike Gold Rush and the building of the crucial Alcan Highway during World War II.

Today, ties have never been stronger, thanks to the vibrant cross-border trade taking place daily, from Kaktovik to Ketchikan.

In 2004, more than three-quarters of Alaska's exports to Canada were mineral and fish products. The resource-based industries driving this trade also are providing good jobs for Alaskans, particularly in rural areas, while at the same time promoting the responsible development of Alaska's resources.

Thanks to free trade, Canada ranks as Alaska's third-largest international trading partner — a position it has held since 1990. In 2004, total two-way trade was valued at \$531 million, jumping a healthy 7 percent over 2003. These numbers bode well for Alaska and Canada.

As fellow northerners, we share common economic and environmental challenges, Native links spanning centuries and countless personal ties. We are also partners in North America's air defense. Thirty-two Canadian military personnel who call the Anchorage area home are stationed at Elmendorf Air Force Base, where they serve side by side with their U.S. counterparts.

In fact, Alaska and Canada's relations are so close, at so many levels, that Canada's importance to Alaska's economy may be overlooked. But a new economic impact study commissioned by the Consulate of Canada found some impressive figures that deserve more attention:

- In 2004, Canadian companies in Alaska annually employed some 2,600 Alaskans.
- The direct and indirect total impact tied to Canadian economic activity in this state amounted to \$330 million last year.
- Annually, about 100,000 Canadians visit Alaska, spending \$81 million in the state.
- Between 1981 and 2004, Canadian companies invested \$2.3 billion in mining and exploration in Alaska.

Canadian mining firms, in particular, have played a key role boosting a vibrant sector of the state's resource-development economy.

The \$2.3 billion that Canadian mining companies spent in exploration and development amounts to three-quarters of all mining expenditures in Alaska between 1981 and 2004. This has provided hundreds of well-paying, year-round local jobs for Alaskans. According to the Department of Labor and

Workforce Development, the average mining job in Alaska earned approximately \$5,800 per month in 2004 (or \$70,000 per year). Last year, Canadian mining companies employed approximately 900 Alaskans. These companies are committed to environmentally-responsible development whether they are working in Canada, Alaska or other locations around the world.

Canadian businesses also are active in other key sectors of Alaska's economy. NANAColt Engineering, Nordic-Calista Services #1 and Acuren provide oil field services. Petro-Canada and Fortuna Energy have both invested millions of exploration dollars in the National Petroleum Reserve — Alaska.

Canadian transportation companies help keep Alaska's commerce humming. The Northern Transportation Co. Ltd., provides shipping from the Mackenzie River to Kaktovik and the North Slope oil-fields. Farther south, CN AquaTrain moves materials critical to Alaska's mining and oil and gas industries, as well as equipment, chemicals and vehicles on a marine-rail link from Prince Rupert, B.C. to Whittier via an ocean tug.

In rural areas, the Alaska Commercial Co.'s 27 outlets and 750 employees bring merchandise and groceries to smaller communities. In Anchorage, Capitol Glass/Northern Windows employs 45 people, manufacturing window products. And the fertilizer giant Agrium provides jobs on the Kenai.

Alaska's tourism industry is vitally linked to Canada, via cruise ship traffic, the Alcan Highway and the Alaska Marine Highway System. All cruise ships, and their nearly 900,000 passengers, pass through Canada at some point on their scenic journeys. More than 400,000 cruise ship passengers take day trips from Skagway on the White Pass & Yukon Route railway — yet another Canadian-owned company contributing to Alaska's economy.

Finally, Canada remains a player in Alaska's seafood industry, buying \$83.5 million of Alaska's seafood exports in 2004.

As we look ahead, possibly to a gas pipeline connecting the North Slope with North America's energy market, Alaskans and Canadians can both expect to benefit from mutually beneficial free trade and continued cooperation that has been the hallmark of this unparalleled relationship in North America.



*Consul Karen Matthias delivers a briefing to the RDC Board on the economic impact of Canada on Alaska at a recent meeting in Girdwood.*



*Consul Karen Matthias, Canadian Consulate, is based in Anchorage.*

# A BIG YEAR FOR ALASKA MINING

(Continued from Page 1)

## Scenes From Coming Attractions: Pogo & Kensington

Alaska's three hard-rock mines will soon be joined by two more. The Pogo and the Kensington gold mines are under construction. The Pogo Gold Mine, 48 miles northeast of Delta Junction, will be the first large mine on state land in Alaska. The operator, TeckPogo, expects to pour gold in January 2006.

Kensington, north of Juneau, began construction this last July, and the operator, Coeur Alaska, Inc., expects to pour gold in 2007. Kensington must overcome litigation filed against its fed-

eral permits last June by the Southeast Alaska Conservation Council. The State of Alaska recently intervened in the lawsuit on the side of the company. No trial has been scheduled, and a court decision is unlikely to occur until after the mine is mostly constructed.

## Coming Soon To Permitting: Rock Creek, Donlin Creek, Chuitna & Pebble

The Rock Creek Gold Mine consists of two small prospects, Rock Creek and Big Hurrah, near the heart of Alaska's gold country: Nome. It is a "small" large



The Greens Creek Mine near Juneau is an underground operation extracting primarily silver, zinc, gold and lead. The mine is operated by the Kennecott Greens Creek Mining Company.

mine, projected to produce 100,000 oz/year over an expected five-year mine life. Rock Creek is on state land just north of Nome, and Big Hurrah is located on private lands 50 miles to the east. Permitting discussions with state agencies have just begun. If the company, Alaska Gold, successfully works through permitting issues, its draft permits and operating plan will be open for public comment this winter.

Donlin Creek, on Calista and TKC Corporation lands in the Kuskokwim Region, is a much larger mine prospect. While exploration has already brought much-needed employment to the job-poor region, actual mine operation could create a projected 400-500 jobs. But a bigger mine means a longer permit

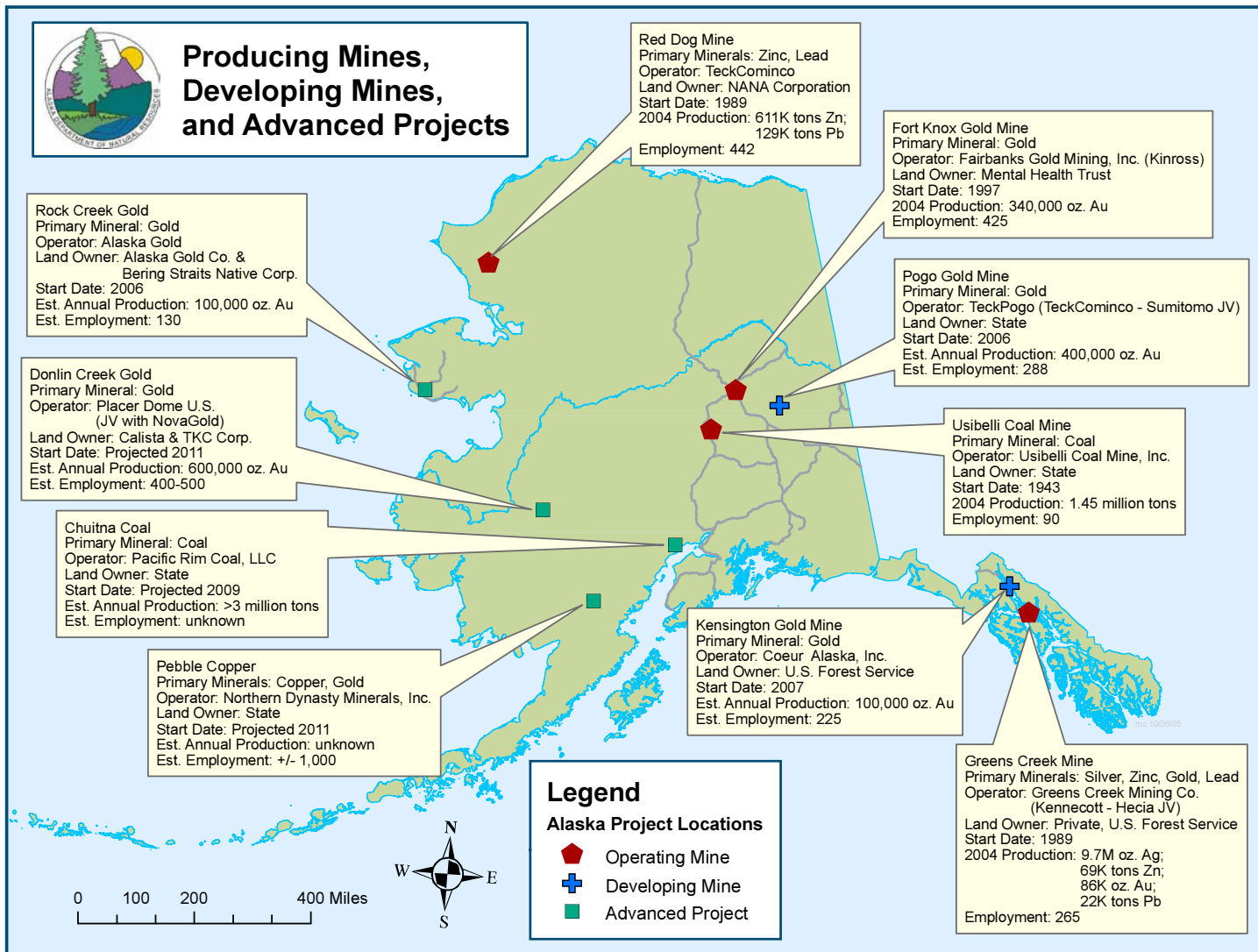
process, including a multi-year federal environmental impact statement. Placer Dome U.S. and NovaGold Resources, Inc., expect to begin three years of permitting for Donlin Creek within a few months.

The Chuitna Coal project is the third large mine almost ready for permitting evaluation. It is located near Tyonek across Cook Inlet from Anchorage, in the Kenai Peninsula Borough. Though mostly permitted in 1990, it is returning with an updated mine plan anticipating the export of more than 3 million tons of coal each year. Agencies are starting to consider the revised proposal, and the federal EIS process is expected to begin in the coming months.

The Pebble Mine, a pro-



The Usibelli Coal Mine operates on state leases near Healy. The mine has been in production since 1943. Most of Usibelli's coal is used by local utilities in the Interior. However, some is also exported overseas to South Korea.



posed copper-gold development 20 miles northwest of Iliamna Lake, generates the lion's share of questions, rumors, newspaper ink, and controversy about mining. Pebble's development company, Northern Dynasty Minerals, Inc., has published a reserve estimate of almost 18.8 billion pounds of copper (including measured and indicated reserves), and estimates the operation could employ up to 1,000 people.

But the site also brings significant environmental challenges, most related to its location in the upper watershed of the Koktuli River, near Upper Talarik Creek. These streams produce fish that are some of the most sought-after in Alaska for

subsistence, sport, and commercial use.

While Northern Dynasty is working hard, it has not yet generated all the data government agencies need to evaluate whether the company can adequately meet the site's environmental challenges. Northern Dynasty does not expect to enter detailed permitting discussions with the agencies until at least next summer.

Taken together, these mines represent a tremendous increase for the mining industry and for Alaska's communities: four operating mines today, two under construction, and four more ready to begin permitting. Within the decade, Alaska could go from four to 10 op-

erating large mines. This is a big change from early 1989, when Usibelli Coal represented Alaska's entire large-mine industry.

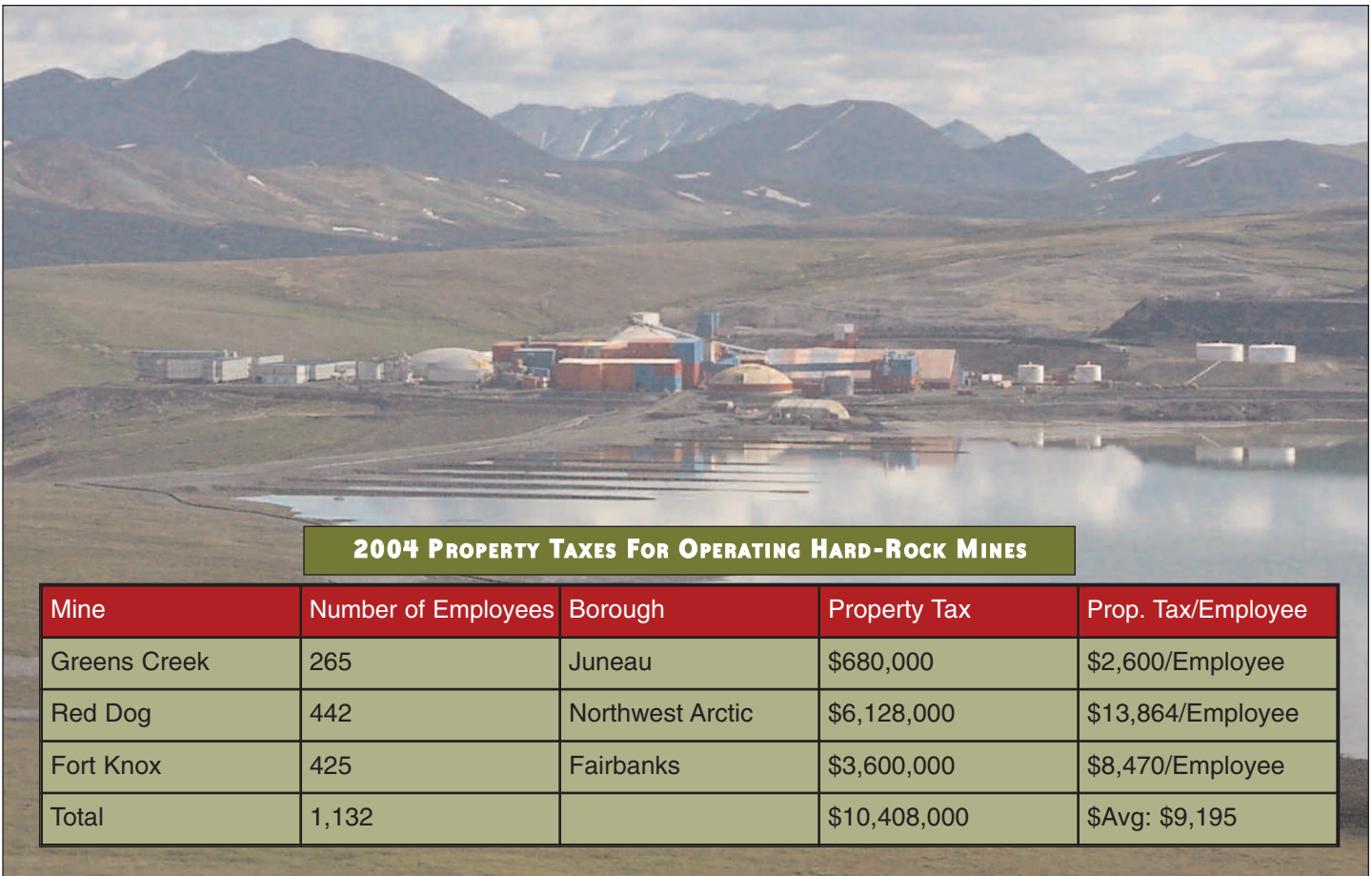
### What's In It For Alaska? A Local & State Financial Perspective

Mining is a small industry today, and will remain small in terms of statewide employment even if it expands to 10 large mines. It will never replace oil as Alaska's financial engine. But as Red Dog demonstrates, mining can make huge contributions to local and regional economies. It is important, though, for mining to pay its own way at both the local and state levels.

Given Alaska's fiscal structure, in which local governments depend on property taxes for revenue, high-wage, capital intensive industries are the best source of local government revenues. Mining is one of the few industries, other than oil that fits this profile.

The mining industry paid \$11 million to local governments in 2004. While perhaps not significant statewide, this amount represents essential and welcome revenue for affected communities. The table on page six shows property tax (or payment in lieu of taxes) for Alaska's three large hard-rock mines. In each case, the mine is the largest taxpayer in

*(Continued to Page 6)*



**2004 PROPERTY TAXES FOR OPERATING HARD-ROCK MINES**

Mine	Number of Employees	Borough	Property Tax	Prop. Tax/Employee
Greens Creek	265	Juneau	\$680,000	\$2,600/Employee
Red Dog	442	Northwest Arctic	\$6,128,000	\$13,864/Employee
Fort Knox	425	Fairbanks	\$3,600,000	\$8,470/Employee
Total	1,132		\$10,408,000	\$Avg: \$9,195

## MINING BENEFITS ALASKA, INDUSTRY HAS RESPONSIBLE ENVIRONMENTAL RECORD

*(Continued from page 5)*

the borough, paying an average of almost \$9,200 in property taxes per employee. (The totals do not include taxes paid by employees on their housing, nor taxes paid by suppliers).

The mining industry also pays rents, royalties, mining license taxes, corporate income taxes and various other smaller fees to the State of Alaska. Lease and claim rentals are paid to the state independent of mineral prices. Operators pay royalties, mining license taxes, and corporate income taxes on

their net profits, with certain significant deductions:

- Royalty: 3% of net profits (due for mines on state land only)
- Mining License Tax: ≤7% of net profits, due for mines on any land ownership
- Corporate Income Tax: ≤9.4% of net profits due for mines on any land ownership
- Total Net Profits: Up to 19.4%

As these are taxes on net profits, payments vary with

metals prices and expenses. When gold prices fell to \$250/oz in 1999, Alaska's mines did not make large profits and owed little in the way of royalties or state taxes. Total contribution to the state during those years averaged between \$5 million and \$6 million. In 2004, when gold prices climbed back above \$400/oz, profits increased and so did the contribution to the state, with state payments totaling \$15.8 million in 2004. A portion of this, approximately \$1 million in 2004, went to the Alaska Permanent Fund.

In summary, 2005 has been

an expansion year for the mining industry. Prices are high. Alaska's mines have a record of environmental responsibility. Our four operating large mines will soon be joined by two more, with permitting evaluations ready to start for another four.

With exploration levels as high as they are, we should see even more discoveries in the years to come. With any luck, this expansion year will become an expansion decade for Alaska's mining industry, communities, and workers.

*Bob Loeffler is the Director of the Alaska Division of Mining, Land and Water.*

# PROGRESS AT KENSINGTON GOLD MINE

*With construction well underway, production at the Kensington Gold Mine near Juneau could begin by 2007. Coeur Alaska said the mine will produce approximately 2,000 tons of ore per day.*



Construction at the Kensington Gold Mine is well underway, just months after the project received all state and federal permits. Nearly 200 people are now working at the site. Kensington will employ an estimated 300 to 400 people during the 22-month construction phase.

Production is anticipated to begin in 2007. Coeur Alaska, which operates the Kensington project, said the mine will produce approximately 2,000 tons of ore per day. It will produce another 400 tons of development rock per day, over an estimated 10-year life period.

The Kensington Gold Mine is located about 45 miles north of Juneau, on federal land overseen by the U.S. Forest Service (USFS). Operations are also on State of Alaska tidelands, and on private patented property. The project plan calls for underground mining, offsite processing of floatation concentrates, and placement of tailings into Lower Slate Lake.

The Southeast Alaska Conservation Council, Lynn Canal Conservation and the Sierra Club are now suing the U.S.

Army Corps of Engineers over a permit that allows tailings placement in Lower Slate Lake, despite the fact that the permitting process clearly allows such disposal, and Coeur Alaska has a long-term reclamation plan that will restore and enhance the lake's habitat.

The Murkowski administration, the Southeast Conference, and Goldbelt Incorporated are among the groups who stand behind Kensington and its efforts to operate an environmentally-sound mine. The project also enjoys widespread community support in Juneau and Southeast Alaska.

Coeur Alaska spent \$25 million on 900 environmental studies to ensure the mine is clean, safe and in compliance with all state and federal laws. Kensington said it will not discharge any untreated water and has more than \$7 million set aside for reclamation of land to restore Lower Slate Lake and the surrounding area.

Southeast Alaska stands to gain much from the mine, which will provide more than 200 family-supporting jobs when

fully operational. Kensington estimates it will have an annually payroll and benefits of more than \$16 million, and induce another 500 jobs in Southeast Alaska. The Murkowski administration said Kensington will generate over \$5 million in taxes for the state.

To date, Kensington already has issued contracts worth over \$42 million – with 85 percent of those going to Alaskan vendors. It currently has an 80 percent Alaskan hire rate – and a 24 percent Native Alaskan hire rate.

The Kensington Gold Mine has been more than 17 years in development and Coeur Alaska has worked cooperatively with local fishing and tourism groups, as well as environmental groups, in an attempt to allay any concerns about development. Coeur Alaska has worked to maintain a dialogue with the community, providing regular updates and information to the community.

Coeur Alaska is part of Coeur d'Alene mines, which is based in Coeur d'Alene Idaho.

## SIGNIFICANT NEW MINERALIZATION DISCOVERED AT PEBBLE

Northern Dynasty Minerals has announced assay results for two additional core holes on the eastern edge of the Pebble deposit that reinforce the recent discovery of significant new min-

eralization there.

The company said that its drilling program "continues to substantiate that a major new porphyry mineralized system, which appears to have excellent copper, gold and molybdenum grades, has been discovered." This mineralized system, according to the company, extends much deeper than the depths that have been drilled to the west.

Additional extensive drilling will be required to fully delineate the discovery and Northern Dynasty is now assessing the potential effect it may have on the

company's timeline for permit applications.

This year the Pebble project is the focus of a comprehensive \$35 million program consisting of drilling, engineering, environmental and socio-economic studies designed to complete a feasibility study in December and prepare environmental permit applications for submission during 2006 for a major copper, gold and molybdenum mining operation. The deposit is located about 230 miles southwest of Anchorage in the Iliamna region.



## PEBBLE PROSPECT SIMILAR TO EARLY CHAPTERS OF RED DOG STORY

When I first went to the Red Dog area in 1982, the land was still in its original state and it was hard to imagine the changes that lay ahead. We waded across a small stream, waters that ran high in acid leached naturally from the rocks. Stains of red and orange gave evidence of the valuable zinc and other metals in the area.

The prospect lay on land owned by NANA Regional Corporation. NANA had made a difficult development decision. The company was keenly aware of the social and environmental risks that accompanied a large open pit mine; but they were also aware Northwest Alaska had few viable economic opportunities.

Dialog was held and an early survey revealed the majority of NANA shareholders rejected mining, fearing its consequences. But after the specific facts and potential of Red Dog were evaluated, shareholders accepted the concept and when the elders approved the mine, NANA proceeded to find a mining company to undertake the development.

Never in Red Dog's history has it achieved 100 percent support from its constituency. Any major rural project will face detractors. The tangible economic benefits will be debated against the more intangible social and environmental risks. Compounding the difficulty is that Alaskan rural projects face national scrutiny, both from conscientious groups and those who raise money from Alaskan environmental causes.

Today, Red Dog is by far Northwest Alaska's largest private employer, with about 230 NANA shareholders working in a total work force approaching 450. All this employment and mine-related support services would disappear without the mine. What would Northwest Alaska be today without the huge contribution from Red Dog? The large majority of people who live there believe the mine has been an asset.

A similar story may be playing out in Bristol Bay, where Northern Dynasty has defined Pebble Copper, a copper/gold/molybdenum deposit of extraordinary size. This prospect is different from Red Dog in a number of ways. Pebble lies on State not Native land, so there is no single local entity to help guide the decision and development process. Also, the Bristol Bay region has an existing private economy generated by commercial and sports fishing, both closely related to the area's abundant salmon. Compared to Northwest Alaska, Bristol Bay has more communities and more non-Native residents, two existing boroughs and many non-resident users. All of this means more stakeholders and "points of view" than existed in the Red Dog debate.

Northern Dynasty was established specifically to explore and if feasible, prepare Pebble Copper for development. To

date they have made a substantial financial commitment, spending approximately \$70 million dollars to evaluate the property. This includes \$2.5 million just this year for local services and employment. They should be credited with a constructive effort to hire locally, this year employing 21 people each from Iliamna and Newhalen alone. They have also aggressively supported regional and local events, youth programs, donated helicopters in response to emergencies, and supported the Bristol Bay Native Corporation's shareholder scholarship program. They understand the need to spread economic benefits around, using various local lodges and bed and breakfasts, and are working with a number of Bristol Bay community businesses. Like the fishing business, mining will never be able to meet all the area's needs or expectations, but to date Northern Dynasty has shown it is aware of the importance of their project to the region.

The potential large size of the deposit, sometimes cited as a risk, is more likely a benefit, because any entity or consortium capable of developing it will also have high global standards and the capacity to deal with the unexpected. The reality today is no company capable of spending more than a billion dollars to develop this mine can afford any major environmental incident, so they will doggedly protect the area from adverse impacts. The mine is also large enough to benefit the State far beyond the Bristol Bay region.

Northern Dynasty acknowledges it is an explorer but not a base metal mine operator. It is holding discussions with the world's largest copper companies to find a development partner. It expects one will become involved if the geology and metal markets render Pebble Copper's feasibility study favorable, a critical financial milestone to be completed one way or the other this winter.

History has shown there will be strong opposition to Pebble regardless of its merits. One group has already organized, primarily representing sports lodges and guides in the Bristol Bay region. This group points to the checkered history of mining, citing examples of problems that go back more than a century. But would the hunting and fishing business in Bristol Bay be accepted today if it had to be judged by its own past? Segments of this business generated trespass conflicts with traditional land users, killed the biggest rainbow trout for photographs, and paid little heed to their social or economic role in the communities. Today, quality sport operators in rural areas have learned how to do it better, and the same is true in the mining industry. In this debate, people should be skeptical of those on either side that spread fear or unrealistic

*(Continued to Page 9)*



## RDC NEWS DIGEST

### RDC SUPPORTS OPENING SOUTH NPR-A

Given the outstanding track record of the oil and mining industries in the arctic and sub-arctic, as well as the technological advances of the past decade, RDC urged the Bureau of Land Management to open South NPR-A to mineral entry, as well as oil, gas, industrial mineral and coal leasing.

In planning for the future, RDC said it is imperative BLM devise adequate and reasonable mitigation measures to protect important surface values, as much of South NPR-A is important to local residents for subsistence and recreational needs. RDC said the southern portion of NPR-A should be managed with a multiple use philosophy, allowing for the co-existence of development, recreation and subsistence uses.

NPR-A was designated by Congress for future energy production. The northern foothills of the Brooks Range have significant potential for base metals discoveries similar to the rich zinc and lead ores found at the Red Dog Mine. The region may also hold some of the most significant coal deposits anywhere in the world and commercial quantities of natural gas.

To read RDC's Action Alert on this issue, visit the RDC website at [www.akrdc.org](http://www.akrdc.org).

### RDC WEIGHS IN ON OCS PLAN

In a letter to the U.S. Minerals Management Service last month, RDC supported increased access to the Alaska Outer Continental Shelf in the agency's upcoming 2007-2012 oil and gas leasing plan.

The Alaska OCS is an important future source of energy for Alaska and Lower 48 markets with an estimated 25 billion barrels of oil and 122 trillion cubic feet of natural gas potential in place. The Chukchi Sea is considered the most prospective offshore basin in the country.

RDC said improved access to the Alaska OCS in a thoughtful and environmentally-sensitive way could significantly improve the nation's domestic energy position.

Specifically, RDC supported inclusion of the Beaufort and Chukchi seas, Cook Inlet and the North Aleutian Basin in the agency's five-year plan. RDC emphasized that any sales in these areas should move forward in a strong regulatory regime that protects the environment, other resource users and traditional ways of life.

Subsistence whaling is vitally important, both economically and culturally, to North Slope villages, and fishing is the foundation of the Bristol Bay economy. Commercial and sport fishing in Bristol Bay are important to the economic and cultural well-being of many Alaskans.

With new technology and a strong regulatory regime, RDC is confident oil and gas production can occur offshore in an environmentally-responsible manner.

Given the long lead times for development, which can exceed ten years, if a new area isn't included in the 2007-2012 plan, it wouldn't be eligible for re-consideration of leasing until a subsequent five-year plan is prepared, pushing potential production from new leases back beyond 2020.

Some 85 percent of the American OCS is currently off-limits to energy production. These off-limit areas were established 24 years ago under an entirely different energy picture and regulatory regime than exists today. RDC believes the time has come to reevaluate this policy and focus on geographically diversifying its domestic energy supplies.

*(Continued to Page 11)*

## NORTHERN DYNASTY MUST PROVE PEBBLE PROJECT ECONOMIC, WILL BE TESTED HARD FOR ANSWERS

*(Continued from Page 8)*

expectations. The truth will be found by looking at modern standards of mining behavior and operation, environmental protection, and the real physical and social impacts which are inevitable and unavoidable.

This leads to a key question facing Bristol Bay. Today they have a commercial and sport fishing economy largely dependent on the area's superb salmon resources. This economy is good to its participants, but passes by many village residents and stores, and offers little growth or entry to people not already in the business. There are numerous villages in Bristol Bay that practice subsistence but do not significantly participate in the financial benefits of fishing. In these areas, economic opportunities are limited and the social consequences of this are high.

The way it is today, if disease or market conditions ever demolish the salmon fishery, the economy and subsistence of

Bristol Bay would be demolished too. Pebble Copper may be an opportunity for the region to add another, non-correlated leg to its economy. The mining company must still prove the deposit economic, and then will be tested hard for answers during the permitting process. That process will let the public determine the level of risks, impact and potential benefits. I urge people to listen with care, to judge whether those offering information are held to an independent high standard, to consider the record and point-of-view of the source, and to recognize that there are no simple solutions. There will never be total approval or opposition to a mine in this area. In the end, local leaders will have to work with the people to decide and then support the appropriate future for the region.

*John Rense provides consulting and strategic planning through his businesses JRE, LLC and the Girdwood Leadership Institute. He is a board member of the Iliamna Development Corporation. Previously at NANA, he was associated with Red Dog for almost 20 years.*

# RDC's 2005 Community Outreach To Girdwood

**Many thanks to our sponsors: ExxonMobil, BP, ConocoPhillips, VECO, Northern Dynasty Mines Inc., Alaska Railroad Corporation, Holland America Line, Alyeska Resort and Anadarko Petroleum Company**

More than 35 RDC Board members, staff and guests participated in the 2005 Community Outreach Trip to Girdwood October 7-9. The RDC delegation received numerous briefings on current issues and projects and took field trips in and around the Girdwood area. The board participated in a wide range of activities, including a hike to Winner Creek Gorge, a visit to the Alaska Wildlife Conservation Center in Portage (formerly Big Game Alaska) and enjoyed a scenic train ride aboard the Alaska

Railroad from Anchorage to Spencer Glacier. The board also visited the Crow Creek Mine. At the Alyeska Prince Hotel, the board was briefed on the Winner Creek Project by John Rense, Girdwood Leadership Institute and a past president of RDC. Local residents Lana Johnson and Chris Von Imhof, Vice President and Managing Director of Alyeska Resort, delivered a multi-media presentation on the history of Girdwood and Alyeska Resort.



Above, RDC board and guests enjoy a scenic train ride to Girdwood and Spencer Glacier. At right, the RDC delegation poses for a photo opportunity.



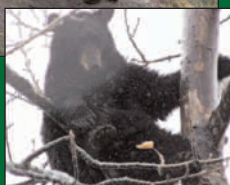
Alaska Railroad President Patrick Gamble and Chugach National Forest Supervisor Joe Meade brief RDC as the train heads to Spencer Glacier.



At left, Shawn Toohey demonstrates gold panning at Crow Creek Mine. Below, Paula Easley and host Cynthia Toohey visit.



Grizzly bears, black bears, wood bisson, elk, and moose are among many animals in a natural setting at the Alaska Wildlife Conservation Center.



Above, Scott Thorson and Deantha Crockett on the Alaska Railroad. At left, the hand tram across Winner Creek Gorge provides excitement.

# RDC NEWS DIGEST

## NEW MIXING ZONE REGULATIONS

In 2004, the Alaska Department of Environmental Conservation (DEC) proposed several changes to current mixing zone regulations. DEC received many comments, most of them expressing concern over mixing zones in fish spawning areas. As a result, DEC, along with the Department of Fish and Game and the Department of Natural Resources reviewed the comments and together formulated a new and significantly different 2005 proposal for mixing zone regulations.

If adopted, the new regulations would end a long-standing ban on discharges into streams and rivers where salmon and other species venture at stages of their life cycle. The state believes the change is needed because an outright ban on mixing zones does not always make sense.

Local community sewage treatment plants, fish processors, hatcheries, oil and gas platforms, mines and other operations use mixing zones.

DEC noted that some discharges do not harm fish and others would be timed to avoid spawning seasons. Applicants desiring a mixing zone would have to pass a 19-part test and would be required to prove that the timing and composition of the discharge would not hurt fish.

Comments are being accepted on the new regulations up to December 15. Visit the DEC web page for more information: [www.dec.state.ak.us/water/wqsar/trireview/mixing\\_zones.htm](http://www.dec.state.ak.us/water/wqsar/trireview/mixing_zones.htm).

## COURT TO RULE ON CRUISESHIP TAX

On October 10 the Alaska Superior Court held oral arguments in the North West Cruiseship Association's (NWCA) case against the State of Alaska challenging the validity of an eight-page ballot initiative that would place four new taxes on the cruise ship industry and its passengers. A decision from the court is expected in November. RDC is a co-plaintiff in the suit.

NWCA said the ballot initiative is punitive in nature and is an overreaching measure that will discourage many visitors from coming to Alaska and will hurt local businesses. For more information, visit the NWCA web site at: <http://nwcruiseship.org/group.cfm?menuid=146>.

## ESSENTIAL FISH HABITAT SHOULD BE LIMITED

RDC submitted comments on the reauthorization of the Magnuson-Stevens Act (MSA) to the State on October 17 and Projects Coordinator Jason Brune testified on the issue before a panel of state officials. His comments specifically focused on limiting the extent of Essential Fish Habitat (EFH).

Brune noted that the EFH program is redundant to a host of federal, state and local regulatory procedures that ade-

quately protect fish habitat and other coastal and inland resources, including the National Environmental Policy Act and the Clean Water Act.

RDC supports an amendment to the MSA to limit the geographic scope of EFH designation and related agency consultations to those areas outside state coastal and inland waters.

## HEALY GAS ONLY EXPLORATION LICENSE

The Alaska Department of Natural Resources has issued a Preliminary Best Interest Finding for a Proposed Healy Area Gas Only Exploration license. Usibelli Coal Mine is the applicant of the license which spans 208,630 acres.

In a recent Action Alert, RDC encouraged its members to submit comments supporting issuance of the exploration license. RDC believes it is in the best interest of Alaska to grant the license. The Healy basin's proximity to existing infrastructure and increasingly tight gas supplies in Southcentral and Interior Alaska underscore the importance of encouraging exploration in this area.

RDC noted existing protections for surface owners are adequate to address possible conflicts between surface and subsurface uses. However, RDC expressed concern that setback restrictions from rivers and streams are excessive, as well as setbacks for drill pads and compressor stations.

## RDC CONFERENCE SET FOR NOVEMBER

RDC's 26th Annual Conference, "Alaska Resources 2006: Right Place, Right Time," will be held November 16-17 at the Hotel Captain Cook in Anchorage. More than 30 speakers from across Alaska, Canada and the Lower 48 will address an expected audience of several hundred on a wide range of issues and projects spanning the oil, gas, mining, fishing and tourism industries. For additional information on the conference and to register, visit the RDC website at: [www.akrdc.org](http://www.akrdc.org).

## AMEREF PREPARES FOR RAFFLE, AUCTION

The Alaska Mineral and Energy Resource Education Fund (AMEREF) will hold its Annual George Schmidt Memorial Raffle and Silent Auction at the Alaska Miners Association Banquet in Anchorage on November 4, along with a Wells Fargo matching grant fund-raising drive. Every dollar donated to AMEREF up to \$5,000 will be generously matched by Wells Fargo. Donations may be made online at: [www.ameref.org](http://www.ameref.org).

Recently AMEREF, in partnership with the National Energy Education Development Project, held a training session at the BP Energy Center with specific focus on energy education. Forty teachers from Anchorage, Mat-Su, Kenai and Fairbanks participated with the support of BP.

Training sessions were also held in Fairbanks and the Palmer-Wasilla area.

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